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REVIEW OF 2004 PROPERTY TAX RATES

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-102
December 30, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

December 2004

The following report contains certification information on taxing authorities throughout Missouri.

State law requires the Missouri State Auditor to annually check all taxing jurisdictions throughout Missouri as to their compliance with the tax limitation provisions of Missouri's Hancock Amendment and with Section 137.073, RSMo. The following report shows whether or not a taxing jurisdiction has met its constitutional and statutory obligation to set an overall tax rate at a level approved by voters and within the bounds of limits set by Missouri's Constitution and the State Legislature.

IMPORTANT: The State Auditor's Office has no authority to determine or review individual tax assessments. Chapter 138, RSMo governs the appeals process for assessed valuations as they pertain to individual taxpayers.

All individual tax assessment matters are the responsibility of each county assessor and board of equalization. Appeals to the state on tax assessment matters are handled by the Missouri State Tax Commission.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

2004 PROPERTY TAX RATES

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Members of the General Assembly
Jefferson City, MO 65102

The State Auditor's Office is required to annually review local property tax rates of all taxing authorities in the state. The primary objectives of this review were to determine whether local governing boards have levied taxes in accordance with state law, and in particular, to determine whether local property tax rates have been adjusted to ensure that property reassessments are revenue neutral. Reassessments of existing property are not intended to increase property tax revenue but to equitably reallocate the existing tax burden based on the relative value of property owned by taxpayers.

For 2004, we received substantiating data and issued a finding on 4,814 property tax rates of 2,712 taxing authorities. Four taxing authorities levied in excess of the tax rate certified resulting in approximately \$42,000 in excess tax levies.

Property taxes are often the main source of revenue for many of Missouri's special purpose political subdivisions and county boards. The bulk of property taxes, however, fund our public schools. General acceptance of these taxes is dependent on fair and equitable assessment practices and public understanding and input regarding the setting of rates. If the tax burden is increased without voter approval, confidence in the fairness and assessment practices is often eroded.

A handwritten signature in black ink that reads "Claire McCaskill".

Claire McCaskill
State Auditor

December 30, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

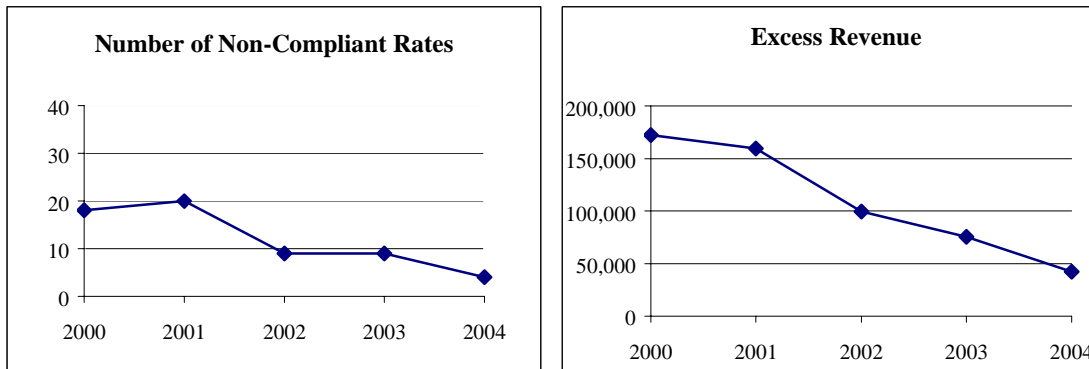
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RESULTS

RESULTS

Taxing Authorities Generally Complied with State Property Tax Laws

The State Auditor received substantiating data and reviewed 4,814 property tax rates for 2,712 taxing authorities. Of the rates reviewed, 532 were debt service levies, 138 were new property tax rates approved by voters and, 90 were for existing property tax rates that were increased by voter approval. The remaining 4,054 levies reviewed are general types of levies. Four taxing authorities levied in excess of the tax rate certified. While varying factors contributed to these violations, increased awareness of Missouri law should help alleviate them. The following line graphs illustrate how the increased awareness has affected both the number and the revenue generated by excess tax levies.



Background

The State Auditor's Office and county officials assist local government officials in determining the data necessary to complete the tax rate computations. Taxing authorities are required to file data supporting the proposed property tax rates with the county, using forms prescribed by the Auditor. The data is reviewed and a finding is returned to both the county and the taxing authority advising whether the proposed rates comply with Missouri law.

Review methodology

The 2004 tax rate ceilings were determined based on the requirements of Section 137.073, RSMo, and Article X, Section 22 of the Missouri Constitution (the Hancock Amendment). The tax rate ceiling is determined annually and is adjusted to ensure revenue neutrality. The review of the tax rate ceiling is based on the assessed valuation for the entire political subdivision and is not calculated on an individual taxpayer basis.

To ensure taxing authorities do not receive a windfall from reassessment, our review of property tax rates begins with the prior year allowed revenue. This is the maximum amount of revenue a taxing authority would have received in the prior year. Current year tax levies must be set to yield the same gross revenue as was received on property that was owned in the prior year, in addition, an adjustment is made for additional revenue permitted for assessment growth that is the lower of, (1) the actual growth rate or, (2) the inflation rate, or (3) five percent. Factors such as new construction and improvements, newly added territory, newly separated territory, and changes from locally assessed to state assessed property also have an effect on the tax rate ceiling calculation. The county uses this rate to collect taxes on all property including new construction and improvements.

Voters may authorize increases beyond the set limits. Voter-approved increases are reviewed for compliance with applicable laws and stated ballot restrictions. The State Auditor's Office also reviews debt service tax rates. A tax levied to meet the annual debt service requirement is generally viewed as reasonable if the revenue to be generated plus the existing fund balance does not exceed the current payment requirements plus a reserve for the following year's payments.

The total assessed valuation of a taxing authority that is submitted by the County Clerk or a representative of the political subdivision is used in the State Auditor's Office review of property taxes. The State Auditor's Office does not review the assessed valuation of individual pieces of property, as Section 138, RSMo governs the appeals process for assessed valuations. Citizens may appeal their individual assessed valuations calculated by the County Assessor to the local Board of Equalization. Citizens not satisfied with the resolution by the Board of Equalization may appeal the decision to the Missouri State Tax Commission. Any decision of the Missouri State Tax Commission may be reviewed by a court of law.

As assessed valuations increase, tax rate ceilings generally decrease depending on the amount of the increase to produce substantially the same amount of revenue as the prior year. See *Appendixes IA & IB* for a more detailed summary of the changes in assessed valuation, by type of taxing authority and see *Appendixes IIA & IIB* for a more detailed summary of changes in tax rate ceilings, by type of taxing authority.

In addition, *Appendix III* is a map that provides a statewide geographical perspective of county valuation growth due to new construction growth and reassessment from 2003 to 2004. *Appendix IV*, however, is a map that reflects the inflationary change in each county's valuation from the previous year. A significant inflationary change generally indicates a major reassessment occurred within the county.

Organization of Report Content

Taxing authorities are listed by primary county and categorized by type of taxing authority. The counties are listed alphabetically (Adair through Wright, followed by the City of St. Louis). When a taxing authority is located in more than one county, it is listed under the primary county only.

The assessed valuations presented for taxing authorities, except school districts, include all taxable locally assessed and state assessed property. The assessed valuations presented for the school districts include only taxable locally assessed property. The abated portions of property valuations that are not taxable under various economic development programs are omitted from the taxable assessed valuations used to compute the annual tax rate ceiling.

Sales tax rollbacks required by law for some county levies were not reviewed as part of this report. Sales tax (Proposition C) rollbacks for school levies were subjected to a limited review where it appeared the district waived all or part of the rollback without voter approval to generate additional local revenues. *Appendix XI* lists the 469 schools with full or partial waivers of Proposition C (sales tax) reductions. These school districts obtained voter approval to not roll back part or all of the required amount for Proposition C. The list includes 57 schools with partial Proposition C waivers and 412 schools with full Proposition C waivers.

Tax Rates Levied in Excess of the Tax Rate Certified

Table 1.1 lists 4 taxing authorities that levied 4 tax rates in excess of the legally permissible tax levy as provided by state law. Excess revenues collected totaled \$42,216.

Table 1.1: Listing of Taxing Authorities Levying an Excess Tax Rate

County	Political Subdivision	Levy Purpose	Assessed Valuation	(1) Certified Rate	Actual Rate Levied	Excess Revenue
Crawford	Steeleville Ambulance	General Revenue	47,558,662	0.3326	0.3500	8,275 (3)
Holt	City of Oregon	General Revenue	5,637,806	0.9554	1.0000	2,514 (4)
(2) Howard	Moniteau Creek Watershed	General Revenue	8,988,528	0.0000	0.3466	31,154 (3)
St. Louis	Kinloch Fire	Dispatch				(5)
	Residential Real Estate		833,070	0.0300	0.0400	83
	Commercial Real Estate		1,108,010	0.0300	0.0400	111
	Personal Property		791,432	0.0300	0.0400	79
Total						\$42,216 (6)

Source: Tax Rate Computational Forms Submitted by Taxing Entities

(1)The Certified Rate column represents the rates determined to be legally permissible based on the information submitted by the taxing authority. The excess tax revenue is computed by multiplying the excess tax rate (actual rate levied – certified rate) by the assessed valuation and dividing by 100.

(2)The Moniteau Creek Watershed district has assessed valuation in Boone, Howard, and Moniteau Counties. The district levied a rate in Howard and Moniteau Counties but did not levy a rate in Boone County.

(3)Also levied an excessive tax rate in 2001 - 2003.

(4)Also levied an excessive tax rate in 1997 – 2003.

(5)Also levied an excessive tax rate in 2001 and 2003.

(6)The ballot passed by the Christian County Senior Services stated, .05 cents and was levied as 5 cents in 2001. In 2002, the tax rate ceiling was revised to reflect the amount of \$0.0005 allowed by the ballot language. The correct interpretation of the ballot language is being disputed by the district. The district levied \$0.0495 in 2004 which resulted in additional revenues of \$298,044.

Changes in 2004

Prior to 2003, all taxing authorities levied a single property tax on all property for each tax rate authorized by voters. Senate Bill 960 (SB960) passed in 2004 made technical clarifications to House Bill 1150 passed in 2002, which revised section 137.073 RSMo requiring a separate calculation of each levy to be prepared for each subclass of property [i.e. residential real estate (abbreviated as Res.), agricultural real estate (abbreviated as Ag.), commercial real estate (abbreviated as Com.), and personal property (abbreviated as PP.)]. Implementation of this legislation began in St. Louis County in 2003 and was to begin statewide in 2005, however the State Auditor's Office has received documentation from 111 counties that have opted out of the levying a separate tax rate for each subclass of property. St. Louis City and any county(ies) other than St. Louis County had until December 31, 2004 to opt out of the provisions in SB960, otherwise the legislation would have been automatically implemented.

APPENDIXES

SUMMARY OF CHANGES IN ASSESSED VALUATION FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Type of Taxing Authority	Number of Taxing Authorities	Number of Tax Rates		With Increases In Assessed Valuation	With Decreases In Assessed Valuation	With No Change In Assessed Valuation	Other (1)
		Number of Tax Rates					
Ambulance Districts	106	114		94	18	0	2
Hospitals and Health Centers	13	13		11	2	0	0
Nursing Home Districts	28	30		22	6	0	2
Public Water Supply Districts	1	1		1	0	0	0
Soil and Water Conservation Subdistricts	27	27		21	0	4	2
Drainage and Levee Districts	2	2		0	2	0	0
Special Road Districts	228	296		192	63	0	41
Municipalities	763	1,346		688	520	0	138
Tax Supported Public Libraries	78	84		66	13	0	5
Townships	312	820		500	267	0	53
Fire Protection Districts	313	385		299	55	0	31
Sewer Districts	8	9		7	2	0	0
Miscellaneous	30	34		21	8	1	4
Regional Recreational District	1	1		1	0	0	0
Community Improvement Districts	1	1		0	0	1	0
Special Road District Subdistricts	2	2		1	1	0	0
Transportation Development Districts	1	1		1	0	0	0
Junior Colleges	12	17		10	3	0	4
School Districts	500	844		392	125	0	327
Special School Districts	2	3		1	1	0	1
Counties	114	476		402	64	0	10
Totals	2,542	4,506		2,730	1,150	6	620

(1) This column includes those levies for which only the current year's assessed valuation was used in the computation of the 2004tax rate (i.e. debt service levies, newly voted levies, and levies voted to replace expired levies), and dissolving levies. Debt service levies are included in this column because they are not subject to the Hancock limitations and therefore are not included in the analysis of levies that are subject to Hancock.

SUMMARY OF CHANGES IN ASSESSED VALUATION FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

Type of Taxing Authority	Number of Taxing Authorities	Number of Tax Rates	Number of Tax Rates												Other (1)
			With Increases In Assessed Valuation				With Decreases In Assessed Valuation				With No Change In Assessed Valuation				
			Res.	Ag.	Com.	PP.	Res.	Ag.	Com.	PP.	Res.	Ag.	Com.	PP.	
Municipalities	82	120	62	7	17	17	40	2	84	74	1	94	2	12	17
Tax Supported Public Libraries	4	4	2	0	0	0	2	1	4	4	0	3	0	0	0
Fire Protection Districts	22	98	51	23	11	6	31	18	71	76	0	41	0	0	16
Sewer Districts	23	23	17	5	5	3	6	2	18	20	0	16	0	0	0
Street Light Maintenance Districts	5	5	3	0	0	1	2	0	4	4	0	5	1	0	0
Miscellaneous	10	10	2	0	4	2	2	1	6	1	6	9	0	7	0
Community Improvement Districts	1	1	1	0	0	0	0	0	0	0	0	1	1	1	0
School Districts	22	42	15	6	2	3	7	2	20	19	0	14	0	0	20
Counties	1	5	4	0	0	0	0	4	4	4	0	0	0	0	1
Totals	170	308	157	41	39	32	90	30	211	202	7	183	4	20	54

(1) This column includes those levies for which only the current year's assessed valuation was used in the computation of the 2004tax rate (i.e. debt service levies, newly voted levies, and levies voted to replace expired levies), and dissolving levies. Debt service levies are included in this column because they are not subject to the Hancock limitations and therefore are not included in the analysis of levies that are subject to Hancock.

SUMMARY OF CHANGES IN TAX RATE CEILINGS FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Type of Taxing Authority	Number of Taxing Authorities	Number of Tax Rates	Ceilings Same as Prior Year	Ceilings Revised Upward	Ceilings Revised Downward	Revised Due to An Election (1)	Other (2)	Debt Service Levies (3)
Ambulance Districts	106	114	71	37	2	2	1	1
Hospitals and Health Centers	13	13	6	6	1	0	0	0
Nursing Home Districts	28	30	22	4	0	2	0	2
Public Water Supply Districts	1	1	0	0	1	0	0	0
Soil and Water Conservation Subdistricts	27	27	13	6	6	0	2	0
Drainage and Levee Districts	2	2	0	2	0	0	0	0
Special Road Districts	228	296	146	91	18	0	39	2
Municipalities	763	1,346	454	668	84	3	26	111
Tax Supported Public Libraries	78	84	47	31	0	1	1	4
Townships	312	820	499	191	76	1	41	12
Fire Protection Districts	313	385	212	96	31	15	5	26
Sewer Districts	8	9	2	7	0	0	0	0
Miscellaneous	30	34	21	9	3	0	1	0
Regional Recreational District	1	1	1	0	0	0	0	0
Community Improvement Districts	1	1	1	0	0	0	0	0
Special Road District Subdistricts	2	2	0	2	0	0	0	0
Transportation Development Districts	1	1	0	0	1	0	0	0
Junior Colleges	12	17	7	5	0	1	0	4
School Districts	500	844	50	268	61	138	13	314
Special School Districts	2	3	1	1	0	0	0	1
Counties	114	476	299	160	6	1	7	3
Totals	2,542	4,506	1,852	1,584	290	164	136	480

(1) This column includes levies that existed in prior years and were revised due to an election, see Appendix X. This column also includes school levies that increased due to the school board's election to implement Missouri Constitutional Amendment No. 2 approved by voters on November 3, 1998 which allows school districts to levy a minimum of \$2.7500 by school board action alone.

(2) This column includes all newly voted levies which adjustments were made based on information received from the taxing authorities (see Appendix IX) or to rename levies for consistency purposes.

(3) See Appendix VIII for a listing of taxing authorities levying a property tax rate to pay the annual debt service requirements for general obligation bonds outstanding.

SUMMARY OF CHANGES IN TAX RATE CEILINGS FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

Type of Taxing Authority	Number of Taxing Authorities	Number of Tax Rates	Ceilings Same as Prior Year				Ceilings Revised Upward				Ceilings Revised Downward				Revised Due to An Election (1)	Other (2)	Debt Service Levies (3)
			Res.	Ag.	Com.	PP.	Res.	Ag.	Com.	PP.	Res.	Ag.	Com.	PP.			
Municipalities	82	120	19	95	16	95	74	2	79	0	9	5	7	7	1	2	15
Tax Supported Public Libraries	4	4	1	4	1	4	3	0	3	0	0	0	0	0	0	0	0
Fire Protection Districts	22	98	36	65	47	77	41	2	27	0	0	10	3	0	5	0	16
Sewer Districts	23	23	7	19	11	23	15	1	11	0	1	3	1	0	0	0	0
Street Light Maintenance Districts	5	5	1	5	1	5	4	0	4	0	0	0	0	0	0	0	0
Miscellaneous	10	10	3	9	4	9	3	0	6	0	4	1	0	1	0	0	0
Community Improvement Districts	1	1	1	1	1	1	0	0	0	0	0	0	0	0	0	0	0
School Districts	22	42	3	13	5	14	15	1	15	2	2	6	0	4	2	0	20
Counties	1	5	0	4	0	2	4	0	4	0	0	0	0	2	0	0	1
Totals	170	308	71	215	86	230	159	6	149	2	16	25	11	14	8	2	52

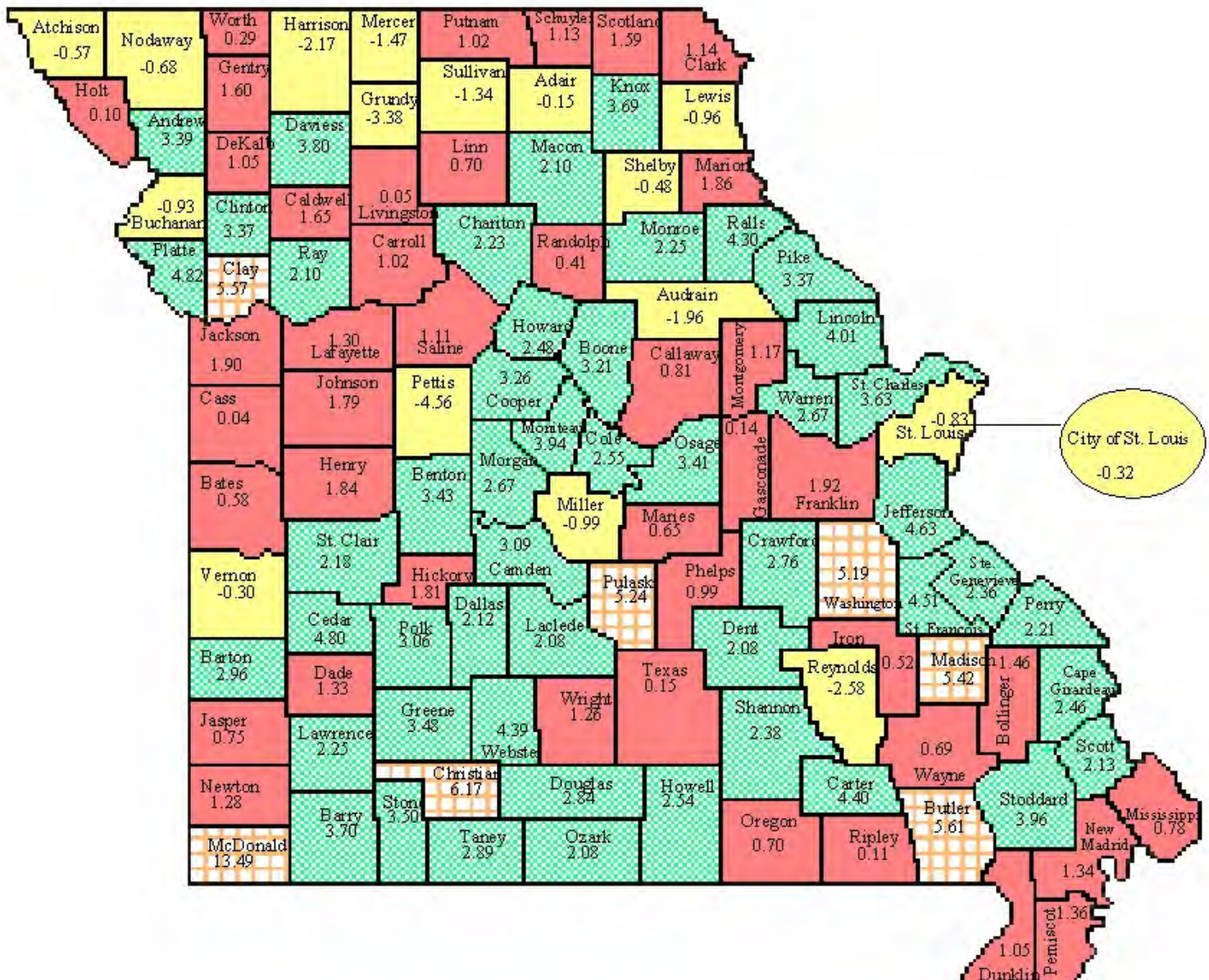
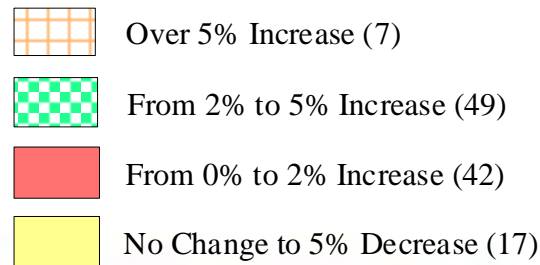
(1) This column includes levies that existed in prior years and were revised due to an election, see Apendix X. This column also includes school levies that increased due to the school board's election to implement Missouri Constitutional Amendment No. 2 approved by voters on November 3, 1998 which allows school districts to levy a minimum of \$2.7500 by school board action alone.

(2) This column includes all newly voted levies which adjustments were made based on information received from the taxing authorities (see Appendix IX) or to rename levies for consistency purposes.

(3) See Appendix VIII for a listing of taxing authorities levying a property tax rate to pay the annual debt service requirements for general obligation bonds outstanding.

APPENDIX III

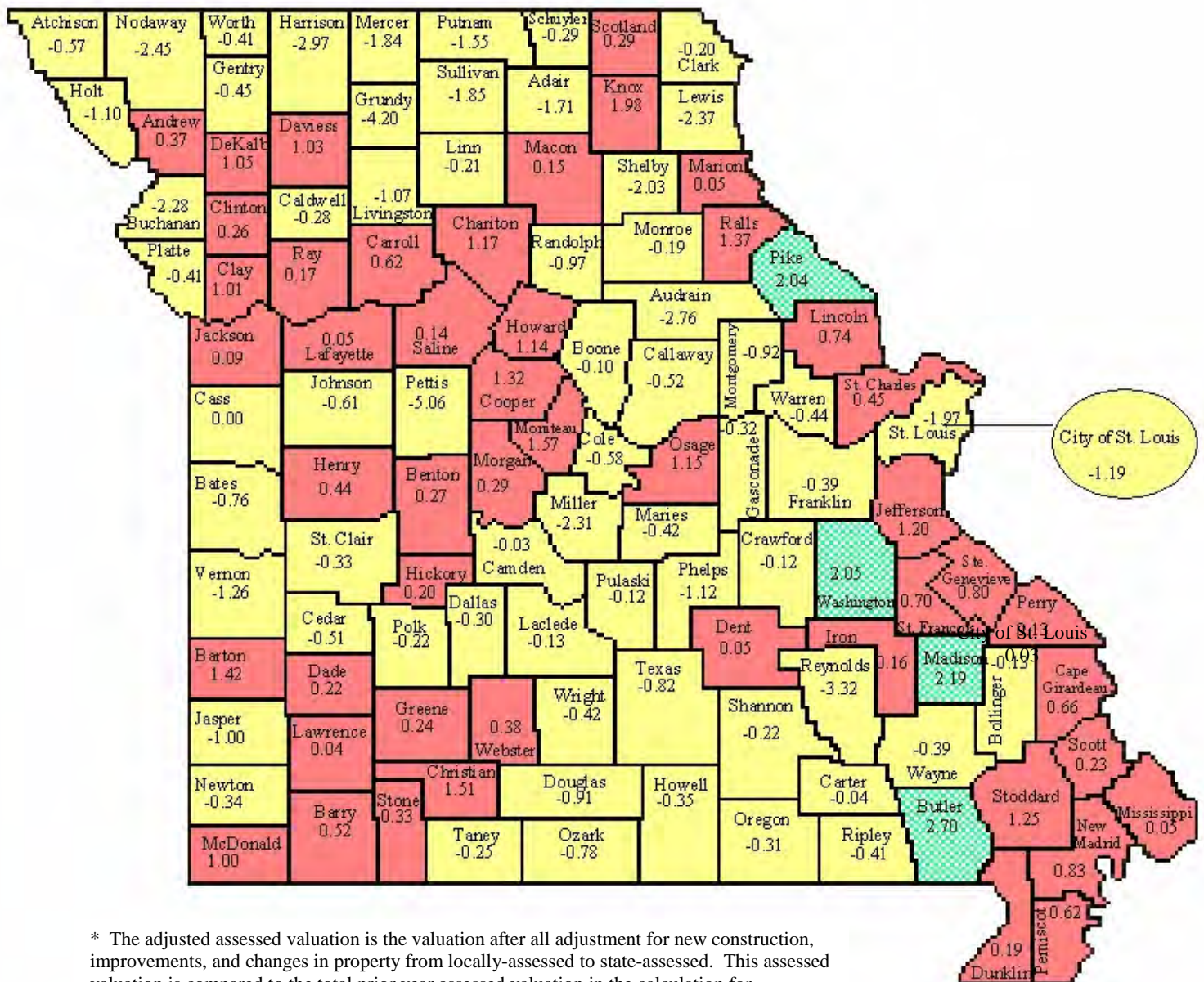
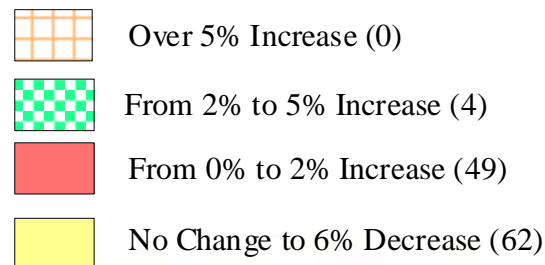
2003 – 2004 PERCENTAGE CHANGE IN TOTAL ASSESSED VALUATIONS OVERALL COUNTY VALUATION CHANGES PRIOR TO ADJUSTMENTS



High County: McDonald 13.49

Low County: Pettis -4.56

2003- 2004 PERCENTAGE CHANGE IN ADJUSTED ASSESSED VALUATIONS*



* The adjusted assessed valuation is the valuation after all adjustment for new construction, improvements, and changes in property from locally-assessed to state-assessed. This assessed valuation is compared to the total prior year assessed valuation in the calculation for compliance with the Hancock Amendment.

High County: Butler 2.70

Low County: Pettis -5.06

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Adair	Adair County Ambulance District	General Revenue	210,470,427	0.2000	0.2000	211,815,106	0.2000	0.2000	211,491,430	0.2000	0.2000
	Twin Pines Adult Care Center	General Revenue	206,714,186	0.1500	0.1500	208,009,296	0.1500	0.1500	207,530,967	0.1500	0.1500
	City of Brashear	General Revenue	1,149,518	1.3800	1.3800	1,144,398	1.3800	1.3800	**	**	**
		Fire	1,149,518	0.3000	0.3000	1,144,398	0.3000	0.3000	1,151,299	0.3000	0.3000
		General Revenue-Temp	**	**	**	**	**	**	1,151,299	1.3800	1.3800 A
	City of Kirksville	General Revenue	135,123,628	0.6203	0.6203	135,235,910	0.6269	0.6269	133,300,901	0.6459	0.6459
		Debt Service	135,123,628	0.1561	0.1561	135,235,910	0.1845	0.1845	133,300,901	0.1653	0.1653
	City of Novinger	General Revenue	1,732,892	0.4408	0.4408	1,717,460	0.4475	0.4475	1,685,429	0.4593	0.4593
		General Revenue-Temp	1,732,892	0.3500	0.3500	1,717,460	0.3500	0.3500	1,685,429	0.3500	0.3500 A
	Village of Gibbs Village	General Revenue	391,279	0.8370	0.8370	381,412	0.8655	0.8370	396,449	0.8655	0.8655
	Adair County Public Library	General Revenue	210,470,427	0.1500	0.1500	211,815,106	0.1500	0.1500	211,491,430	0.1500	0.1500
	Adair Co. R-I School District	Operating Funds-Schools	10,929,661	3.5395	3.5395	11,309,326	3.6255	3.6255	11,124,330	3.7500	3.7500
		Debt Service	10,929,661	0.2712	0.2712	11,309,326	0.2815	0.2815	11,124,330	0.4577	0.2815
	Kirksville R-III School District	Operating Funds-Schools	166,589,773	3.2321	3.2321	168,382,959	3.2543	3.2543	166,815,546	3.3466	3.3466
		Debt Service	166,589,773	0.8100	0.8100	168,382,959	0.8100	0.8100	166,815,546	1.3323	0.8100
	Adair Co. R-II School District	Operating Funds-Schools	9,319,594	3.5787	2.9900	9,568,695	3.5265	3.1900	9,667,247	3.6477	3.5900
		Debt Service	9,319,594	0.6900	0.6900	9,568,695	0.6900	0.6900	9,667,247	1.1495	0.5900
	Adair County	General Revenue	210,470,427	0.3516	0.0000	211,815,106	0.3544	0.0000	211,491,430	0.3606	0.0000
		Road & Bridge	210,470,427	0.2612	0.2600	211,815,106	0.2633	0.2600	211,491,430	0.2679	0.2600
		Health	210,470,427	0.2000	0.2000	211,815,106	0.2000	0.2000	211,491,430	0.2000	0.2000
Andrew	Andrew County Ambulance District	General Revenue	145,313,870	0.2823	0.2823	155,340,705	0.2740	0.2740	161,849,868	0.2740	0.2740
	Andrew County Nursing Home District	General Revenue	152,445,698	0.0943	0.0300	163,879,038	0.0912	0.0300	169,426,729	0.0912	0.0300
	City of Bolckow	General Revenue	650,280	0.8606	0.8606	763,227	0.7657	0.7657	722,676	0.8087	0.8087
	Village of Cosby	General Revenue	502,168	0.5211	0.5211	616,942	0.4336	0.4336	690,788	0.4496	0.4496
	Village of Country Club	General Revenue	16,057,787	0.3982	0.3982	17,767,912	0.3911	0.3911	18,554,718	0.3911	0.3911
	City of Fillmore	General Revenue	564,234	0.8387	0.8387	745,796	0.6676	0.6676	722,532	0.6891	0.6891
		Debt Service	564,234	0.7089	0.7089	745,796	0.5229	0.5229	722,532	0.5225	0.5225
	Village of Rea	General Revenue	319,965	0.3009	0.3009	336,983	0.2920	0.2920	313,832	0.3135	0.3135
	City of Rosendale	General Revenue	484,912	0.9671	0.9671	599,182	0.7999	0.7999	531,127	0.9024	0.9024
	City of Savannah	General Revenue	34,504,873	0.5167	0.5167	37,879,104	0.4866	0.4866	38,499,749	0.4894	0.4894
		Parks & Recreation	34,504,873	0.3297	0.3297	37,879,104	0.3105	0.3105	38,499,749	0.3123	0.3123
		Debt Service	34,504,873	0.1604	0.1604	37,879,104	0.2034	0.2034	38,499,749	0.1652	0.1652
	City of Amazonia	General Revenue	994,857	0.7813	0.7813	1,155,857	0.6873	0.6873	1,225,760	0.6949	0.6873
	Bolckow Fire District	General Revenue	5,568,853	0.2945	0.2945	5,837,124	0.2932	0.2932	5,832,198	0.2946	0.2946
	Rosendale Fire District	General Revenue	8,887,086	0.2500	0.2500	9,324,012	0.3500	0.3500	9,539,004	0.3500	0.3500
	Fillmore Fire Protection District	General Revenue	5,706,447	0.2885	0.2885	6,053,186	0.4500	0.4500	6,215,177	0.4500	0.4500
	Savannah Fire Protection District	General Revenue	62,709,250	0.5786	0.5786	62,264,617	0.5918	0.5918	70,298,164	0.5609	0.5609

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Andrew	Village of Country Club FPD	General Revenue	16,057,787	1.0464	1.0300	16,918,102	1.0278	1.0278	17,700,748	1.0278	1.0278
	North Andrew Co. R-VI School Dist	Operating Funds-Schools	13,766,440	4.4180	4.4180	14,752,530	4.3044	4.3044	15,173,040	4.7044	4.6044 B
	Avenue City R-IX School District	Operating Funds-Schools	9,850,830	3.5359	3.3559	11,238,960	3.2884	3.2884	12,271,277	3.3060	3.3060
		Debt Service	9,850,830	0.9500	0.9500	11,238,960	0.9500	0.9500	12,271,277	0.9517	0.9500
	Savannah R-III School District	Operating Funds-Schools	105,857,699	3.2279	3.2279	117,410,015	3.0707	3.0707	121,930,463	3.0912	3.0912
	Andrew County	General Revenue	152,445,698	0.3403	0.1649	163,879,038	0.3290	0.2000	169,426,729	0.3290	0.2000
		Johnson Grass	152,445,698	0.0283	0.0200	163,879,038	0.0274	0.0200	169,426,729	0.0274	0.0200
		Road & Bridge	152,445,698	0.2647	0.2547	163,879,038	0.2559	0.2500	169,426,729	0.2559	0.2500
		Special Road and Bridge	152,445,698	0.2500	0.2500	163,879,038	0.2417	0.2417	169,426,729	0.2417	0.2417
		Health	152,445,698	0.0943	0.0943	163,879,038	0.0912	0.0912	169,426,729	0.0912	0.0912
		Developmentally Disabled	152,445,698	0.0849	0.0849	163,879,038	0.0821	0.0821	169,426,729	0.0821	0.0821
		Senior Services	152,445,698	0.0300	0.0300 A	163,879,038	0.0290	0.0290	169,426,729	0.0290	0.0290
Atchison	Atchison-Holt Ambulance District	General Revenue	152,860,500	0.3000	0.3000	154,432,814	0.3000	0.3000	154,062,043	0.3000	0.3000
	Langdon Spec Road Dist Atchison Co	Special Road and Bridge	2,441,655	0.3487	0.3487	2,195,273	0.3500	0.3500	2,170,414	0.3500	0.3500
	Tarkio Spec Road Dist Atchison Co	Special Road and Bridge	17,054,552	0.3437	0.3437	17,334,925	0.3500	0.3500 A	17,016,569	0.3500	0.3500
	Watson Spec Road Dist Atchison Co	Special Road and Bridge	3,575,900	0.3500	0.3500	3,437,390	0.3500	0.3500	3,466,294	0.3500	0.2000
	General Road District	Special Road and Bridge	52,513,729	0.3500	0.3500	53,129,422	0.3500	0.3500 A	52,751,753	0.3500	0.3500
	City of Fairfax	General Revenue	3,490,772	0.7552	0.7552	3,539,723	0.7598	0.7598	3,450,580	0.7794	0.7794
		Parks & Recreation	3,490,772	0.1864	0.1864	3,539,723	0.1876	0.1876	3,450,580	0.1925	0.1925
		Street Lights	3,490,772	0.2256	0.2256	3,539,723	0.2270	0.2270	3,450,580	0.2329	0.2329
	City of Rock Port	General Revenue	11,318,558	0.7242	0.7242	11,443,633	0.7242	0.7242	11,445,882	0.7244	0.7244
		Parks & Recreation	11,318,558	0.3621	0.3621	11,443,633	0.3621	0.3621	11,445,882	0.3622	0.3622
	City of Tarkio	General Revenue	11,303,025	0.7594	0.7594	11,414,929	0.7594	0.7594	11,392,342	0.7609	0.7609
		Parks & Recreation	11,303,025	0.2938	0.2938	11,414,929	0.2938	0.2938	11,392,342	0.2944	0.2944
		Lights	11,303,025	0.6265	0.6265	11,414,929	0.6265	0.6265	11,392,342	0.6277	0.6277
		Debt Service	11,303,025	0.6129	0.6129	11,414,929	0.4480	0.4480	11,392,342	0.8346	0.8346
	Village of Watson	General Revenue	436,369	0.5000	0.5000	435,654	0.5000	0.5000	424,349	0.5000	0.5000
		General Revenue-temp	436,369	0.3000	0.3000	435,654	0.3000	0.3000	424,349	0.3000	0.3000
	City of Westboro	General Revenue	722,647	0.9997	0.9997	792,761	0.9997	0.9997	762,759	1.0000	1.0000
		Lights	722,647	0.2499	0.0000	792,761	0.2499	0.0000	762,759	0.2500	0.0000
		Streets	722,647	0.8997	0.8997	792,761	0.8997	0.8997	762,759	0.9000	0.9000
		Debt Service	722,647	2.6302	2.6302	792,761	1.7515	1.7515	762,759	2.1291	2.1291
	Atchison County Library	General Revenue	78,770,442	0.2000	0.2000	79,233,425	0.2000	0.2000	78,785,269	0.3000	0.3000
	Fairfax Rural Fire District	General Revenue	11,194,928	0.2500	0.2500	11,544,684	0.2500	0.2500	11,411,683	0.2500	0.2500
	Tarkio Rural Fire District	General Revenue	10,492,202	0.2414	0.2000	10,525,345	0.2424	0.2424	10,272,912	0.2484	0.2484
	West Atchison Rural Fire Prot Dist	General Revenue	19,706,120	0.2500	0.2500	19,640,667	0.2500	0.2500	19,672,146	0.2500	0.2500
	Westboro Fire Protection District	General Revenue	7,322,414	0.3293	0.3293	7,418,924	0.3293	0.3293	7,312,582	0.3341	0.3341

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Atchison	Tarkio R-I School District	Operating Funds-Schools	25,015,452	3.7472	2.7500	26,253,279	3.4989	2.7500	26,181,935	3.5444	3.5444
	Rock Port R-II School District	Operating Funds-Schools	29,440,653	3.6130	3.6130	29,521,132	3.6112	3.6112	29,971,722	3.6230	3.6230
	Fairfax R-III School District	Operating Funds-Schools	12,766,968	3.6794	3.6794	13,098,364	3.6398	3.6348	13,017,738	3.6372	3.6372
		Operating Funds-Temp	**	**	**	**	**	**	13,017,738	0.6500	0.6500 A
		Debt Service	12,766,968	0.5056	0.5056	13,098,364	0.5182	0.5182	13,017,738	0.5166	0.5166
	Atchison County	General Revenue	78,770,442	0.4926	0.4926	79,233,425	0.4931	0.4931	78,785,269	0.4959	0.4959
		Solid Waste Landfill	78,770,442	0.1000	0.0000	79,233,425	0.1000	0.0000	78,785,269	0.1000	0.0000
		Road & Bridge	78,770,442	0.4926	0.4926	79,233,425	0.4931	0.4931	78,785,269	0.4959	0.4959
		Health	78,770,442	0.0500	0.0500	79,233,425	0.0500	0.0500	78,785,269	0.0500	0.0500
		Senate Bill 40	78,770,442	0.1000	0.1000	79,233,425	0.1000	0.1000	78,785,269	0.1000	0.1000
Audrain	Van-Far Ambulance District	General Revenue	38,264,657	0.3000	0.3000	39,032,256	0.3000	0.3000	38,347,230	0.3000	0.3000
	Tri County Nursing Home District	General Revenue	40,951,428	0.2500	0.2500	42,178,399	0.2500	0.2500	41,917,886	0.2500	0.2500
	Laddonia Farber Spec Rd Audrain Co	Special Road and Bridge	13,549,941	0.3500	0.3500 A	13,300,644	0.3500	0.3500	13,144,038	0.3500	0.3500
	Saling Spec Rd Dist #2 Audrain Co	Special Road and Bridge	5,807,544	0.3390	0.3390	5,950,188	0.3500	0.3500 A	6,183,815	0.3500	0.3500
	Vandalia Special Rd Dist Audrain Co	Special Road and Bridge	30,202,060	0.3500	0.3500	31,020,548	0.3500	0.3500	6,183,815	0.3500	0.3500 A
	Village of Benton City	General Revenue	656,273	0.3782	0.3782	642,474	0.3935	0.3935	656,364	0.3952	0.3952
	City of Farber	General Revenue	2,168,881	0.6800	0.6800	2,145,979	0.6800	0.6800	2,034,609	0.6800	0.6800
		Lights	2,168,881	0.3200	0.3200	2,145,979	0.3200	0.3200	2,034,609	0.3200	0.3200
	City of Laddonia	General Revenue	3,612,951	0.6907	0.6900	3,505,590	0.7165	0.6900	3,512,506	0.7165	0.7165
		Lights	3,612,951	0.4104	0.2500	3,505,590	0.4257	0.2500	3,512,506	0.4257	0.2500
	City of Martinsburg	General Revenue	3,063,723	0.5018	0.5018	3,110,008	0.5023	0.5023	2,962,213	0.5275	0.5275
	City of Mexico	General Revenue	115,793,145	0.3814	0.3814	114,425,599	0.3879	0.3879	110,186,918	0.4053	0.4053
		Parks & Recreation	115,793,145	0.1855	0.1855	114,425,599	0.1886	0.1886	110,186,918	0.1971	0.1971
		Health	115,793,145	0.1855	0.1855	114,425,599	0.1886	0.1886	110,186,918	0.1971	0.1971
	Village of Rush Hill	General Revenue	562,527	0.3759	0.3759	533,953	0.4047	0.4047	529,410	0.4082	0.4082
	City of Vandalia	General Revenue	15,567,369	0.7300	0.7300	16,825,725	0.6987	0.6987	16,567,489	0.7123	0.7123
		Parks & Recreation	15,567,369	0.1700	0.1700	16,825,725	0.1627	0.1627	16,567,489	0.1659	0.1659
	Village of Vandiver	General Revenue	2,543,414	0.4328	0.2900	2,504,763	0.4474	0.2900	2,326,537	0.4817	0.2900
	Mexico Audrain County Library Dist	General Revenue	263,475,635	0.2039	0.2039	261,084,912	0.2073	0.2073	255,955,208	0.2115	0.2115
	Little Dixie Fire District	General Revenue	74,084,004	0.3490	0.3490	72,351,868	0.3610	0.3610	72,130,875	0.3707	0.3707
	Martinsburg Area Fire Prot Dist	Fire	11,960,775	0.1999	0.1999	11,862,138	0.2000	0.2000	12,213,161	0.2000	0.2000
	Community R-VI School District	Operating Funds-Schools	23,249,651	3.5543	3.3400	23,264,407	3.5633	3.3400	23,311,695	3.6341	3.3400
		Debt Service	23,249,651	0.4500	0.4500	23,264,407	0.4500	0.4500	23,311,695	0.6815	0.4500
	Van-Far R-I School District	Operating Funds-Schools	35,147,750	3.4740	3.4740 B	36,653,060	3.4744	3.4744	36,275,451	3.5820	3.5782
	Mexico 59 School District	Operating Funds-Schools	156,187,742	3.2671	2.7500	154,248,056	3.3194	2.7500	148,222,180	3.5145	2.8000
		Debt Service	156,187,742	0.5000	0.5000	154,248,056	0.5000	0.5000	148,222,180	1.1008	0.5000
	Audrain County	General Revenue	263,475,635	0.3670	0.1700	261,084,912	0.3732	0.1813	255,958,208	0.3838	0.1811

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Audrain	Audrain County	Road & Bridge	263,475,635	0.2752	0.2700	261,084,912	0.2798	0.2798	255,958,208	0.2878	0.2878
		Common Road District	65,466,867	0.3500	0.3500	65,119,294	0.3500	0.3500	66,423,017	0.3500	0.3500
		Hospital	263,475,635	0.1733	0.1733	261,084,912	0.1762	0.1762	255,958,208	0.1812	0.1812
		Senate Bill 40	263,475,635	0.2039	0.2039	261,084,912	0.2073	0.2073	255,958,208	0.2100	0.2100
Barry	Barry-Lawrence Co Ambulance Dist	General Revenue	166,124,081	0.1210	0.1210	169,397,253	0.1230	0.1230	179,243,211	0.1230	0.1230
	South Barry County Ambulance Dist	General Revenue	188,062,898	0.0800	0.0700	193,931,610	0.0801	0.0800	195,801,235	0.0805	0.0800
	South Barry Co Memorial Hospital	General Revenue	182,973,251	0.0900	0.0900	188,652,359	0.0901	0.0901	190,449,975	0.0906	0.0906
	Ash Special Road Dist Barry Co	Road & Bridge	3,308,757	0.1631	0.1631	3,423,891	0.1631	0.1631	3,485,041	0.1642	0.1642
		Special Road and Bridge	3,308,757	0.1300	0.1300	3,423,891	0.1300	0.1300	3,485,041	0.1300	0.1300 A
	Butterfield Sp Rd Dist Barry Co	Road & Bridge	10,396,501	0.1318	0.1318	11,233,226	0.1544	0.1544	11,522,747	0.1544	0.1544
		Special Road and Bridge	10,396,501	0.1300	0.1300	11,233,226	0.1300	0.1300	11,522,747	0.1300	0.1300 A
	Capps Creek Sp Rd Dist Barry Co	Road & Bridge	5,534,768	0.2800	0.2800	5,780,306	0.2820	0.2820	6,060,426	0.2820	0.2820
	Corsicana Special Rd Dist Barry Co	Road & Bridge	2,983,725	0.1833	0.1833	3,117,334	0.1833	0.1833	3,257,029	0.1838	0.1833
		Special Road and Bridge	2,983,725	0.1300	0.1300	3,117,334	0.1300	0.1300	3,257,029	0.1300	0.1300 A
	Crane Creek Spec Rd Dist Barry Co	Road & Bridge	4,652,155	0.2041	0.2041	5,006,269	0.2041	0.2041	5,108,382	0.2041	0.2041
	Exeter Spec Rd Dist Barry Co	Road & Bridge	12,626,404	0.1828	0.1828	13,090,106	0.1828	0.1828	13,098,773	0.1844	0.1844
		Special Road and Bridge	12,626,404	0.1300	0.1300	13,090,106	0.1300	0.1300	13,098,773	0.1300	0.1300
	Flat Creek Spec Rd Dist Barry Co	Road & Bridge	52,163,162	0.1406	0.1406	54,123,992	0.1406	0.1406	53,351,720	0.1446	0.1446
		Special Road and Bridge	52,163,162	0.1300	0.1300	54,123,992	0.1300	0.1300	53,351,720	0.1300	0.1300 A
	Greasy Creek Sp Rd Dist 35 Barry Co	Road & Bridge	1,597,954	0.1710	0.1710	1,635,984	0.1715	0.1710	1,655,733	0.1715	0.1715
		Special Road and Bridge	1,597,954	0.3500	0.3500	1,635,984	0.3500	0.3500	1,655,733	0.3500	0.3500 A
	Jenkins Spec Road Dist 20 Barry Co	Road & Bridge	3,244,326	0.1403	0.1403	3,330,294	0.1403	0.1403	3,503,755	0.1407	0.1407
	Kings Prairie Sp Rd Dist Barry Co	Road & Bridge	7,018,234	0.1864	0.1864	6,677,381	0.2001	0.2001	7,287,281	0.1998	0.1998
		Special Road and Bridge	7,018,234	0.1300	0.1300	6,677,381	0.1300	0.1300	7,287,281	0.1300	0.1300 A
	Liberty Common Rd Dist 34 Barry Co	Road & Bridge	700,874	0.1043	0.1043	665,218	0.1115	0.1043	637,098	0.1165	0.1115
	McDonald Sp Rd Dist 19 Barry Co	Road & Bridge	3,114,187	0.1500	0.1500	3,129,003	0.1519	0.1519	3,129,073	0.1541	0.1541
	Mineral Spgs Sp Rd Dist 10 Barry Co	Road & Bridge	5,734,139	0.1703	0.1703	6,039,697	0.1703	0.1703	6,124,804	0.1713	0.1713
		Special Road and Bridge	5,734,139	0.1300	0.1300	6,039,697	0.1300	0.1300	6,124,804	0.1300	0.1300 A
	Mountain Special Road District #22	Road & Bridge	2,063,979	0.1700	0.1700	2,149,513	0.1700	0.1700	2,105,150	0.1782	0.1782
	Ozark Special Road Dist Barry Co	Road & Bridge	5,554,383	0.1302	0.1302	5,719,558	0.1327	0.1327	5,998,757	0.1327	0.1327
		Special Road and Bridge	5,554,383	0.1300	0.1300	5,719,558	0.1300	0.1300	5,998,757	0.1300	0.1300 A
	Pioneer Special Rd Dist 31 Barry Co	Road & Bridge	1,493,925	0.1764	0.1764	1,438,935	0.1838	0.1838	1,507,962	0.1869	0.1869
		Special Road and Bridge	1,493,925	0.1300	0.1300	1,438,935	0.1300	0.1300	1,507,962	0.1300	0.1300 A
	Pleasant Ridge Sp Rd 25 Barry Co	Road & Bridge	3,687,001	0.1500	0.1500	3,861,082	0.1500	0.1500	4,009,110	0.1501	0.1501
		Special Road and Bridge	3,687,001	0.1300	0.1300	3,861,082	0.1300	0.1300	4,009,110	0.1300	0.1300 A
	Purdy Spec Rd Dist 28 Barry Co	Road & Bridge	14,483,273	0.1900	0.1900	14,836,489	0.1900	0.1900	15,038,159	0.1901	0.1901
		Special Road and Bridge	14,483,273	0.1300	0.1300	14,836,489	0.1300	0.1300	15,038,159	0.1300	0.1300 A

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Barry	Roaring River Sp Rd Dist 2 Barry Co	Road & Bridge	15,328,668	0.1396	0.1396	16,071,030	0.1396	0.1396	16,334,058	0.1400	0.1400
	Shell Knob Sp Rd Dist 9 Barry Co	Road & Bridge	19,182,309	0.1624	0.1624	19,614,019	0.1624	0.1624	19,763,630	0.1628	0.1628
	Sugar Creek Sp Rd Dist 3 Barry Co	Road & Bridge	8,820,439	0.1405	0.1405	9,024,275	0.1414	0.1414	9,135,466	0.1414	0.1414
		Special Road and Bridge	8,820,439	0.1300	0.1300	9,024,275	0.1300	0.1300	9,135,466	0.1300	0.1300
	Viola Sp Rd Dist 21 Barry Co	Road & Bridge	19,981,198	0.1300	0.1300	20,717,218	0.1300	0.1300	21,398,166	0.1300	0.1300
	Washburn Sp Rd Dist 4 Barry Co	Road & Bridge	8,447,527	0.1708	0.1708	7,920,823	0.1856	0.1856	8,098,723	0.1856	0.1856
		Special Road and Bridge	8,447,527	0.1300	0.1300 A	7,920,823	0.1300	0.1300	8,098,723	0.1300	0.1300
	Wheaton Sp Rd Dist 29 Barry Co	Road & Bridge	9,945,676	0.1713	0.1713	9,600,276	0.1813	0.1813	9,951,556	0.1813	0.1813
		Special Road and Bridge	9,945,676	0.1300	0.1300	9,600,276	0.1300	0.1300	9,951,556	0.1300	0.1300 A
	White River Sp Rd Dist 7 Barry Co	Road & Bridge	16,272,473	0.1312	0.1312	17,149,049	0.1312	0.1312	17,453,406	0.1314	0.1314
	Monett Special Road District	Road & Bridge	78,870,622	0.1618	0.1618	80,764,530	0.1652	0.1652	89,182,005	0.1652	0.1652
	Village of Butterfield	General Revenue	1,275,599	0.4486	0.4486	1,305,773	0.4486	0.4486	1,278,523	0.4665	0.4665
	City of Cassville	General Revenue	27,911,146	0.3753	0.0000	28,926,019	0.3753	0.0000	28,855,265	0.3804	0.0000
	City of Exeter	General Revenue	3,459,376	0.4048	0.4048	3,539,335	0.4048	0.4048	3,551,457	0.4048	0.4048
	City of Purdy	General Revenue	3,562,421	0.4003	0.4003	3,653,330	0.4003	0.4003	3,722,331	0.4003	0.4003
		Debt Service	3,562,421	0.3480	0.3480	**	**	**	**	**	**
	City of Seligman	General Revenue	2,922,248	0.2632	0.2600	2,934,512	0.2670	0.2670	2,971,279	0.2670	0.2670
		Streets	2,922,248	0.1619	0.1600	2,934,512	0.1642	0.1642	2,971,279	0.1642	0.1642
		Debt Service	2,922,248	0.1900	0.1900	2,934,512	0.1150	0.1150	**	**	**
	City of Washburn	General Revenue	2,108,563	0.3534	0.3534	2,147,757	0.3534	0.3534	2,193,992	0.3534	0.3534
		Debt Service	2,108,563	0.7022	0.7022	2,147,757	0.4447	0.4447	**	**	**
	City of Wheaton	General Revenue	3,160,506	0.4292	0.4292	3,064,801	0.4456	0.4292	3,134,563	0.4456	0.4456
	Barry Lawrence Con Library District	General Revenue	617,787,333	0.1771	0.1771	630,374,406	0.1784	0.1784	649,308,442	0.1784	0.1784
	Eagle Rock, Golden & Mano Fire Dist	General Revenue	31,608,106	0.2992	0.2992	33,174,489	0.2992	0.2992	33,478,376	0.3000	0.3000
	Central Crossing Fire Prot Dist	General Revenue	53,324,549	0.2802	0.2795	55,702,495	0.2802	0.2802	56,775,330	0.2802	0.2802
	Wheaton R-III School District	Operating Funds-Schools	13,987,777	3.5277	2.7500	13,695,748	3.8113	2.7500	14,184,262	3.8139	2.7500
		Debt Service	13,987,777	0.5357	0.5357	13,695,748	0.5300	0.5300	14,184,262	0.5340	0.5300
	Southwest Barry Co R-V School Dist	Operating Funds-Schools	23,933,644	2.7500	2.7500	24,099,274	2.7500	2.7500	24,766,041	2.7500	2.7500
		Debt Service	23,933,644	0.5115	0.5115	24,099,274	0.5115	0.5115	24,766,041	1.4999	0.5115
	Exeter R-VI School District	Operating Funds-Schools	10,364,582	3.6607	3.1500	10,830,875	3.6908	3.1500	10,877,934	3.7058	3.1500
	Cassville R-IV School District	Operating Funds-Schools	108,822,878	2.7500	2.7500	113,623,434	2.7500	2.7500	114,654,183	2.7500	2.7500
		Debt Service	108,822,878	0.5200	0.5200	113,623,434	0.5200	0.5200	114,654,183	0.5436	0.5200
	Purdy R-II School District	Operating Funds-Schools	19,189,111	2.7500	2.7500	19,801,260	2.7500	2.7500	20,135,239	2.7500	2.7500
		Debt Service	19,189,111	0.6902	0.6902	19,801,260	0.6899	0.6899	20,135,239	0.7054	0.6855
	Shell Knob 78 School District	Operating Funds-Schools	38,527,525	2.7674	2.7500	40,001,686	2.7682	2.7500	40,613,101	2.7768	2.7500
		Debt Service	38,527,525	0.3600	0.3600	40,001,686	0.3600	0.3600	40,613,101	0.5361	0.3600
	Monett R-I School District	Operating Funds-Schools	107,697,789	2.7500	2.7500	111,733,487	2.7500	2.7500	82,226,544	3.0600	3.0600 B

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Barry	Monett R-I School District	Debt Service	107,697,789	0.5600	0.5600	111,733,487	0.5600	0.5600	120,627,965	0.6027	0.5600
		General Revenue	317,201,947	0.2200	0.0000	326,119,592	0.2214	0.0000	338,193,809	0.2214	0.0000
		Health	317,201,947	0.0700	0.0700	326,119,592	0.0705	0.0705	338,193,809	0.0705	0.0705
		Developmentally Disabled	317,201,947	0.0700	0.0700	326,119,592	0.0705	0.0700	338,193,809	0.0705	0.0700
Barton	Barton County Ambulance District	General Revenue	126,007,058	0.1106	0.1100	134,486,368	0.1089	0.1089	138,618,925	0.1089	0.0000
		Equipment & Maintenance	126,007,058	0.0500	0.0500	134,486,368	0.0492	0.0492	138,618,925	0.0492	0.0000
	City of Golden City	General Revenue	4,626,355	0.5369	0.5369	4,972,162	0.5297	0.5297	4,969,456	0.5303	0.5303
		Parks & Recreation	4,626,355	0.1216	0.1216	4,972,162	0.1200	0.1200	4,969,456	0.1201	0.1201
		Ambulance	4,626,355	0.1519	0.1519	4,972,162	0.1499	0.1499	4,969,456	0.1501	0.1501
		General Revenue	41,382,839	0.4533	0.4500	44,949,475	0.4294	0.4294	45,479,039	0.4348	0.4348
	City of Lamar	Parks & Recreation	41,382,839	0.1410	0.1400	44,949,475	0.1336	0.1300	45,479,039	0.1353	0.1353
		Memorial Fund	41,382,839	0.1410	0.1400	44,949,475	0.1336	0.1300	45,479,039	0.1353	0.1353
		General Revenue	3,265,457	0.5377	0.5300	3,332,462	0.5377	0.5377	3,318,775	0.5414	0.5414
	City of Mindenmines	Debt Service	1,096,139	1.1870	1.1870	1,115,546	1.1175	1.1175	1,052,452	1.2363	1.2363
	Town of Burgess	General Revenue	162,224	0.0000	0.0000	117,930	0.0000	0.0000	0	0.0000	0.0000
	Barton County Library	General Revenue	130,633,415	0.0704	0.0700	139,458,530	0.0693	0.0693	143,588,380	0.0693	0.0693
		Library	130,633,415	0.0804	0.0800	139,458,530	0.0792	0.0792	143,588,380	0.0792	0.0792
	Barton City Township of Barton Co	General Revenue	2,876,878	0.1000	0.1000	3,012,292	0.0999	0.0999	3,081,156	0.0999	0.0999
		Road & Bridge	2,876,878	0.2557	0.2500	3,012,292	0.2555	0.2555	3,081,156	0.2555	0.2555
		Special Road and Bridge	2,876,878	0.2500	0.2500 A	3,012,292	0.2498	0.2498	3,081,156	0.2498	0.2498
	Central Township of Barton County	General Revenue	7,794,756	0.0906	0.0900	7,898,462	0.0913	0.0900	8,169,913	0.0913	0.0900
		Road & Bridge	7,794,756	0.3525	0.3500	7,898,462	0.3554	0.3500	8,169,913	0.3554	0.3500
		Special Road and Bridge	7,794,756	0.4700	0.4700	7,898,462	0.4700	0.4700	8,169,913	0.4700	0.4700
	City Township of Barton County	General Revenue	41,384,189	0.0900	0.0500	44,939,945	0.0853	0.0500	44,963,254	0.0853	0.0500
		Road & Bridge	41,384,189	0.2018	0.1700	44,939,945	0.1912	0.1700	44,963,254	0.1912	0.1700
	Doylesport Township of Barton Co	General Revenue	3,619,066	0.1000	0.1000	3,635,005	0.1000	0.1000	3,768,366	0.1000	0.1000
		Road & Bridge	3,619,066	0.2692	0.2692	3,635,005	0.2692	0.2692	3,768,366	0.2755	0.2755
		Special Road and Bridge	3,619,066	0.2500	0.2500	3,635,005	0.2500	0.2500	3,768,366	0.2500	0.2500
	Golden City Township of Barton Co	General Revenue	9,532,870	0.0900	0.0800	9,985,036	0.0899	0.0800	10,049,876	0.0899	0.0899
		Road & Bridge	9,532,870	0.2318	0.2200	9,985,036	0.2316	0.2200	10,049,876	0.2316	0.2316
	Lamar Township of Barton County	General Revenue	23,708,846	0.0907	0.0900	27,784,401	0.0901	0.0900	30,439,420	0.0901	0.0900
		Road & Bridge	23,708,846	0.3224	0.3200	27,784,401	0.3204	0.3200	30,439,420	0.3204	0.3200
		Special Road and Bridge	23,708,846	0.2000	0.2000	**	**	**	**	**	**
	Leroy Township of Barton County	General Revenue	3,808,403	0.1000	0.1000	3,800,735	0.1000	0.1000	3,885,070	0.1000	0.1000
		Road & Bridge	3,808,403	0.3547	0.3547	3,800,735	0.3599	0.3547	3,885,070	0.3603	0.3603
		Special Road and Bridge	3,808,403	0.3500	0.3500	3,800,735	0.3500	0.3500	3,885,070	0.3500	0.3500 A
	Milford Township of Barton County	General Revenue	2,586,138	0.1000	0.0800	2,900,528	0.0919	0.0800	2,713,867	0.1000	0.0800

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Barton	Milford Township of Barton County	Road & Bridge	2,586,138	0.2601	0.2200	2,900,528	0.2391	0.2200	2,713,867	0.2606	0.2200
	Nashville Township of Barton County	General Revenue	5,261,670	0.0950	0.0950	4,923,162	0.1000	0.0950	5,134,344	0.1000	0.0950
		Road & Bridge	5,261,670	0.3436	0.3436	4,923,162	0.3717	0.3436	5,134,344	0.3717	0.3436
		Special Road and Bridge	5,261,670	0.3514	0.3514	4,923,162	0.3700	0.3514	5,134,344	0.3700	0.3514
	Newport Township of Barton County	General Revenue	3,185,648	0.1000	0.1000	3,358,112	0.1000	0.1000	3,546,616	0.1000	0.1000
		Road & Bridge	3,185,648	0.2516	0.2516	3,358,112	0.2516	0.2516	3,546,616	0.2516	0.2516
		Special Road and Bridge	3,185,648	0.1000	0.1000	3,358,112	0.1000	0.1000 A	3,546,616	0.1000	0.1000
	North Fork Township of Barton Co	General Revenue	3,356,006	0.1000	0.1000	3,515,349	0.1000	0.1000	3,496,678	0.1000	0.1000
		Road & Bridge	3,356,006	0.2953	0.2900	3,515,349	0.2953	0.2900	3,496,678	0.3019	0.2900
		Special Road and Bridge	3,356,006	0.2000	0.2000	3,515,349	0.2000	0.2000	3,496,678	0.2000	0.2000
	Ozark Township of Barton County	General Revenue	6,489,151	0.0935	0.0600	6,556,253	0.0935	0.0600	6,751,042	0.0935	0.0600
		Road & Bridge	6,489,151	0.2390	0.2000	6,556,253	0.2390	0.2000	6,751,042	0.2390	0.2000
	Richland Township of Barton County	General Revenue	7,436,563	0.1000	0.1000	7,239,189	0.1000	0.1000	7,535,432	0.1000	0.1000
		Road & Bridge	7,436,563	0.4152	0.4100	7,239,189	0.4287	0.4100	7,535,432	0.4287	0.4100
		Special Road and Bridge	7,436,563	0.3900	0.3900 A	7,239,189	0.3900	0.3900	7,535,432	0.3900	0.3900
	South West Township of Barton Co	General Revenue	5,593,851	0.1000	0.1000	5,675,464	0.1000	0.1000	5,870,450	0.1000	0.1000
		Road & Bridge	5,593,851	0.3500	0.3500	5,675,464	0.3500	0.3500	5,870,450	0.3500	0.3500
	Union Township of Barton County	General Revenue	3,999,380	0.1000	0.1000	4,234,597	0.0988	0.0988	4,182,896	0.1000	0.0988
		Road & Bridge	3,999,380	0.4026	0.4000	4,234,597	0.3979	0.3900	4,182,896	0.4193	0.3900
		Special Road and Bridge	3,999,380	0.3500	0.3500 A	4,234,597	0.3459	0.3400	4,182,896	0.3500	0.3400
	Golden City Fire Protection Dist	General Revenue	15,897,870	0.1000	0.1000	16,148,428	0.1000	0.1000	17,836,880	0.0961	0.0961
	Liberal R-II School District	Operating Funds-Schools	23,103,180	3.2254	2.8750	23,550,460	3.2247	2.9000	24,049,300	3.2623	2.9000
		Debt Service	23,103,180	0.3850	0.3850	23,550,460	0.3850	0.3850	24,049,300	0.3849	0.3849
	Golden City R-III School District	Operating Funds-Schools	14,114,060	3.2833	3.2833	14,892,200	3.3178	3.3178	14,892,140	3.3903	3.3903
		Debt Service	14,114,060	0.3367	0.3367	14,892,200	0.3022	0.3022	14,892,140	0.5016	0.2297
	Lamar R-I School District	Operating Funds-Schools	75,300,270	3.0418	2.9000	83,456,070	2.9597	2.9000	86,508,850	2.9820	2.9820
		Debt Service	75,300,270	0.5000	0.5000	83,456,070	0.5000	0.5000	86,508,850	0.5028	0.5000
	Barton County	General Revenue	130,633,415	0.2916	0.0500	139,458,530	0.2871	0.0500	143,588,380	0.2871	0.0500
		Health	130,633,415	0.1500	0.1000	139,458,530	0.1477	0.1000	143,588,380	0.1477	0.1000
		Hospital	130,633,415	0.0904	0.0900	139,458,530	0.0890	0.0890	143,588,380	0.0890	0.0890
Bates	Cornland Sp Rd Dist Bates Co	Road & Bridge	695,637	0.3349	0.3349	730,068	0.3281	0.3281	730,700	0.3371	0.3371
		Special Road and Bridge	695,637	0.1800	0.1800	730,068	0.1764	0.1764	730,700	0.1764	0.1764 A
	South Hudson Sp Rd Dist Bates Co	Road & Bridge	842,365	0.3500	0.3500	952,126	0.3471	0.3471	925,028	0.3500	0.3500
		Special Road and Bridge	842,365	0.2200	0.2200	952,126	0.2200	0.2200 A	925,028	0.2200	0.2200
	City of Adrian	General Revenue	9,871,193	0.5501	0.5501	10,496,356	0.5400	0.5400	10,480,313	0.5470	0.5470
		Parks & Recreation	9,871,193	0.0488	0.0488	10,496,356	0.0479	0.0479	10,480,313	0.0485	0.0485
	City of Amoret	General Revenue	725,949	0.4112	0.3990	714,869	0.4205	0.4205	698,070	0.4322	0.4322

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Bates	City of Amsterdam	General Revenue	1,260,105	1.0595	1.0595	1,269,762	1.0701	1.0595	1,230,956	1.1039	1.1039
	City of Butler	General Revenue	37,038,443	0.5837	0.5837	38,483,699	0.5769	0.5769	38,445,123	0.5821	0.5821
		Parks & Recreation	37,038,443	0.0346	0.0346	38,483,699	0.0342	0.0342	38,445,123	0.0345	0.0345
		Lake	37,038,443	0.0148	0.0148	38,483,699	0.0146	0.0146	38,445,123	0.0147	0.0147
	City of Hume	General Revenue	1,562,507	0.8750	0.8750	1,458,021	0.9612	0.9612	1,451,006	0.9801	0.9801
		Lights	1,562,507	0.2950	0.2950	1,458,021	0.3240	0.3240	1,451,006	0.3304	0.3304
		Water	1,562,507	0.3736	0.3736	1,458,021	0.4104	0.4104	1,451,006	0.4185	0.4185
	Village of Merwin	General Revenue	272,004	0.4802	0.4802	278,994	0.4803	0.4803	262,061	0.5113	0.5113
	Village of Passaic	General Revenue	199,858	1.0000	1.0000	222,948	1.0000	1.0000	174,038	1.0000	1.0000
	City of Rich Hill	General Revenue	5,874,654	0.6114	0.6114	6,026,685	0.6114	0.6114	5,930,724	0.6275	0.6275
		Parks & Recreation	5,874,654	0.2465	0.2465	6,026,685	0.2465	0.2465	5,930,724	0.2530	0.2530
		Library	5,874,654	0.2465	0.2465	6,026,685	0.2465	0.2465	5,930,724	0.2500	0.2500
		Health	5,874,654	0.1282	0.1282	6,026,685	0.1282	0.1282	5,930,724	0.1316	0.1316
	City of Rockville	General Revenue	931,285	0.7854	0.7854	1,008,488	0.7701	0.7701	985,015	0.7884	0.7884
		Streets	931,285	0.3815	0.3815	1,008,488	0.3741	0.3741	985,015	0.3830	0.3830
	Village of Foster	General Revenue	506,227	0.5019	0.4754	525,496	0.5020	0.5020	504,715	0.5227	0.5227
	Charlotte Township of Bates County	General Revenue	4,102,504	0.1000	0.1000	4,532,403	0.0993	0.0993	4,172,793	0.1000	0.1000
		Road & Bridge	4,102,504	0.2609	0.2609	4,532,403	0.2591	0.2591	4,172,793	0.2844	0.2844
		Special Road and Bridge	4,102,504	0.2200	0.2200	4,532,403	0.2185	0.2185	4,172,793	0.2200	0.2200
	Deepwater Township of Bates County	General Revenue	2,921,486	0.0918	0.0918	3,075,786	0.0906	0.0906	3,318,398	0.0906	0.0906
		Road & Bridge	2,921,486	0.2243	0.2243	3,075,786	0.2212	0.2212	3,318,398	0.2212	0.2212
		Special Road and Bridge	2,921,486	0.3500	0.3500	3,075,786	0.3500	0.3500 A	3,318,398	0.3500	0.3500
	Deer Creek Township of Bates Co	General Revenue	14,859,142	0.0699	0.0699	16,033,427	0.0688	0.0688	16,234,113	0.0692	0.0692
		Road & Bridge	14,859,142	0.2300	0.2300	16,033,427	0.2263	0.2263	16,234,113	0.2277	0.2277
	East Boone Township of Bates Co	General Revenue	4,800,366	0.0815	0.0815	5,067,416	0.0801	0.0801	5,075,207	0.0818	0.0818
		Road & Bridge	4,800,366	0.2242	0.2242	5,067,416	0.2204	0.2204	5,075,207	0.2251	0.2251
		Special Road and Bridge	4,800,366	0.3500	0.3500	5,067,416	0.3500	0.3500 A	5,075,207	0.3500	0.3500
	Elkhart Township of Bates County	General Revenue	3,604,724	0.0805	0.0805	3,866,779	0.0794	0.0794	3,803,749	0.0822	0.0822
		Road & Bridge	3,604,724	0.2213	0.2213	3,866,779	0.2183	0.2183	3,803,749	0.2260	0.2260
		Special Road and Bridge	3,604,724	0.1900	0.1900	3,866,779	0.1874	0.1874	3,803,749	0.1900	0.1900
	Grand River Township of Bates Co	General Revenue	2,701,893	0.0992	0.0992	2,700,115	0.0994	0.0994	2,744,801	0.0994	0.0994
		Road & Bridge	2,701,893	0.2580	0.2500	2,700,115	0.2585	0.2585	2,744,801	0.2585	0.2585
		Special Road and Bridge	2,701,893	0.2481	0.2481	2,700,115	0.2485	0.2485	2,744,801	0.2485	0.2485
	Homer Township of Bates County	General Revenue	4,007,550	0.1000	0.1000	3,974,144	0.1000	0.1000	4,046,243	0.1000	0.1000
		Road & Bridge	4,007,550	0.3209	0.3209	3,974,144	0.3258	0.3258	4,046,243	0.3258	0.3258
	Howard Township of Bates County	General Revenue	4,583,649	0.1000	0.1000	4,519,366	0.1000	0.1000	4,548,518	0.1000	0.1000
		Road & Bridge	4,583,649	0.3082	0.3082	4,519,366	0.3198	0.3198	4,548,518	0.3214	0.3214

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Bates	Howard Township of Bates County	Special Road and Bridge	4,583,649	0.3000	0.3000	**	**	**	4,548,518	0.3500	0.3500 A
	Hudson Township of Bates County	General Revenue	4,037,438	0.1000	0.1000	4,183,339	0.1000	0.1000	4,229,856	0.1000	0.1000
		Road & Bridge	4,037,438	0.2649	0.2649	4,183,339	0.2649	0.2649	4,229,856	0.2649	0.2649
		Special Road and Bridge	4,037,438	0.3500	0.3500	4,183,339	0.3500	0.3500	4,229,856	0.3500	0.3500
	Lone Oak Township of Bates County	General Revenue	3,407,224	0.0853	0.0853	3,789,709	0.0842	0.0842	3,701,289	0.0884	0.0884
		Road & Bridge	3,407,224	0.2452	0.2452	3,789,709	0.2421	0.2421	3,701,289	0.2541	0.2541
		Special Road and Bridge	3,407,224	0.2100	0.2100	**	**	**	**	**	**
	Mingo Township of Bates County	General Revenue	2,574,451	0.0971	0.0971	2,774,206	0.0952	0.0952	3,025,234	0.0935	0.0935
		Road & Bridge	2,574,451	0.2643	0.2643	2,774,206	0.2591	0.2591	3,025,234	0.2544	0.2544
		Special Road and Bridge	2,574,451	0.2233	0.2233	2,774,206	0.2189	0.2189	3,025,234	0.2150	0.2150
	Mound Township of Bates County	General Revenue	8,546,546	0.0814	0.0814	8,803,460	0.0814	0.0814	8,775,002	0.0834	0.0834
		Road & Bridge	8,546,546	0.2239	0.2239	8,803,460	0.2239	0.2239	8,775,002	0.2294	0.2294
		Special Road and Bridge	8,546,546	0.1900	0.1900	8,803,460	0.1900	0.1900 A	8,775,002	0.1900	0.1900
	Mount Pleasant Township of Bates Co	General Revenue	47,658,882	0.0910	0.0910	49,725,829	0.0902	0.0902	49,371,125	0.0917	0.0917
		Road & Bridge	47,658,882	0.2022	0.2022	49,725,829	0.2004	0.2004	49,371,125	0.2037	0.2037
	New Home Township of Bates County	General Revenue	2,934,082	0.1000	0.1000	3,095,297	0.1000	0.1000	3,596,634	0.1000	0.1000
		Road & Bridge	2,934,082	0.2408	0.2408	3,095,297	0.2408	0.2408	3,596,634	0.2408	0.2408
		Special Road and Bridge	2,934,082	0.1800	0.1800	3,095,297	0.1800	0.1800	3,596,634	0.1800	0.1800
	Osage Township of Bates County	General Revenue	9,611,355	0.1000	0.1000	9,891,916	0.1000	0.1000	9,718,394	0.1000	0.1000
		Road & Bridge	9,611,355	0.2537	0.2537	9,891,916	0.2537	0.2537	9,718,394	0.2624	0.2624
	Pleasant Gap Township of Bates Co	General Revenue	3,582,662	0.1000	0.1000	3,721,884	0.1000	0.1000	3,843,127	0.1000	0.1000
		Road & Bridge	3,582,662	0.2707	0.2707	3,721,884	0.2707	0.2707	3,843,127	0.2707	0.2707
		Special Road and Bridge	3,582,662	0.2500	0.2500	3,721,884	0.3500	0.3500 A	3,843,127	0.3500	0.3500
	Rockville Township of Bates County	General Revenue	2,767,413	0.1000	0.1000	2,938,393	0.0987	0.0987	2,864,351	0.1000	0.1000
		Road & Bridge	2,767,413	0.2635	0.2635	2,938,393	0.2602	0.2602	2,864,351	0.2687	0.2687
	Spruce Township of Bates County	General Revenue	3,262,857	0.0732	0.0732	3,422,251	0.0726	0.0726	3,532,198	0.0726	0.0726
		Road & Bridge	3,262,857	0.2197	0.2197	3,422,251	0.2178	0.2178	3,532,198	0.2178	0.2178
	Summit Township of Bates County	General Revenue	3,558,006	0.0701	0.0701	3,540,543	0.0705	0.0705	3,620,899	0.0705	0.0705
		Road & Bridge	3,558,006	0.2405	0.2405	3,540,543	0.2419	0.2419	3,620,899	0.2419	0.2419
		Special Road and Bridge	3,558,006	0.3500	0.3500	3,540,543	0.3500	0.3500 A	3,620,899	0.3500	0.3500
	Walnut Township of Bates County	General Revenue	4,018,122	0.1000	0.1000	4,169,449	0.1000	0.1000	4,258,269	0.1000	0.1000
		Road & Bridge	4,018,122	0.2758	0.2758	4,169,449	0.2758	0.2758	4,258,269	0.2762	0.2762
		Special Road and Bridge	4,018,122	0.1900	0.1900	4,169,449	0.1900	0.1900	4,258,269	0.1900	0.1900 A
	West Boone Township of Bates Co	General Revenue	5,849,632	0.0771	0.0771	6,191,329	0.0771	0.0771	6,264,298	0.0772	0.0772
		Road & Bridge	5,849,632	0.2423	0.2423	6,191,329	0.2423	0.2423	6,264,298	0.2427	0.2427
		Special Road and Bridge	5,849,632	0.2100	0.2100	6,191,329	0.2100	0.2100	6,264,298	0.2100	0.2100
	West Point Township of Bates Co	General Revenue	5,570,135	0.1000	0.1000	5,542,033	0.1000	0.1000	5,514,049	0.1000	0.1000

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Bates	West Point Township of Bates Co	Road & Bridge	5,570,135	0.2956	0.2956	5,542,033	0.3006	0.3006	5,514,049	0.3035	0.3035
		Special Road and Bridge	5,570,135	0.2200	0.2200	5,542,033	0.2200	0.2200 A	5,514,049	0.2200	0.2200
	Prairie Township of Bates County	General Revenue	1,469,393	0.1000	0.1000	1,527,698	0.0999	0.0999	1,597,765	0.0999	0.0999
		Road & Bridge	1,469,393	0.2806	0.2806	1,527,698	0.2806	0.2806	1,597,765	0.2806	0.2806
		Special Road and Bridge	1,469,393	0.2300	0.2300	1,527,698	0.2300	0.2300	1,597,765	0.2300	0.2300 A
	Shawnee Township of Bates County	General Revenue	3,035,343	0.1000	0.1000	3,128,946	0.1000	0.1000	3,280,842	0.1000	0.1000
		Road & Bridge	3,035,343	0.2800	0.2800	3,128,946	0.2800	0.2800	3,280,842	0.2800	0.2800
		Special Road and Bridge	3,035,343	0.3500	0.3500	3,128,946	0.3500	0.3500 A	3,280,842	0.3500	0.3500
	Miami R-I School District	Operating Funds-Schools	11,083,880	3.9000	3.9000	11,443,348	3.9000	3.9000	11,342,118	3.9000	3.9000
	Ballard R-II School District	Operating Funds-Schools	6,913,485	4.2600	4.2500	7,373,018	4.2891	4.2500	7,656,439	4.2985	4.2985
		Debt Service	**	**	**	7,373,018	0.7500	0.7500	7,656,439	1.3920	0.7500
	Adrian R-III School District	Operating Funds-Schools	26,511,448	3.4500	3.4500 B	27,981,013	3.4242	3.4200	28,566,923	3.4539	3.4539
		Debt Service	26,511,448	0.3500	0.3500	27,981,013	0.3800	0.3800	28,566,923	0.4765	0.3461
	Rich Hill R-IV School District	Operating Funds-Schools	17,639,949	3.4414	2.7500	18,339,461	3.5135	2.7500	18,679,690	3.5299	2.7500
		Debt Service	17,639,949	1.0732	1.0732	18,339,461	0.9279	0.9279	18,679,690	0.7618	0.7618
	Hume R-VIII School District	Operating Funds-Schools	6,363,273	4.0978	3.6900	6,492,334	4.0924	3.8000	6,594,001	4.1522	3.9000
		Debt Service	6,363,273	0.3000	0.3000	6,492,334	0.5000	0.5000	6,594,001	1.3078	1.0000
	Hudson R-IX School District	Operating Funds-Schools	5,482,270	3.8176	3.7800	5,735,730	3.8738	3.7800	5,724,046	3.8901	3.7800
	Butler R-V School District	Operating Funds-Schools	60,285,988	3.5000	3.2500	62,810,584	3.4987	3.4100	62,473,697	3.5000	3.5000
		Debt Service	60,285,988	0.1800	0.1800	62,810,584	0.0200	0.0200	**	**	**
	Bates County	General Revenue	153,464,855	0.2619	0.2619	160,215,718	0.2607	0.2607	161,137,154	0.2627	0.2627
		Health	153,464,855	0.0806	0.0806	160,215,718	0.0802	0.0802	161,137,154	0.0808	0.0808
		Developmentally Disabled	153,464,855	0.0700	0.0700	160,215,718	0.0697	0.0697	161,137,154	0.0700	0.0700
Benton	Warsaw-Lincoln Ambulance District	General Revenue	128,235,413	0.1900	0.1900	132,007,075	0.1900	0.1900	137,108,155	0.1900	0.1900
	Cole Camp Ambulance District	General Revenue	38,744,660	0.1794	0.1794	39,702,579	0.1794	0.1794	40,660,544	0.1794	0.1794
	Lincoln Community Nursing Home Dist	Maintenance	35,691,726	0.0500	0.0500	37,800,129	0.0500	0.0500	39,069,877	0.2000	0.2000 B
	Good Samaritan Nursing Home Dist	General Revenue	46,680,585	0.1115	0.1115	47,924,101	0.1115	0.1115	49,384,607	0.1115	0.1115
	Brandon Special Road Dist Benton Co	Road & Bridge	1,332,432	0.3500	0.3500	1,296,560	0.3500	0.3500	1,334,992	0.3500	0.3500
	Cole Camp Sp Rd Dist Benton Co	Road & Bridge	10,029,264	0.1958	0.1958	10,064,573	0.1975	0.1975	10,145,195	0.1984	0.1984
	Ionia Special Rd Dist Benton Co	Road & Bridge	2,388,161	0.3493	0.3493	2,402,726	0.3500	0.3500	2,485,227	0.3500	0.3500
	City of Cole Camp	General Revenue	5,913,670	0.4996	0.4996	5,973,782	0.5024	0.5024	5,925,220	0.5103	0.5103
	Village of Ionia	General Revenue	456,793	0.7183	0.7183	482,103	0.7052	0.7052	498,847	0.7286	0.7286
	City of Lincoln	General Revenue	6,781,130	0.7939	0.7939	6,900,572	0.7939	0.7939	7,008,053	0.7960	0.7960
		Parks & Recreation	6,781,130	0.1526	0.1526	6,900,572	0.1526	0.1526	7,008,053	0.1530	0.1530
	City of Warsaw	General Revenue	17,368,294	0.4148	0.4148	17,336,855	0.4194	0.4148	18,984,913	0.4516	0.4194
		Parks & Recreation	17,368,294	0.1113	0.1113	17,336,855	0.1125	0.1113	18,984,913	0.1211	0.1125
	Lincoln Community Fire Prot Dist	General Revenue	29,992,005	0.2478	0.2478	31,861,584	0.2496	0.2496	32,937,313	0.2496	0.2496

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Benton	Deer Creek Fire Protection District	General Revenue	13,905,794	0.3000	0.3000	14,351,745	0.3000	0.3000	14,482,372	0.3000	0.3000
	Warsaw Fire Protection District	General Revenue	70,831,494	0.3000	0.3000	73,187,046	0.3000	0.3000	79,472,696	0.3000	0.3000
	Lakeview Heights Fire Prot Dist	General Revenue	9,692,417	0.2994	0.2994	9,652,096	0.3000	0.3000	9,788,065	0.3000	0.3000
	Osage Valley Fire Protection Dist	General Revenue	7,019,238	0.3000	0.3000	7,315,898	0.3000	0.3000	7,837,612	0.3000	0.3000
	Cole Camp & Rural Fire Prot Dist	General Revenue	**	**	**	22,238,824	0.3000	0.2800 A	22,898,461	0.3000	0.3000
	Lincoln R-II School District	Operating Funds-Schools	26,999,019	2.7500	2.7500	28,859,269	2.7500	2.7500	30,058,331	2.7500	2.7500
		Debt Service	26,999,019	0.5000	0.5000	28,859,269	0.4300	0.4300	30,058,331	0.7531	0.5000
	Warsaw R-IX School District	Operating Funds-Schools	93,588,784	2.7500	2.7500	99,893,945	2.7500	2.7500	101,980,111	2.7500	2.7500
		Debt Service	93,588,784	0.4500	0.4500	99,893,945	0.4500	0.4500	101,980,111	0.8387	0.4500
	Cole Camp R-I School District	Operating Funds-Schools	35,480,122	2.7500	2.7500	36,559,323	2.7500	2.7500	37,071,282	2.7500	2.7500
		Debt Service	35,480,122	0.5600	0.5600	36,559,323	0.5900	0.5900	37,071,282	0.4930	0.4930
	Benton County	General Revenue	162,964,615	0.3342	0.1500	167,336,202	0.3346	0.1500	173,076,592	0.3346	0.1400
		Common Road District	149,214,757	0.2125	0.2100	153,651,071	0.2126	0.2100	159,291,131	0.2126	0.2100
		Health	162,964,615	0.4000	0.4000	167,336,202	0.4000	0.4000	173,076,592	0.4000	0.4000
Bollinger	Village of Glen Allen	General Revenue	593,977	0.3823	0.3800	615,633	0.3770	0.3770	658,854	0.3769	0.3769
	City of Marble Hill	General Revenue	11,264,283	0.4831	0.4800	12,925,820	0.4599	0.4599	12,307,825	0.4848	0.4848
		Parks & Recreation	11,264,283	0.1208	0.1200	12,925,820	0.1150	0.1150	12,307,825	0.1212	0.1212
	Village of Sedgwickville	General Revenue	920,491	0.4802	0.4800	961,321	0.4703	0.4703	994,540	0.4703	0.4703
	Village of Zalma	General Revenue	438,126	1.1161	1.0000	478,370	1.0858	1.0000	466,190	1.1141	1.0000
	Glen Allen Fire Protection District	General Revenue	10,691,950	0.2904	0.2900	12,371,203	0.2811	0.2811	12,336,997	0.2861	0.2861
	Sedgewickville Fire Protection Dist	General Revenue	12,318,422	0.2105	0.2105	13,328,163	0.2024	0.2024	13,571,872	0.2024	0.2024
	Meadow Heights R-II School District	Operating Funds-Schools	23,273,210	2.7500	2.7500	25,094,370	2.7500	2.7500	25,469,170	2.7500	2.7500
		Debt Service	23,273,210	0.3500	0.3500	25,094,370	0.3500	0.3500	25,469,170	0.3500	0.3500
	Leopold R-III School District	Operating Funds-Schools	5,716,540	3.0088	2.9500	6,107,030	2.9670	2.9500	6,237,590	3.2500	3.0500 B
	Zalma R-V School District	Operating Funds-Schools	9,038,530	2.7500	2.7500	9,727,855	2.7500	2.7500	9,839,930	2.7500	2.7500
	Woodland R-IV School District	Operating Funds-Schools	37,211,740	2.7500	2.7500	41,460,295	2.7500	2.7500	41,323,085	2.7500	2.7500
	Bollinger County	General Revenue	89,974,929	0.3500	0.2000	95,944,303	0.3409	0.1000	97,346,124	0.3413	0.1000
		Library	89,974,929	0.1000	0.1000	95,944,303	0.0974	0.0974	97,346,124	0.0975	0.0975
		Road & Bridge	89,974,929	0.2500	0.2500	95,944,303	0.2435	0.2435	97,346,124	0.2438	0.2438
		Health	89,974,929	0.2400	0.2400	95,944,303	0.2338	0.2338	97,346,124	0.2341	0.2341
		Ambulance	89,974,929	0.2000	0.2000	95,944,303	0.1948	0.1948	97,346,124	0.1950	0.1950
		Senate Bill 40	89,974,929	0.1000	0.1000	95,944,303	0.0974	0.0974	97,346,124	0.0975	0.0975
Boone	Callahan Creek Watershed Sub Dist	General Revenue	10,470,917	0.2724	0.0900	11,200,566	0.2724	0.0900	12,183,955	0.2724	0.0900
	City of Ashland	General Revenue	21,064,377	0.2906	0.2906	22,949,870	0.2906	0.2906	25,154,058	0.2906	0.2906
		Debt Service	21,064,377	0.4400	0.4400	22,949,870	0.4400	0.4400	25,154,058	0.4081	0.3900
	City of Centralia	General Revenue	33,874,083	0.6616	0.6616	34,707,453	0.6616	0.6616	34,931,427	0.6628	0.6628
		Parks & Recreation	33,874,083	0.2963	0.2963	34,707,453	0.2963	0.2963	34,931,427	0.2968	0.2968

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Boone	City of Centralia	Library	33,182,309	0.2954	0.2954	33,877,325	0.2968	0.2953	33,829,354	0.2988	0.2988
		Debt Service	33,182,309	0.0900	0.0900	33,877,325	0.0900	0.0900	33,829,354	0.0957	0.0900
	City of Columbia	General Revenue	1,054,769,563	0.4491	0.4100	1,116,692,677	0.4491	0.4100	1,158,639,285	0.4491	0.4100
	City of Hallsville	General Revenue	7,444,427	0.6547	0.6547	7,849,946	0.6567	0.6567	8,261,248	0.6567	0.0657
		Debt Service	7,444,427	0.2900	0.2900	7,849,946	0.2900	0.2900	8,261,248	0.8776	0.2900
	Town of Harrisburg	General Revenue	1,394,131	0.3284	0.3284	1,437,171	0.3312	0.3312	1,386,729	0.3479	0.3479
	Village of Hartsburg	General Revenue	729,973	0.4114	0.4114	804,222	0.4124	0.4124	739,601	0.4495	0.4495
	City of Rocheport	General Revenue	1,622,730	0.3060	0.2974	1,718,047	0.3048	0.3048	1,719,941	0.3086	0.3086
	City of Sturgeon	General Revenue	5,354,017	0.6376	0.4900	5,392,848	0.6417	0.4900	5,522,946	0.6417	0.6417
		Debt Service	**	**	**	5,392,848	0.0000	0.0000	5,522,946	0.3061	0.3061
	Boone County Library	General Revenue	960,896,737	0.3200	0.3200	1,021,650,065	0.3200	0.3200	1,073,035,201	0.3200	0.3200
	Columbia Public Library	General Revenue	547,825,332	0.3141	0.3141	567,084,364	0.3141	0.3141	567,051,206	0.3200	0.3200
		Debt Service	547,825,332	0.3250	0.3250	567,084,364	0.3200	0.3200	567,051,206	0.3149	0.3141
	Boone County Fire Prot Dist	General Revenue	380,442,921	0.6221	0.6000	393,897,392	0.6221	0.6000	399,633,461	0.6277	0.6000
		Dispatch	380,442,921	0.0299	0.0295	393,897,392	0.0299	0.0295	399,633,461	0.0300	0.0295
		Debt Service	380,442,921	0.2200	0.2200	393,897,392	0.2084	0.2084	399,633,461	0.1936	0.1936
	Southern Boone Co Fire Prot Dist	General Revenue	73,272,872	0.2274	0.2274	77,799,602	0.2274	0.2274	81,921,782	0.2274	0.2274
		Dispatch	73,272,872	0.0300	0.0300	77,799,602	0.0300	0.0300	81,921,782	0.0300	0.0300
		Debt Service	73,272,872	0.0508	0.0508	77,799,602	0.1995	0.1995	81,921,782	0.1967	0.1967
	Columbia Special Business District	General Revenue	24,354,865	0.5248	0.4300	24,597,891	0.5248	0.4900	24,681,786	0.5248	0.4900
	Southern Boone Co. R-I School Dist	Operating Funds-Schools	60,657,993	3.3163	3.3163	64,850,765	3.3268	3.3268	68,327,806	3.3214	3.3214
		Debt Service	60,657,993	1.2800	1.2800	64,850,765	1.2800	1.2800	68,327,806	1.5985	1.5985
	Boone Co. R-IV School District	Operating Funds-Schools	44,178,336	3.3603	3.3603	46,413,664	3.3716	3.3716	47,848,804	3.3664	3.3664
		Debt Service	44,178,336	0.7597	0.7597	46,413,664	0.7484	0.7484	47,848,804	1.7487	0.7536
	Sturgeon R-V School District	Operating Funds-Schools	22,658,789	3.5019	2.7500	23,611,095	3.5097	2.8097	24,319,969	3.5301	3.4800
		Debt Service	22,658,789	1.2700	1.2700	23,611,095	1.2700	1.2700	24,319,969	1.8583	1.2700
	Centralia R-VI School District	Operating Funds-Schools	65,022,585	3.0911	3.0911 B	66,907,291	3.0911	3.0911	68,164,906	3.0711	3.0711
		Debt Service	65,022,585	0.4700	0.4700	66,907,291	0.4700	0.4700	68,164,906	0.9107	0.4900
	Harrisburg R-VIII School District	Operating Funds-Schools	22,112,405	3.4513	3.1813	23,609,226	3.4533	3.2733	24,705,394	3.4443	3.2443
		Debt Service	22,112,405	1.1500	1.1500	23,609,226	1.1500	1.1500	24,705,394	1.2193	1.1500
	Columbia 93 School District	Operating Funds-Schools	1,329,506,025	4.3700	3.9525	1,391,062,352	4.5356	4.1425 B	1,434,004,449	4.5356	4.1425
		Debt Service	1,329,506,025	0.8019	0.8019	1,391,062,352	0.8019	0.8019	1,434,004,449	0.9275	0.8019
	Boone County	General Revenue	1,541,682,599	0.3286	0.1300	1,622,395,875	0.3286	0.1300	1,674,442,313	0.3289	0.1300
		Road & Bridge	1,541,682,599	0.2788	0.0500	1,622,395,875	0.2788	0.0500	1,674,442,313	0.2791	0.0500
		Hospital	1,541,682,599	0.1394	0.0000	1,622,395,875	0.1394	0.0000	1,674,442,313	0.1395	0.0000
		Sheltered Workshop	1,541,682,599	0.1194	0.1194	1,622,395,875	0.1194	0.1194	1,674,442,313	0.1195	0.1195
Buchanan	Village of Agency	General Revenue	4,542,644	0.6235	0.6235	4,591,139	0.6236	0.6236	4,560,193	0.6450	0.6450

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Buchanan	Village of DeKalb	General Revenue	1,049,205	0.8127	0.8127	1,106,760	0.8142	0.8127	1,115,693	0.8160	0.8160
	City of Easton	General Revenue	1,081,479	0.4244	0.4244	1,059,320	0.4333	0.4333	1,008,211	0.4573	0.4573
	Village of Lewis & Clark	General Revenue	677,560	0.4103	0.4103	760,670	0.4103	0.4103	762,610	0.4118	0.4118
		General Revenue-Temp	677,560	0.2989	0.2989	760,670	0.2989	0.2989	762,610	0.3000	0.3000 A
	Village of Rushville	General Revenue	1,180,200	0.4793	0.4793	1,142,588	0.4951	0.4951	1,124,288	0.5000	0.5000
	City of St. Joseph	General Revenue	779,734,718	0.6842	0.6842	781,221,941	0.7028	0.7028	772,143,874	0.7203	0.7203
		Parks & Recreation	779,734,718	0.1996	0.1996	781,221,941	0.2000	0.2000	772,143,874	0.2000	0.2000
		Library	575,162,086	0.4192	0.4192	563,477,652	0.4200	0.4200	552,394,405	0.4200	0.4200
		Museum	779,734,718	0.0499	0.0499	781,221,941	0.0500	0.0500	772,143,874	0.0500	0.0500
		Health	779,734,718	0.2042	0.2042	781,221,941	0.2098	0.2098	772,143,874	0.2150	0.2150
		Special Business District	6,677,240	0.8500	0.8500	6,702,930	0.8500	0.8500	6,037,080	0.8500	0.8500 A
	Rolling Hills Consolidated Library	General Revenue	497,156,079	0.3100	0.3100	523,314,355	0.3100	0.3100	531,317,617	0.3100	0.3100
	Colony Hills Fire Protection Dist	General Revenue	6,591,158	0.9600	0.9600	7,071,929	0.9600	0.9600	7,085,923	0.9600	0.9600
	Lake Contrary Fire Protection Dist	General Revenue	3,946,120	0.8360	0.8300	4,137,253	0.8360	0.8300	3,997,600	0.8400	0.8400
		Fire	3,946,120	0.1995	0.1200	4,137,253	0.1995	0.1500	3,997,600	0.2000	0.1900
	Maxwell Heights Fire Prot Dist	General Revenue	16,187,100	0.8700	0.8700	14,448,374	1.0200	1.0200	12,609,915	1.0200	1.0200
	Sugar Lake Fire Protection District	General Revenue	7,088,758	0.4383	0.4383	7,266,742	0.4383	0.4383	7,182,955	0.4400	0.4383
	S Central Buchanan Fire Prot Dist	General Revenue	47,593,222	0.2827	0.2827	49,297,073	0.2827	0.2827	50,566,544	0.2839	0.2827
	DeKalb Fire Protection District	General Revenue	13,819,340	0.2956	0.2956	13,868,911	0.2966	0.2966	14,132,173	0.2989	0.2989
	Rushville Fire Protection District	General Revenue	5,509,390	0.4420	0.4420	5,493,809	0.4453	0.4453	5,371,736	0.4500	0.4500
	Easton Fire Protection District	General Revenue	8,719,624	0.2491	0.2491	8,782,389	0.2502	0.2502	8,748,586	0.2526	0.2526
	East Buchanan Co. C-1 School Dist	Operating Funds-Schools	36,581,690	4.3767	4.3767	39,591,919	4.3325	4.3325	39,740,910	5.2625	4.5825 B
	Mid-Buchanan Co R-V School Dist	Operating Funds-Schools	38,634,484	3.4625	3.4462	40,299,048	3.4532	3.4462	42,588,397	3.4545	3.4462
		Debt Service	38,634,484	0.6781	0.6781	40,299,048	0.8150	0.8150	42,588,397	1.7693	0.9000
	Buchanan County R-IV School Dist	Operating Funds-Schools	14,322,252	4.3216	4.3216	14,433,336	4.0782	4.0782	14,557,683	4.5276	4.3500
		Debt Service	14,322,252	0.4500	0.4500	14,433,336	0.6800	0.6800	14,557,683	0.9505	0.5500
	St. Joseph School District	Operating Funds-Schools	810,055,418	3.5115	2.9782	809,115,091	3.5823	3.1046	804,133,162	3.6571	3.1210 C
		Operating Funds-Temp	**	**	**	**	**	**	804,133,162	0.6300	0.6300 A
		Debt Service	810,055,418	0.3118	0.3118	809,115,091	0.3154	0.3154	804,133,162	0.3569	0.2990
	Buchanan County	General Revenue	919,872,467	0.3500	0.0739	922,912,969	0.3500	0.0729	914,285,292	0.3500	0.0729
		Road & Bridge	919,872,467	0.2724	0.2724	922,912,969	0.2788	0.2724	914,285,292	0.2853	0.2853
		Senate Bill 40	919,872,467	0.1000	0.1000	922,912,969	0.1000	0.1000	914,285,292	0.1000	0.1000
Butler	Neelyville-Naylor Ambulance Dist	General Revenue	32,460,525	0.3000	0.3000	32,943,678	0.3000	0.3000	33,747,509	0.3000	0.3000
	City of Fisk	General Revenue	1,544,113	0.7592	0.7592	1,649,234	0.7575	0.7575	1,668,313	0.7575	0.7575
	City of Neelyville	General Revenue	1,408,573	0.5986	0.5986	1,437,877	0.5987	0.5987	1,545,871	0.5949	0.5949
	City of Poplar Bluff	General Revenue	159,874,346	0.5100	0.5100	175,695,459	0.4855	0.4855	181,075,123	0.4855	0.4855
		Parks & Recreation	159,874,346	0.1500	0.0000	175,695,459	0.1428	0.1428	181,075,123	0.1428	0.1428

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Butler	City of Poplar Bluff	Library	159,874,346	0.1500	0.1500	175,695,459	0.1428	0.1428	181,075,123	0.1428	0.1428
		Pension	159,874,346	0.1000	0.1000	175,695,459	0.0952	0.0952	181,075,123	0.0952	0.0952
	City of Qulin	General Revenue	1,655,568	0.4875	0.4875	1,775,661	0.4814	0.4814	1,787,716	0.4814	0.4814
	Butler County Fire Protection Dist	General Revenue	177,809,048	0.2600	0.2600	190,331,409	0.2594	0.2594	208,784,663	0.2533	0.2533
	Qulin Community Fire Prot Dist	General Revenue	14,043,803	0.1600	0.1600	13,736,311	0.1600	0.1600	14,467,223	0.1565	0.1565
	Three Rivers Community College	General Revenue	552,656,242	0.2400	0.2400	583,229,140	0.2384	0.2384	606,945,003	0.2385	0.2384
	Neelyville R-IV School District	Operating Funds-Schools	21,829,914	2.8845	2.8400	22,950,772	2.8303	2.8300	23,645,684	2.8183	2.8183
	Poplar Bluff R-I School District	Operating Funds-Schools	263,776,262	2.7500	2.7500	281,854,454	2.7500	2.7500	296,817,411	2.7500	2.7500
		Debt Service	263,776,262	0.1600	0.1600	281,854,454	0.1400	0.1400	296,817,411	0.3706	0.1600
	Twin Rivers R-X School District	Operating Funds-Schools	41,686,476	2.2236	2.1736	42,067,097	2.2256	2.1756	44,997,693	2.2258	2.1758
		Operating Funds-Temp	41,686,476	0.9100	0.9100	42,067,097	0.9100	0.9100	44,997,693	0.9100	0.9100
		Debt Service	41,686,476	0.1850	0.1850	42,067,097	0.1900	0.1900	44,997,693	0.1839	0.1839
	Butler County	General Revenue	353,813,779	0.3000	0.1100	379,522,213	0.2936	0.1300	400,824,993	0.2925	0.1100
		Road & Bridge	353,813,779	0.2300	0.0400	379,522,213	0.2251	0.0600	400,824,993	0.2242	0.0400
		Health	353,813,779	0.1000	0.1000	379,522,213	0.0979	0.0979	400,824,993	0.0975	0.0975
		Senate Bill 40	353,813,779	0.1000	0.1000	379,522,213	0.0979	0.0979	400,824,993	0.0975	0.0975
		Senior Services	353,813,779	0.0500	0.0500	379,522,213	0.0489	0.0489	400,824,993	0.0487	0.0487
Caldwell	Caldwell County Ambulance	General Revenue	78,566,116	0.1925	0.1925	80,869,763	0.1925	0.1203	82,207,490	0.1930	0.0752
	Golden Age Nursing Home District	General Revenue	17,087,651	0.1500	0.1400	17,565,824	0.1500	0.1500	18,053,718	0.1500	0.1500
	City of Braymer	General Revenue	5,024,570	0.6875	0.6875	5,092,993	0.6921	0.6921	4,935,670	0.7167	0.7167
	City of Breckenridge	General Revenue	2,044,548	0.8742	0.7700	2,045,292	0.8902	0.7700	2,063,753	0.8902	0.7700
		Lights	2,044,548	0.0908	0.0800	2,045,292	0.0924	0.0800	2,063,753	0.0924	0.0800
		Library	2,044,548	0.0454	0.0400	2,045,292	0.0462	0.0400	2,063,753	0.0462	0.0400
		Police	2,044,548	0.0908	0.0800	2,045,292	0.0924	0.0800	2,063,753	0.0924	0.0800
		Fire	2,044,548	0.1362	0.1200	2,045,292	0.1387	0.1200	2,063,753	0.1387	0.1200
	City of Cowgill	General Revenue	910,472	0.8111	0.6900	884,926	0.8366	0.7400	895,256	0.8488	0.7900
	City of Hamilton	General Revenue	10,855,349	0.7159	0.7159	11,077,633	0.7199	0.7199	10,702,817	0.7501	0.7501
		Parks & Recreation	10,855,349	0.2490	0.2490	11,077,633	0.2504	0.2504	10,702,817	0.2609	0.2609
		Lights	10,855,349	0.2076	0.2076	11,077,633	0.2088	0.2088	10,702,817	0.2175	0.2175
		Library	10,855,349	0.3009	0.3009	11,077,633	0.3026	0.3026	10,702,817	0.3153	0.3153
		Debt Service	10,855,349	0.5428	0.5428	11,077,633	0.5319	0.5319	10,702,817	0.5517	0.5516
	City of Kidder	General Revenue	1,543,757	0.7633	0.7633	1,620,241	0.7633	0.7633	1,636,655	0.7753	0.7753
		Debt Service	1,543,757	0.5864	0.5864	1,620,241	0.8172	0.8172	1,636,655	0.8230	0.0000
	City of Kingston	General Revenue	1,394,797	0.8003	0.8003	1,407,843	0.8003	0.8003	1,382,449	0.8312	0.8003
	City of Polo	General Revenue	3,366,755	0.7505	0.7505	3,390,049	0.7524	0.7500	3,427,195	0.7524	0.7524
		Debt Service	3,366,755	0.3247	0.3247	3,390,049	0.2900	0.2900	3,427,195	0.3081	0.3081
	Breckenridge Township, Caldwell Co	General Revenue	5,289,046	0.0956	0.0956	5,081,660	0.0997	0.0953	5,196,851	0.0997	0.0956

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Caldwell	Breckenridge Township, Caldwell Co	Road & Bridge	5,289,046	0.4780	0.4400	5,081,660	0.4987	0.4400	5,196,851	0.4987	0.4400
		Special Road and Bridge	5,289,046	0.3059	0.3059	5,081,660	0.3191	0.3059	5,196,851	0.3191	0.3059
	Davis Township of Caldwell Co	General Revenue	8,776,632	0.0928	0.0900	9,016,718	0.0928	0.0900	8,902,027	0.0944	0.0900
		Road & Bridge	8,776,632	0.4332	0.4300	9,016,718	0.4332	0.4300	8,902,027	0.4407	0.4300
		Special Road and Bridge	8,776,632	0.1700	0.1700	9,016,718	0.1700	0.1700	8,902,027	0.1700	0.1700
	Fairview Township of Caldwell Co	General Revenue	2,500,889	0.1000	0.1000	2,617,811	0.1000	0.1000	2,701,447	0.1000	0.1000
		Road & Bridge	2,500,889	0.5000	0.4600	2,617,811	0.5000	0.4600	2,701,447	0.5000	0.4600
		Special Road and Bridge	2,500,889	0.3300	0.3200	2,617,811	0.3300	0.3200	2,701,447	0.3300	0.3200
	Gomer Township of Caldwell County	General Revenue	4,148,039	0.1000	0.0900	4,347,750	0.1000	0.0900	4,515,987	0.0998	0.0900
		Road & Bridge	4,148,039	0.4757	0.4500	4,347,750	0.4757	0.4500	4,515,987	0.4749	0.4500
		Special Road and Bridge	4,148,039	0.3500	0.3500	4,347,750	0.3500	0.3500	4,515,987	0.3494	0.3494
	Grant Township of Caldwell County	General Revenue	11,594,902	0.1000	0.1000	11,996,217	0.1000	0.1000	12,682,135	0.0987	0.0987
		Road & Bridge	11,594,902	0.4084	0.4084	11,996,217	0.4084	0.4084	12,682,135	0.4030	0.4030
		Special Road and Bridge	11,594,902	0.2400	0.2400	11,996,217	0.2400	0.2400	12,682,135	0.2368	0.2368
	Hamilton Township of Caldwell Co	General Revenue	16,237,219	0.0929	0.0800	16,757,635	0.0932	0.0800	16,410,725	0.0956	0.0800
		Road & Bridge	16,237,219	0.3719	0.3400	16,757,635	0.3732	0.3400	16,410,725	0.3829	0.3400
	Kidder Township of Caldwell Co	General Revenue	7,756,773	0.0897	0.0897	8,161,522	0.0897	0.0897	8,306,281	0.0904	0.0904
		Road & Bridge	7,756,773	0.3683	0.3683	8,161,522	0.3683	0.3683	8,306,281	0.3712	0.3712
		Special Road and Bridge	7,756,773	0.3177	0.3177	**	**	**	**	**	**
	Kingston Township of Caldwell Co	General Revenue	4,796,431	0.1000	0.1000	4,821,569	0.1000	0.1000	5,080,181	0.1000	0.1000
		Road & Bridge	4,796,431	0.4557	0.4517	4,821,569	0.4579	0.4517	5,080,181	0.4579	0.4517
		Special Road and Bridge	4,796,431	0.3500	0.3500	**	**	**	**	**	**
	Lincoln Township of Caldwell Co	General Revenue	4,671,166	0.1000	0.0900	4,714,075	0.1000	0.0900	4,797,855	0.1000	0.0900
		Road & Bridge	4,671,166	0.4372	0.4100	4,714,075	0.4376	0.4100	4,797,855	0.4376	0.4100
		Special Road and Bridge	4,671,166	0.3400	0.3300	**	**	**	**	**	**
	Mirabile Township of Caldwell Co	General Revenue	4,015,607	0.1000	0.1000	4,165,549	0.1000	0.1000	4,243,176	0.1000	0.1000
		Road & Bridge	4,015,607	0.4536	0.4400	4,165,549	0.4558	0.4400	4,243,176	0.4558	0.4400
		Special Road and Bridge	4,015,607	0.3300	0.3300	4,165,549	0.3300	0.3300	4,243,176	0.3300	0.3300
	New York Township of Caldwell Co	General Revenue	3,323,170	0.0892	0.0892	3,361,547	0.0892	0.0892	3,614,853	0.0868	0.0868
		Road & Bridge	3,323,170	0.4263	0.4263	3,361,547	0.4263	0.4263	3,614,853	0.4149	0.4149
		Special Road and Bridge	3,323,170	0.3035	0.3035	**	**	**	**	**	**
	Rockford Township of Caldwell Co	General Revenue	5,456,242	0.0939	0.0900	5,827,712	0.0939	0.0939	5,755,955	0.0980	0.0980
		Road & Bridge	5,456,242	0.4173	0.4100	5,827,712	0.4173	0.4173	5,755,955	0.4356	0.4356
		Special Road and Bridge	5,456,242	0.3496	0.3400	5,827,712	0.3496	0.3496	5,755,955	0.3500	0.3500
	Hamilton Rural Fire Protection Dist	General Revenue	**	**	**	2,041,213	0.2000	0.2000	23,088,666	0.2000	0.2000
	Breckenridge R-I School District	Operating Funds-Schools	4,459,958	5.4817	4.6517	4,729,807	5.4567	4.8767	4,692,940	5.5000	4.7826
	Hamilton R-II School District	Operating Funds-Schools	25,854,311	3.3006	3.3006	26,967,585	3.2997	3.2997	26,682,588	3.4110	3.4110

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Caldwell	Hamilton R-II School District	Debt Service	25,854,311	0.5125	0.5125	26,967,585	0.5125	0.5125	26,682,588	0.7194	0.5125
	New York R-IV School District	Operating Funds-Schools	2,707,782	5.5289	3.9289	2,710,932	5.5472	4.8272	2,736,023	5.6834	4.8272
	Cowgill R-VI School District	Operating Funds-Schools	3,148,134	3.9265	3.9265	3,219,150	4.0378	4.0377	3,188,435	4.1424	4.1424
	Polo R-VII School District	Operating Funds-Schools	15,957,811	3.4020	3.4020	16,770,202	3.4556	3.4556	17,046,073	3.4519	3.4519
		Debt Service	15,957,811	0.6064	0.6064	16,770,202	0.5620	0.5620	17,046,073	0.5644	0.5644
	Mirabile C-1 School District	Operating Funds-Schools	3,215,523	4.3699	4.3699	3,213,560	4.5740	4.5740	3,291,566	4.7171	4.7171
		Debt Service	3,215,523	0.6778	0.6778	3,213,560	0.1525	0.1525	3,291,566	0.6750	0.6750
	Braymer C-4 School District	Operating Funds-Schools	13,951,959	3.6153	2.7500	14,419,264	3.6852	2.8519	14,297,706	3.8262	2.9821
		Debt Service	13,951,959	0.5640	0.5640	14,419,264	0.7618	0.7618	14,297,706	0.2674	0.2674
	Kingston 42 School District	Operating Funds-Schools	2,970,372	4.7254	4.7254	3,062,096	4.7500	4.7500	3,342,892	4.7500	4.7500
	Caldwell County	General Revenue	78,566,116	0.3743	0.2300	80,869,763	0.3743	0.2400	82,207,490	0.3754	0.2300
		Health	78,566,116	0.2497	0.2497	80,869,763	0.2497	0.2497	82,207,490	0.2500	0.2500
Callaway	Callaway County Ambulance District	General Revenue	570,144,490	0.1200	0.1200	582,088,728	0.1200	0.1200	586,814,404	0.1200	0.1200
	City of Auxvasse	General Revenue	6,692,969	0.5900	0.5900	6,752,764	0.5921	0.5921	6,567,760	0.6112	0.6112
	City of Fulton	General Revenue	83,661,269	0.4530	0.4200	83,359,467	0.4628	0.4200	83,482,115	0.4710	0.4200
	Village of Kingdom City	General Revenue	7,274,793	0.2064	0.2064	7,390,055	0.2070	0.2070	7,478,679	0.2098	0.2098
	City of Mokane	General Revenue	1,167,633	0.6058	0.6058	1,045,651	0.6867	0.6867	942,448	0.7782	0.7782
	City of New Bloomfield	General Revenue	4,185,834	0.3183	0.3100	4,029,239	0.3323	0.3300	4,003,375	0.3348	0.3348
		Debt Service	4,185,834	0.8000	0.8000	4,029,239	0.8800	0.8800	4,003,375	1.1756	1.1756
	Town of Lake Mykee	General Revenue	3,403,464	0.5119	0.5119	3,533,848	0.5122	0.5122	3,478,905	0.5230	0.5230
	Callaway County Library	General Revenue	569,973,034	0.2000	0.2000	581,910,743	0.2000	0.2000	586,610,814	0.2000	0.2000
	Millersburg Fire Protection Dist	General Revenue	21,869,606	0.4718	0.4600	22,456,693	0.4737	0.4600	23,405,945	0.4737	0.4600
	Central Callaway Fire Prot Dist	General Revenue	46,343,748	0.4429	0.4400	46,627,699	0.4500	0.4500	46,799,744	0.4500	0.4500
	Holts Summit Fire Protection Dist	General Revenue	70,882,018	0.2614	0.2600	73,264,760	0.2614	0.2600	73,093,439	0.2687	0.2687
	South Callaway Fire Protection Dist	General Revenue	239,954,404	0.2005	0.2000	248,974,126	0.2005	0.2000	253,869,514	0.2005	0.2000
	North Callaway Fire Protection Dist	General Revenue	61,467,041	0.2724	0.2724	61,599,167	0.2781	0.2781	61,411,712	0.2850	0.2850
	New Bloomfield Fire Protection Dist	General Revenue	25,204,222	0.2831	0.2831	25,774,949	0.2853	0.2853	26,762,420	0.2853	0.2853
	North Callaway Co R-I School Dist	Operating Funds-Schools	65,030,260	2.7815	2.7500	65,742,513	3.0500	3.0500	66,410,591	3.0898	3.0800
		Debt Service	65,030,260	0.5600	0.5600	65,742,513	0.5600	0.5600	66,410,591	1.0163	0.5300
	New Bloomfield R-III School Dist	Operating Funds-Schools	30,931,681	3.0510	3.0510	31,680,813	3.0693	3.0510	32,277,877	3.0947	3.0508
		Debt Service	30,931,681	0.9900	0.9900	31,680,813	1.0250	1.0250	32,277,877	1.7872	1.0200
	Fulton 58 School District	Operating Funds-Schools	128,930,082	3.0725	3.0725	130,462,493	3.3182	3.3156	131,483,556	3.3868	3.3868
		Debt Service	128,930,082	0.7800	0.7800	130,462,493	0.5800	0.5800	131,483,556	0.6165	0.5800
	South Callaway Co R-II School Dist	Operating Funds-Schools	237,910,529	2.5000	2.5000	247,279,438	2.7500	2.7500	252,052,637	2.7500	2.7500
	Callaway County	General Revenue	570,144,490	0.3132	0.3132	582,088,728	0.3148	0.3148	586,814,404	0.3165	0.3165
		Road & Bridge	570,144,490	0.2425	0.2425	582,088,728	0.2437	0.2437	586,814,404	0.2450	0.2450
		Senate Bill 40	570,144,490	0.1000	0.1000	582,088,728	0.1000	0.1000	586,814,404	0.1000	0.1000

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Camden	CAM-MO Ambulance District	General Revenue	361,480,505	0.1218	0.1218	380,548,906	0.1218	0.1218	392,349,308	0.1218	0.1218
	Camden Ambulance District	General Revenue	**	**	**	378,972,128	0.3000	0.3000	438,744,097	0.3000	0.3000
	Horseshoe Bend Sp Rd 1 Camden Co	Special Road and Bridge	191,153,726	0.3500	0.3500	201,538,176	0.3447	0.3447	205,851,691	0.3466	0.3466
	Village of Climax Springs	General Revenue	315,907	0.5008	0.5008	324,817	0.5039	0.5039	324,300	0.5176	0.5176
	City of Linn Creek	General Revenue	3,961,685	0.1570	0.0000	4,449,441	0.1477	0.1477	4,117,802	0.1625	0.0000
	City of Macks Creek	General Revenue	1,283,373	0.2472	0.2300	1,196,150	0.2665	0.2300	1,147,880	0.2787	0.2300
	City of Stoutland	General Revenue	708,912	0.7221	0.7092	742,860	0.7221	0.7092	773,477	0.7221	0.7092
	City of Sunrise Beach	General Revenue	7,889,917	0.1506	0.1500	8,751,611	0.1456	0.1400	9,037,854	0.1456	0.1400
	Camden County Library	General Revenue	968,818,135	0.1020	0.1020	1,024,993,981	0.1014	0.1014	1,056,659,391	0.1014	0.1014
	Osage Beach Fire Protection Dist	General Revenue	287,165,322	0.5126	0.5126	300,803,243	0.5126	0.5126	317,862,697	0.5078	0.5078
		Debt Service	287,165,322	0.0874	0.0874	300,803,243	0.0974	0.0974	317,862,697	0.1157	0.1022
	Sunrise Beach Fire Protection Dist	General Revenue	177,135,648	0.4039	0.4039	190,430,133	0.4003	0.4003	196,999,785	0.4005	0.4005
		Debt Service	177,135,648	0.1087	0.1087	190,430,133	0.0914	0.0914	196,999,785	0.0911	0.0911
	Mid County Fire Protection District	General Revenue	167,744,703	0.2933	0.2933	176,288,397	0.2933	0.2933	182,726,851	0.2933	0.2933
		Debt Service	167,744,703	0.2569	0.2569	176,288,397	0.2561	0.2561	182,726,851	0.2572	0.2572
	Northwest Fire Protection District	General Revenue	40,722,516	0.2825	0.2825	41,428,956	0.2828	0.2828	43,601,497	0.2828	0.2828
	Southwest Camden Co Fire Prot Dist	General Revenue	17,541,942	0.3000	0.3000	17,687,724	0.3000	0.3000	18,036,053	0.3000	0.3000
	Camden Co. R-II School District	Operating Funds-Schools	17,088,785	3.3659	2.7500	17,797,101	3.4238	2.7500	17,819,080	3.4775	2.7500
	Camdenton R-III School District	Operating Funds-Schools	645,313,701	2.6737	2.6200	689,592,947	2.6588	2.6200	711,519,547	2.7200	2.7200
		Debt Service	645,313,701	0.1700	0.1700	689,592,947	0.2500	0.2500	711,519,547	0.2254	0.1500
	Climax Springs R-IV School District	Operating Funds-Schools	58,820,207	2.6700	2.6700	59,625,057	2.7500	2.7500	61,969,690	2.7500	2.7500
	Macks Creek R-V School District	Operating Funds-Schools	19,513,485	3.1581	3.0000	20,100,840	3.1170	3.0000	20,889,492	3.1700	3.1000
		Debt Service	19,513,485	0.7000	0.7000	20,100,840	0.7500	0.7500	20,889,492	1.5782	0.8000
	Camden County	General Revenue	968,818,135	0.2244	0.0900	1,024,993,981	0.2231	0.0900	1,056,659,391	0.2232	0.0900
		Road & Bridge	968,818,135	0.1530	0.1000	1,024,993,981	0.1521	0.1000	1,056,659,391	0.1522	0.0900
		Senate Bill 40	968,818,135	0.0612	0.0612	1,024,993,981	0.0608	0.0608	1,056,659,391	0.0608	0.0608
		Senior Services	968,818,135	0.0486	0.0486	1,024,993,981	0.0483	0.0483	1,056,659,391	0.0483	0.0483
Cape Girardeau	Cape Special Road District	Road & Bridge	492,340,764	0.2681	0.2681	501,974,793	0.2681	0.2681	511,955,237	0.2681	0.2681
	City of Cape Girardeau	General Revenue	411,131,504	0.3135	0.3135	417,925,364	0.3135	0.3135	424,897,495	0.3135	0.3135
		Health	411,131,504	0.0587	0.0587	417,925,364	0.0587	0.0587	424,897,495	0.0587	0.0587
		Debt Service	411,131,504	0.1000	0.1000	417,925,364	0.1000	0.1000	**	**	**
	City of Delta	General Revenue	2,388,495	0.6320	0.6300	2,386,279	0.6326	0.6326	2,512,490	0.6326	0.6326
	Village of Gordonville	General Revenue	3,487,142	0.4780	0.4780	3,645,887	0.4780	0.4780	3,776,362	0.4780	0.4780
	City of Jackson	General Revenue	137,387,049	0.6055	0.6000	142,789,195	0.6055	0.6000	145,654,850	0.6055	0.6000
		Parks & Recreation	137,387,049	0.1270	0.1270	142,789,195	0.1270	0.1270	145,654,850	0.1270	0.1270
		Library	137,387,049	0.1270	0.1270	142,789,195	0.1270	0.1270	145,654,850	0.1270	0.1270
		Band	137,387,049	0.0781	0.0700	142,789,195	0.0781	0.0700	145,654,850	0.0781	0.0700

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Cape Girardeau	City of Jackson	Cemetery	137,387,049	0.0781	0.0700	142,789,195	0.0781	0.0700	145,654,850	0.0781	0.0700
	Village of Oak Ridge	General Revenue	1,176,216	0.2681	0.2681	1,166,047	0.2704	0.2681	1,128,904	0.2813	0.2681
	Village of Pocahtontas	General Revenue	528,376	0.5324	0.5200	527,226	0.5335	0.5000	546,205	0.5348	0.5200
	Village of Whitewater	General Revenue	512,246	0.6595	0.6595	521,294	0.6659	0.6659	514,034	0.6873	0.6873
	Village of Old Appleton	General Revenue	539,919	0.3071	0.3071	559,518	0.3070	0.3070	606,743	0.3070	0.3070
	Town of Allenville	General Revenue	333,808	0.3513	0.3513	324,914	0.3610	0.3610	301,695	0.3888	0.3888
	Town of Dutchtown	General Revenue	510,464	0.3200	0.3200	538,735	0.3200	0.3200	555,613	0.3175	0.3175
	Cape Girardeau Public Library	General Revenue	378,998,328	0.1665	0.1665	383,832,913	0.1665	0.1665	387,875,586	0.1665	0.1665
	Cape Girardeau County Library	General Revenue	356,640,897	0.0832	0.0832	367,077,690	0.0832	0.0832	387,129,210	0.0832	0.0832
	East County Area Fire Prot District	General Revenue	62,494,111	0.3000	0.3000	61,904,162	0.3000	0.3000	63,212,076	0.3000	0.3000
	Delta Fire Protection District	General Revenue	11,799,767	0.2986	0.2986	11,811,337	0.2994	0.2994	12,306,821	0.2977	0.2977
	Fruitland Area Fire Protection Dist	General Revenue	58,741,424	0.2965	0.2100	60,244,491	0.2972	0.2100	63,080,785	0.2972	0.2100
	North Cape Co Rural Fire Prot Dist	General Revenue	18,530,596	0.3000	0.2500	19,251,322	0.3000	0.2500	20,080,213	0.3000	0.2500
	Gordonville Fire Protection Dist	General Revenue	42,695,730	0.2900	0.2900	44,330,453	0.2900	0.2900	47,028,978	0.2886	0.2886
	Millersville Fire Protection Dist	General Revenue	28,274,184	0.2981	0.2981	28,908,661	0.2981	0.2981	30,465,599	0.2981	0.2981
	Whitewater Fire Protection Dist	General Revenue	10,181,032	0.3890	0.3890	10,348,753	0.3890	0.3890	10,611,502	0.3890	0.3890
	Cape Girardeau Spec Business Dist	General Revenue	2,353,810	0.7793	0.7793	2,464,930	0.7605	0.7605	2,531,230	0.7576	0.7576
	Jackson R-II School District	Operating Funds-Schools	257,626,886	3.0892	2.7500	270,393,377	3.0990	2.7500	281,798,893	3.1217	3.1217
		Debt Service	257,626,886	0.5600	0.5600	270,393,377	0.5600	0.5600	281,798,893	0.5668	0.1883
	Delta R-V School District	Operating Funds-Schools	16,138,713	3.2424	3.2424	16,832,416	3.2562	3.2562	17,095,455	3.2653	3.2623
		Debt Service	16,138,713	0.2500	0.2500	16,832,416	0.3500	0.3500	17,095,455	1.0275	0.3800
	Oak Ridge R-VI School District	Operating Funds-Schools	15,320,696	3.3627	2.7500	16,323,277	3.3679	2.7500	12,299,818	3.4122	2.7500
		Debt Service	15,320,696	0.9000	0.9000	16,320,937	0.9000	0.9000	17,160,136	1.7791	0.9000
	Cape Girardeau 63 School District	Operating Funds-Schools	426,907,537	3.5867	3.4300	434,601,012	3.5964	3.4300	441,123,279	3.6049	3.6000
		Debt Service	426,907,537	0.5600	0.5600	434,601,012	0.5600	0.5600	441,123,279	0.7518	0.5600
	Nell Holcomb R-IV School District	Operating Funds-Schools	37,635,465	3.5875	3.1675	35,183,475	3.6000	3.1641	35,713,865	3.6000	3.1334
	Cape Girardeau County	General Revenue	803,290,638	0.3500	0.0000	819,640,333	0.3500	0.0000	839,820,391	0.3500	0.0000
		Road & Bridge	310,949,874	0.2369	0.2300	317,665,540	0.2369	0.2369	327,865,154	0.2369	0.2369
		Health	803,290,638	0.1000	0.1000	819,640,333	0.1000	0.1000	839,820,391	0.1000	0.1000
		Mental Health	803,290,638	0.0805	0.0805	819,640,333	0.0805	0.0805	839,820,391	0.0805	0.0805
		Senate Bill 40	803,290,638	0.0805	0.0805	819,640,333	0.0805	0.0805	839,820,391	0.0805	0.0805
		Senior Services	803,290,638	0.0500	0.0500	819,640,333	0.0500	0.0500	839,820,391	0.0500	0.0500
Carroll	Carroll County Ambulance District	General Revenue	125,659,649	0.2832	0.2800	125,364,092	0.2855	0.2832	126,642,831	0.2855	0.2832
	Big Creek Watershed Sub Dist	General Revenue	13,617,977	0.3311	0.1000	13,771,852	0.3324	0.1000	13,779,678	0.3348	0.1000
	City of Bogard	General Revenue	874,494	0.8707	0.8200	889,550	0.8707	0.8400	848,901	0.9131	0.9000
	City of Bosworth	General Revenue	1,517,178	0.8152	0.8152	1,587,162	0.8152	0.8152	1,531,530	0.8473	0.8473
	Town of Carrollton	General Revenue	27,143,158	0.6696	0.6696	26,791,182	0.6822	0.6696	26,372,880	0.6964	0.6964

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Carroll	Town of Carrollton	Parks & Recreation	27,143,158	0.2535	0.2535	26,791,182	0.2583	0.2535	26,372,880	0.2637	0.2637
		Library	27,143,158	0.2638	0.2638	26,791,182	0.2688	0.2638	26,372,880	0.2744	0.2744
	City of De Witt	General Revenue	420,009	0.8409	0.8409	439,225	0.8410	0.8410	434,588	0.8687	0.8687
	City of Hale	General Revenue	1,943,714	0.3428	0.3428	1,972,333	0.3456	0.3456	1,915,119	0.3576	0.3576
		Lights	1,943,714	0.2701	0.2701	1,972,333	0.2723	0.2723	1,915,119	0.2818	0.2818
		Streets	1,943,714	0.1558	0.1558	1,972,333	0.1570	0.1570	1,915,119	0.1625	0.1625
		Debt Service	1,943,714	0.4913	0.4913	1,972,333	0.4170	0.4170	1,915,119	0.4054	0.4054
	City of Norborne	General Revenue	5,610,218	0.6983	0.6983	5,530,561	0.7136	0.7136	5,411,171	0.7299	0.7299
		Parks & Recreation	5,610,218	0.1696	0.1696	5,530,561	0.1733	0.1733	5,411,171	0.1773	0.1773
		Library	5,610,218	0.1297	0.1297	5,530,561	0.1325	0.1325	5,411,171	0.1355	0.1355
	Village of Tina	General Revenue	828,631	0.9954	0.9954	912,567	0.9954	0.9954	889,772	1.0000	1.0000
	Carrollton Township of Carroll Co	General Revenue	37,502,151	0.0909	0.0600	37,111,834	0.0926	0.0600	36,989,647	0.0935	0.0600
		Road & Bridge	37,502,151	0.3838	0.3200	37,111,834	0.3908	0.3200	36,989,647	0.3944	0.3200
	Cherry Valley Twsp of Carroll Co	General Revenue	1,124,915	0.1000	0.1000	1,109,120	0.1000	0.1000	1,112,128	0.1000	0.1000
		Road & Bridge	1,124,915	0.4999	0.4999	1,109,120	0.5000	0.5000	1,112,128	0.5000	0.5000
		Special Road and Bridge	1,124,915	0.3500	0.3500	1,109,120	0.3500	0.3500 A	1,112,128	0.3500	0.3500
	De Witt Township of Carroll Co	General Revenue	7,123,341	0.0994	0.0994	7,158,986	0.0994	0.0994	7,309,071	0.0994	0.0994
		Road & Bridge	7,123,341	0.4272	0.4272	7,158,986	0.4272	0.4272	7,309,071	0.4272	0.4272
		Special Road and Bridge	7,123,341	0.3500	0.3500 A	7,158,986	0.3500	0.3500	7,309,071	0.3500	0.3500
	Egypt Township of Carroll Co	General Revenue	10,564,681	0.0919	0.0919	10,306,350	0.0947	0.0919	10,168,313	0.0961	0.0919
		Road & Bridge	10,564,681	0.3369	0.3369	10,306,350	0.3473	0.3369	10,168,313	0.3524	0.3369
	Eugene Township of Carroll Co	General Revenue	6,333,929	0.0994	0.0994	6,299,715	0.1000	0.1000	6,345,833	0.1000	0.1000
		Road & Bridge	6,333,929	0.4971	0.4971	6,299,715	0.5000	0.5000	6,345,833	0.5000	0.5000
		Special Road and Bridge	6,333,929	0.3480	0.3480	6,299,715	0.3500	0.3500 A	6,345,833	0.3500	0.3500
	Fairfield Township of Carroll Co	General Revenue	2,593,708	0.0835	0.0835	2,604,223	0.0838	0.0838	2,610,606	0.0838	0.0838
		Road & Bridge	2,593,708	0.4074	0.4074	2,604,223	0.4089	0.4089	2,610,606	0.4089	0.4089
		Special Road and Bridge	2,593,708	0.3500	0.3500	2,604,223	0.3500	0.3500	2,610,606	0.3500	0.3500 A
	Hill Township of Carroll Co	General Revenue	3,317,845	0.0939	0.0939	3,480,950	0.0933	0.0933	3,629,534	0.0916	0.0916
		Road & Bridge	3,317,845	0.4697	0.4697	3,480,950	0.4669	0.4669	3,629,534	0.4581	0.4581
		Special Road and Bridge	3,317,845	0.3288	0.3288	3,480,950	0.3500	0.3500 A	3,629,534	0.3434	0.3434
	Hurricane Township of Carroll Co	General Revenue	6,364,167	0.0900	0.0900	6,321,169	0.0916	0.0916	6,294,779	0.0928	0.0928
		Road & Bridge	6,364,167	0.4000	0.4000	6,321,169	0.4073	0.4073	6,294,779	0.4125	0.4125
		Special Road and Bridge	6,364,167	0.3500	0.3500	6,321,169	0.3500	0.3500 A	6,294,779	0.3500	0.3500
	Leslie Township of Carroll Co	General Revenue	3,999,261	0.0908	0.0908	4,023,560	0.0908	0.0908	4,162,459	0.0899	0.0899
		Road & Bridge	3,999,261	0.4340	0.4340	4,023,560	0.4340	0.4340	4,162,459	0.4298	0.4298
		Special Road and Bridge	3,999,261	0.3371	0.3371	4,023,560	0.3371	0.3371	4,162,459	0.3338	0.3338
	Moss Creek Township of Carroll Co	General Revenue	5,757,751	0.1000	0.1000	5,632,311	0.1000	0.1000	5,727,536	0.1000	0.1000

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Carroll	Moss Creek Township of Carroll Co	Road & Bridge	5,757,751	0.5000	0.5000	5,632,311	0.5000	0.5000	5,727,536	0.5000	0.5000
		Special Road and Bridge	5,757,751	0.3500	0.3500 A	5,632,311	0.3500	0.0500	5,727,536	0.3500	0.0500
	Prairie Township of Carroll Co	General Revenue	3,485,831	0.0815	0.0815	3,386,667	0.0842	0.0842	3,545,921	0.0828	0.0828
		Road & Bridge	3,485,831	0.3873	0.3873	3,386,667	0.4001	0.4001	3,545,921	0.3936	0.3936
		Special Road and Bridge	3,485,831	0.3500	0.3500	3,386,667	0.3500	0.3500 A	3,545,921	0.3443	0.3443
	Ridge Township of Carroll Co	General Revenue	5,489,477	0.0985	0.0985	5,636,906	0.0985	0.0985	5,623,061	0.0989	0.0989
		Road & Bridge	5,489,477	0.4679	0.4679	5,636,906	0.4679	0.4679	5,623,061	0.4696	0.4696
		Special Road and Bridge	5,489,477	0.3449	0.3449	5,636,906	0.3500	0.3500 A	5,623,061	0.3500	0.3500
	Rockford Township of Carroll Co	General Revenue	2,102,832	0.0955	0.0955	2,118,594	0.0955	0.0955	2,189,044	0.0952	0.0952
		Road & Bridge	2,102,832	0.4028	0.2700	2,118,594	0.4028	0.2700	2,189,044	0.4016	0.2714
		Special Road and Bridge	2,102,832	0.3344	0.3344	2,118,594	0.3344	0.3344	2,189,044	0.3334	0.3334
	Stokes Mound Township of Carroll Co	General Revenue	3,927,316	0.1000	0.1000	3,957,508	0.1000	0.1000	4,077,932	0.1000	0.1000
		Road & Bridge	3,927,316	0.4713	0.4713	3,957,508	0.4728	0.4713	4,077,932	0.4727	0.4727
		Special Road and Bridge	3,927,316	0.3500	0.3500	3,957,508	0.3500	0.3500	4,077,932	0.3500	0.3500
	Sugartree Township of Carroll Co	General Revenue	1,681,904	0.0976	0.0976	1,675,418	0.0983	0.0983	1,911,629	0.0983	0.0983
		Road & Bridge	1,681,904	0.4879	0.4879	1,675,418	0.4914	0.4914	1,911,629	0.4914	0.4914
		Special Road and Bridge	1,681,904	0.3415	0.3415	1,675,418	0.3500	0.3500 A	1,911,629	0.3500	0.3500
	Trotter Township of Carroll Co	General Revenue	3,905,406	0.0924	0.0924	3,989,796	0.0924	0.0924	4,036,147	0.0924	0.0924
		Road & Bridge	3,905,406	0.4625	0.4625	3,989,796	0.4625	0.4625	4,036,147	0.4625	0.4625
		Special Road and Bridge	3,905,406	0.3500	0.3500 A	3,989,796	0.3500	0.3500	4,036,147	0.3500	0.3500
	Van Horn Township of Carroll Co	General Revenue	5,930,992	0.0965	0.0965	6,007,205	0.0965	0.0965	6,152,106	0.0965	0.0965
		Road & Bridge	5,930,992	0.4625	0.4625	6,007,205	0.4625	0.4625	6,152,106	0.4625	0.4625
		Special Road and Bridge	5,930,992	0.3500	0.3500 A	6,007,205	0.3500	0.3500	6,152,106	0.3500	0.3500
	Wakenda Township of Carroll Co	General Revenue	6,343,586	0.1000	0.1000	6,133,489	0.1000	0.1000	6,207,495	0.1000	0.1000
		Road & Bridge	6,343,586	0.5000	0.5000	6,133,489	0.5000	0.5000	6,207,495	0.5000	0.5000
		Special Road and Bridge	6,343,586	0.3500	0.3500 A	6,133,489	0.3500	0.3500	6,207,495	0.3500	0.3500
	Washington Township of Carroll Co	General Revenue	2,721,070	0.0934	0.0934	2,798,423	0.0934	0.0934	2,808,283	0.0934	0.0934
		Road & Bridge	2,721,070	0.4357	0.4357	2,798,423	0.4357	0.4357	2,808,283	0.4357	0.4357
		Special Road and Bridge	2,721,070	0.3441	0.3441	2,798,423	0.3441	0.3441	2,808,283	0.3441	0.3441
	Combs Township of Carroll Co	General Revenue	5,389,486	0.0953	0.0953	5,611,868	0.0953	0.0953	5,741,307	0.0953	0.0953
		Road & Bridge	5,389,486	0.4655	0.4655	5,611,868	0.4655	0.4655	5,741,307	0.4655	0.4655
		Special Road and Bridge	5,389,486	0.3336	0.3336	5,611,868	0.3336	0.3336	5,741,307	0.3336	0.3336
	North Central Carroll Fire Prot Dis	General Revenue	14,256,826	0.2672	0.2672	14,640,387	0.2672	0.2672	14,895,862	0.2672	0.2672
	Carroll County Fire Protection Dist	General Revenue	42,000,434	0.2858	0.2600	42,073,254	0.2874	0.2600	43,136,097	0.2874	0.2600
	Norborne Fire Protection District	General Revenue	16,567,848	0.3000	0.2000	16,144,131	0.3000	0.2500	16,035,627	0.3000	0.2500
	Hale Fire Protection District	General Revenue	10,840,587	0.3000	0.3000	10,779,125	0.3000	0.3000	11,524,939	0.2910	0.2910
	Hale R-I School District	Operating Funds-Schools	6,476,185	4.1564	3.4200	6,469,494	3.9715	3.2309	6,432,430	4.0643	3.2692

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Carroll	Hale R-I School District	Debt Service	6,476,185	0.2922	0.2922	6,469,494	0.6723	0.6723	6,432,430	0.3393	0.3393
	Tina-Avalon R-II School District	Operating Funds-Schools	7,142,197	3.4974	3.4825	7,410,343	3.3441	3.3441	7,429,083	3.9941	3.9941
	Bosworth R-V School District	Operating Funds-Schools	6,488,824	4.0522	4.0522	6,660,859	3.9444	3.9444	6,495,802	3.8476	3.8476
	Carrollton R-VII School District	Operating Funds-Schools	50,787,034	3.6200	3.6200	50,418,313	3.6137	3.6137	49,690,121	3.6200	3.6200
	Norborne R-VIII School District	Operating Funds-Schools	12,127,988	4.1402	4.1402	12,110,770	4.1402	4.1402	11,932,740	4.1402	4.1402
		Debt Service	12,127,988	0.2600	0.2600	12,110,770	0.2600	0.2600	11,932,740	0.3772	0.2600
	Carroll County	General Revenue	125,659,649	0.3636	0.2512	125,364,092	0.3666	0.2499	126,642,831	0.3666	0.2501
		Johnson Grass	125,659,649	0.0498	0.0000	125,364,092	0.0500	0.0000	126,642,831	0.0500	0.0000
		Health	125,659,649	0.0996	0.0996	125,364,092	0.1000	0.1000	126,642,831	0.1000	0.1000
		Senate Bill 40	125,659,649	0.0996	0.0996	125,364,092	0.1000	0.1000	126,642,831	0.1000	0.1000
Carter	East Carter County Ambulance Dist	General Revenue	14,842,162	0.3915	0.3915	15,287,957	0.4000	0.4000	16,489,041	0.4000	0.4000
	West Carter County Ambulance Dist	General Revenue	19,337,430	0.3987	0.3987	20,755,060	0.3987	0.3987	20,180,307	0.4192	0.4192
	City of Grandin	General Revenue	642,647	0.7260	0.7260	746,683	0.7166	0.7166	805,377	0.7353	0.7353
		Debt Service	**	**	**	746,683	0.2747	0.2747	805,377	0.1447	0.1447
	Carter County Library	General Revenue	34,179,593	0.2000	0.2000	36,023,598	0.2000	0.2000	37,608,985	0.2000	0.2000
	Ellsinore Rural Fire Prot Dist	General Revenue	8,035,540	0.1500	0.1500	8,500,758	0.1500	0.1500	9,164,018	0.1500	0.1500
	Eastwood Fire Protection District	General Revenue	1,471,361	0.2500	0.2500	1,594,502	0.2500	0.2500	1,638,927	0.2500	0.2500
	Fremont Fire Protection District	General Revenue	1,769,449	0.3500	0.3500	1,851,292	0.3500	0.3500	2,015,660	0.3500	0.3500
	East Carter Co R-II School District	Operating Funds-Schools	17,465,349	2.7500	2.7500	18,666,602	2.7500	2.7500	19,802,892	2.7500	2.7500
	Van Buren R-I School District	Operating Funds-Schools	19,454,921	2.7500	2.7500	20,552,840	2.7500	2.7500	21,413,062	2.7500	2.7500
	Carter County	General Revenue	34,179,593	0.3173	0.0500	36,023,598	0.3173	0.0700	37,608,985	0.3174	0.0744
		Road & Bridge	34,179,593	0.2354	0.2354	36,023,598	0.2354	0.2354	37,608,985	0.2355	0.2355
		Health	34,179,593	0.2500	0.2500	36,023,598	0.2500	0.2500	37,608,985	0.2500	0.2500
		Senate Bill 40	34,179,593	0.0819	0.0819	36,023,598	0.0819	0.0819	37,608,985	0.0819	0.0819
		Senior Services	34,179,593	0.0300	0.0300	36,023,598	0.0300	0.0300	37,608,985	0.0300	0.0300
Cass	Pleasant Hill Ambulance District	General Revenue	107,326,223	0.2832	0.2832	116,676,671	0.2772	0.2772	121,723,184	0.2773	0.2773
	Cass Medical Center	General Revenue	913,639,299	0.1361	0.1361	1,008,370,254	0.1335	0.1335	1,053,423,236	0.1335	0.1335
	Mt Pleasant Spec Rd Dist Cass Co	Road & Bridge	173,987,980	0.3425	0.1836	196,954,187	0.2000	0.2000	203,021,559	0.2000	0.2000
	City of Archie	General Revenue	7,171,464	0.6081	0.6081	7,652,513	0.5961	0.5961	7,907,313	0.5997	0.5997
	City of Belton	General Revenue	157,823,153	0.5266	0.5253	185,177,003	0.5165	0.5165	202,361,054	0.5100	0.5100
		Parks & Recreation	157,823,153	0.2341	0.2334	185,177,003	0.2296	0.2296	202,361,054	0.2267	0.2267
		Debt Service	157,823,153	0.4601	0.4601	185,177,003	0.2657	0.2657	202,361,054	0.2736	0.2736
	City of Cleveland	General Revenue	6,045,449	0.5093	0.5093	6,960,361	0.4797	0.4797	7,169,020	0.4816	0.4816
	City of Creighton	General Revenue	1,780,781	0.7484	0.7484	1,848,351	0.7484	0.7484	1,990,810	0.7484	0.7484
	City of Drexel	General Revenue	7,644,837	0.5770	0.5700	8,252,838	0.5563	0.5500	8,369,923	0.5566	0.5500
		Debt Service	7,644,837	0.3800	0.3800	8,252,838	0.3800	0.3800	8,369,923	0.3680	0.3600
	City of East Lynne	General Revenue	1,529,320	0.8301	0.8301	1,628,613	0.8206	0.8206	1,885,833	0.8158	0.8158

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Cass	City of East Lynne	Debt Service	1,529,320	1.6187	1.6187	1,628,613	1.8551	1.8551	1,885,833	1.2993	1.2993
	City of Freeman	General Revenue	3,321,674	0.5488	0.5488	3,530,075	0.5488	0.5488	3,641,586	0.5488	0.5488
		Debt Service	3,321,674	0.2200	0.2200	**	**	**	**	**	**
	City of Garden City	General Revenue	10,914,416	0.4006	0.4006	12,556,176	0.3832	0.3832	13,072,106	0.3832	0.3832
	City of Harrisonville	General Revenue	98,554,667	0.5190	0.5190	106,910,292	0.5129	0.5129	109,132,904	0.5129	0.5129
		Parks & Recreation	98,554,667	0.1175	0.1175	106,910,292	0.1161	0.1161	109,132,904	0.1161	0.1161
		Ambulance	98,554,667	0.1175	0.1175	106,910,292	0.1161	0.1161	109,132,904	0.1161	0.1161
	City of Lake Winnebago	General Revenue	21,799,075	0.9500	0.9500 B	23,177,025	0.9500	0.9500	24,506,713	0.9576	0.9500
		Debt Service	21,799,075	0.5471	0.5471	23,177,025	0.5728	0.5728	24,506,713	0.6129	0.6129
	City of Peculiar	General Revenue	26,678,573	0.4507	0.4507	32,201,734	0.4260	0.4260	34,343,026	0.4292	0.4292
		Debt Service	**	**	**	**	**	**	34,343,026	0.6342	0.2700
	City of Pleasant Hill	General Revenue	56,280,130	0.3771	0.3771	64,358,212	0.3637	0.3637	67,153,871	0.3656	0.3656
		Parks & Recreation	56,280,130	0.0754	0.0754	64,358,212	0.0727	0.0727	67,153,871	0.0731	0.0731
		Health	56,280,130	0.0754	0.0754	64,358,212	0.0727	0.0727	67,153,871	0.0731	0.0731
		Road	56,280,130	0.1414	0.1414	64,358,212	0.1364	0.1364	67,153,871	0.1371	0.1371
		Debt Service	56,280,130	0.1650	0.1650	64,358,212	0.1086	0.1086	67,153,871	0.0900	0.0900
	City of Raymore	General Revenue	135,678,960	0.4915	0.4915	154,884,894	0.4699	0.4699	166,730,608	0.4702	0.4702
		Parks & Recreation	135,678,960	0.1323	0.1323	154,884,894	0.1265	0.1265	166,730,608	0.1266	0.1266
		Debt Service	135,678,960	0.7100	0.7100	154,884,894	0.7100	0.7100	166,730,608	1.1859	0.7100
	City of Strasburg	General Revenue	858,555	0.8438	0.8438	936,024	0.8431	0.8431	935,804	0.8433	0.8433
	Village of West Line	General Revenue	633,630	0.5929	0.5929	673,548	0.5949	0.5929	674,317	0.6080	0.5929
	Village of Baldwin Park	General Revenue	461,361	0.3834	0.3834	494,479	0.3763	0.3763	480,130	0.3876	0.3876
	City of Lake Annette	General Revenue	813,630	0.1952	0.1952	823,270	0.1952	0.1952	809,020	0.2000	0.2000
		Debt Service	813,630	2.2051	2.2051	823,270	2.1794	2.1794	809,020	2.0145	2.0145
	Village of Riverview Estates	General Revenue	**	**	**	99,170	0.5000	0.5000 A	1,005,200	0.5000	0.5000
	Cass County Public Library	General Revenue	913,639,299	0.1555	0.1551	1,008,370,254	0.1525	0.1525	1,053,423,236	0.1525	0.1525
	Central Cass County Fire Prot Dist	General Revenue	85,226,186	0.2467	0.2467	87,993,445	0.2467	0.2467	90,337,127	0.2467	0.2467
		Ambulance	**	**	**	**	**	**	90,337,127	0.1382	0.1382
	Garden City Fire District	General Revenue	30,795,044	0.2332	0.2332	33,415,618	0.2291	0.2291	34,546,642	0.2291	0.2291
		Ambulance	30,795,044	0.2940	0.2940	33,415,618	0.2888	0.2888	34,546,642	0.2888	0.2888
	South Metropolitan Fire Prot Dist	General Revenue	195,755,974	0.5659	0.5659	219,648,223	0.5470	0.5470	231,141,547	0.5562	0.5562
		Ambulance	195,755,974	0.4432	0.4432	219,648,223	0.4284	0.4284	231,141,547	0.4356	0.4356
		Dispatch	195,755,974	0.0472	0.0472	219,648,223	0.0456	0.0456	231,141,547	0.0464	0.0464
		Debt Service	195,755,974	0.1200	0.1200	219,648,223	0.1525	0.1525	231,141,547	0.4144	0.1525
	West Peculiar Fire Protection Dist	General Revenue	71,176,732	0.7036	0.7036	79,698,456	0.6870	0.6869	82,254,982	0.6911	0.6911
		Ambulance	71,176,732	0.2873	0.2873	79,698,456	0.2805	0.2805	82,254,982	0.2822	0.2822
		Dispatch	71,176,732	0.0495	0.0495	79,698,456	0.0483	0.0483	82,254,982	0.0486	0.0486

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Cass	West Peculiar Fire Protection Dist	Debt Service	71,176,732	0.2396	0.2396	79,698,456	0.1611	0.1611	82,254,982	0.1579	0.1579
	Creighton Fire Protection Dist	General Revenue	7,251,994	0.2403	0.2400	7,700,797	0.2373	0.2373	7,963,601	0.2373	0.2373
	Western Cass Fire Protection Dist	General Revenue	28,261,011	0.4170	0.4170	30,249,045	0.4082	0.4082	31,174,735	0.4082	0.4082
		Dispatch	28,261,011	0.0491	0.0491	30,249,045	0.0481	0.0481	31,174,735	0.0481	0.0481
	Dolan & West Dolan Fire Prot Dist	General Revenue	24,865,784	0.2773	0.2773	26,404,605	0.2766	0.2766	26,905,825	0.2766	0.2766
	East Lynne-Gunn City Fire Prot Dist	General Revenue	13,506,895	0.2993	0.2993	14,667,768	0.2981	0.2981	15,406,224	0.2981	0.2981
	Northeast Cass Fire Protection Dist	General Revenue	51,468,703	0.1500	0.1500	52,775,917	0.1500	0.1500	55,014,588	0.1500	0.1500
	Mount Pleasant Fire Protection Dist	General Revenue	51,689,451	0.2930	0.1500	54,918,369	0.2866	0.1500	53,913,139	0.3000	0.1500
	Dikeland Sewer District	General Revenue	912,407	0.7267	0.0000	968,004	0.7140	0.0000	986,756	0.7141	0.0000
	Cass Co R-V School District	Operating Funds-Schools	22,496,426	3.6645	3.4700	23,827,614	3.6465	3.4500	24,690,024	3.6088	3.6088
		Debt Service	22,496,426	0.6300	0.6300	23,827,614	0.7000	0.7000	24,690,024	0.8082	0.5412
	Strasburg C-3 School District	Operating Funds-Schools	8,696,941	4.0692	4.0615 B	9,417,194	4.0404	4.0404	9,541,271	4.0544	4.0544
		Debt Service	8,696,941	1.1380	1.1380	9,417,194	1.2768	1.2768	9,541,271	1.0553	1.0553
	Raymore-Peculiar R-II School Dist	Operating Funds-Schools	266,806,726	3.1497	3.1497	303,533,943	3.7497	3.7497 B	320,374,775	3.7500	3.7497
		Debt Service	266,806,726	1.2900	1.2900	303,533,943	1.2900	1.2900	320,374,775	1.7840	1.2900
	Sherwood Cass R-VIII School Dist	Operating Funds-Schools	38,290,523	3.0276	3.0000	41,795,753	3.0481	3.0000	42,938,910	3.0519	3.0519
		Debt Service	38,290,523	1.0000	1.0000	41,795,753	1.0000	1.0000	42,938,910	1.0004	1.0000
	East Lynne 40 School District	Operating Funds-Schools	9,591,018	4.3109	3.5388	10,627,177	4.3381	3.5579	11,245,027	4.3237	3.4994
		Debt Service	9,591,018	0.4989	0.4989	10,627,177	0.1376	0.1376	11,245,027	0.3356	0.3356
	Pleasant Hill R-III School District	Operating Funds-Schools	93,445,143	3.7678	3.7645	103,481,206	3.6864	3.6864	107,913,774	3.8232	3.6864
		Debt Service	93,445,143	0.9700	0.9700	103,481,206	1.0481	1.0481	107,913,774	1.0496	1.0481
	Harrisonville R-IX School District	Operating Funds-Schools	152,239,685	4.0988	3.6400	161,381,801	4.0905	3.6400	164,660,362	4.0931	3.6400
		Debt Service	152,239,685	0.8700	0.8700	161,381,801	0.8700	0.8700	164,660,362	1.4004	0.8700
	Drexel R-IV School District	Operating Funds-Schools	14,165,416	4.2171	4.2171	15,355,669	4.1352	4.1352	15,786,802	4.3223	4.1352
		Debt Service	14,165,416	0.9000	0.9000	15,355,669	0.9000	0.9000	15,786,802	1.5820	0.9000
	Midway R-I School District	Operating Funds-Schools	31,352,524	4.9429	4.3516	34,086,792	4.8904	4.3536	34,620,781	4.9074	4.3847
		Debt Service	31,352,524	0.3800	0.3800	34,086,792	0.3800	0.3800	34,620,781	0.4513	0.3600
	Belton 124 School District	Operating Funds-Schools	209,191,694	3.4416	3.5063	237,387,305	3.4144	3.4144	251,599,785	4.0144	4.0144 B
		Debt Service	209,191,694	1.2000	1.2000	237,387,305	1.2800	1.2800	251,599,785	1.1947	1.1800
	Cass County	General Revenue	913,639,299	0.2916	0.0476	1,008,370,254	0.2859	0.0661	**	**	**
		Road & Bridge	913,639,299	0.1836	0.1836	811,416,058	0.2148	0.2148	1,053,423,236	0.1847	0.1847
		Senate Bill 40	913,639,299	0.0389	0.0389	1,008,370,254	0.0381	0.0381	1,053,423,236	0.0381	0.0381
Cedar	Cedar County Ambulance District	General Revenue	112,134,071	0.1000	0.1000	120,500,712	0.0985	0.0985	126,280,068	0.0990	0.0990
	Cedar County Memorial Hospital	General Revenue	112,134,071	0.1500	0.1500	120,500,712	0.1477	0.1477	126,280,068	0.1485	0.1485
	Bear Creek Spec Rd Dist Cedar Co	Special Road and Bridge	3,830,455	0.3500	0.3500 A	4,193,074	0.3456	0.3456	4,460,031	0.3462	0.3462
	Bethel Special Road Dist Cedar Co	Special Road and Bridge	647,304	0.3500	0.3500 A	771,391	0.3438	0.3438	724,065	0.3500	0.3500
	Caplinger Mills Sp Rd Dist Cedar Co	Special Road and Bridge	2,021,565	0.3500	0.3500 A	2,226,310	0.3422	0.3422	2,385,018	0.3422	0.3422

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Cedar	Cedar Hall Spec Rd Dist Cedar Co	Special Road and Bridge	785,769	0.3500	0.3500 A	829,244	0.3500	0.3500	828,873	0.3500	0.3500
	Dunnegan Spec Rd Dist Cedar Co	Special Road and Bridge	946,691	0.3500	0.3500 A	1,022,930	0.3417	0.3417	1,024,288	0.3417	0.3417
	Eldorado Spgs Spec Rd Dist Cedar Co	Special Road and Bridge	36,254,798	0.3500	0.3500 A	38,784,288	0.3465	0.3465	41,963,849	0.3465	0.3465
	Independence Sp Rd Dist Cedar Co	Special Road and Bridge	721,056	0.3500	0.3500 A	753,794	0.3495	0.3495	803,688	0.3500	0.3500
	Jerico Springs Sp Rd Dist Cedar Co	Special Road and Bridge	838,039	0.3500	0.3500 A	788,532	0.3500	0.3500	774,823	0.3500	0.3500
	Koncord Spec Rd Dist Cedar Co	Special Road and Bridge	2,459,426	0.3500	0.3500 A	2,453,093	0.3500	0.3500	2,893,411	0.3247	0.3247
	Madison Spec Rd Dist Cedar Co	Special Road and Bridge	1,248,049	0.3500	0.3500 A	1,273,806	0.3500	0.3500	1,288,452	0.3500	0.3500
	Masters Spec Rd Dist Cedar Co	Special Road and Bridge	1,415,185	0.3500	0.3500 A	1,508,293	0.3463	0.3463	1,606,524	0.3463	0.3463
	Omer Special Road Dist Cedar Co	Special Road and Bridge	780,845	0.3500	0.3500	793,612	0.3500	0.3500	936,779	0.3490	0.3490
	Rowland Special Road Dist Cedar Co	Special Road and Bridge	4,230,662	0.3500	0.3500 A	4,545,488	0.3454	0.3454	4,644,247	0.3494	0.3494
	Dogwood Special Road District	Common Road District	546,200	0.3500	0.3500	581,600	0.3390	0.3390	624,165	0.3500	0.3500 A
	City of El Dorado Springs	General Revenue	24,066,497	0.5400	0.5400	25,851,518	0.5365	0.5365	27,880,153	0.5365	0.5365
		Band	24,066,497	0.1300	0.1300	25,851,518	0.1292	0.0955	27,880,153	0.1292	0.0955
		Park	24,066,497	0.2000	0.2000	25,851,518	0.1987	0.1987	27,880,153	0.1987	0.1987
		Recreation	24,066,497	0.1000	0.1000	25,851,518	0.0993	0.0993	27,880,153	0.0993	0.0993
	Village of Jerico Springs	General Revenue	830,522	0.5000	0.5000	767,495	0.5000	0.5000	762,568	0.5000	0.5000
	City of Stockton	General Revenue	12,359,264	0.4169	0.4169	17,993,042	0.3961	0.3961	17,997,978	0.4163	0.4163
		Parks & Recreation	12,359,264	0.0993	0.0993	17,993,042	0.0943	0.0943	17,997,978	0.0991	0.0991
	Village of Umber View Heights	General Revenue	634,195	0.2250	0.2250	693,040	0.2217	0.2217	703,075	0.2216	0.2216
	Cedar County Library District	General Revenue	112,134,071	0.0800	0.0800	120,500,712	0.0788	0.0788	126,280,068	0.0792	0.0792
	Korth Special Road Subdistrict	Special Road and Bridge	2,094,386	0.3500	0.3500 A	2,478,122	0.3094	0.3094	2,383,075	0.3281	0.3281
	Stockton R-I School District	Operating Funds-Schools	57,298,743	2.5900	2.5900	62,112,411	2.7500	2.7500	63,694,624	2.7500	2.7500
		Debt Service	57,298,743	0.1523	0.1523	**	**	**	**	**	**
	El Dorado Springs R-II School Dist	Operating Funds-Schools	60,424,132	3.1844	2.7500	63,872,950	3.1635	2.7500	67,132,524	3.1679	2.7500
		Debt Service	60,424,132	0.4900	0.4900	63,872,950	0.4900	0.4900	67,132,524	0.5170	0.4900
	Cedar County	General Revenue	112,134,071	0.3200	0.1275	120,500,712	0.3151	0.1471	126,280,068	0.3167	0.1081
		Road & Bridge	112,134,071	0.2400	0.2400	120,500,712	0.2363	0.2363	126,280,068	0.2375	0.2375
Chariton	Chariton County Ambulance District	General Revenue	103,775,563	0.2572	0.2500	104,062,134	0.2583	0.2400	106,383,297	0.2583	0.2400
	City of Brunswick	General Revenue	5,427,880	0.8636	0.8636	5,573,336	0.8636	0.8636	5,711,758	0.8636	0.8636
	Village of Dalton	General Revenue	378,123	0.4986	0.4986	376,215	0.5000	0.5000	384,072	0.5000	0.5000
	City of Keytesville	General Revenue	2,349,612	0.8274	0.8274	2,395,578	0.8274	0.8274	2,436,401	0.8274	0.8274
		Parks & Recreation	2,349,612	0.2000	0.2000	2,395,578	0.2000	0.2000	2,436,401	0.2000	0.2000
	City of Mendon	General Revenue	1,138,538	0.8211	0.8211	1,143,720	0.8211	0.8211	1,172,959	0.8211	0.8211
	Village of Rothville	General Revenue	279,297	0.8298	0.7300	262,862	0.8818	0.7300	254,082	0.9123	0.7300
	City of Salisbury	General Revenue	11,923,401	0.7128	0.7128	12,208,028	0.7128	0.7128	12,264,326	0.7182	0.7182
		Parks & Recreation	11,923,401	0.1707	0.1707	12,208,028	0.1707	0.1707	12,264,326	0.1720	0.1720
		Library	11,923,401	0.1000	0.1000	12,208,028	0.1000	0.1000	12,264,326	0.1000	0.1000

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Chariton	City of Salisbury	Museum	11,923,401	0.1305	0.1305	12,208,028	0.1305	0.1305	12,264,326	0.1315	0.1315
	City of Sumner	General Revenue	766,684	0.9617	0.9617	739,168	0.9975	0.9975	737,060	1.0000	1.0000
		Streets	766,684	0.2500	0.2500	**	**	**	737,060	0.2500	0.2500 A
	City of Triplett	General Revenue	268,926	0.9585	0.9585	268,182	0.9995	0.9995	286,482	0.9921	0.9921
	Bee Branch Township of Chariton Co	Road & Bridge	3,411,627	0.5000	0.5000	3,550,335	0.5000	0.5000	3,552,240	0.5000	0.5000
		Special Road and Bridge	3,411,627	0.3500	0.3500	3,550,335	0.3500	0.3500 A	3,552,240	0.3500	0.3500
	Bowling Green Township, Chariton Co	Road & Bridge	4,313,290	0.3467	0.3467	4,277,763	0.3499	0.3499	4,315,444	0.3499	0.3499
		Special Road and Bridge	4,313,290	0.3368	0.3368	4,277,763	0.3368	0.3368 A	4,315,444	0.3368	0.3368
	Brunswick Township of Chariton Co	Road & Bridge	13,695,508	0.4924	0.4924	14,157,214	0.4924	0.4924	14,519,657	0.4924	0.4924
		Special Road and Bridge	13,695,508	0.1576	0.1576	14,157,214	0.1576	0.1576	14,519,657	0.1576	0.1576
	Chariton Township of Chariton Co	Road & Bridge	5,535,289	0.3316	0.3316	5,730,394	0.3280	0.3280	5,976,527	0.3252	0.3252
		Special Road and Bridge	5,535,289	0.2179	0.2179	5,730,394	0.2155	0.2155	5,976,527	0.2137	0.2137
	Clark Township of Chariton Co	Road & Bridge	4,547,499	0.5000	0.5000	4,585,432	0.5000	0.5000	4,809,282	0.5000	0.5000
		Special Road and Bridge	4,547,499	0.3500	0.3500 A	4,585,432	0.3500	0.3500	4,809,282	0.3500	0.3500
	Cockrell Township of Chariton Co	Road & Bridge	2,527,564	0.5000	0.5000	2,547,709	0.5000	0.5000	2,559,683	0.5000	0.5000
		Special Road and Bridge	2,527,564	0.3500	0.3500	2,547,709	0.3500	0.3500 A	2,559,683	0.3500	0.3500
	Cunningham Township of Chariton Co	Road & Bridge	4,998,734	0.4927	0.4927	5,013,353	0.4927	0.4927	5,108,082	0.4927	0.4927
		Special Road and Bridge	4,998,734	0.2956	0.2956	5,013,353	0.2956	0.2956	5,108,082	0.2956	0.2956
	Keytesville Township of Chariton Co	Road & Bridge	9,958,561	0.3927	0.3927	10,024,373	0.3937	0.3937	10,222,284	0.3937	0.3937
		Special Road and Bridge	9,958,561	0.3436	0.3436	10,024,373	0.3436	0.3436 A	10,222,284	0.3436	0.3436
	Mendon Township of Chariton Co	Road & Bridge	5,134,604	0.4889	0.4889	5,145,032	0.4948	0.4948	5,316,456	0.4948	0.4948
		Special Road and Bridge	5,134,604	0.3422	0.3422	5,145,032	0.3463	0.3463	5,316,456	0.3463	0.3463
	Musselfork Township of Chariton Co	Road & Bridge	4,417,533	0.3500	0.3500	4,528,303	0.3500	0.3500	4,621,024	0.3500	0.3500
		Special Road and Bridge	4,417,533	0.2300	0.2300	4,528,303	0.2300	0.2300	4,621,024	0.2300	0.2300
	Salisbury Township of Chariton Co	Road & Bridge	27,938,873	0.4985	0.4985	28,687,238	0.4985	0.4985	29,200,053	0.4985	0.4985
		Special Road and Bridge	27,938,873	0.1495	0.1495	28,687,238	0.1495	0.1495 A	29,200,053	0.1495	0.1495
	Salt Creek Township of Chariton Co	Road & Bridge	3,281,708	0.4695	0.4695	3,404,701	0.4636	0.4636	3,577,615	0.4575	0.4575
		Special Road and Bridge	3,281,708	0.3287	0.3287	3,404,701	0.3245	0.3245	3,577,615	0.3203	0.3203
	Triplett Township of Chariton Co	Road & Bridge	4,516,475	0.4881	0.4881	4,524,311	0.4890	0.4890	4,621,535	0.4890	0.4890
		Special Road and Bridge	4,516,475	0.3417	0.3417	4,524,311	0.3423	0.3423	4,621,535	0.3423	0.3423
	Wayland Township of Chariton Co	Road & Bridge	4,894,748	0.4998	0.4998	3,385,119	0.5000	0.5000	3,414,076	0.5000	0.5000
	Yellow Creek Twsp of Chariton Co	Road & Bridge	4,603,550	0.4967	0.4967	4,500,857	0.5000	0.5000	4,569,339	0.5000	0.5000
		Special Road and Bridge	4,603,550	0.3477	0.3477	4,500,857	0.3477	0.3477 A	4,569,339	0.3477	0.3477
	Keytesville Fire Protection Dist	General Revenue	13,924,840	0.1965	0.1965	13,956,295	0.1969	0.1969	14,218,110	0.1969	0.1969
	Mendon Fire Protection District	General Revenue	10,132,153	0.2903	0.2500	10,359,443	0.2903	0.2500	10,740,105	0.2903	0.2500
	Sumner Community Fire Prot Dist	General Revenue	4,323,508	0.2982	0.2982	4,245,031	0.3000	0.3000	4,341,608	0.3000	0.3000
	Yellow Creek Fire Protection Dist	General Revenue	3,832,891	0.2871	0.2000	3,658,362	0.3000	0.2000	3,684,906	0.3000	0.2000

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Chariton	Northwestern R-I School District	Operating Funds-Schools	11,071,695	4.2753	4.2753	11,187,161	4.1407	4.1407	11,210,945	4.1628	4.1628
		Debt Service	11,071,695	0.9945	0.9945	11,187,161	0.9900	0.9900	11,210,945	1.8309	0.9900
	Brunswick R-II School District	Operating Funds-Schools	13,178,068	3.6792	3.1665	13,487,517	3.4791	2.9663	13,718,401	3.7291	3.6291 B
		Debt Service	13,178,068	0.2100	0.2100	13,487,517	0.3900	0.3900	13,718,401	0.6029	0.3900
	Keytesville R-III School District	Operating Funds-Schools	10,935,401	3.6455	3.6455	10,970,890	3.5454	3.5454	11,210,602	4.2455	4.1400 B
	Salisbury R-IV School District	Operating Funds-Schools	35,511,374	3.6612	3.4500	34,954,892	3.6756	3.4500	35,181,538	3.6692	3.6692
	Chariton County	General Revenue	103,775,563	0.3957	0.2900	104,062,134	0.3974	0.2900	106,383,297	0.3974	0.2900
		Health	103,775,563	0.0989	0.0989	104,062,134	0.0993	0.0993	106,383,297	0.0993	0.0993
		Senate Bill 40	103,775,563	0.0989	0.0700	104,062,134	0.0993	0.0800	106,383,297	0.0993	0.0700
		Township	103,775,563	0.0989	0.0989	104,062,134	0.0993	0.0993	106,383,297	0.0993	0.0993
Christian	Christian County Ambulance District	General Revenue	478,687,098	0.1397	0.1397	518,558,864	0.1379	0.1379	549,953,265	0.1379	0.1379
	Billings Spec Rd Dist Christian Co	Road & Bridge	26,825,389	0.2131	0.2000	27,381,187	0.2131	0.2000	28,897,335	0.2131	0.2000
		Special Road and Bridge	26,825,389	0.3500	0.1600 A	27,381,187	0.3500	0.1600	28,897,335	0.3500	0.1600
	Garrison Spec Rd Dist Christian Co	Road & Bridge	1,158,287	0.2231	0.0000	1,194,059	0.2231	0.2231	1,175,027	0.2320	0.0000
	Nixa Special Road Dist Christian Co	Road & Bridge	122,780,102	0.1013	0.1013	131,020,911	0.1004	0.1004	136,920,978	0.1004	0.1004
	Ozark Spec Rd Dist Christian Co	Road & Bridge	174,147,115	0.1566	0.1566	190,845,334	0.1541	0.1541	204,266,957	0.1541	0.1541
	Selmore Spec Rd Dist Christian Co	Road & Bridge	9,090,535	0.1877	0.1877	9,720,800	0.1877	0.1877	10,425,594	0.1877	0.1877
	South Sparta Road Dist Christian Co	Road & Bridge	6,011,567	0.1759	0.1000	6,434,721	0.1755	0.1755	6,904,958	0.1755	0.1755
	Terrell Creek Rd Dist Christian Co	Road & Bridge	1,376,842	0.2705	0.0000	1,395,398	0.2761	0.0000	1,499,734	0.2761	0.0000
	Stoneshire Sp Rd Dist Christian Co	Road & Bridge	1,879,457	0.1488	0.0000	1,964,803	0.1473	0.0000	2,074,848	0.1473	0.1473
	City of Billings	General Revenue	7,163,526	0.5687	0.5687	7,496,215	0.5687	0.5687	7,558,713	0.5687	0.5687
		Parks & Recreation	7,163,526	0.1651	0.1651	7,496,215	0.1651	0.1651	7,558,713	0.1651	0.1651
	City of Clever	General Revenue	7,836,147	0.6256	0.6121	8,493,623	0.6218	0.6218	8,750,262	0.6218	0.6218
	City of Nixa	General Revenue	97,308,480	0.3675	0.3675	105,645,899	0.3599	0.3599	136,787,686	0.3599	0.3599
	City of Ozark	General Revenue	82,750,554	0.2738	0.2738	94,350,865	0.2609	0.2609	127,293,386	0.2600	0.2600
		Parks & Recreation	82,750,554	0.0684	0.0662	94,350,865	0.0652	0.0652	127,293,386	0.0650	0.0650
		Debt Service	82,750,554	0.0000	0.0000	94,350,865	0.0614	0.0614	127,293,386	0.0165	0.0165
	City of Sparta	General Revenue	6,429,326	0.3979	0.4000 D	6,865,888	0.3973	0.3973	7,451,772	0.3973	0.3973
	City of Fremont Hills	General Revenue	11,629,442	0.6418	0.2793	12,257,273	0.6418	0.2786	12,761,238	0.6418	0.3183
		Debt Service	11,629,442	0.4107	0.4107	12,257,273	0.4114	0.4114	12,761,238	0.3717	0.3717
	Christian County Library District	General Revenue	530,318,566	0.0932	0.0932	572,913,955	0.0922	0.0922	608,253,889	0.0922	0.0922
	Ozark Rural Fire Protection Dist	General Revenue	108,008,083	0.2367	0.2367	113,472,798	0.2367	0.2367	245,256,323	0.2300	0.2300
	Nixa Fire Protection District	General Revenue	205,041,398	0.3280	0.3158	220,319,499	0.3254	0.3192	233,598,357	0.6754	0.6754
		Debt Service	205,041,398	0.0842	0.0842	220,319,499	0.0808	0.0808	233,598,357	0.0746	0.0746
	Billings Fire Protection District	General Revenue	34,312,601	0.4061	0.4061	34,537,888	0.4061	0.4061	36,146,896	0.4061	0.4061
	Clever Fire Protection District	General Revenue	28,753,998	0.2745	0.2728	31,199,735	0.2735	0.2735	34,084,408	0.4035	0.4035
	Highlandville Fire Protection Dist	General Revenue	36,857,657	0.2634	0.2604	40,116,550	0.2549	0.2549	42,766,273	0.2549	0.2549

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Christian	Sparta Fire Protection District	General Revenue	20,962,557	0.2915	0.2915	22,031,638	0.2908	0.2908	25,050,004	0.2797	0.2797
	Chadwick Rural Fire Protection Dist	General Revenue	6,708,796	0.3000	0.3000 A	6,948,214	0.3000	0.3000	6,989,360	0.3000	0.3000
	Chadwick R-I School District	Operating Funds-Schools	7,681,343	3.0775	3.0775	7,963,521	3.0942	3.0942	8,109,426	3.1332	3.1332
		Debt Service	7,681,343	0.3206	0.3206	7,963,521	1.8201	1.8201	8,109,426	1.7792	1.7792
	Nixa R-II School District	Operating Funds-Schools	204,704,749	2.8617	2.8617	220,008,712	2.8334	2.8334	233,382,753	3.2434	3.2434 B
		Debt Service	204,704,749	1.0383	1.0383	220,008,712	1.0666	1.0666	233,382,753	1.7274	1.0666
	Sparta R-III School District	Operating Funds-Schools	20,729,215	2.8049	2.8049	21,998,192	2.7938	2.7938	23,200,350	2.7946	2.7946
		Debt Service	20,729,215	0.7019	0.7019	21,998,192	0.7073	0.7073	23,200,350	0.7069	0.7069
	Billings R-IV School District	Operating Funds-Schools	19,934,543	2.9102	2.9102	20,308,074	3.1600	3.1600 B	20,635,741	3.1714	3.1714
		Debt Service	19,934,543	0.6900	0.6900	20,308,074	0.4400	0.4400	20,635,741	0.4793	0.4400
	Clever R-V School District	Operating Funds-Schools	25,393,255	3.1096	3.1096	28,066,621	3.0648	3.0648	30,738,016	3.0488	3.0488
		Debt Service	25,393,255	0.4552	0.4552	28,066,621	0.2276	0.2276	30,738,016	0.6776	0.6776
	Ozark R-VI School District	Operating Funds-Schools	197,111,459	2.7500	2.7500	213,196,148	3.2400	3.2400 B	226,991,578	3.2419	3.2400
		Debt Service	197,111,459	0.9000	0.9000	213,196,148	0.9000	0.9000	226,991,578	1.9627	0.9000
	Spokane R-VII School District	Operating Funds-Schools	26,216,111	3.5532	3.5532	29,631,033	3.3832	3.3832	32,037,295	3.6332	3.6332 B
		Debt Service	26,216,111	0.9768	0.9768	29,631,033	1.1468	1.1468	32,037,295	0.9755	0.8968
	Christian County	General Revenue	530,318,566	0.2329	0.0000	572,913,955	0.2304	0.0113	608,253,889	0.2304	0.0000
		Health	530,318,566	0.0466	0.0466	572,913,955	0.0461	0.0461	608,253,889	0.0461	0.0461
		Senate Bill 40	530,318,566	0.0839	0.0839	572,913,955	0.0830	0.0830	608,253,889	0.0830	0.0830
		Senior Services	530,318,566	0.0005	0.0500 E	572,913,955	0.0005	0.0495 E	608,253,889	0.0005	0.0495 E
		Common #1 Road & Bridge	60,340,896	0.1979	0.0000	64,050,586	0.1966	0.0000	66,386,177	0.1966	0.0000
		Common #2 Road & Bridge	113,347,397	0.0760	0.0000	124,643,133	0.0747	0.0000	149,702,281	0.0747	0.0000
Clark	Clark County Ambulance District	General Revenue	70,652,324	0.3000	0.3000	70,925,618	0.3000	0.3000	71,735,270	0.3000	0.3000
	Clark County Nursing Home District	General Revenue	70,652,324	0.1200	0.1200	70,925,618	0.1200	0.1200	71,735,270	0.1200	0.1200
	Wayland Special Rd Dist Clark Co	Road & Bridge	8,566,774	0.3500	0.3500	8,631,131	0.3500	0.3500	8,729,491	0.3500	0.3500
	City of Alexandria	General Revenue	982,655	1.0000	0.8000	997,218	1.0000	0.8000	985,078	1.0000	0.8000
	City of Kahoka	General Revenue	12,986,641	0.7510	0.7510	13,073,689	0.7649	0.7510	13,000,255	0.7756	0.7756
		Parks & Recreation	12,986,641	0.1500	0.1500	13,073,689	0.1500	0.1500	13,000,255	0.1500	0.1500
		Library	12,986,641	0.2400	0.2400	13,073,689	0.2400	0.2400	13,000,255	0.2400	0.2400
	Village of Luray	General Revenue	276,009	0.6000	0.6000	272,013	0.6000	0.6000	275,202	0.6000	0.6000
	City of Wayland	General Revenue	2,474,433	0.5971	0.5971	2,540,184	0.5990	0.5990	2,585,675	0.6059	0.6059
		Streets	2,474,433	0.2305	0.2305	2,540,184	0.2313	0.2313	2,585,675	0.2339	0.2339
	City of Wyaconda	General Revenue	1,421,842	0.7756	0.7756	1,320,769	0.8368	0.8368	1,310,061	0.8464	0.8464
	Village of Revere	General Revenue	499,220	1.0783	1.0783	502,835	1.1171	1.1171	489,153	1.1573	1.1573
	Clark County Library	General Revenue	57,665,684	0.1000	0.1000	57,851,929	0.1000	0.1000	58,735,013	0.1000	0.1000
	Alexandria Fire Protection Dist	General Revenue	6,204,905	0.3000	0.3000	6,152,727	0.3000	0.3000	6,112,280	0.3000	0.3000
	Wyaconda C-1 School District	Operating Funds-Schools	3,484,419	4.7500	4.7500	3,411,320	4.7500	4.7500	3,406,662	4.7500	4.7500

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Clark	Revere C-3 School District	Operating Funds-Schools	5,129,191	4.9200	4.9200	5,231,328	4.9200	4.9200	5,276,202	4.9200	4.9200
	Luray 33 School District	Operating Funds-Schools	3,673,445	4.1920	4.1920	3,605,036	4.2500	4.2500	3,626,791	4.2500	4.2500
	Clark Co. R-I School District	Operating Funds-Schools	47,095,604	3.1649	2.7500	47,845,972	3.1797	2.7500	48,170,738	3.2377	2.7500
		Debt Service	47,095,604	0.7500	0.7500	47,845,972	0.7500	0.7500	48,170,738	1.3017	0.6500
	Clark County	General Revenue	70,652,324	0.5000	0.3487	70,925,618	0.5000	0.3500	71,735,270	0.5000	0.3500
		Road & Bridge	62,085,549	0.3500	0.3500	62,294,487	0.3500	0.3500	63,005,778	0.3500	0.3500
		Special Road and Bridge	62,085,549	0.3500	0.3500	62,294,487	0.3500	0.3500	**	**	**
		Health	70,652,324	0.1000	0.1000	70,925,618	0.1000	0.1000	71,735,270	0.1000	0.1000
Clay	Eastern Clay County Ambulance Dist	General Revenue	**	**	**	**	**	**	19,350,040	0.3000	0.3000 A
	New Liberty Hospital District	General Revenue	633,847,856	0.1283	0.0968	695,433,734	0.1278	0.0968	770,501,346	0.1265	0.1265
	City of Avondale	General Revenue	3,567,253	0.4446	0.4446	4,034,889	0.4031	0.4031	4,011,628	0.4054	0.4054
		Debt Service	3,567,253	0.8166	0.8166	4,034,889	0.7281	0.7281	4,011,628	0.6661	0.6661
	Village of Birmingham	General Revenue	2,193,912	0.3048	0.3000	2,292,559	0.3002	0.3000	2,261,116	0.3044	0.3000
	Village of Claycomo	General Revenue	142,767,050	0.3300	0.3300	154,889,433	0.3300	0.3300	194,444,332	0.3300	0.3300
		Debt Service	142,767,050	0.1998	0.1998	154,889,433	0.1882	0.1882	**	**	**
	City of Excelsior Springs	General Revenue	109,540,868	0.5714	0.5700	115,503,741	0.5649	0.5649	111,681,476	0.5782	0.5700
		Hospital	109,540,868	0.1604	0.1600	115,503,741	0.1586	0.1586	114,937,256	0.1623	0.1600
		Parks	109,540,868	0.1604	0.1600	115,503,741	0.1586	0.1586	114,937,256	0.1623	0.1600
		Recreation	109,540,868	0.1604	0.1600	115,503,741	0.1586	0.1586	114,937,256	0.1623	0.1600
	City of Gladstone	General Revenue	310,263,528	0.5626	0.5626	335,438,471	0.5368	0.5368	336,610,796	0.5391	0.5391
	City of Glenaire	General Revenue	5,168,895	0.6545	0.6545	5,848,972	0.5957	0.5958 D	5,739,925	0.6099	0.6099
	City of Holt	General Revenue	3,895,660	0.4618	0.4617	4,316,199	0.4395	0.4395	4,360,695	0.4395	0.4395
	City of Kearney	General Revenue	81,087,514	0.7246	0.6300	89,300,315	0.7110	0.6200	94,520,225	0.7110	0.6200
		Debt Service	81,087,514	0.0400	0.0400	89,300,315	0.0400	0.0400	94,520,225	0.0514	0.0500
	City of Liberty	General Revenue	358,457,869	0.8459	0.8459	385,834,134	0.8235	0.8235	392,865,815	0.8316	0.8316
		Parks & Recreation	358,457,869	0.1493	0.1493	385,834,134	0.1453	0.1453	392,865,815	0.1467	0.1467
	City of Missouri City	General Revenue	1,719,206	0.9000	0.9000	1,893,844	0.8664	0.8664	1,793,445	0.9000	0.9000
	City of Mosby	General Revenue	1,652,024	0.4834	0.4834	1,696,375	0.4821	0.4808	1,679,073	0.4875	0.4875
	City of North Kansas City	General Revenue	267,499,720	0.3336	0.3200	274,410,577	0.3336	0.3200	271,111,236	0.3386	0.3200
		Parks & Recreation	267,499,720	0.1192	0.1192	274,410,577	0.1192	0.1192	271,111,236	0.1200	0.1192
		Library	267,499,720	0.1920	0.1800	274,410,577	0.1920	0.1800	271,111,236	0.1949	0.1800
		Pension	267,499,720	0.2022	0.1200	274,410,577	0.2022	0.1600	271,111,236	0.2052	0.2000
	Village of Oaks	General Revenue	1,961,459	0.4837	0.4837	2,392,674	0.4192	0.4192	2,380,571	0.4213	0.4213
		Fire	1,961,459	0.3000	0.3000	2,392,674	0.2600	0.2600	**	**	**
		Fire	**	**	**	**	**	**	2,380,571	0.3000	0.3000 A
	Village of Oakview	General Revenue	4,805,680	0.3404	0.3404	5,650,095	0.2967	0.2967	5,688,813	0.4267	0.4267
		Fire	4,805,680	0.1264	0.1264	5,650,095	0.1102	0.1102	5,688,813	0.1102	0.0733

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Clay	Village of Oakview	Fire Temp	4,805,680	0.2917	0.2917	5,650,095	0.2542	0.2542	**	**	**
		Fire & Amb Temp	**	**	**	**	**	**	5,688,813	0.3000	0.3000 A
	Village of Oakwood	General Revenue	3,465,787	0.3299	0.3200	4,249,497	0.2781	0.2781	4,183,166	0.2826	0.2700
		Fire	3,465,787	0.3000	0.3000 A	4,249,497	0.2529	0.2529	**	**	**
		Fire	**	**	**	**	**	**	4,183,166	0.3000	0.3000 A
		General Revenue-Temp	3,465,787	0.1800	0.1800 A	4,249,497	0.1517	0.1517	4,183,166	0.2300	0.2300 A
	Village of Oakwood Park	General Revenue	1,916,940	0.2878	0.2878	2,319,302	0.2454	0.2454	2,345,200	0.2454	0.2454
	City of Pleasant Valley	General Revenue	31,456,638	0.6700	0.6700	36,392,903	0.6379	0.6379	36,724,981	0.6443	0.6443
	Village of Prathersville	General Revenue	1,886,763	0.3053	0.3053	2,021,086	0.3001	0.3001	2,041,084	0.3028	0.3028
	City of Randolph	General Revenue	5,840,918	0.3402	0.3402	5,918,899	0.3406	0.3402	5,404,918	0.3730	0.3730
	Kearney Fire Protection District	General Revenue	172,965,193	0.2778	0.2778	194,353,618	0.2669	0.2669	202,881,479	0.5169	0.5169
		Ambulance	172,965,193	0.2778	0.2778	194,353,618	0.2669	0.2669	202,881,479	0.2669	0.2669
		Dispatch	172,965,193	0.0300	0.0300	194,353,618	0.0288	0.0288	202,881,479	0.0288	0.0288
	Holt Community Fire Protection Dist	General Revenue	51,368,944	0.2816	0.2816	56,126,258	0.2696	0.2696	57,314,732	0.2696	0.2696
		Ambulance	51,368,944	0.2816	0.2816	56,126,258	0.2696	0.2696	57,314,732	0.2696	0.2696
	Fishing River Fire Protection Dist	General Revenue	34,641,742	0.2845	0.2845	38,084,907	0.2725	0.2725	38,326,397	0.2749	0.2749
	Clay County Health Center	General Revenue	2,711,111,184	0.1000	0.1000	2,893,004,354	0.0995	0.0995	3,054,066,385	0.0995	0.0995
	Developmental Disabilities Resource	General Revenue	2,711,111,184	0.1200	0.1195	2,893,004,354	0.1194	0.1194	3,054,066,349	0.1194	0.1194
	Clay Mental Health Board	General Revenue	2,594,172,195	0.1000	0.1000	2,893,004,354	0.0977	0.0977	3,054,066,349	0.0977	0.0977
	The 210 Hwy Trans Development Dist	General Revenue	52,417,493	0.1000	0.0572	52,029,926	0.1000	0.0577	55,523,841	0.0997	0.0562
	Kearney R-I School District	Operating Funds-Schools	203,642,649	3.5964	3.0708	228,132,891	3.4407	2.9180	236,592,781	3.4408	3.4408
		Debt Service	203,642,649	0.9000	0.9000	228,132,891	1.1500	1.1500	236,592,781	1.8596	1.1500
	Smithville R-II School District	Operating Funds-Schools	121,653,899	3.5100	3.5099	137,998,868	3.3375	3.3375	146,118,309	3.3512	3.3375
		Debt Service	121,653,899	0.9100	0.9100	137,998,868	0.9600	0.9600	146,118,309	1.6527	0.9600
	Excelsior Springs 40 School Dist	Operating Funds-Schools	162,455,712	3.8485	3.8485 B	169,131,807	3.8432	3.8432	176,532,212	3.9985	3.8932 B
		Debt Service	162,455,712	0.7700	0.7700	169,131,807	0.7700	0.7700	176,532,212	1.1038	0.6200
	Liberty 53 School District	Operating Funds-Schools	462,971,419	4.6896	4.1200	508,099,248	4.6690	4.6500	536,945,850	4.7066	4.6500
		Debt Service	462,971,419	0.9900	0.9900	508,099,248	0.9900	0.9900	536,945,850	2.6021	0.9900
	Missouri City 56 School District	Operating Funds-Schools	4,995,101	4.4551	3.9234	5,485,869	4.2595	3.7868	5,405,870	4.3410	3.8725
	North Kansas City 74 School Dist	Operating Funds-Schools	1,681,536,077	4.2098	4.1398	1,766,875,977	4.2098	4.1498	1,861,292,743	4.2098	4.2098
		Debt Service	1,681,536,077	0.7100	0.7100	1,766,875,977	0.7900	0.7900	1,861,292,743	0.8400	0.8400
	Clay County	General Revenue	2,711,111,184	0.0000	0.0000	2,893,004,354	0.0000	0.0000	3,054,066,349	0.0000	0.0000
		Parks & Recreation	2,711,111,184	0.0000	0.0000	2,893,004,354	0.0000	0.0000	3,054,066,349	0.0000	0.0000
		Road & Bridge	2,711,111,184	0.0000	0.0000	2,893,004,354	0.0000	0.0000	3,054,066,349	0.0000	0.0000
		Senior Services	**	**	**	**	**	**	3,054,066,349	0.0500	0.0500 A
Clinton	Cameron Ambulance District	General Revenue	75,101,147	0.1911	0.1911	80,352,975	0.1886	0.1886	81,380,585	0.1906	0.1906
	Tri-County Ambulance District	General Revenue	129,516,430	0.1845	0.1845	145,255,342	0.1734	0.1734	144,659,916	0.2700	0.2700

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Clinton	Cameron Spec Rd Dist Clinton Co	Road & Bridge	43,547,408	0.2522	0.2522	47,698,709	0.2430	0.2430	48,182,495	0.2458	0.2458
		Special Road and Bridge	43,547,408	0.3500	0.3500 ^A	47,698,709	0.3372	0.3372	48,182,495	0.3410	0.3410
	Plattsburg Spec Rd Dist Clinton Co	Road & Bridge	28,843,556	0.2676	0.2676	31,069,622	0.2614	0.2614	33,006,412	0.2614	0.2614
		Special Road and Bridge	28,843,556	0.3500	0.3500	31,069,622	0.3500	0.3500 ^A	33,006,412	0.3500	0.3500
	City of Cameron	General Revenue	53,927,688	0.5826	0.6115	57,743,442	0.5757	0.6022	57,716,507	0.5894	0.5894
		Parks & Recreation	53,927,688	0.1431	0.1502	57,743,442	0.1414	0.1479	57,716,507	0.1448	0.1448
		Library	53,927,688	0.1636	0.1717	57,743,442	0.1617	0.1692	57,716,507	0.1656	0.1656
		Band Revenue	53,927,688	0.0818	0.0858	57,743,442	0.0808	0.0846	57,716,507	0.0827	0.0827
	City of Gower	General Revenue	10,703,517	0.5531	0.5531	11,590,491	0.5347	0.5347	11,773,865	0.5347	0.5347
	City of Lathrop	General Revenue	14,801,601	0.5900	0.5900	16,076,650	0.5769	0.5769	16,596,439	0.5785	0.5785
		Parks & Recreation	14,801,601	0.1553	0.1553	16,076,650	0.1518	0.1518	16,596,439	0.1522	0.1522
		Debt Service	14,801,601	0.7587	0.7587	16,076,650	0.5358	0.5358	16,596,439	0.4174	0.4174
	City of Plattsburg	General Revenue	20,250,064	0.5841	0.5841	22,014,328	0.5641	0.5641	23,316,449	0.5641	0.5641
		Lights	20,250,064	0.2500	0.0665	22,014,328	0.2415	0.0865	23,316,449	0.2415	0.0896
		Police	20,250,064	0.2216	0.2216	22,014,328	0.2140	0.2140	23,316,449	0.2140	0.2140
		Band	20,250,064	0.0200	0.0200	22,014,328	0.0193	0.0000	23,316,449	0.0193	0.0000
		Cemetery	20,250,064	0.0200	0.0200	22,014,328	0.0193	0.0193	23,316,449	0.0193	0.0193
		Park	20,250,064	0.1410	0.1410	22,014,328	0.1362	0.1362	23,316,449	0.1362	0.1362
		Recreation	20,250,064	0.0500	0.0500	22,014,328	0.0483	0.0483	23,316,449	0.0483	0.0483
		General Revenue	4,145,349	0.3521	0.3500	4,738,534	0.3385	0.3385	4,937,513	0.3392	0.3392
		Debt Service	4,145,349	1.1500	1.1500	4,738,534	1.1500	1.1500	4,937,513	0.7599	0.7599
	Village of Turney	General Revenue	1,015,993	0.3430	0.3430	1,021,913	0.3456	0.3456	1,003,599	0.3546	0.3546
	Gower Fire Protection District	General Revenue	26,015,965	0.2597	0.2597	27,470,704	0.2585	0.2585	27,204,330	0.2646	0.2646
	Lathrop Fire Protection District	General Revenue	33,858,652	0.2702	0.2702	35,621,130	0.2682	0.2682	37,280,640	0.2682	0.2682
	Plattsburg Fire Protection District	General Revenue	40,780,154	0.2410	0.2410	43,834,217	0.2359	0.2359	46,200,474	0.2359	0.2359
	Cameron Fire Protection District	General Revenue	27,186,372	0.2727	0.2727	28,700,958	0.2727	0.2727	30,021,517	0.2727	0.2727
	Cameron R-I School District	Operating Funds-Schools	79,932,387	3.6611	3.6400	85,840,017	3.5840	3.5840	87,040,077	3.6220	3.6220
		Debt Service	79,932,387	0.4800	0.4800	85,840,017	0.4800	0.4800	87,040,077	0.4985	0.4800
	Lathrop R-II School District	Operating Funds-Schools	41,144,768	3.6362	3.6362	43,638,629	3.6400	3.6400	45,572,987	4.3900	3.7400 ^B
		Debt Service	41,144,768	0.2859	0.2859	43,638,629	0.2434	0.2434	45,572,987	0.3102	0.3000
	Clinton County R-III School Dist	Operating Funds-Schools	49,694,975	3.5478	3.2347	54,728,636	3.4372	3.1634	57,481,208	3.9134	3.6634 ^B
		Debt Service	49,694,975	1.0000	1.0000	54,728,636	1.0000	1.0000	57,481,208	1.1932	1.0000
	Clinton County	General Revenue	183,280,711	0.3542	0.2121	198,700,839	0.3454	0.2150	205,388,223	0.3454	0.2050
		Common Road District	110,889,747	0.2809	0.2809	119,932,508	0.2751	0.2751	124,199,316	0.2751	0.2751
		Special Road and Bridge	110,889,747	0.3500	0.3500	119,932,508	0.3500	0.3500 ^A	124,199,316	0.3500	0.3500
		Health	183,280,711	0.0910	0.0910	198,700,839	0.0887	0.0887	205,388,223	0.0887	0.0887
		Senate Bill 40	183,280,711	0.0910	0.0910	198,700,839	0.0887	0.0887	205,388,223	0.0887	0.0887

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Cole	Village of Centertown	General Revenue	2,731,951	0.7089	0.7089	3,120,432	0.6679	0.6679	3,124,344	0.6983	0.6983
	City of Jefferson City	General Revenue	603,186,672	0.5711	0.4800	649,622,736	0.5556	0.4800	680,378,784	0.5556	0.4800
		Parks & Recreation	603,186,672	0.1803	0.1600	649,622,736	0.1754	0.1600	680,378,784	0.1754	0.1600
		Firemen Retirement	603,186,672	0.1000	0.0800	649,622,736	0.0973	0.0973	680,378,784	0.0973	0.0973
	City of Lohman	General Revenue	1,589,092	0.2912	0.2912	1,797,393	0.2645	0.2645	1,819,681	0.2707	0.2707
		Debt Service	1,589,092	0.3248	0.3248	1,797,393	0.3678	0.3678	1,819,681	0.3572	0.3572
	City of Russellville	General Revenue	5,665,880	0.7749	0.7500	6,100,728	0.7450	0.7450	6,258,345	0.7500	0.7500
	City of Taos	General Revenue	7,652,243	0.2931	0.2920	8,398,644	0.2794	0.2794	8,740,352	0.2797	0.2794
	Jeff City/Cole County Library Dist	General Revenue	948,027,628	0.2000	0.2000	1,027,821,761	0.1934	0.1934	1,054,055,115	0.1945	0.1945
	Cole County Fire Protection Dist	General Revenue	137,241,808	0.2994	0.2994	149,885,079	0.2881	0.2881	150,339,184	0.2924	0.2924
	Regional West Fire Protection Dist	General Revenue	114,292,256	0.3000	0.3000	124,382,471	0.2915	0.2915	129,055,356	0.2941	0.2941
	Osage Fire Protection District	General Revenue	82,469,579	0.3000	0.3000	95,224,186	0.2889	0.2889	83,030,159	0.3000	0.3000
	Russellville-Lohman Fire Prot Dist	General Revenue	**	**	**	34,415,229	0.3000	0.3000 A	36,326,033	0.3000	0.3000
	Cole Co R-I School District	Operating Funds-Schools	34,856,371	3.4098	2.7500	37,807,372	3.2808	2.7500	38,820,883	3.3168	3.1174
		Debt Service	34,856,371	0.8800	0.8800	37,807,372	0.8800	0.8800	38,820,883	1.0543	0.8800
	Cole Co R-II School District	Operating Funds-Schools	54,516,199	2.9731	2.7500	60,814,220	2.8317	2.7500	63,166,542	2.8395	2.7500
		Debt Service	54,516,199	0.6100	0.6100	60,814,220	0.6100	0.6100	63,166,542	0.8262	0.6100
	Cole Co. R-V School District	Operating Funds-Schools	41,236,471	3.4467	2.9500	45,555,123	3.3275	2.9500	46,176,066	3.3717	2.9500
		Debt Service	41,236,471	0.7000	0.7000	45,555,123	0.7000	0.7000	46,176,066	0.9631	0.7000
	Jefferson City School District	Operating Funds-Schools	867,404,492	3.5605	3.2369 B	936,524,947	3.7642	3.4642 B	953,235,365	3.7642	3.4642
		Debt Service	867,404,492	0.2485	0.2485	936,524,947	0.2470	0.2470	953,235,365	0.4372	0.2470
	Cole County	General Revenue	948,027,628	0.3500	0.3400	1,027,821,761	0.3384	0.3384	1,054,055,115	0.3404	0.3384
		Road & Bridge	948,027,628	0.2905	0.2700	1,027,821,761	0.2809	0.2700	1,054,055,115	0.2825	0.2700
		Senate Bill 40	948,027,628	0.0902	0.0902	1,027,821,761	0.0872	0.0872	1,054,055,115	0.0877	0.0877
Cooper	Cooper County Ambulance District	General Revenue	160,478,135	0.1200	0.1200	166,202,701	0.1200	0.1200	171,623,866	0.1200	0.1200
	Cooper County Memorial Hospital	General Revenue	160,478,135	0.1500	0.1500	166,202,701	0.1500	0.1500	171,623,866	0.1500	0.1500
	Cooper Co Nursing Home District	General Revenue	26,541,319	0.1425	0.1400	27,505,984	0.1420	0.1400	28,528,580	0.1420	0.1400
	City of Blackwater	General Revenue	954,248	0.9643	0.9643	986,657	0.9575	0.9575	1,021,791	0.9538	0.9538
		Debt Service	954,248	0.7860	0.7860	986,657	0.7601	0.7601	1,021,791	0.4916	0.4916
	City of Boonville	General Revenue	70,859,033	0.6494	0.6200	71,158,399	0.6580	0.6200	71,562,656	0.6649	0.6200
	City of Bunceton	General Revenue	1,519,746	0.9944	0.9944	1,543,590	0.9944	0.9944	1,625,112	0.9944	0.9944
	City of Otterville	General Revenue	2,393,647	0.8079	0.8079	2,389,108	0.8105	0.8105	2,438,533	0.8105	0.8105
	City of Pilot Grove	General Revenue	4,059,593	0.6930	0.6930	4,219,516	0.6930	0.6930	4,168,725	0.7039	0.7039
	City of Prairie Home	General Revenue	1,169,083	0.4932	0.4835	1,281,470	1.0000	1.0000	1,357,027	1.0000	1.0000
	Village of Wooldridge	General Revenue	168,245	0.6267	0.6267	160,165	0.6586	0.6586	164,713	0.6553	0.6553
	Cooper Co Fire Protection Dist	General Revenue	38,321,771	0.4909	0.4909	41,362,083	0.4802	0.4802	43,814,567	0.4802	0.4802
	Otterville Fire Protection District	General Revenue	9,309,801	0.3000	0.3000	9,703,602	0.2990	0.2990	9,960,377	0.2990	0.2990

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Cooper	Prairie Home Rural Fire Prot Dist	General Revenue	6,408,953	0.2600	0.2600	7,003,855	0.2555	0.2555	8,374,701	0.2561	0.2561
	Blackwater R-II School District	Operating Funds-Schools	6,143,044	3.4783	3.2300	6,318,471	3.3864	3.2300	6,449,164	3.4199	3.2300
	Cooper Co. R-IV School District	Operating Funds-Schools	6,420,539	4.4246	4.4246	6,743,012	4.5239	4.5239	6,917,451	4.3770	4.3770
		Debt Service	6,420,539	0.8770	0.8770	6,743,012	0.6630	0.6630	6,917,451	0.6054	0.6054
	Prairie Home R-V School District	Operating Funds-Schools	8,051,815	4.0399	4.0399	8,651,508	4.0534	4.0534	9,037,525	4.6663	4.6534 B
		Debt Service	8,051,815	0.4683	0.4683	8,651,508	0.4683	0.4683	9,037,525	0.5255	0.4683
	Otterville R-VI School District	Operating Funds-Schools	9,394,297	3.7609	3.7609	10,039,529	3.7726	3.7726	10,021,997	4.0490	3.9000
		Debt Service	9,394,297	0.8005	0.8005	10,039,529	0.6684	0.6684	10,021,997	0.6236	0.5800
	Pilot Grove C-4 School District	Operating Funds-Schools	12,486,364	3.3231	3.0000	13,050,517	3.3815	3.1050	13,194,958	3.4152	3.1050
		Operating Funds Temp	12,486,364	0.7000	0.7000	13,050,517	0.6950	0.6950	13,194,958	0.6950	0.6950
		Debt Service	12,486,364	0.6300	0.6300	13,050,517	0.6300	0.6300	13,194,958	1.4115	0.6300
	Boonville R-I School District	Operating Funds-Schools	95,363,585	3.4620	3.4620	98,373,175	3.5091	3.5091	87,867,659	3.5037	3.5037
		Debt Service	95,363,585	0.4800	0.4800	98,373,175	0.4300	0.4300	99,558,905	0.4200	0.4200
	Cooper County	General Revenue	160,478,135	0.4229	0.1000	166,202,701	0.4229	0.1500	171,623,866	0.4229	0.2171
		Road & Bridge	160,478,135	0.3121	0.3121	166,202,701	0.3121	0.3121	171,623,866	0.3121	0.3121
		Senate Bill 40	160,478,135	0.2000	0.2000	166,202,701	0.2000	0.2000	171,623,866	0.2000	0.2000
Crawford	North Crawford Co Ambulance Dist	General Revenue	124,980,941	0.2790	0.2790	131,008,656	0.2790	0.2790	133,679,574	0.2806	0.2806
	Steelville Ambulance District	General Revenue	44,442,015	0.3326	0.3500 D	45,329,316	0.3326	0.3500 D	47,558,662	0.3326	0.3500 D
	City of Bourbon	General Revenue	8,777,568	0.5761	0.5753	8,933,915	0.5761	0.5753	9,110,393	0.5761	0.5753
		Parks & Recreation	8,777,568	0.0879	0.0878	8,933,915	0.0879	0.0878	9,110,393	0.0879	0.0878
		Police	8,777,568	0.2734	0.2730	8,933,915	0.2734	0.2730	9,110,393	0.2734	0.2730
	Village of Leasburg	General Revenue	1,162,541	0.4695	0.4695	1,169,054	0.4718	0.4718	1,105,047	0.5000	0.5000
	City of Steelville	General Revenue	10,721,817	0.3500	0.3500	11,095,250	0.3500	0.3500	11,171,605	0.3502	0.3502
	Crawford County Library District	General Revenue	180,281,100	0.0964	0.0964	187,096,658	0.0964	0.0964	191,577,647	0.0966	0.0966
	Bourbon Fire District	General Revenue	32,985,016	0.2885	0.2885	33,602,440	0.2885	0.2885	34,294,482	0.2886	0.2886
	Steelville Fire Protection Dist	General Revenue	49,694,835	0.2044	0.2044	51,824,957	0.2044	0.2044	53,429,740	0.2044	0.2044
	Crawford Co R-I School District	Operating Funds-Schools	42,068,948	2.7500	2.7500	43,060,440	3.2268	3.2268 B	44,482,546	3.2268	3.2268
		Debt Service	42,068,948	0.7961	0.7961	43,060,440	0.7961	0.7961	44,482,546	1.0929	0.7900
	Crawford Co R-II School District	Operating Funds-Schools	74,487,651	3.0550	2.7500	79,571,973	3.0561	2.7500	81,063,059	3.0786	2.7500
		Debt Service	74,487,651	0.6100	0.6100	79,571,973	0.6100	0.6100	81,063,059	0.6250	0.6100
	Steelville R-III School District	Operating Funds-Schools	37,675,734	3.3133	3.3133	38,527,492	3.3109	3.3109	39,844,601	3.3264	3.3264
	Crawford County	General Revenue	191,384,782	0.3021	0.0821	198,062,152	0.3021	0.0793	203,529,859	0.3025	0.0825
Dade		Road & Bridge	191,384,782	0.2143	0.2143	198,062,152	0.2143	0.2143	203,529,859	0.2146	0.2146
		Senate Bill 40	191,384,782	0.0973	0.0973	198,062,152	0.0973	0.0973	203,529,859	0.0974	0.0974
		Senior Services	191,384,782	0.0486	0.0486	198,062,152	0.0486	0.0486	203,529,859	0.0487	0.0487
	Dade County Ambulance District	General Revenue	73,015,203	0.0902	0.0902	76,035,741	0.0900	0.0900	77,046,918	0.0900	0.0900
	Dade County Nursing Home	General Revenue	53,307,570	0.1307	0.1307	55,560,075	0.1300	0.1300	56,350,498	0.1301	0.1301

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Dade	Good Shepherd Nursing Home Dist	General Revenue	19,693,255	0.1648	0.1648	20,461,185	0.1648	0.1648	20,674,889	0.1648	0.1500
		Debt Service	19,693,255	0.3800	0.3800	20,461,185	0.3652	0.3652	20,674,889	0.6037	0.3800
	Bona Special Road Dist Dade Co	Road & Bridge	506,187	0.4319	0.4319	528,406	0.4265	0.4265	538,239	0.4266	0.4266
	Dry Bone Special Road Dist Dade Co	Road & Bridge	334,899	0.3000	0.3000	379,020	0.2864	0.2864	313,303	0.3689	0.3689
	Maze Creek Spec Road Dist Dade Co	Road & Bridge	365,555	0.4853	0.4853	370,418	0.4885	0.4885	309,402	0.5000	0.5000
	Sac Special Road Dist #1 Dade Co	Road & Bridge	571,292	0.3541	0.3541	681,072	0.3138	0.3138	686,871	0.3237	0.3237
	Sac Special Road Dist #2 Dade Co	Road & Bridge	818,328	0.2509	0.2509	866,805	0.2443	0.2443	833,217	0.2589	0.2589
	Shannon Valley Spec Rd Dist Dade Co	Road & Bridge	538,003	0.2869	0.2869	534,583	0.2919	0.2919	518,466	0.3013	0.3013
	Southeast Special Road Dist Dade Co	Road & Bridge	256,476	0.3755	0.3755	265,930	0.3757	0.3757	284,008	0.3704	0.3704
	Birchwood Special Road District	Road & Bridge	680,340	0.2961	0.2961	684,650	0.3099	0.3099	680,280	0.3160	0.3160
		Special Road and Bridge	680,340	0.2325	0.2325	684,650	0.2434	0.2434	680,280	0.2500	0.2500 A
	Village of Dadeville	General Revenue	1,127,386	0.4659	0.4659	1,178,463	0.4659	0.4659	1,120,021	0.5000	0.5000
	City of Everton	General Revenue	1,329,063	1.0203	1.0203	1,342,588	1.0271	1.0271	1,343,132	1.0440	1.0440
		Parks & Recreation	1,329,063	0.0816	0.0816	1,342,588	0.0822	0.0822	1,343,132	0.0836	0.0836
	City of Greenfield	General Revenue	9,039,432	0.4781	0.4781	9,310,899	0.4781	0.4781	9,498,871	0.4781	0.4781
		Parks & Recreation	9,039,432	0.1525	0.1525	9,310,899	0.1525	0.1525	9,498,871	0.1525	0.1525
		Streets	9,039,432	0.1932	0.1932	9,310,899	0.1932	0.1932	9,498,871	0.1932	0.1932
	Village of South Greenfield	General Revenue	535,925	0.5074	0.5074	499,584	0.5447	0.5447	549,624	0.5429	0.5429
	City of Lockwood	General Revenue	5,524,483	0.6143	0.6143	6,016,724	0.6050	0.6050	5,931,371	0.6194	0.6194
		Parks & Recreation	5,524,483	0.1638	0.1638	6,016,724	0.1613	0.1613	5,931,371	0.1651	0.1651
		Library	5,524,483	0.1946	0.1946	6,016,724	0.1917	0.1917	5,931,371	0.1963	0.1963
	Dade County Library District	General Revenue	67,516,598	0.1000	0.1000	70,045,207	0.0999	0.0999	71,144,919	0.0999	0.0999
	Cedar Township of Dade Co	Road & Bridge	3,562,238	0.3791	0.3791	3,783,698	0.3749	0.3749	3,738,896	0.3852	0.3852
		Special Road and Bridge	3,562,238	0.1300	0.1300	3,783,698	0.1300	0.1300 A	3,738,896	0.1300	0.1300
	Center Township of Dade Co	Road & Bridge	16,606,734	0.3441	0.3441	17,112,756	0.3441	0.3441	16,969,743	0.3507	0.3507
	Ernest Township of Dade Co	Road & Bridge	1,077,629	0.4278	0.4278	1,098,696	0.4278	0.4278	1,167,067	0.4243	0.4243
	Grant Township of Dade Co	Road & Bridge	3,669,543	0.3557	0.3557	3,818,322	0.3557	0.3557	3,803,865	0.3574	0.3574
	Lockwood Township of Dade Co	Road & Bridge	10,704,117	0.3316	0.3316	11,281,818	0.3316	0.3316	11,318,748	0.3327	0.3327
	Marion Township of Dade Co	Road & Bridge	3,498,264	0.3649	0.3649	3,490,261	0.3700	0.3700	3,724,919	0.3700	0.3700
	North Morgan Township of Dade Co	Road & Bridge	1,232,001	0.2427	0.2427	1,350,540	0.2351	0.2351	1,379,107	0.2351	0.2351
	North Township of Dade Co	Road & Bridge	3,015,109	0.4174	0.4174	3,190,390	0.4122	0.4122	3,322,914	0.4067	0.4067
	Pilgrim Township of Dade Co	Road & Bridge	1,672,825	0.3396	0.3396	1,620,039	0.3526	0.3526	1,718,900	0.3526	0.3526
		Special Road and Bridge	1,672,825	0.2300	0.2300	1,620,039	0.2300	0.2300 A	1,718,900	0.2300	0.2300
	Polk Township of Dade Co	Road & Bridge	4,505,809	0.3441	0.3441	4,743,471	0.3401	0.3401	4,908,572	0.3401	0.3401
		Special Road and Bridge	4,505,809	0.3300	0.3300	4,743,471	0.3300	0.3300 A	4,908,572	0.3300	0.3300
	Rock Prairie Township of Dade Co	Road & Bridge	7,867,655	0.3656	0.3656	8,106,719	0.3656	0.3656	8,410,572	0.3632	0.3632
		Special Road and Bridge	7,867,655	0.2300	0.2300	8,106,719	0.2300	0.2300 A	8,410,572	0.2285	0.2285

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Dade	Sac Township of Dade Co	Road & Bridge	2,379,869	0.2969	0.2969	2,649,241	0.2969	0.2969	2,751,542	0.2975	0.2975
	Smith Township of Dade Co	Road & Bridge	1,843,644	0.4335	0.4335	1,898,809	0.4335	0.4335	1,858,137	0.4438	0.4438
		Special Road and Bridge	1,843,644	0.2500	0.2500	1,898,809	0.2500	0.2500	1,858,137	0.2500	0.2500
	South Township of Dade Co	Road & Bridge	2,312,070	0.3913	0.3913	2,455,585	0.3845	0.3845	2,542,992	0.3825	0.3825
		Special Road and Bridge	2,312,070	0.3400	0.3400	2,455,585	0.3341	0.3341	2,542,992	0.3324	0.3324
	South Morgan Township of Dade Co	Road & Bridge	2,424,039	0.3972	0.3972	2,540,307	0.3944	0.3944	2,543,591	0.3981	0.3981
	Washington Township of Dade Co	Road & Bridge	2,673,913	0.3300	0.3300	2,675,749	0.3313	0.3313	2,827,683	0.3313	0.3313
	Dadeville Rural Fire Prot Dist	General Revenue	6,500,591	0.2000	0.2000	7,262,446	0.1957	0.1957	7,331,423	0.1966	0.1966
	Dade Co R-4 Rural Fire Prot Dist	General Revenue	29,476,720	0.2000	0.2000	30,684,585	0.1988	0.1988	30,853,662	0.2000	0.2000
	Lockwood R-I School District	Operating Funds-Schools	19,875,335	3.2901	3.2901	21,352,268	3.2634	3.2634	21,234,685	3.3593	3.2634
		Debt Service	19,875,335	0.5500	0.5500	21,352,268	0.5500	0.5500	21,234,685	0.8850	0.5500
	Dadeville R-II School District	Operating Funds-Schools	6,716,085	4.4035	3.3235	7,267,577	4.2164	3.3564	7,142,867	4.4153	3.4753
	Everton R-III School District	Operating Funds-Schools	6,793,150	3.5383	3.2500	7,115,605	3.3700	3.2700	7,102,162	3.5135	3.2900
		Debt Service	6,793,150	0.7000	0.7000	7,115,605	0.7000	0.7000	7,102,162	0.7354	0.7000
	Greenfield R-IV School District	Operating Funds-Schools	25,512,738	2.7500	2.7500	26,835,277	2.7500	2.7500	26,751,970	2.7585	2.7500
		Debt Service	25,512,738	0.9000	0.9000	26,835,277	0.9000	0.9000	26,751,970	0.9255	0.9000
	Dade County	General Revenue	73,015,203	0.2706	0.1200	76,035,741	0.2701	0.1300	77,046,918	0.2701	0.1200
		Health	73,015,203	0.1000	0.1000	76,035,741	0.0998	0.0998	77,046,918	0.0998	0.0998
		Township Tax	73,015,203	0.1000	0.1000	76,035,741	0.0998	0.0998	77,046,918	0.0998	0.0998
Dallas	City of Buffalo	General Revenue	23,121,503	0.5339	0.5300	24,262,988	0.5339	0.5300	24,867,706	0.5339	0.5300
	City of Urbana	General Revenue	2,290,910	0.5653	0.5653	2,376,320	0.5653	0.5653	2,416,419	0.5687	0.5687
		Debt Service	2,290,910	0.2724	0.2724	2,376,320	0.0227	0.0227	**	**	**
	Dallas County Library	General Revenue	113,743,493	0.1000	0.1000	120,401,085	0.1000	0.1000	122,953,314	0.1000	0.1000
	Southern Dallas Co Fire Prot Dist	General Revenue	15,149,010	0.2989	0.2900	15,910,170	0.2989	0.2989	16,589,338	0.2989	0.2989
	Dallas Co R-I School District	Operating Funds-Schools	82,116,534	2.7500	2.7500	86,368,136	3.3500	3.3500 B	87,960,629	3.3500	3.3500
	Dallas County	General Revenue	113,743,493	0.3561	0.0100	120,401,085	0.3561	0.0100	122,953,314	0.3572	0.0100
		Road & Bridge	113,743,493	0.2645	0.2600	120,401,085	0.2645	0.2600	122,953,314	0.2653	0.2600
		Health	113,743,493	0.1000	0.1000	120,401,085	0.1000	0.1000	122,953,314	0.1000	0.1000
Daviess	Community Ambulance District	General Revenue	62,516,188	0.3435	0.3435	65,358,721	0.3435	0.3435	67,525,078	0.3435	0.3435
	West Fork of Big Creek Watershed	Main & Op	786,050	0.2787	0.1500	792,500	0.2790	0.1500	1,174,937	0.1381	0.1381
	Jamesport Spec Rd Dist Daviess Co	Road & Bridge	5,841,276	0.4137	0.4137	6,356,633	0.3959	0.3959	6,217,066	0.3959	0.3959
		Special Road and Bridge	5,841,276	0.2700	0.2700	6,356,633	0.2584	0.2584	6,217,066	0.2584	0.2584
	Lock Springs Special Road District	Road & Bridge	2,028,975	0.3691	0.3691	2,099,182	0.3691	0.3691	2,318,254	0.3546	0.3546
		Special Road and Bridge	2,028,975	0.3500	0.3500	2,099,182	0.3500	0.3500	2,318,254	0.3363	0.3363
	Daviess County Special Rd Dist #1	Road & Bridge	9,469,928	0.3180	0.3180	10,086,245	0.3124	0.3124	10,463,981	0.3124	0.3124
		Special Road District	9,469,928	0.3478	0.3478	10,086,245	0.3417	0.3417	**	**	**
		Special Road and Bridge	**	**	**	**	**	**	10,463,981	0.3500	0.3500 A

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Daviess	Daviess County Special Rd Dist #1	Debt Service	9,469,928	0.7351	0.7351	10,086,245	0.6731	0.6731	10,463,981	0.2357	0.2356
	Village of Altamont	General Revenue	620,255	0.6500	0.6500	604,865	0.6500	0.6500	661,405	0.6500	0.6500
	City of Coffey	General Revenue	416,349	1.0000	1.0000	440,097	1.0000	1.0000	419,830	1.0000	1.0000
	City of Gallatin	General Revenue	11,123,983	0.5968	0.5968	11,153,108	0.6015	0.6015	11,126,407	0.6077	0.6077
		Parks & Recreation	11,123,983	0.2124	0.2124	11,153,108	0.2141	0.2141	11,126,407	0.2163	0.2163
		Band	11,123,983	0.0200	0.0200	11,153,108	0.0200	0.0200	11,126,407	0.0200	0.0200
	City of Jamesport	General Revenue	2,332,742	0.7754	0.7754	2,391,774	0.7754	0.7754	2,419,760	0.7754	0.7754
		Parks & Recreation	2,332,742	0.1836	0.1836	2,391,774	0.1836	0.1836	2,419,760	0.1836	0.1836
	Village of Jameson	General Revenue	381,598	0.5000	0.5000	400,810	0.5000	0.5000	403,994	0.4999	0.4999
	Village of Lock Springs	General Revenue	211,958	0.5000	0.4100	192,285	0.5000	0.4100	229,481	0.4749	0.4100
	City of Pattonburg	General Revenue	1,795,232	0.9970	0.9970	1,768,210	1.0000	1.0000	1,946,314	0.9667	0.9667
	Village of Winston	General Revenue	804,526	0.5000	0.5000	861,258	0.4928	0.4928	864,588	0.5000	0.5000
		Streets	804,526	0.3000	0.3000	861,258	0.2957	0.0000	**	**	**
	Daviess County Library	General Revenue	73,304,129	0.1982	0.1982	76,476,921	0.1982	0.1982	79,382,763	0.1982	0.1982
	Benton Township of Daviess Co	General Revenue	4,061,985	0.1000	0.1000	4,177,695	0.1000	0.1000	4,674,470	0.0973	0.0973
		Road & Bridge	4,061,985	0.5000	0.5000	4,177,695	0.5000	0.5000	4,674,470	0.4864	0.4864
	Colfax Township of Daviess Co	General Revenue	3,891,504	0.1000	0.1000	4,273,449	0.1000	0.1000	4,520,370	0.1000	0.1000
		Road & Bridge	3,891,504	0.5000	0.5000	4,273,449	0.5000	0.5000	4,520,370	0.5000	0.5000
		Special Road and Bridge	3,891,504	0.2500	0.2500	4,273,449	0.2500	0.2500 A	4,520,370	0.2500	0.2500
	Grand River Township of Daviess Co	General Revenue	3,214,514	0.1000	0.1000	3,297,092	0.1000	0.1000	3,516,068	0.1000	0.1000
		Road & Bridge	3,214,514	0.5000	0.5000	3,297,092	0.5000	0.5000	3,516,068	0.5000	0.5000
		Special Road and Bridge	3,214,514	0.3500	0.3500	3,297,092	0.3500	0.3500 A	3,516,068	0.3500	0.3500
	Harrison Township of Daviess Co	General Revenue	1,678,200	0.0996	0.0996	1,674,642	0.1000	0.1000	1,880,276	0.0949	0.0949
		Road & Bridge	1,678,200	0.4882	0.4882	1,674,642	0.4937	0.4937	1,880,276	0.4681	0.4681
		Special Road and Bridge	1,678,200	0.3492	0.3492	1,674,642	0.3500	0.3500	1,880,276	0.3318	0.3318
	Jackson Township of Daviess Co	General Revenue	5,155,536	0.1000	0.1000	5,514,651	0.0989	0.0989	5,871,454	0.0984	0.0984
		Road & Bridge	3,126,561	0.4903	0.4903	3,415,469	0.4789	0.4789	3,553,200	0.4789	0.4789
		Special Road and Bridge	3,126,561	0.3500	0.3500	3,415,469	0.3500	0.3500 A	3,553,200	0.3500	0.3500
	Jamesport Township of Daviess Co	General Revenue	5,841,276	0.1000	0.1000	6,356,633	0.0957	0.0957	6,217,066	0.0957	0.0957
	Jefferson Township of Daviess Co	General Revenue	3,506,114	0.1000	0.1000	3,671,094	0.1000	0.1000	3,716,240	0.1000	0.1000
		Road & Bridge	3,506,114	0.4427	0.4427	3,671,094	0.4455	0.4455	3,716,240	0.4525	0.4525
		Special Road and Bridge	3,506,114	0.3500	0.3500	3,671,094	0.3500	0.3500 A	3,716,240	0.3500	0.3500
	Liberty Township of Daviess Co	General Revenue	12,204,276	0.0900	0.0900	13,100,058	0.0887	0.0887	13,534,171	0.0887	0.0887
		Road & Bridge	2,734,408	0.5000	0.5000	3,013,813	0.5000	0.5000	3,070,190	0.5000	0.5000
	Lincoln Township of Daviess Co	General Revenue	3,431,613	0.1000	0.1000	3,522,292	0.1000	0.1000	3,435,696	0.1000	0.1000
		Road & Bridge	3,431,613	0.5000	0.5000	3,522,292	0.5000	0.5000	3,435,696	0.5000	0.5000
		Special Road and Bridge	3,431,613	0.3500	0.2000	3,522,292	0.2000	0.2000 A	3,435,696	0.2000	0.2000

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Daviess	Marion Township of Daviess Co	General Revenue	3,340,067	0.0991	0.0991	3,310,975	0.1000	0.1000	3,656,963	0.0986	0.0986
		Road & Bridge	3,340,067	0.4954	0.4954	3,310,975	0.5000	0.5000	3,656,963	0.4931	0.4931
		Special Road and Bridge	3,340,067	0.3467	0.3467	3,310,975	0.3500	0.3500 A	3,656,963	0.3452	0.3452
	Monroe Township of Daviess Co	General Revenue	2,014,422	0.1000	0.1000	2,120,551	0.1000	0.1000	2,222,678	0.1000	0.1000
		Road & Bridge	2,014,422	0.4747	0.4747	2,120,551	0.4747	0.4747	2,222,678	0.4747	0.4747
		Special Road and Bridge	2,014,422	0.3500	0.3500	2,120,551	0.3500	0.3500 A	2,222,678	0.3500	0.3500
		Debt Service	2,014,422	0.6778	0.6778	2,120,551	0.6064	0.6064	2,222,678	0.6605	0.6500
	Salem Township of Daviess Co	General Revenue	4,261,005	0.0974	0.0974	4,438,444	0.0978	0.0978	4,644,290	0.0980	0.0980
		Road & Bridge	4,261,005	0.4598	0.4598	4,438,444	0.4615	0.4615	4,644,290	0.4623	0.4623
		Special Road and Bridge	4,261,005	0.3410	0.3410	4,438,444	0.3423	0.3423	4,644,290	0.3429	0.3429
	Sheridan Township of Daviess Co	General Revenue	3,107,158	0.0964	0.0964	3,345,095	0.0964	0.0964	3,588,258	0.0964	0.0964
		Road & Bridge	3,107,158	0.4478	0.4478	3,345,095	0.4478	0.4478	3,588,258	0.4477	0.4477
		Special Road and Bridge	3,107,158	0.3376	0.3376	3,345,095	0.3376	0.3376	3,588,258	0.3376	0.3376
	Union Township of Daviess Co	General Revenue	15,131,508	0.0907	0.0500	15,172,189	0.0911	0.0500	15,365,838	0.0911	0.0500
		Road & Bridge	15,131,508	0.3829	0.2500	15,172,189	0.3847	0.3000	15,365,838	0.3847	0.3000
	Washington Township of Daviess Co	General Revenue	2,464,951	0.1000	0.1000	2,502,061	0.1000	0.1000	2,538,925	0.1000	0.1000
		Road & Bridge	2,464,951	0.5000	0.5000	2,502,061	0.5000	0.5000	2,538,925	0.5000	0.5000
		Special Road and Bridge	2,464,951	0.3500	0.3500	2,502,061	0.3500	0.3500	2,538,925	0.3500	0.3500
	KAW Fire Protection District	General Revenue	17,417,484	0.5000	0.5000	18,446,052	0.5000	0.5000	18,996,794	0.5047	0.5000
	Jameson Fire Protection District	General Revenue	3,957,861	0.2995	0.2995	4,178,983	0.2995	0.2995	4,576,772	0.2995	0.2995
	Coffey Fire Protection District	General Revenue	3,653,354	0.3000	0.3000	3,850,000	0.3000	0.3000	3,934,734	0.3000	0.3000
	Pattonsburg Rescue & Fire Prot Dist	General Revenue	9,237,813	0.3000	0.3000	9,394,100	0.3000	0.3000	10,384,916	0.2909	0.2909
	Gallatin Fire Protection District	General Revenue	18,754,328	0.3000	0.3000	19,680,103	0.2969	0.2969	20,059,853	0.2969	0.2969
	Pattonsburg R-II School District	Operating Funds-Schools	9,492,116	4.4790	4.4790	9,645,407	4.4781	4.4781	9,979,058	4.5143	4.5143
		Debt Service	9,492,116	0.6070	0.6070	9,645,407	0.3840	0.3840	9,979,058	0.3272	0.3272
	Winston R-VI School District	Operating Funds-Schools	11,380,035	3.9015	3.9015	12,173,295	3.9263	3.9263	12,554,455	3.9276	3.9276
		Debt Service	11,380,035	0.2507	0.2507	12,173,295	0.1838	0.1838	12,554,455	0.1279	0.1279
	North Daviess R-III School District	Operating Funds-Schools	7,069,088	5.4500	5.4500	7,391,263	5.3797	5.3797	7,655,979	5.4500	5.4500
	Gallatin R-V School District	Operating Funds-Schools	25,369,287	4.0573	3.8073	26,212,475	4.0870	3.8070	26,801,244	4.0608	3.8070
	Tri-County R-VII School District	Operating Funds-Schools	10,310,292	4.3929	4.3929	11,241,109	4.3000	4.3000	11,202,040	4.3048	4.3048
	Daviess County	General Revenue	73,304,129	0.3858	0.2900	76,476,921	0.3858	0.2900	79,382,763	0.3858	0.2900
		Health	73,304,129	0.2600	0.2600	76,476,921	0.2600	0.2600	79,382,763	0.2600	0.2600
		Senate Bill 40	73,304,129	0.1000	0.1000	76,476,921	0.1000	0.1000	79,382,763	0.1000	0.1000
De Kalb	DeKalb-Clinton Ambulance Dist No 1	General Revenue	55,865,847	0.2430	0.2430	56,803,572	0.2431	0.2431	58,089,261	0.2431	0.2431
	Grindstone-Lost-Muddy-Creek Sub Dis	General Revenue	20,536,380	0.1568	0.1568	21,292,950	0.1568	0.1568	22,105,881	0.1558	0.1558
	Village of Amity	General Revenue	305,584	0.4178	0.4178	308,670	0.4205	0.4205	281,978	0.4626	0.4626
	City of Clarksdale	General Revenue	1,339,114	0.6634	0.6634	1,348,076	0.6651	0.6651	1,368,428	0.6689	0.6689

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
De Kalb	City of Clarksdale	Lights	1,339,114	0.2073	0.2073	1,348,076	0.2078	0.2078	1,368,428	0.2090	0.2090
		Streets	1,339,114	0.2280	0.2280	1,348,076	0.2286	0.2286	1,368,428	0.2299	0.2299
		Debt Service	1,339,114	1.5402	1.5402	1,348,076	1.4046	1.4046	1,368,428	1.4061	0.0000
	City of Maysville	General Revenue	6,856,245	0.8114	0.8114	6,959,663	0.8130	0.8130	7,040,277	0.8130	0.8130
	City of Stewartsville	General Revenue	4,375,111	0.5421	0.5421	4,527,059	0.5421	0.5421	4,447,121	0.5586	0.5586
		Lights	4,375,111	0.1305	0.1305	4,527,059	0.1305	0.1305	4,447,121	0.1345	0.1345
	City of Union Star	General Revenue	1,830,423	0.3986	0.3986	1,853,016	0.3986	0.3986	1,809,138	0.4105	0.4105
		Lights	1,830,423	0.3372	0.2500	1,853,016	0.3372	0.3372	1,809,138	0.3473	0.2473
		Streets	1,830,423	0.3066	0.3066	1,853,016	0.3066	0.3066	1,809,138	0.3158	0.3158
		Debt Service	1,830,423	0.4661	0.4661	1,853,016	0.4560	0.4560	**	**	**
	Village of Weatherby	General Revenue	444,631	0.4253	0.4253	433,827	0.4373	0.4373	420,782	0.4518	0.4518
		general revenu - temp (2)	**	**	**	433,827	0.3000	0.0000 A	420,782	0.3000	0.3000
		General Revenue-Temp	444,631	0.3000	0.3000	433,827	0.3000	0.3000	**	**	**
	City of Osborn	General Revenue	2,842,911	0.7482	0.7482	2,811,688	0.7638	0.7638	2,803,364	0.7735	0.7735
	Adams Township of DeKalb Co	General Revenue	5,536,924	0.1000	0.1000	5,669,491	0.1000	0.1000	6,123,059	0.0993	0.0993
		Road & Bridge	5,536,924	0.3745	0.3745	5,669,491	0.3746	0.3746	6,123,059	0.3721	0.3721
		Special Road and Bridge	5,536,924	0.1400	0.1400	5,669,491	0.1400	0.1400 A	6,123,059	0.1391	0.1391
	Camden Township of DeKalb Co	General Revenue	13,942,900	0.1000	0.1000	14,165,056	0.1000	0.1000	14,205,518	0.1000	0.1000
		Road & Bridge	13,942,900	0.3530	0.3530	14,165,056	0.3538	0.3538	14,205,518	0.3550	0.3550
	Colfax Township of DeKalb Co	General Revenue	7,075,113	0.1000	0.1000	7,242,667	0.1000	0.1000	7,233,937	0.1000	0.1000
		Road & Bridge	7,075,113	0.4135	0.4135	7,242,667	0.4135	0.4135	7,233,937	0.4164	0.4164
	Dallas Township of DeKalb Co	General Revenue	3,109,757	0.1000	0.1000	3,177,855	0.1000	0.1000	3,356,856	0.0995	0.0995
		Road & Bridge	3,109,757	0.4154	0.4154	3,177,855	0.4154	0.4154	3,356,856	0.4135	0.4135
		Special Road and Bridge	3,109,757	0.3500	0.3500 A	3,177,855	0.3500	0.3500	3,356,856	0.3484	0.3484
	Grand River Township of DeKalb Co	General Revenue	28,976,602	0.0977	0.0977	30,156,642	0.0977	0.0977	30,411,970	0.0997	0.0997
		Road & Bridge	28,976,602	0.3533	0.3533	30,156,642	0.3533	0.3533	30,411,970	0.3606	0.3606
	Grant Township of DeKalb Co	General Revenue	3,760,705	0.1000	0.1000	3,879,757	0.1000	0.1000	3,851,031	0.1000	0.1000
		Road & Bridge	3,760,705	0.5000	0.5000	3,879,757	0.5000	0.5000	3,851,031	0.5000	0.5000
		Special Road and Bridge	3,760,705	0.3500	0.3500	3,879,757	0.3500	0.3500	3,851,031	0.3500	0.3500
		Special Road & Bridge	**	**	**	**	**	**	3,851,031	0.3500	0.3500 A
	Polk Township of DeKalb Co	General Revenue	7,170,856	0.1000	0.1000	7,042,467	0.1000	0.1000	7,028,685	0.1000	0.1000
		Road & Bridge	7,170,856	0.3819	0.3819	7,042,467	0.3902	0.3902	7,028,685	0.3939	0.3939
	Sherman Township of DeKalb Co	General Revenue	5,617,150	0.1000	0.1000	5,796,914	0.1000	0.1000	5,912,308	0.1000	0.1000
		Road & Bridge	5,617,150	0.3892	0.3892	5,796,914	0.3892	0.3892	5,912,308	0.3892	0.3892
		Special Road and Bridge	5,617,150	0.3500	0.3500	5,796,914	0.3500	0.3500	5,912,308	0.3500	0.3500 A
	Washington Township of DeKalb Co	General Revenue	14,459,945	0.0904	0.0904	14,849,389	0.0904	0.0904	14,820,324	0.0913	0.0913
		Road & Bridge	14,459,945	0.3415	0.3415	14,849,389	0.3415	0.3415	14,820,324	0.3448	0.3448

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
De Kalb	Osborn Fire Protection District	General Revenue	8,768,481	0.2456	0.2456	8,919,301	0.2456	0.2456	9,172,567	0.2456	0.2456
	Stewartsville Fire Protection Dist	General Revenue	13,877,496	0.1301	0.1301	14,366,724	0.1301	0.1301	14,540,868	0.2806	0.2806
	Central DeKalb Co Fire Prot Dist	General Revenue	25,732,784	0.2525	0.2525	26,164,516	0.2525	0.2525	26,355,520	0.2527	0.2527
	Clarksdale Fire Protection District	General Revenue	7,670,662	0.2408	0.2408	8,027,592	0.2408	0.2408	8,073,779	0.2418	0.2418
	Union Star Fire Protection District	General Revenue	8,087,880	0.2805	0.2805	8,078,387	0.2815	0.2815	8,287,201	0.2815	0.2815
	Osborn R-O School District	Operating Funds-Schools	7,372,457	4.7705	4.2500	7,594,819	4.8000	4.6000	7,418,960	4.8000	4.7700
		Debt Service	7,372,457	0.4400	0.4400	7,594,819	0.2400	0.2400	7,418,960	0.7223	0.4600
	Maysville R-I School District	Operating Funds-Schools	32,817,183	2.7913	2.7913	33,466,459	2.8214	2.8214	33,660,530	2.8162	2.8162
	Union Star R-II School District	Operating Funds-Schools	7,384,033	4.9865	4.1798	7,539,058	4.9882	4.9882	7,639,604	5.0363	5.0363
	Stewartsville C-2 School District	Operating Funds-Schools	10,048,454	4.0745	2.9945	10,447,658	4.0675	3.0475	10,586,940	4.0878	3.0678
		Debt Service	10,048,454	0.4368	0.4368	10,447,658	0.4154	0.4154	10,586,940	0.4214	0.4214
	DeKalb County	General Revenue	89,650,811	0.3022	0.0500	91,980,197	0.3022	0.0700	92,949,251	0.3022	0.0500
		Senate Bill 40	89,650,811	0.0900	0.0900	91,980,197	0.0900	0.0900	92,949,251	0.0900	0.0900
		Senior Services	89,650,811	0.0300	0.0300	91,980,197	0.0300	0.0300	92,949,251	0.0300	0.0300
Dent	Salem Memorial Hospital District	General Revenue	159,523,672	0.2500	0.2500	161,182,541	0.2500	0.2500	163,852,274	0.2500	0.2500
	City of Salem	General Revenue	37,246,832	0.6684	0.6200	37,512,248	0.6716	0.6200	37,986,091	0.6716	0.6200
		Library	37,246,832	0.2937	0.2937	37,512,248	0.2951	0.2951	37,986,091	0.2951	0.2951
	Dent County Fire Protection Dist	General Revenue	70,439,270	0.2431	0.2431	71,219,851	0.2436	0.2436	72,629,200	0.2436	0.2436
	Salem R-80 School District	Operating Funds-Schools	51,229,540	2.7500	2.7500	51,607,960	2.7500	2.7500	52,192,010	2.7500	2.7500
		Debt Service	51,229,540	0.6800	0.6800	51,607,960	0.6800	0.6800	52,192,010	0.9869	0.6800
	Oak Hill R-I School District	Operating Funds-Schools	9,125,405	3.2591	3.1900	9,276,205	3.2470	3.1900	9,357,200	3.2811	3.1900
	Green Forest R-II School District	Operating Funds-Schools	11,293,650	2.5275	2.5300	11,883,440	2.5389	2.5389	12,171,950	2.5658	2.5658
		Operating Funds-Temp	11,293,650	0.2500	0.2500	11,883,440	0.2500	0.2500	12,171,950	0.2500	0.2500
	Dent-Phelps R-III School District	Operating Funds-Schools	18,773,315	2.7500	2.7500	18,774,380	2.7500	2.7500	19,993,090	2.7500	2.7500
	North Wood R-IV School District	Operating Funds-Schools	12,453,100	2.8174	2.8174	12,779,769	2.8070	2.8070	13,208,290	2.8228	2.8206
	Dent County	General Revenue	112,145,861	0.3867	0.0350	114,105,182	0.3867	0.0350	116,474,613	0.3867	0.3850
		Road & Bridge	112,145,861	0.2850	0.2550	114,105,182	0.2850	0.2550	116,474,613	0.2850	0.2550
		Health	112,145,861	0.1000	0.1000	114,105,182	0.1000	0.1000	116,474,613	0.1000	0.1000
		Senate Bill 40	112,145,861	0.1831	0.1600	114,105,182	0.1831	0.1800	116,474,613	0.1831	0.1800
		Senior Services	112,145,861	0.0500	0.0500	114,105,182	0.0500	0.0500	116,474,613	0.0500	0.0500
Douglas	Ava Ambulance District	General Revenue	72,253,621	0.1108	0.1108	74,102,133	0.1108	0.1108	76,578,837	0.1119	0.1119
	Douglas County Library	General Revenue	95,938,461	0.0808	0.0808	98,535,626	0.0808	0.0808	101,329,192	0.0815	0.0815
	Skyline R-II School District	Operating Funds-Schools	6,292,226	2.7500	2.7500	6,541,840	2.7500	2.7500	6,481,826	2.7500	2.7500
	Plainview R-VIII School District	Operating Funds-Schools	4,092,348	2.8528	2.8528	4,186,105	2.8420	2.8420	4,252,642	2.8640	2.8569
	Ava R-I School District	Operating Funds-Schools	63,905,821	2.6800	2.6800	65,593,649	2.6800	2.6800	68,571,200	2.6800	2.6800
	Douglas County	General Revenue	95,938,461	0.2927	0.1020	98,535,626	0.2927	0.1250	101,329,192	0.2954	0.0900
		Road & Bridge	95,938,461	0.2120	0.2120	98,535,626	0.2120	0.2120	101,329,192	0.2139	0.2139

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Douglas	Douglas County	Health	95,938,461	0.2321	0.2000	98,535,626	0.2321	0.2000	101,329,192	0.2342	0.2000
		Senate Bill 40	95,938,461	0.0808	0.0808	98,535,626	0.0808	0.0808	101,329,192	0.0815	0.0815
Dunklin	City of Arbyrd	General Revenue	3,082,996	0.7351	0.7351	3,295,294	0.7400	0.7400	3,327,931	0.7400	0.7400
	City of Campbell	General Revenue	7,987,178	0.6211	0.0000	7,893,927	0.6312	0.0000	7,991,981	0.6312	0.6312
	City of Cardwell	General Revenue	2,938,180	0.4688	0.4688	2,831,039	0.4881	0.4881	2,841,546	0.4881	0.4881
		Streets	2,938,180	0.1427	0.1427	2,831,039	0.1486	0.1486	2,841,546	0.1486	0.1486
		Debt Service	2,938,180	1.7322	1.7322	2,831,039	0.4056	0.4056	2,841,546	1.0948	1.0948
	City of Clarkton	General Revenue	4,238,148	0.6145	0.6145	4,295,962	0.6145	0.6145	4,273,767	0.6193	0.6193
	City of Holcomb	General Revenue	2,983,383	0.6469	0.6469	2,975,442	0.6565	0.6565	2,947,737	0.6643	0.6643
	City of Hornersville	General Revenue	3,337,473	0.6931	0.6931	3,375,812	0.6967	0.6967	3,429,448	0.6967	0.6967
	City of Kennett	General Revenue	79,449,679	0.5356	0.5300	80,574,744	0.5380	0.5300	80,179,887	0.5474	0.5400
		Parks & Recreation	79,449,679	0.1500	0.1500	80,574,744	0.1500	0.1500	80,179,887	0.1500	0.1500
		Special Park	79,449,679	0.1000	0.1000	80,574,744	0.1000	0.1000	80,179,887	0.1000	0.1000
	City of Malden	General Revenue	27,754,827	0.6320	0.6320	27,296,979	0.6481	0.6481	26,589,349	0.6717	0.6717
	City of Senath	General Revenue	8,720,915	0.6253	0.5700	8,700,780	0.6342	0.5700	8,646,346	0.6457	0.5700
		Health	8,720,915	0.1614	0.1000	8,700,780	0.1637	0.1000	8,646,346	0.1667	0.1000
	Buffalo Township of Dunklin Co	General Revenue	10,222,440	0.1000	0.1000	10,016,152	0.1000	0.1000	10,031,812	0.1000	0.1000
		Road & Bridge	10,222,440	0.2632	0.2632	10,016,152	0.2694	0.2694	10,031,812	0.2694	0.2694
	Clay Township of Dunklin Co	General Revenue	16,616,433	0.1000	0.1000	16,330,785	0.1000	0.1000	16,908,337	0.1000	0.1000
		Road & Bridge	16,616,433	0.2980	0.2980	16,330,785	0.3048	0.3048	16,908,337	0.3048	0.3048
	Cotton Hill Township of Dunklin Co	General Revenue	39,440,288	0.1000	0.1000	39,150,384	0.1000	0.1000	38,752,361	0.1000	0.1000
		Road & Bridge	39,440,288	0.2801	0.2801	39,150,384	0.2843	0.2843	38,752,361	0.2898	0.2898
	Freeborn Township of Dunklin Co	General Revenue	9,678,765	0.1000	0.1000	9,800,428	0.1000	0.1000	9,997,116	0.1000	0.1000
		Road & Bridge	9,678,765	0.2550	0.2550	9,800,428	0.2552	0.2552	9,997,116	0.2552	0.2552
	Holcomb Township of Dunklin Co	General Revenue	11,412,788	0.0916	0.0900	11,319,744	0.0930	0.0930	11,651,626	0.0930	0.0930
		Road & Bridge	11,412,788	0.2238	0.2200	11,319,744	0.2272	0.2238	11,651,626	0.2272	0.2272
	Independence Township of Dunklin Co	General Revenue	102,962,251	0.1000	0.1000	104,305,122	0.1000	0.1000	104,517,820	0.1000	0.1000
		Road & Bridge	102,962,251	0.2421	0.2421	104,305,122	0.2433	0.2433	104,517,820	0.2459	0.2459
	Salem Township of Dunklin Co	General Revenue	24,174,953	0.1000	0.1000	23,885,513	0.1000	0.1000	24,145,735	0.1000	0.1000
		Road & Bridge	24,174,953	0.2708	0.2708	23,885,513	0.2790	0.2790	24,145,735	0.2790	0.2790
	Union Township of Dunklin Co	General Revenue	57,254,692	0.0904	0.0900	60,672,509	0.0904	0.0904	62,379,971	0.0904	0.0904
		Road & Bridge	57,254,692	0.3112	0.3100	60,672,509	0.3112	0.3112	62,379,971	0.3112	0.3112
	Malden R-I School District	Operating Funds-Schools	38,964,371	3.7500	3.1000	38,814,422	3.7500	3.1000	37,887,285	3.7500	3.1000
	Campbell R-II School District	Operating Funds-Schools	49,975,183	2.9575	2.9100	53,572,695	2.9764	2.9100	54,774,373	2.9840	2.9100
		Debt Service	49,975,183	0.4500	0.4500	53,572,695	0.6200	0.6200	54,774,373	1.0671	0.6200
	Holcomb R-III School District	Operating Funds-Schools	17,631,210	2.9153	2.9150	17,498,742	2.9761	2.9761	18,434,860	2.9913	2.9913
		Debt Service	17,631,210	0.4900	0.4900	17,498,742	0.4900	0.4900	18,434,860	0.7752	0.4900

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Dunklin	Clarkton C-4 School District	Operating Funds-Schools	10,259,745	2.9538	2.9538	10,563,080	2.9403	2.9402	10,611,460	2.9544	2.9544
	Senath-Hornersville C-8 School Dist	Operating Funds-Schools	37,843,250	3.4483	3.0400	37,975,490	3.4961	3.4300	37,773,996	3.5628	3.4300
		Debt Service	37,843,250	0.1994	0.1994	37,975,490	0.0100	0.0100	**	**	**
	Southland C-9 School District	Operating Funds-Schools	13,237,495	3.0918	3.0700	13,390,791	3.1409	3.0700	13,404,120	3.1461	3.0700
	Kennett 39 School District	Operating Funds-Schools	80,573,442	2.7500	2.7500	82,141,065	2.7500	2.7500	81,558,675	2.7500	2.7500
		Debt Service	80,573,442	0.4000	0.4000	82,141,065	0.3235	0.3235	81,558,675	0.3773	0.3773
	Dunklin County	General Revenue	271,762,610	0.2709	0.1000	275,480,637	0.2734	0.2734	278,384,778	0.2734	0.0000
		Library	271,762,610	0.2500	0.2500	275,480,637	0.2500	0.2500	278,384,778	0.2500	0.2500
		Johnson Grass	271,762,610	0.0500	0.0000	275,480,637	0.0500	0.0500	278,384,778	0.0500	0.0500
		Health	271,762,610	0.1000	0.1000	275,480,637	0.1000	0.1000	278,384,778	0.1000	0.1000
		Ambulance	271,762,610	0.1304	0.1304	275,480,637	0.1316	0.1316	278,384,778	0.1316	0.1316
		Senate Bill 40	271,762,610	0.1000	0.1000	275,480,637	0.1000	0.1000	278,384,778	0.1000	0.1000
Franklin	Gerald Ambulance District	General Revenue	79,366,972	0.3000	0.3000	82,930,303	0.3000	0.3000	85,889,188	0.3000	0.3000
	Meramec Ambulance District	General Revenue	352,103,844	0.2885	0.2800	388,446,538	0.2851	0.2850	385,502,384	0.2891	0.2890
		Dispatch	352,103,844	0.0300	0.0300	388,446,538	0.0297	0.0290	385,502,384	0.0300	0.0300
	St Clair Ambulance District	General Revenue	149,493,602	0.3493	0.3493	156,824,716	0.3493	0.3493	158,574,714	0.3510	0.3510
	Union Ambulance District	General Revenue	208,563,582	0.1800	0.1800	217,829,965	0.1800	0.1800	226,006,538	0.1800	0.1800
	Washington Area Ambulance District	General Revenue	305,768,071	0.1821	0.1821	321,776,840	0.1817	0.1817	333,605,918	0.1825	0.1825
	New Haven Ambulance District	General Revenue	63,539,666	0.3000	0.3000	70,163,442	0.2991	0.2991	72,406,424	0.2991	0.2991
	City of Berger	General Revenue	1,295,898	0.9606	0.9606	1,363,717	0.9358	0.9358	1,343,563	0.9499	0.9499
	City of Gerald	General Revenue	13,168,781	0.9158	0.8000	13,552,527	0.9175	0.8000	14,287,614	0.9175	0.8000
		Parks & Recreation	13,168,781	0.2500	0.2200	13,552,527	0.2500	0.2200	14,287,614	0.2500	0.2200
	Village of Leslie	General Revenue	571,828	0.6000	0.4800	619,130	0.5836	0.4800	665,292	0.5692	0.4800
	City of New Haven	General Revenue	24,747,529	0.5430	0.5400	29,367,164	0.5430	0.5400	30,200,820	0.5430	0.5400
		Parks & Recreation	24,747,529	0.2664	0.2600	29,367,164	0.2664	0.2600	30,200,820	0.2664	0.2600
	Village of Oak Grove	General Revenue	6,200,574	0.2166	0.1700	6,478,742	0.2166	0.1700	6,618,678	0.2177	0.1700
	City of Pacific	General Revenue	80,583,445	0.3960	0.3960	82,394,008	0.3965	0.3965	86,100,337	0.3969	0.3969
	Village of Parkway	General Revenue	2,329,848	0.4945	0.4945	2,535,451	0.5000	0.4945	2,633,846	0.4994	0.4994
	City of St Clair	General Revenue	49,263,183	0.4697	0.4697	47,939,843	0.4903	0.4903	48,539,170	0.4911	0.4911
		Parks & Recreation	49,263,183	0.1467	0.1467	47,939,843	0.1531	0.1531	48,539,170	0.1533	0.1533
		Debt Service	49,263,183	0.3136	0.3136	47,939,843	0.2799	0.2799	48,539,170	0.7397	0.3516
	City of Sullivan	General Revenue	52,579,772	0.4514	0.4514	56,682,502	0.4514	0.4514	56,062,320	0.4514	0.4514
		Library	51,747,605	0.1173	0.1173	55,725,386	0.1173	0.1173	55,109,227	0.1173	0.1173
	City of Union	General Revenue	103,647,853	0.5491	0.5491	106,101,009	0.5592	0.5592	111,244,514	0.5592	0.5592
		Parks & Recreation	103,647,853	0.1322	0.1322	106,101,009	0.1346	0.1346	111,244,514	0.1346	0.1346
	City of Washington	General Revenue	217,809,847	0.6090	0.4766	228,200,616	0.6090	0.5420	237,452,759	0.6130	0.5412
	Franklin County Library District	General Revenue	1,054,516,941	0.0999	0.0999	1,134,069,283	0.0997	0.0997	1,154,725,375	0.1000	0.1000

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Franklin	Washington Public Library	General Revenue	125,073,662	0.0906	0.0906	124,293,643	0.0915	0.0915	127,669,880	0.0924	0.0923
	Beaufort Leslie Fire Prot District	General Revenue	38,285,707	0.2800	0.2800	40,909,148	0.2755	0.2754	41,929,277	0.2755	0.2754
	Boles Fire Protection District	General Revenue	187,590,632	0.2911	0.2911	215,994,350	0.5911	0.5911	207,469,584	0.5911	0.5911
		Debt Service	**	**	**	215,994,350	0.2573	0.2573	207,469,584	0.1386	0.1386
	Pacific Fire Protection District	General Revenue	162,822,102	0.4912	0.4910	169,293,030	0.4912	0.4910	174,703,221	0.6912	0.6912
		Pension	162,822,102	0.0491	0.0490	169,293,030	0.0491	0.0490	174,703,221	0.0491	0.0491
		Joint Dispatch	162,822,102	0.0491	0.0490	169,293,030	0.0491	0.0490	174,703,221	0.0491	0.0491
		Debt Service	162,822,102	0.0920	0.0920	169,293,030	0.0920	0.0920	174,703,221	0.0911	0.0911
	St Clair Fire Protection District	General Revenue	154,533,584	0.6114	0.6114	162,492,670	0.6114	0.6114	164,648,451	0.6114	0.6114
	Sullivan Fire Protection District	General Revenue	128,870,184	0.3935	0.3935	133,262,029	0.3935	0.3935	137,218,742	0.3935	0.3935
	Union Fire Protection District	General Revenue	202,556,043	0.2930	0.2930	211,148,618	0.2930	0.2930	219,244,811	0.2930	0.2930
	Gerald-Rosebud Fire Prot District	General Revenue	48,617,458	0.2488	0.2488	50,010,311	0.2488	0.2488	51,903,613	0.2488	0.2488
	New Haven-Berger Fire Prot Dist	General Revenue	71,994,365	0.2500	0.2500	76,528,529	0.2493	0.2492	78,632,550	0.2493	0.2493
	Gray Summit Sewer District	General Revenue	1,384,128	0.6091	0.6091	1,504,182	0.5824	0.5824	1,507,871	0.5824	0.5824
	Beauty View Sewer District	General Revenue	407,462	0.7622	0.7622	432,006	0.7460	0.7460	455,877	0.7482	0.7482
	Crestview Sewer District	General Revenue	844,607	0.5384	0.5384	865,879	0.5384	0.5384	872,072	0.5385	0.5385
	St Clair Sewer District	General Revenue	4,938,742	0.3667	0.3667	5,252,043	0.3667	0.3667	5,486,652	0.3691	0.3691
	Sylvan Manor Sunset Acres Sew Dist	General Revenue	1,191,559	0.6583	0.6583	1,224,070	0.6576	0.6576	1,239,920	0.6586	0.6586
	Calvey Creek Sewer District	General Revenue	10,524,960	0.4368	0.4368	11,566,633	0.4177	0.4177	11,906,181	0.4177	0.4177
	East Central College	General Revenue	1,103,080,649	0.3802	0.3788	1,166,766,628	0.3795	0.3786	1,198,393,105	0.3795	0.3795
		Debt Service	1,103,080,649	0.0752	0.0752	1,166,766,628	0.0905	0.0905	1,198,393,105	0.0574	0.0574
	Franklin Co R-II School District	Operating Funds-Schools	15,837,670	3.1092	3.1092	16,888,017	3.0862	3.0230	17,376,882	3.1376	3.1376
		Debt Service	15,837,670	0.4444	0.4444	16,888,017	0.6652	0.6652	17,376,882	0.8079	0.5506
	Meramec Valley R-III School Dist	Operating Funds-Schools	217,387,940	2.9066	2.8730	240,216,794	2.9362	2.9360	237,440,628	3.3500	3.3500 B
		Debt Service	217,387,940	0.6900	0.6900	240,216,794	0.6900	0.6900	237,440,628	1.7219	0.6900
	Union R-XI School District	Operating Funds-Schools	187,447,909	2.9920	2.7500	198,970,083	3.0224	2.7900	205,593,239	3.0620	2.7900
		Debt Service	187,447,909	0.7200	0.7200	198,970,083	0.6800	0.6800	205,593,239	1.4084	0.6800
	Lonedell R-XIV School District	Operating Funds-Schools	23,877,306	3.3311	3.3200	26,105,896	3.3514	3.3100	27,019,859	3.4904	3.3860
		Debt Service	23,877,306	0.3400	0.3400	26,105,896	0.3500	0.3500	27,019,859	1.1326	0.2740
	Spring Bluff R-XV School District	Operating Funds-Schools	14,709,243	2.8276	2.8276	16,449,785	2.8175	2.8175	16,659,768	2.9107	2.9107
		Debt Service	14,709,243	0.4500	0.4500	16,449,785	0.6568	0.6568	16,659,768	0.9065	0.6600
	Franklin County R-XVI School Dist	Operating Funds-Schools	7,584,660	3.1606	3.1606	8,276,171	3.0871	3.0871	8,432,740	3.0937	3.0937
	St. Clair R-XIII School District	Operating Funds-Schools	104,683,646	2.6000	2.6000	109,738,289	2.6000	2.6000	109,572,753	2.7500	2.7500
		Debt Service	104,683,646	0.6200	0.6200	109,738,289	0.6200	0.6200	109,572,753	0.9131	0.6200
	Sullivan C-2 School District	Operating Funds-Schools	109,595,820	3.1207	3.1070	111,068,202	3.1487	3.1487	115,166,436	3.1657	3.1657
		Debt Service	109,595,820	0.9700	0.9700	111,068,202	0.9700	0.9700	115,166,436	2.0792	0.9530
	New Haven School District	Operating Funds-Schools	25,325,013	4.1229	3.8700 B	30,888,319	4.1031	4.0900	31,499,581	4.1422	4.1300

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Franklin	Washington School District	Operating Funds-Schools	474,419,709	3.4731	3.4731 B	512,958,864	3.4179	3.4178	525,037,517	3.4556	3.4556 B
		Debt Service	474,419,709	0.1300	0.1300	512,958,864	0.1853	0.1853	525,037,517	0.3065	0.2050
	Franklin County	General Revenue	1,239,472,954	0.3118	0.1292	1,318,801,832	0.3118	0.1398	1,344,163,518	0.3130	0.1334
		Road & Bridge	1,239,472,954	0.2314	0.2314	1,318,801,832	0.2314	0.2314	1,344,163,518	0.2323	0.2323
		Senate Bill 40	1,239,472,954	0.0999	0.0999	1,318,801,832	0.0999	0.0999	1,344,163,518	0.1000	0.1000
Gasconade	Owensville Ambulance District	General Revenue	67,648,763	0.3000	0.3000	71,125,948	0.2984	0.2984	70,685,544	0.3000	0.3000
		Dispatch	67,648,763	0.0300	0.0300	71,125,948	0.0298	0.0298	70,685,544	0.0300	0.0300
	Hermann Area Ambulance District	General Revenue	96,593,580	0.2969	0.2969	99,178,474	0.2952	0.2952	98,548,343	0.2973	0.2973
	Hermann Area Hospital District	General Revenue	90,467,391	0.7305	0.7305	93,012,235	0.7283	0.7283	92,172,071	0.7345	0.7345
	Morrison Levee Dist Gasconade Co	General Revenue	73,480	0.7199	0.7199	63,120	0.8381	0.8381	61,890	0.8547	0.8547
	Morrison Sp Rd Dist #4 Gasconade Co	Road & Bridge	3,970,868	0.2800	0.2800	4,438,059	0.2798	0.2798	4,273,620	0.2744	0.2744
	City of Bland	General Revenue	3,388,546	0.8454	0.8454	3,292,347	0.8697	0.8697	2,999,853	0.9544	0.9544
		Parks & Recreation	3,388,546	0.2261	0.2261	3,292,347	0.2326	0.2326	2,999,853	0.2553	0.2553
		Debt Service	3,388,546	0.5653	0.5653	3,292,347	0.5251	0.5251	2,999,853	0.0000	0.0000
	City of Gasconade	General Revenue	1,243,823	0.6314	0.6314	1,268,608	0.6314	0.6314	1,206,638	0.6348	0.6348
	City of Hermann	General Revenue	26,875,999	0.3833	0.3833	27,851,206	0.3792	0.3792	27,558,759	0.3822	0.3822
		Parks & Recreation	26,875,999	0.0100	0.0100	27,851,206	0.0099	0.0099	27,558,759	0.0100	0.0100
		Band	26,875,999	0.0200	0.0100	27,851,206	0.0198	0.0100	27,558,759	0.0200	0.0100
	City of Morrison	General Revenue	855,882	0.5932	0.5932	946,837	0.5932	0.5932	931,198	0.5932	0.5932
	City of Owensville	General Revenue	28,790,655	0.2834	0.2800	30,581,515	0.2834	0.2800	28,669,227	0.3067	0.3067
		Parks & Recreation	28,790,655	0.2834	0.2800	30,581,515	0.2834	0.2800	28,669,227	0.3067	0.3067
	City of Rosebud	General Revenue	2,856,167	0.4693	0.4693	2,904,641	0.4698	0.4698	3,008,106	0.4698	0.4698
	Gasconade County Library District	General Revenue	159,071,937	0.1000	0.1000	167,269,544	0.0992	0.0991	167,510,911	0.0995	0.0995
	Bland Fire Protection District	General Revenue	13,135,474	0.2500	0.2500 A	15,397,738	0.2268	0.2268	15,903,662	0.2268	0.2268
	Gasconade Co R-II School District	Operating Funds-Schools	107,869,550	3.3926	2.9800	114,733,609	3.3986	2.9800	110,411,993	3.4802	2.9800
		Debt Service	107,869,550	0.8700	0.8700	114,733,609	0.8700	0.8700	115,991,682	1.0691	0.8700
	Gasconade County R-I School Dist	Operating Funds-Schools	81,906,905	3.0574	3.0500	85,724,258	3.1214	3.0500	84,307,958	3.1430	3.0500
		Debt Service	81,906,905	0.7500	0.7500	85,724,258	0.7500	0.7500	84,307,958	1.0780	0.7500
	Gasconade County	General Revenue	159,071,937	0.3766	0.1603	167,269,544	0.3738	0.1618	167,510,911	0.3750	0.1591
		Common Road District	155,101,070	0.2750	0.2750	162,831,487	0.2729	0.2729	163,237,293	0.2741	0.2741
		Health	159,071,937	0.1000	0.1000	167,269,544	0.0992	0.0992	167,510,911	0.0995	0.0995
		Mental Health	159,071,937	0.1000	0.1000	167,269,544	0.0992	0.0992	167,510,911	0.0995	0.0995
		Senate Bill 40	159,071,937	0.1000	0.1000	167,269,544	0.0992	0.0992	167,510,911	0.0995	0.0995
Gentry	Grand River Regional Ambulance Dist	General Revenue	82,320,953	0.1800	0.1800	86,017,158	0.1800	0.1800	87,539,427	0.1800	0.1800
	City of Albany	General Revenue	11,826,108	0.6163	0.6163	12,503,426	0.6163	0.6163	13,196,902	0.6183	0.6183
		Parks & Recreation	11,826,108	0.2729	0.2729	12,503,426	0.2729	0.2729	13,196,902	0.2738	0.2738
		Library	11,826,108	0.3100	0.3100	12,503,426	0.3100	0.3100	13,196,902	0.3100	0.3100

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Gentry	City of Albany	Health	11,826,108	0.1718	0.1718	12,503,426	0.1718	0.1718	13,196,902	0.1724	0.1724
	Village of Darlington	General Revenue	237,075	0.5000	0.5000	217,381	0.5000	0.5000	178,889	0.5000	0.5000
	Village of Gentry	General Revenue	210,902	0.5000	0.5000	256,490	0.5000	0.5000	246,447	0.5000	0.5000
	City of King City	General Revenue	4,788,114	0.6966	0.6900	5,161,499	0.6962	0.6900	5,100,038	0.7336	0.7336
		Parks & Recreation	4,788,114	0.1716	0.1700	5,161,499	0.1715	0.1700	5,100,038	0.1807	0.1807
		Health	4,788,114	0.1716	0.1700	5,161,499	0.1715	0.1700	5,100,038	0.1807	0.1807
		Police	4,788,114	0.1500	0.1500 A	5,161,499	0.1499	0.1499	5,100,038	0.1500	0.1500
	City of McFall	General Revenue	530,797	0.5913	0.5913	522,730	0.6041	0.6041	486,341	0.6495	0.6495
	City of Stanberry	General Revenue	7,184,402	0.6163	0.6105	7,614,192	0.6141	0.6141	7,385,229	0.6415	0.6415
		Parks & Recreation	7,184,402	0.1700	0.1700	7,614,192	0.1694	0.1694	7,385,229	0.1700	0.1700
		Streets	7,184,402	0.3637	0.3637	7,614,192	0.3624	0.3624	7,385,229	0.3786	0.3786
	Gentry County Library Dist	General Revenue	49,026,187	0.2000	0.2000	51,054,856	0.2000	0.2000	51,378,060	0.2000	0.2000
		Debt Service	49,026,187	0.1000	0.1000	51,054,856	0.1000	0.1000	51,378,060	0.1632	0.1000
	Athens Township of Gentry Co	General Revenue	17,103,213	0.1000	0.1000	18,074,432	0.1000	0.1000	18,963,167	0.1000	0.1000
		Road & Bridge	17,103,213	0.3820	0.3820	18,074,432	0.3820	0.3820	18,963,167	0.3825	0.3825
		Special Road District	17,103,213	0.2000	0.2000	18,074,432	0.2000	0.2000	18,963,167	0.2000	0.2000
		Special Road and Bridge	17,103,213	0.2500	0.2500	18,074,432	0.2500	0.2500	18,963,167	0.2500	0.2500 A
	Bogle Township of Gentry Co	General Revenue	4,560,487	0.1000	0.1000	4,746,349	0.1000	0.1000	4,500,807	0.1000	0.1000
		Road & Bridge	4,560,487	0.5000	0.5000	4,746,349	0.5000	0.5000	4,500,807	0.5000	0.5000
		Gravel & Maintenance	4,560,487	0.4500	0.4500 A	4,746,349	0.4500	0.4500	4,500,807	0.4500	0.4500
		Special Road and Bridge	4,560,487	0.3200	0.3200	4,746,349	0.3200	0.3200	4,500,807	0.3200	0.3200 A
		Gravel	4,560,487	0.3500	0.3500	4,746,349	0.3500	0.3500	4,500,807	0.3500	0.3500 A
	Cooper Township of Gentry Co	General Revenue	13,068,190	0.1000	0.1000	13,989,524	0.1000	0.1000	13,827,320	0.1000	0.1000
		Road & Bridge	13,068,190	0.4583	0.4583	13,989,524	0.4583	0.4583	13,827,320	0.4709	0.4709
		Special Road and Bridge	13,068,190	0.1500	0.1500	13,989,524	0.1500	0.1500	13,827,320	0.1500	0.1500 A
	Howard Township of Gentry Co	General Revenue	1,720,906	0.1000	0.1000	1,756,328	0.1000	0.1000	1,830,351	0.1000	0.1000
		Road & Bridge	1,720,906	0.4935	0.4935	1,756,328	0.4971	0.4971	1,830,351	0.5000	0.0000
		Other	1,720,906	0.4500	0.4500	**	**	**	**	**	**
		Special Road and Bridge	1,720,906	0.3000	0.3000	1,756,328	0.3000	0.3000	1,830,351	0.3500	0.3500 A
	Huggins Township of Gentry Co	General Revenue	2,169,033	0.1000	0.1000	2,156,371	0.1000	0.1000	2,291,838	0.1000	0.1000
		Road & Bridge	2,169,033	0.5000	0.5000	2,156,371	0.5000	0.5000	2,291,838	0.5000	0.5000
		Special Road and Bridge	2,169,033	0.3300	0.3300	2,156,371	0.3300	0.3300	2,291,838	0.3300	0.3300 A
	Jackson Township of Gentry Co	General Revenue	11,030,981	0.1000	0.1000	11,644,100	0.1000	0.1000	11,817,391	0.1000	0.1000
		Road & Bridge	11,030,981	0.4547	0.4547	11,644,100	0.4547	0.4547	11,817,391	0.4664	0.4664
		Other	11,030,981	0.2500	0.2500	11,644,100	0.2500	0.2500 A	11,817,391	0.2500	0.2500
		Special Road and Bridge	11,030,981	0.1200	0.1200	11,644,100	0.1200	0.1200	11,817,391	0.1200	0.1200 A
	Miller Township of Gentry Co	General Revenue	7,827,030	0.1000	0.1000	7,856,753	0.1000	0.1000	7,855,522	0.1000	0.1000

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Gentry	Miller Township of Gentry Co	Road & Bridge	7,827,030	0.5000	0.5000	7,856,753	0.5000	0.5000	7,855,522	0.5000	0.5000
		Special Road and Bridge	7,827,030	0.3500	0.3500	7,856,753	0.3500	0.3500 A	7,855,522	0.3500	0.3500
		General Road & Bridge	7,827,030	0.2900	0.2900	7,856,753	0.2900	0.2900	7,855,522	0.2900	0.2900
	Wilson Township of Gentry Co	General Revenue	3,240,242	0.1000	0.1000	3,334,425	0.1000	0.1000	3,488,568	0.1000	0.1000
		Road & Bridge	3,240,242	0.5000	0.5000	3,334,425	0.5000	0.5000	3,488,568	0.5000	0.5000
		Special Road and Bridge	3,240,242	0.2900	0.2900	3,334,425	0.2900	0.2900	3,488,568	0.2900	0.2900
		Gravel	**	**	**	**	**	**	3,488,568	0.3000	0.3000 A
	Albany Community Fire Prot District	General Revenue	27,545,488	0.1616	0.1616	28,692,973	0.1616	0.1616	29,542,452	0.1616	0.1616
		Fire	27,545,488	0.1516	0.1516	28,692,973	0.1516	0.1516	29,542,452	0.1516	0.1516
	Stanberry Fire Protection Dist	General Revenue	17,529,304	0.1000	0.1000	18,621,393	0.1000	0.1000	18,835,185	0.1000	0.1000
		General Revenue-Temp	17,529,304	0.3000	0.2000 A	18,621,393	0.3000	0.2000	18,835,185	0.3000	0.2000
	McFall Fire Protection District	General Revenue	2,668,328	0.3000	0.3000	2,667,766	0.3000	0.3000	2,674,172	0.3000	0.3000
	King City Fire Protection District	General Revenue	18,231,518	0.2987	0.2987	19,004,290	0.2987	0.2987	18,996,763	0.3000	0.3000
	King City R-I School District	Operating Funds-Schools	18,692,051	4.3029	3.6500	19,506,188	4.3190	3.7043	19,555,619	4.3600	3.8280
		Debt Service	18,692,051	0.5100	0.5100	19,506,188	0.5100	0.5100	19,555,619	0.6372	0.5100
	Stanberry R-II School District	Operating Funds-Schools	16,227,007	4.0861	4.0000	17,472,199	4.1000	4.0000	17,557,847	4.1000	4.0000
		Debt Service	16,227,007	0.1000	0.1000	17,472,199	0.1000	0.1000	17,557,847	0.6457	0.1000
	Albany R-III School District	Operating Funds-Schools	26,089,753	3.7500	3.7500	27,269,832	3.7500	3.7500	28,112,489	3.7500	3.7500
	Gentry County	General Revenue	60,720,082	0.3342	0.3300	63,558,282	0.3342	0.3300	64,574,965	0.3357	0.3300
		General Revenue-Temp	60,720,082	0.1900	0.1900	63,558,282	0.1900	0.1900 A	64,574,965	0.1900	0.1900
Greene	City of Ash Grove	General Revenue	10,216,018	0.5431	0.5431	10,348,476	0.5463	0.5463	10,734,843	0.5463	0.5463
	City of Battlefield	General Revenue	22,814,510	0.3208	0.3208	26,136,680	0.3208	0.3208	29,561,090	0.3228	0.3228
		Debt Service	22,814,510	0.2047	0.2047	26,136,680	0.3197	0.3197	29,561,090	0.3018	0.3018
	Village of Brookline	General Revenue	4,326,523	0.4190	0.4100	4,189,247	0.4507	0.4507	4,438,867	0.4507	0.4507
	City of Fair Grove	General Revenue	8,877,733	0.5248	0.5248	9,446,229	0.5266	0.5266	10,302,119	0.5266	0.5266
		Debt Service	8,877,733	0.7382	0.7382	9,446,229	0.6331	0.6331	10,302,119	0.4888	0.4888
	City of Republic	General Revenue	65,189,015	0.5200	0.5200	70,928,013	0.5200	0.5200	77,574,788	0.5200	0.5200
		Parks & Recreation	65,189,015	0.1400	0.1400	70,928,013	0.1400	0.1400	77,574,788	0.1400	0.1400
		Lights	65,189,015	0.0800	0.0800	70,928,013	0.0800	0.0800	77,574,788	0.0800	0.0800
	City of Springfield	Parks & Recreation	1,919,170,356	0.1873	0.1800	1,965,537,975	0.1880	0.1800	2,006,188,877	0.1882	0.1880
		Health	1,919,170,356	0.1278	0.1100	1,965,537,975	0.1283	0.1100	2,006,188,877	0.1284	0.1284
		Art Museum	1,919,170,356	0.0393	0.0393	1,965,537,975	0.0394	0.0394	2,006,188,877	0.0394	0.0394
		General Revenue-Temp	1,919,170,356	0.2700	0.2700	1,965,537,975	0.2700	0.2700	2,006,188,877	0.2700	0.2700
	City of Strafford	General Revenue	15,027,402	0.4086	0.4086	15,458,215	0.4086	0.4086	16,084,727	0.4086	0.4086
	City of Walnut Grove	General Revenue	4,448,317	0.5543	0.5543	4,514,476	0.5561	0.5561	4,646,203	0.5561	0.5561
	City of Willard	General Revenue	23,948,803	0.4597	0.4597	25,377,903	0.4597	0.4597	27,681,141	0.4597	0.4597
		Parks & Recreation	23,948,803	0.1407	0.1407	25,377,903	0.1407	0.1407	27,681,141	0.1407	0.1407

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Greene	Springfield Greene County Library	General Revenue	2,968,918,637	0.2547	0.2547	3,067,953,143	0.2547	0.2547	3,174,731,774	0.2547	0.2547
	Battlefield Fire Protection Dist	General Revenue	315,105,420	0.2611	0.2611	334,479,724	0.2611	0.2611	357,689,322	0.3611	0.3611
	Strafford Fire Protection District	General Revenue	84,266,743	0.2498	0.2498	86,610,028	0.2498	0.2498	86,283,602	0.2624	0.2624
	Fair Grove Fire Protection District	General Revenue	41,877,818	0.1820	0.1820	45,800,402	0.1825	0.1825	47,931,077	0.1825	0.1825
	Brookline Fire Protection District	General Revenue	69,549,771	0.2593	0.2593	74,772,719	0.2593	0.2593	82,003,627	0.2593	0.2593
	Logan-Rogersville Fire Prot Dist	General Revenue	244,322,365	0.2539	0.2539	258,288,831	0.2539	0.2539	276,361,071	0.2529	0.2529
	Willard Fire Protection District	General Revenue	89,101,370	0.2641	0.2641	92,459,190	0.2641	0.2641	98,259,549	0.2641	0.2641
	Walnut Grove Fire Protection Dist	General Revenue	27,507,008	0.2929	0.2929	28,261,874	0.2929	0.2929	30,136,827	0.2925	0.2925
	West Republic Fire Protection Dist	General Revenue	17,318,071	0.2657	0.2657	17,881,015	0.2657	0.2657	19,163,412	0.2657	0.2657
	Ebenezer Fire Protection District	General Revenue	73,815,528	0.2933	0.2933	75,592,300	0.2933	0.2933	79,935,888	0.2933	0.2933
	Bois D'Arc Fire Protection District	General Revenue	16,347,459	0.3853	0.3853	16,462,224	0.3891	0.3853	17,733,614	0.3891	0.3853
	Ash Grove Fire Protection District	General Revenue	19,305,949	0.2558	0.2558	19,312,326	0.2586	0.2586	20,115,598	0.2586	0.2586
		Debt Service	**	**	**	**	**	**	20,115,598	0.0671	0.0671
	Pleasant View Fire Protection Dist	General Revenue	23,000,500	0.3000	0.3000	24,203,780	0.3000	0.3000	25,732,540	0.3000	0.3000
	Springfield Spec Parking District	General Revenue	0	0.0000	0.0000	3,276,000	0.1982	0.0000	0	0.0000	0.0000
	C and E Community Improvement Dist	General Revenue	5,762,520	3.0000	3.0000 A	5,012,930	3.0000	3.0000	5,012,930	3.0000	3.0000
	Ozarks Technical Community College	General Revenue	3,597,769,794	0.0972	0.0972	3,746,089,791	0.0972	0.0972	3,889,921,101	0.0972	0.0972
		General Revenue-Temp	3,597,769,794	0.0486	0.0486	3,746,089,791	0.0486	0.0486	3,889,921,101	0.0486	0.0486
	Willard R-II School District	Operating Funds-Schools	188,307,220	2.9222	2.7500	200,590,630	2.9264	2.7500	216,251,140	3.2000	3.1000 B
		Debt Service	188,307,220	0.4400	0.4400	200,590,630	0.9400	0.9400	216,251,140	1.5874	0.9400
	Republic R-III School District	Operating Funds-Schools	151,340,613	1.8614	1.8614	168,026,036	1.8614	1.8614	180,801,093	2.1514	2.1014 B
		Buildings-Temp	151,340,613	0.4048	0.4048	168,026,036	0.4048	0.4048	180,801,093	0.4048	0.4048
		Building-Temp	151,340,613	0.4838	0.4838	168,026,036	0.4838	0.4838	180,801,093	0.4838	0.4838
		Debt Service	151,340,613	0.6500	0.6500	168,026,036	0.6500	0.6500	180,801,093	1.0474	0.6500
	Ash Grove R-IV School District	Operating Funds-Schools	38,489,700	3.0306	2.7500	37,281,040	3.1795	2.7500	39,871,850	3.1864	2.7500
		Debt Service	38,489,700	0.5000	0.5000	37,281,040	0.5000	0.5000	39,871,850	0.5752	0.5000
	Walnut Grove R-V School District	Operating Funds-Schools	13,527,890	3.0198	3.0198	13,994,220	3.0337	3.0337	14,640,270	3.0646	3.0646
	Strafford R-VI School District	Operating Funds-Schools	114,085,619	2.7500	2.7500	114,359,524	2.7500	2.7500	109,553,882	2.8456	2.7500
		Debt Service	114,085,619	0.7000	0.7000	114,359,524	0.7000	0.7000	109,553,882	1.0004	0.7000
	Greene Co R-VIII School District	Operating Funds-Schools	122,804,195	2.7500	2.7500	130,897,235	2.7500	2.7500	139,339,131	3.1500	3.1500 B
		Debt Service	122,804,195	0.7900	0.7900	130,897,235	0.7900	0.7900	138,047,831	1.2141	0.7900
	Springfield R-XII School District	Operating Funds-Schools	2,276,379,010	2.8892	2.8892	2,350,599,750	2.8935	2.8935	2,416,478,030	3.0435	3.0435 B
		Debt Service	2,276,379,010	0.3300	0.3300	2,350,599,750	0.3300	0.3300	2,416,478,030	0.5354	0.3300
	Fair Grove R-X School District	Operating Funds-Schools	40,824,895	2.8990	2.7500	41,365,240	3.0427	2.7500	45,211,171	2.9883	2.7500
		Debt Service	40,824,895	0.4068	0.4068	41,365,240	0.2500	0.2500	45,211,171	0.4100	0.4100
	Greene County	General Revenue	2,968,918,637	0.2632	0.1050	3,067,953,143	0.2632	0.1120	3,174,731,774	0.2632	0.1010
		Road & Bridge	2,968,918,637	0.2632	0.1050	3,067,953,143	0.2632	0.1120	3,174,731,774	0.2632	0.1010

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Greene	Greene County	Senate Bill 40	2,968,918,637	0.0488	0.0488	3,067,953,143	0.0488	0.0488	3,174,731,774	0.0488	0.0488
Grundy	Grundy County Nursing Home District	General Revenue	88,309,632	0.1500	0.1500	96,014,668	0.1429	0.1429	90,792,209	0.1500	0.1500
	Spickard Special Road District	Special Road and Bridge	1,132,120	0.3500	0.3500 A	1,244,512	0.3258	0.3258	1,189,652	0.3417	0.3417
	Village of Brimson	General Revenue	122,179	0.2406	0.2406	259,992	0.1881	0.1881	207,609	0.2355	0.2000
	City of Galt	General Revenue	716,787	1.0000	1.0000	934,186	0.9238	0.9238	846,769	1.0000	1.0000
	City of Laredo	General Revenue	705,703	0.6367	0.6367	760,558	0.6046	0.6046	672,869	0.6834	0.6834
		Streets	705,703	0.3000	0.3000	760,558	0.2849	0.2849	672,869	0.3000	0.3000 A
	City of Spickard	General Revenue	964,009	1.0000	1.0000	1,063,859	0.9274	0.9274	968,722	1.0000	1.0000
		Debt Service	964,009	0.7469	0.7469	1,063,859	1.0528	1.0528	968,722	1.1562	1.1562
	City of Tindall	General Revenue	400,877	0.4500	0.4500	445,213	0.4162	0.4162	327,861	0.4500	0.4162
	City of Trenton	General Revenue	44,887,411	0.7556	0.7556	49,897,257	0.7163	0.7163	45,759,006	0.7852	0.7852
		Parks & Recreation	44,887,411	0.2921	0.2921	49,897,257	0.2769	0.2769	45,759,006	0.3000	0.1500
	Grundy Co Jewett Norris Library	General Revenue	88,309,632	0.2000	0.2000	96,014,668	0.1905	0.1905	90,792,209	0.2000	0.2000
	Franklin Township of Grundy Co	General Revenue	3,321,174	0.1000	0.1000	3,655,680	0.0961	0.0961	3,680,392	0.0970	0.0970
		Road & Bridge	3,321,174	0.4318	0.4318	3,655,680	0.4152	0.4152	3,680,392	0.4192	0.4192
		Special Road and Bridge	2,189,054	0.3485	0.3485	3,655,680	0.3500	0.3500 A	3,680,392	0.3500	0.3500
	Harrison Township of Grundy Co	General Revenue	1,700,145	0.1000	0.1000	1,783,806	0.0974	0.0974	1,761,334	0.1000	0.1000
		Road & Bridge	1,700,145	0.5000	0.5000	1,783,806	0.4873	0.4873	1,761,334	0.5000	0.5000
		Special Road and Bridge	1,700,145	0.3500	0.3500	1,783,806	0.3412	0.3412	1,761,334	0.3500	0.3500
	Jackson Township of Grundy Co	General Revenue	3,001,892	0.1000	0.1000	3,082,022	0.1000	0.1000	3,031,828	0.1000	0.1000
		Road & Bridge	3,001,892	0.3881	0.3881	3,082,022	0.3881	0.3881	3,031,828	0.3954	0.3954
		Special Road and Bridge	3,001,892	0.3500	0.3500	3,082,022	0.3500	0.3500 A	3,031,828	0.3500	0.3500
	Jefferson Township of Grundy Co	General Revenue	4,055,422	0.1000	0.1000	4,582,255	0.0944	0.0944	4,623,500	0.0948	0.0944
		Road & Bridge	4,055,422	0.2811	0.2811	4,582,255	0.2653	0.2653	4,623,500	0.2663	0.2653
		Special Road and Bridge	4,055,422	0.3500	0.3500	4,582,255	0.3500	0.3500 A	4,623,500	0.3500	0.3500
	Liberty Township of Grundy Co	General Revenue	3,121,087	0.1000	0.1000	3,385,792	0.0974	0.0974	3,273,291	0.1000	0.1000
		Road & Bridge	3,121,087	0.5000	0.5000	3,385,792	0.4872	0.4872	3,273,291	0.5000	0.5000
		Special Road and Bridge	3,121,087	0.3500	0.3500	3,385,792	0.3410	0.3410	3,273,291	0.3500	0.3500
	Lincoln Township of Grundy Co	General Revenue	5,402,271	0.1000	0.1000	5,744,471	0.0974	0.0974	5,886,099	0.0974	0.0974
		Road & Bridge	5,402,271	0.3006	0.3006	5,744,471	0.2929	0.2929	5,886,099	0.2929	0.2929
		Special Road and Bridge	5,402,271	0.3500	0.3500	5,744,471	0.3411	0.3411	5,886,099	0.3411	0.3411
	Madison Township of Grundy Co	General Revenue	5,503,401	0.1000	0.1000	6,057,778	0.0952	0.0952	5,296,099	0.1000	0.0952
		Road & Bridge	5,503,401	0.5000	0.5000	6,057,778	0.4759	0.4759	5,296,099	0.5000	0.5000
		Special Road and Bridge	5,503,401	0.3500	0.3500	6,057,778	0.3500	0.3500 A	5,296,099	0.3500	0.3500
	Marion Township of Grundy Co	General Revenue	3,435,203	0.1000	0.1000	3,505,576	0.1000	0.1000	3,461,958	0.1000	0.1000
		Road & Bridge	3,435,203	0.4804	0.4804	3,505,576	0.4804	0.4804	3,461,958	0.4940	0.4940
		Special Road and Bridge	3,435,203	0.3500	0.3500	3,505,576	0.3500	0.3500 A	3,461,958	0.3500	0.3500

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Grundy	Marion Township of Grundy Co	Debt Service	3,435,203	0.1543	0.1543	3,505,576	0.2654	0.2654	3,461,958	0.0220	0.0220
	Myers Township of Grundy County	General Revenue	1,707,956	0.1000	0.1000	1,763,717	0.1000	0.1000	1,782,737	0.1000	0.1000
		Road & Bridge	1,707,956	0.5000	0.5000	1,763,717	0.5000	0.5000	1,782,737	0.5000	0.5000
		Special Road and Bridge	1,707,956	0.3500	0.3500	1,763,717	0.3500	0.3500 A	1,782,737	0.3500	0.3500
	Taylor Township of Grundy Co	General Revenue	1,429,069	0.1000	0.1000	1,651,538	0.0910	0.0910	1,395,523	0.1000	0.1000
		Road & Bridge	1,429,069	0.4003	0.4003	1,651,538	0.3643	0.3643	1,395,523	0.4312	0.4312
		Special Road and Bridge	1,429,069	0.3500	0.3500	1,651,538	0.3185	0.3185	1,395,523	0.3500	0.3500
	Trenton Township of Grundy Co	General Revenue	51,418,857	0.1000	0.0995	56,344,827	0.0952	0.0952	52,358,764	0.1000	0.0952
		Road & Bridge	51,418,857	0.2930	0.2905	56,344,827	0.2788	0.2788	52,358,764	0.3021	0.2788
	Wilson Township of Grundy Co	General Revenue	3,133,066	0.0960	0.0960	3,391,064	0.0917	0.0917	3,102,683	0.1000	0.1000
		Road & Bridge	3,133,066	0.4799	0.4799	3,391,064	0.4585	0.4585	3,102,683	0.5000	0.5000
		Special Road and Bridge	3,133,066	0.3500	0.3500	3,391,064	0.3500	0.3500 A	3,102,683	0.3500	0.3500
	Washington Township of Grundy Co	General Revenue	1,079,882	0.1000	0.1000	1,110,305	0.0994	0.0994	1,138,001	0.0992	0.0992
		Road & Bridge	1,079,882	0.4422	0.4422	1,110,305	0.4395	0.4395	1,138,001	0.4387	0.4387
		Special Road and Bridge	1,079,882	0.3500	0.3500	1,110,305	0.3479	0.3479	**	**	**
		Special Road and Bridge	**	**	**	1,110,305	0.3500	0.0000 A	1,138,001	0.3493	0.3493
	Grundy County Rural Fire Prot Dist	General Revenue	23,319,962	0.2930	0.2500	24,329,681	0.2906	0.2500	23,566,208	0.3000	0.2500
	Laredo Fire Protection District	General Revenue	7,579,282	0.2873	0.2800	7,842,355	0.2864	0.2800	7,577,858	0.2996	0.2800
	Spickard Fire Protection District	General Revenue	9,130,974	0.3000	0.3000	9,945,674	0.2910	0.2910	10,036,688	0.2933	0.2933
	North Central Missouri College	General Revenue	65,453,570	0.3841	0.3841	71,092,909	0.3657	0.3657	66,915,083	0.3913	0.3913
	Grundy Co R-V School District	Operating Funds-Schools	10,034,671	4.2833	4.2800	10,466,283	4.3027	4.3027	10,358,263	4.3400	4.3400
		Operating Funds-Temp	**	**	**	**	**	**	10,358,263	0.4500	0.4500 A
		Debt Service	10,034,671	0.9896	0.9896	10,466,283	1.2490	1.2490	10,358,263	1.2309	1.2100
	Spickard R-II School District	Operating Funds-Schools	3,188,936	3.7744	3.7744	3,550,477	3.8233	3.8233	3,309,940	4.1676	4.1676
		Debt Service	3,188,936	0.3225	0.3225	3,550,477	0.6459	0.6459	3,309,940	0.1647	0.1647
	Pleasant View R-VI School District	Operating Funds-Schools	5,026,287	4.5492	4.5492	5,492,669	4.2916	4.2916	5,362,340	4.4645	4.4645
	Laredo R-VII School District	Operating Funds-Schools	3,862,782	4.5149	4.5149	4,049,997	4.5581	4.5581	3,776,500	4.8891	4.5581
		Operating Funds-Temp	**	**	**	**	**	**	3,776,500	1.4000	1.4000 A
	Trenton R-IX School District	Operating Funds-Schools	60,072,592	3.4127	2.7500	65,559,668	3.2752	2.7500	60,291,085	3.6144	3.6144
		Debt Service	60,072,592	0.9600	0.9600	65,559,668	0.9900	0.9900	60,291,085	1.2300	0.9000
	Grundy County	General Revenue	88,309,632	0.3746	0.0871	96,014,668	0.3567	0.1371	92,769,119	0.3723	0.2071
		Health	88,309,632	0.3000	0.3000	96,014,668	0.2857	0.2857	92,769,119	0.2982	0.2982
		Developmentally Disabled	88,309,632	0.1000	0.1000	96,014,668	0.0952	0.0952	92,769,119	0.0994	0.0994
Harrison	North Harrison Co Ambulance Dist	General Revenue	24,120,234	0.5000	0.5000	25,503,631	0.5000	0.5000	25,799,723	0.5000	0.5000
	Noel Adams Ambulance District	General Revenue	59,421,733	0.2708	0.2708	62,225,902	0.2687	0.2500	62,583,093	0.2701	0.0000
	Harrison County Hospital District	General Revenue	79,499,154	0.5000	0.4700	83,445,386	0.4975	0.4500	81,635,360	0.5000	0.4500
	Panther Creek Watershed Sub Dist	General Revenue	1,416,430	0.2721	0.2721	1,467,430	0.2721	0.2721	1,500,150	0.2721	0.2721

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Harrison	West Fork of Big Creek Sub Dist	General Revenue	8,812,673	0.3843	0.3843	9,132,473	0.3843	0.3843	10,031,480	0.3735	0.3735
	East Fork of Big Creek Subdistrict	General Revenue	3,518,450	0.4000	0.4000	3,695,579	0.3915	0.3915	3,934,552	0.3873	0.3873
	City of Bethany	General Revenue	24,212,910	0.4730	0.4730	25,714,279	0.4606	0.4606	24,869,044	0.4779	0.4779
		Parks & Recreation	24,212,910	0.1748	0.1748	25,714,279	0.1702	0.1702	24,869,044	0.1766	0.1766
		Road	24,212,910	0.2674	0.2674	25,714,279	0.2604	0.2604	24,869,044	0.2702	0.2702
	Village of Blythedale	General Revenue	645,929	0.7933	0.7933	669,565	0.7932	0.7932	652,767	0.8147	0.8147
	City of Cainsville	General Revenue	1,480,034	0.6778	0.5000	1,549,831	0.6718	0.5000	1,444,216	0.7221	0.5000
		Fire	1,480,034	0.2297	0.0000	1,549,831	0.2277	0.0000	1,444,216	0.2448	0.0000
		General Revenue-Temp	1,480,034	0.3000	0.3000	1,549,831	0.3000	0.3000 A	1,444,216	0.3000	0.3000
		Gravel	1,480,034	1.0277	0.5000	1,549,831	1.0185	0.5000	1,444,216	1.0948	0.5000
		Debt Service	1,480,034	0.4051	0.4051	1,549,831	0.2973	0.2973	1,444,216	0.3540	0.3540
	City of Gilman City	General Revenue	1,348,279	0.4740	0.4740	1,463,749	0.4568	0.4568	1,412,048	0.4775	0.4775
		Parks & Recreation	1,348,279	0.0500	0.0500	1,463,749	0.0482	0.0482	1,412,048	0.0500	0.0500
		Streets	1,348,279	0.1716	0.1716	1,463,749	0.1654	0.1654	1,412,048	0.1729	0.1729
	Village of Mount Moriah	General Revenue	446,164	0.5000	0.5000	452,363	0.5000	0.5000	445,753	0.5000	0.5000
	City of New Hampton	General Revenue	1,051,623	0.6973	0.6973	1,086,079	0.6932	0.6932	1,005,391	0.7493	0.7493
		Lights	1,051,623	0.1394	0.1394	1,086,079	0.1386	0.1386	1,005,391	0.1498	0.1498
		Streets	1,051,623	0.3000	0.3000	1,086,079	0.2982	0.2982	1,005,391	0.3000	0.3000
	City of Ridgeway	General Revenue	1,900,546	0.9313	0.9313	1,900,602	0.9370	0.9370	1,668,412	1.0853	1.0853
		Parks & Recreation	1,900,546	0.0500	0.0500	1,900,602	0.0500	0.0500	1,668,412	0.0500	0.0500
	Adams Township of Harrison Co	General Revenue	1,966,553	0.1000	0.1000	2,077,094	0.1000	0.1000	1,970,928	0.1000	0.1000
		Road & Bridge	1,966,553	0.5000	0.5000	2,077,094	0.5000	0.5000	1,970,928	0.5000	0.5000
		Special Road and Bridge	1,966,553	0.3500	0.3500	2,077,094	0.3500	0.3500	1,970,928	0.3500	0.3500 A
	Bethany Township of Harrison County	General Revenue	28,786,841	0.1000	0.1000	30,321,481	0.0981	0.0981	29,179,057	0.1000	0.1000
		Road & Bridge	28,786,841	0.2961	0.2961	30,321,481	0.2904	0.2904	29,179,057	0.3038	0.3038
	Butler Township of Harrison Co	General Revenue	1,607,482	0.1000	0.1000	1,599,974	0.1000	0.1000	1,743,140	0.0959	0.0959
		Road & Bridge	1,607,482	0.4149	0.4149	1,599,974	0.4237	0.4237	1,743,140	0.4062	0.4062
		Special Road and Bridge	1,607,482	0.3500	0.3500	1,599,974	0.3500	0.3500	1,743,140	0.3500	0.3500 A
	Clay Township of Harrison Co	General Revenue	2,270,107	0.1000	0.1000	2,618,792	0.1000	0.1000	2,384,341	0.1000	0.1000
		Road & Bridge	2,270,107	0.4517	0.4517	2,618,792	0.4517	0.4517	2,384,341	0.4961	0.4961
		Special Road and Bridge	2,270,107	0.3500	0.3500	2,618,792	0.3500	0.3500	2,384,341	0.3500	0.3500 A
	Colfax Township of Harrison Co	General Revenue	4,756,950	0.1000	0.1000	4,966,836	0.1000	0.1000	4,966,294	0.1000	0.1000
		Road & Bridge	4,756,950	0.4458	0.4458	4,966,836	0.4458	0.4458	4,966,294	0.4479	0.4479
		Special Road and Bridge	4,756,950	0.3500	0.3500	4,966,836	0.3500	0.3500	4,966,294	0.3500	0.3500 A
	Cypress Township of Harrison Co	General Revenue	1,811,428	0.1000	0.1000	1,855,467	0.1000	0.1000	1,821,499	0.1000	0.1000
		Road & Bridge	1,811,428	0.3725	0.3725	1,855,467	0.3725	0.3725	1,821,499	0.3937	0.3937
		Special Road and Bridge	1,811,428	0.3500	0.3500	1,855,467	0.3500	0.3500	1,821,499	0.3500	0.3500 A

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Harrison	Dallas Township of Harrison Co	General Revenue	1,690,898	0.1000	0.1000	1,742,300	0.1000	0.1000	1,710,554	0.1000	0.1000
		Road & Bridge	1,690,898	0.3984	0.3984	1,742,300	0.3984	0.3984	1,710,554	0.4109	0.4109
		Special Road and Bridge	1,690,898	0.3500	0.3500	1,742,300	0.3500	0.3500	1,710,554	0.3500	0.3500 A
	Fox Creek Township of Harrison Co	General Revenue	1,637,845	0.1000	0.1000	1,641,072	0.1000	0.1000	1,572,575	0.1000	0.1000
		Road & Bridge	1,637,845	0.4145	0.4145	1,641,072	0.4159	0.4159	1,572,575	0.4481	0.4481
		Special Road and Bridge	1,637,845	0.3500	0.3500	1,641,072	0.3500	0.3500	1,572,575	0.3500	0.3500 A
	Grant Township of Harrison Co	General Revenue	3,159,961	0.1000	0.1000	3,187,452	0.1000	0.1000	3,095,042	0.1000	0.1000
		Road & Bridge	3,159,961	0.4536	0.4536	3,187,452	0.4536	0.4536	3,095,042	0.4731	0.4731
		Special Road and Bridge	3,159,961	0.3500	0.3500	3,187,452	0.3500	0.3500	3,095,042	0.3500	0.3500 A
	Hamilton Township of Harrison Co	General Revenue	2,238,856	0.1000	0.1000	2,373,789	0.0991	0.0991	2,254,601	0.1000	0.1000
		Road & Bridge	2,238,856	0.4689	0.4689	2,373,789	0.4649	0.4649	2,254,601	0.4942	0.4942
		Special Road and Bridge	2,238,856	0.3500	0.3500	2,373,789	0.3470	0.3470	2,254,601	0.3500	0.3500 A
	Jefferson Township of Harrison Co	General Revenue	2,960,640	0.1000	0.1000	2,956,506	0.1000	0.1000	3,128,085	0.0979	0.0979
		Road & Bridge	2,960,640	0.4140	0.4140	2,956,506	0.4217	0.4217	3,128,085	0.4129	0.4129
		Special Road and Bridge	2,960,640	0.3500	0.3500	2,956,506	0.3500	0.3500	3,128,085	0.3500	0.3500 A
	Lincoln Township of Harrison Co	General Revenue	1,685,388	0.1000	0.1000	1,749,924	0.1000	0.1000	1,694,847	0.1000	0.1000
		Road & Bridge	1,685,388	0.4934	0.4934	1,749,924	0.4934	0.4934	1,694,847	0.5000	0.5000
		Special Road and Bridge	1,685,388	0.3500	0.3500	1,749,924	0.3500	0.3500	1,694,847	0.3500	0.3500 A
	Madison Township of Harrison Co	General Revenue	3,977,891	0.1000	0.1000	4,106,277	0.1000	0.1000	3,818,483	0.1000	0.1000
		Road & Bridge	3,977,891	0.4371	0.4371	4,106,277	0.4371	0.4371	3,818,483	0.4759	0.4759
		Special Road and Bridge	3,977,891	0.3500	0.3500	4,106,277	0.3500	0.3500	3,818,483	0.3500	0.3500 A
	Marion Township of Harrison Co	General Revenue	4,164,676	0.0964	0.0964	4,401,076	0.0964	0.0964	4,318,249	0.0994	0.0994
		Road & Bridge	4,164,676	0.3964	0.3964	4,401,076	0.3964	0.3964	4,318,249	0.4087	0.4087
		Special Road and Bridge	4,164,676	0.3500	0.3500	4,401,076	0.3500	0.3500	4,318,249	0.3500	0.3500 A
	Sherman Township of Harrison Co	General Revenue	2,625,710	0.1000	0.1000	2,725,239	0.1000	0.1000	2,614,080	0.1000	0.1000
		Road & Bridge	2,625,710	0.5000	0.5000	2,725,239	0.5000	0.5000	2,614,080	0.5000	0.5000
		Special Road and Bridge	2,625,710	0.3500	0.3500	2,725,239	0.3500	0.3500	2,614,080	0.3500	0.3500 A
	Sugar Creek Township of Harrison Co	General Revenue	3,048,761	0.1000	0.1000	3,160,357	0.0993	0.0993	3,041,745	0.1000	0.1000
		Road & Bridge	3,048,761	0.3597	0.3597	3,160,357	0.3573	0.3573	3,041,745	0.3728	0.3728
		Special Road and Bridge	3,048,761	0.3500	0.3500	3,160,357	0.3477	0.3477	3,041,745	0.3500	0.3500
	Trail Creek Township of Harrison Co	General Revenue	2,654,191	0.1000	0.1000	3,222,383	0.0975	0.0975	3,345,667	0.1000	0.1000
		Road & Bridge	2,654,191	0.5000	0.5000	3,222,383	0.4877	0.4877	3,345,667	0.5000	0.5000
		Special Road and Bridge	2,654,191	0.3500	0.3500	3,222,383	0.3414	0.3414	3,345,667	0.3500	0.3500 A
	Union Township of Harrison Co	General Revenue	3,276,127	0.1000	0.1000	3,466,455	0.1000	0.1000	3,538,128	0.1000	0.1000
		Road & Bridge	3,276,127	0.4701	0.4701	3,466,455	0.4701	0.4701	3,538,128	0.4701	0.4701
		Special Road and Bridge	3,276,127	0.3500	0.3500	3,466,455	0.3500	0.3500	3,538,128	0.3500	0.3500 A
	Washington Township of Harrison Co	General Revenue	1,752,068	0.1000	0.1000	1,784,134	0.1000	0.1000	2,029,427	0.0899	0.0899

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Harrison	Washington Township of Harrison Co	Road & Bridge	1,752,068	0.4475	0.4475	1,784,134	0.4489	0.4489	2,029,427	0.4037	0.4037
		Special Road and Bridge	1,752,068	0.3500	0.3500	1,784,134	0.3500	0.3500	2,029,427	0.3500	0.3500 A
	White Oak Township of Harrison Co	General Revenue	3,426,781	0.1000	0.1000	3,488,778	0.1000	0.1000	3,408,618	0.1000	0.1000
		Road & Bridge	3,426,781	0.4366	0.4366	3,488,778	0.4382	0.4382	3,408,618	0.4519	0.4519
		Special Road and Bridge	3,426,781	0.3500	0.3500	3,488,778	0.3500	0.3500	3,408,618	0.3500	0.3500 A
	Ridgeway Fire Protection District	General Revenue	6,193,147	0.3000	0.3000	6,763,890	0.2988	0.2988	6,984,040	0.2995	0.2995
	Gilman City Fire Protection Dist	General Revenue	7,848,664	0.2984	0.2984	8,395,942	0.2864	0.2864	8,651,284	0.2864	0.2864
	New Hampton Fire Protection Dist	General Revenue	7,772,936	0.2901	0.2901	8,020,262	0.2901	0.2901	8,260,701	0.2901	0.2901
	North Harrison Fire Protection Dist	Fire	13,172,493	0.2852	0.2852	14,083,783	0.2852	0.2852	13,816,603	0.2908	0.2908
	Cainsville Fire Protection District	General Revenue	6,846,301	0.3000	0.3000	6,506,862	0.3000	0.3000	6,460,970	0.3000	0.3000
	Cainsville R-I School District	Operating Funds-Schools	4,636,185	5.5958	5.1058	4,802,734	5.6079	5.6079	4,662,790	5.8307	5.7000
	South Harrison Co R-II School Dist	Operating Funds-Schools	46,718,538	3.4660	3.4660	48,925,982	3.4237	3.4237	48,128,291	3.4670	3.4670
	North Harrison Co R-III School Dist	Operating Funds-Schools	12,458,130	4.1965	4.1965	13,450,153	4.3469	4.3469	13,195,560	4.4062	4.4062
	Gilman City R-IV School District	Operating Funds-Schools	7,725,546	4.7513	4.7513	8,048,843	4.8011	4.8011	7,928,377	4.9014	4.9014
	Ridgeway R-V School District	Operating Funds-Schools	5,643,360	5.5000	4.7724	6,212,060	5.4247	4.8034	6,482,530	5.5000	4.8486
	Harrison County	General Revenue	79,499,154	0.3573	0.3573	83,445,386	0.3555	0.3555	81,635,360	0.3664	0.3664
		Health	79,499,154	0.1400	0.1400	83,445,386	0.1393	0.1393	81,635,360	0.1400	0.1400
Henry	Windsor Ambulance District	General Revenue	37,584,194	0.2928	0.2928	38,709,252	0.2921	0.2921	38,671,793	0.2941	0.2941
	Bethlehem Spec Rd Dist #2 Henry Co	Road & Bridge	2,002,939	0.6100	0.6100	2,103,897	0.6082	0.6082	2,063,676	0.6100	0.6100
	Deerfield Creek SRD, Henry Co	Road & Bridge	2,956,034	0.7653	0.2000	3,238,826	0.7266	0.2000	3,383,319	0.7266	0.2000
	Fields Creek Sp Rd Dist #1 Henry Co	Road & Bridge	19,573,400	0.2424	0.2424	19,249,823	0.2495	0.2495	16,938,632	0.2854	0.2854
	Honey Creek Sp Rd Dist #1 Henry Co	Road & Bridge	1,673,957	0.3563	0.3563	1,743,595	0.3563	0.3563	1,805,274	0.3563	0.3563
	Montrose Spec Rd Dist Henry Co	Road & Bridge	2,854,238	0.3070	0.3070	3,080,611	0.2960	0.2960	3,030,443	0.3039	0.3039
	Mt Hope Spec Rd Dist Henry Co	Road & Bridge	1,062,056	0.4900	0.4900	1,067,703	0.4900	0.4900	1,057,414	0.4900	0.4900
	Osage Spec Rd Dist #1 Henry Co	Road & Bridge	4,010,239	0.3395	0.3395	4,264,220	0.3322	0.3000	4,465,513	0.3317	0.3317
	Shawnee Spec Rd Dist #1 Henry Co	Road & Bridge	3,182,404	0.4862	0.2500	3,437,789	0.4659	0.2500	3,500,922	0.4728	0.2500
	Wagner Spec Rd Dist Henry Co	Road & Bridge	500,067	0.5000	0.5000	544,148	0.4946	0.4946	562,279	0.5000	0.5000
	Windsor Spec Rd Dist Henry Co	Road & Bridge	26,064,210	0.2896	0.2896	27,307,147	0.2841	0.2841	27,304,735	0.2850	0.2850
	Clinton Country Club Spec Rd Dist	Special Road and Bridge	723,718	0.3500	0.3500	833,830	0.3499	0.3499	1,005,759	0.3021	0.3021
	City of Blainstown	General Revenue	596,125	1.0000	1.0000	602,324	1.0000	1.0000	578,055	1.0000	1.0000
		Streets	596,125	0.5000	0.5000	602,324	0.5000	0.5000	578,055	0.5000	0.5000 A
	Village of Brownington	General Revenue	351,496	0.6843	0.6843	392,154	0.6678	0.6678	392,816	0.6780	0.6780
	City of Calhoun	General Revenue	1,642,001	0.5814	0.5814	1,732,517	0.5657	0.5657	1,626,292	0.6045	0.6045
		Police	1,642,001	0.2500	0.2500	1,732,517	0.2432	0.2432	1,626,292	0.2500	0.2500
		Fire	1,642,001	0.2000	0.2000	1,732,517	0.1946	0.1946	1,626,292	0.2000	0.2000
	City of Clinton	General Revenue	95,877,649	0.5010	0.5010	102,225,979	0.4859	0.4859	102,308,829	0.4888	0.4888
		Parks & Recreation	95,877,649	0.1403	0.1403	102,225,979	0.1361	0.1361	102,308,829	0.1369	0.1369

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Henry	City of Deepwater	General Revenue	2,177,680	0.9279	0.9004	2,180,719	0.9279	0.9279	2,173,745	0.9340	0.9279
		Lights	2,177,680	0.1356	0.1315	2,180,719	0.1356	0.1356	2,173,745	0.1365	0.1365
		Cemetery	2,177,680	0.1000	0.1000	2,180,719	0.1000	0.1000	2,173,745	0.1000	0.1000
	City of Montrose	General Revenue	2,329,986	0.9648	0.9648	2,536,084	0.9262	0.9262	2,535,949	0.9371	0.9371
		Debt Service	2,329,986	0.5991	0.5991	2,536,084	0.4515	0.4515	2,535,949	0.6101	0.6101
	City of Urich	General Revenue	2,593,817	0.9666	0.9522	2,753,919	0.9387	0.9387	2,779,720	0.9465	0.9465
		Parks & Recreation	2,593,817	0.2983	0.2938	2,753,919	0.2897	0.2897	2,779,720	0.2921	0.2921
	City of Windsor	General Revenue	19,864,074	0.5981	0.5900	21,005,991	0.5817	0.5817	20,870,736	0.5866	0.5866
		Library	19,864,074	0.1200	0.1200	21,005,991	0.1167	0.1167	20,870,736	0.1177	0.1177
		Park	19,864,074	0.2332	0.2300	21,005,991	0.2268	0.2268	20,870,736	0.2287	0.2287
		Pool	19,864,074	0.1200	0.1200	21,005,991	0.1167	0.1167	20,870,736	0.1177	0.1177
		Recreation	19,864,074	0.0600	0.0600	21,005,991	0.0584	0.0584	20,870,736	0.0589	0.0589
	Henry County Library District	General Revenue	210,970,926	0.2000	0.2000	223,734,590	0.1955	0.1955	228,365,514	0.1955	0.1955
	Bear Creek Township of Henry Co	General Revenue	2,743,088	0.2000	0.2000	2,823,080	0.2000	0.2000	2,791,874	0.2000	0.2000
		Road & Bridge	2,743,088	0.3500	0.3500	2,823,080	0.3500	0.3500	2,791,874	0.3500	0.3500
		Special Road and Bridge	2,743,088	0.2600	0.2600 A	2,823,080	0.2600	0.2600	2,791,874	0.2600	0.2600
	Bethlehem Township of Henry County	General Revenue	7,970,405	0.1257	0.1210	8,647,650	0.1208	0.1208	9,014,567	0.1202	0.1202
		Road & Bridge	5,847,164	0.2804	0.2665	6,425,111	0.2659	0.2659	6,721,155	0.2653	0.2653
	Bogard Township of Henry Co	General Revenue	6,906,149	0.1761	0.1761	7,335,500	0.1741	0.1741	7,332,691	0.1759	0.1759
		Road & Bridge	6,906,149	0.3625	0.3625	7,335,500	0.3585	0.3585	7,332,691	0.3622	0.3622
		Special Road and Bridge	6,906,149	0.2500	0.2500 A	7,335,500	0.2472	0.2472	7,332,691	0.2497	0.2497
	Clinton Township of Henry Co	General Revenue	80,876,967	0.1405	0.1000	88,159,973	0.1334	0.1000	91,201,564	0.1334	0.1000
		Road & Bridge	80,876,967	0.2811	0.2000	88,159,973	0.2669	0.2000	91,201,564	0.2669	0.2000
	Davis Township of Henry Co	General Revenue	7,939,109	0.2000	0.0300	7,924,171	0.2000	0.0300	9,764,749	0.2000	0.0300
		Road & Bridge	7,939,109	0.5000	0.5000	7,924,171	0.5000	0.5000	9,764,749	0.5000	0.5000
	Deepwater Township of Henry Co	General Revenue	5,846,156	0.1694	0.1694	6,145,222	0.1668	0.1668	6,106,154	0.1687	0.1668
		Road & Bridge	1,429,795	0.3961	0.3961	1,452,760	0.3961	0.3961	1,456,018	0.3990	0.3961
	Deer Creek Township of Henry Co	General Revenue	4,835,449	0.1560	0.1507	5,327,629	0.1540	0.1540	5,442,640	0.1540	0.1540
		Road & Bridge	3,309,077	0.4560	0.4348	3,662,230	0.4477	0.4477	3,703,958	0.4477	0.4477
	Fairview Township of Henry Co	General Revenue	5,791,559	0.1553	0.1400	6,011,384	0.1544	0.1400	6,072,158	0.1544	0.1400
		Road & Bridge	5,791,559	0.3313	0.3100	6,011,384	0.3294	0.3100	6,072,158	0.3294	0.3100
	Fields Creek Township of Henry Co	General Revenue	30,486,367	0.1361	0.1361	30,952,198	0.1361	0.1361	28,737,165	0.1479	0.1479
		Road & Bridge	8,879,889	0.3100	0.3100	9,420,450	0.3049	0.3049	9,382,723	0.3088	0.3088
	Honey Creek Township of Henry Co	General Revenue	2,730,062	0.1823	0.1500	2,860,480	0.1806	0.1500	2,933,456	0.1808	0.1500
		Road & Bridge	1,056,105	0.5000	0.1000	1,116,885	0.4923	0.1000	1,128,182	0.5000	0.1000
	Leesville Township of Henry Co	General Revenue	11,111,794	0.1304	0.1304	11,519,477	0.1299	0.1299	12,145,305	0.1299	0.1299
		Road & Bridge	11,111,794	0.2609	0.2609	11,519,477	0.2600	0.2600	12,145,305	0.2600	0.2600

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Henry	Osage Township of Henry Co	General Revenue	7,316,607	0.1326	0.0800	7,639,333	0.1308	0.0800	7,913,724	0.1308	0.1308
		Road & Bridge	3,306,368	0.2823	0.2800	3,388,073	0.2823	0.2800	3,461,151	0.2823	0.2823
	Shawnee Township of Henry Co	General Revenue	5,817,200	0.1666	0.0500	6,174,138	0.1617	0.0500	6,257,909	0.1634	0.0500
		Road & Bridge	2,634,796	0.4190	0.4100	2,736,349	0.4129	0.4100	2,756,987	0.4150	0.4100
	Springfield Township of Henry Co	General Revenue	2,900,217	0.1408	0.1408	3,073,678	0.1399	0.1399	3,130,934	0.1407	0.1407
		Road & Bridge	2,900,217	0.3218	0.3218	3,073,678	0.3197	0.3197	3,130,934	0.3217	0.3217
	Tebo Township of Henry Co	General Revenue	6,514,178	0.1779	0.1779	6,993,082	0.1753	0.1753	6,954,714	0.1779	0.1779
		Road & Bridge	6,514,178	0.3874	0.3874	6,993,082	0.3817	0.3817	6,954,714	0.3875	0.3875
		Special Road and Bridge	6,514,178	0.1800	0.1800 A	6,993,082	0.1774	0.1774	6,954,714	0.1800	0.1774
	Walker Township of Henry Co	General Revenue	4,156,223	0.1982	0.1982	4,430,105	0.1942	0.1942	4,574,153	0.1942	0.1942
		Road & Bridge	4,156,223	0.4954	0.4954	4,430,105	0.4855	0.4855	4,574,153	0.4855	0.4855
		Special Road and Bridge	4,156,223	0.1486	0.1486	4,430,105	0.1456	0.1456	**	**	**
	White Oak Township of Henry Co	General Revenue	5,897,769	0.1879	0.1879	6,276,172	0.1855	0.1855	6,318,240	0.1871	0.1871
		Road & Bridge	5,897,769	0.3966	0.3966	6,276,172	0.3914	0.3914	6,318,240	0.3947	0.3947
	Windsor Township of Henry Co	General Revenue	26,064,210	0.1448	0.1448	27,307,147	0.1420	0.1420	27,303,735	0.1424	0.1424
	Big Creek Township of Henry Co	General Revenue	4,179,607	0.1605	0.1605	4,366,511	0.1589	0.1589	4,461,867	0.1589	0.1589
		Road & Bridge	4,179,607	0.2609	0.2609	4,366,511	0.2583	0.2583	4,461,867	0.2583	0.2583
	Tightwad Fire Protection District	General Revenue	11,111,794	0.2987	0.2000	11,519,477	0.2976	0.1500	12,145,305	0.2976	0.2000
	Henry County R-I School District	Operating Funds-Schools	34,420,489	3.2380	2.7500	36,229,845	3.2527	2.7500	36,267,827	3.2611	2.7500
		Debt Service	34,420,489	0.5000	0.5000	36,229,845	0.5000	0.5000	36,267,827	1.2694	0.5000
	Shawnee R-III School District	Operating Funds-Schools	6,321,075	3.9932	3.8500	6,879,275	3.8487	3.8487	7,103,235	4.2000	4.2000 B
		Debt Service	6,321,075	0.6900	0.6900	6,879,275	0.6379	0.6379	7,103,235	0.3086	0.3000
	Calhoun R-VIII School District	Operating Funds-Schools	7,031,388	3.9685	3.6600	7,530,397	4.0201	3.6600	7,545,193	3.9902	3.6600
	Leesville R-IX School District	Operating Funds-Schools	10,538,608	3.0902	3.0902	10,930,338	3.1125	3.1125	11,517,143	3.1181	3.1181
	Davis R-XII School District	Operating Funds-Schools	10,730,811	3.5600	3.5600	10,964,194	3.5600	3.5600	12,899,885	3.5590	3.5590
	Montrose R-XIV School District	Operating Funds-Schools	7,681,759	4.3987	3.8247	8,031,994	4.4444	3.7861	8,066,061	4.4291	4.4291
	Clinton School District	Operating Funds-Schools	121,055,632	3.4292	3.3900	129,454,696	3.3145	3.3145	131,250,060	3.3157	3.3157
		Debt Service	121,055,632	0.2600	0.2600	**	**	**	**	**	**
	Henry County	General Revenue	230,083,116	0.2544	0.0100	243,967,222	0.2485	0.0215	248,458,773	0.2485	0.0200
		Health	230,083,116	0.1000	0.1000	243,967,222	0.0977	0.0977	248,458,773	0.0977	0.0977
Hickory	Village of Cross Timbers	General Revenue	687,554	0.4611	0.3500	679,911	0.4736	0.3500	732,008	0.4737	0.4500
	City of Hermitage	General Revenue	3,860,736	0.5166	0.5000	4,000,156	0.5166	0.5000	4,033,321	0.5170	0.5000
		Debt Service	3,860,736	0.2452	0.2452	**	**	**	**	**	**
	City of Weaubleau	General Revenue	1,842,837	0.3735	0.3735	2,015,575	0.3630	0.3630	2,050,370	0.3630	0.3630
	City of Wheatland	General Revenue	1,764,256	0.3792	0.3792	1,824,967	0.3792	0.3792	1,772,358	0.3949	0.3949
	Hickory County Library District	General Revenue	73,636,028	0.1400	0.1400	78,177,321	0.1373	0.1373	79,594,569	0.1373	0.1373
	Hickory Co. R-I School District	Operating Funds-Schools	26,604,123	2.7500	2.7500	28,462,484	2.7500	2.7500	29,165,766	2.9000	2.9000 B

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Hickory	Hickory Co. R-I School District	Debt Service	26,604,123	0.8000	0.8000	28,462,484	0.8000	0.8000	29,165,766	0.6466	0.6466
	Wheatland R-II School District	Operating Funds-Schools	20,202,897	3.1403	3.1403	21,857,743	3.0867	3.0867	22,410,004	3.0709	3.0709
		Debt Service	20,202,897	0.3629	0.3629	21,857,743	0.4064	0.4064	22,410,004	0.5749	0.4379
	Weaubleau R-III School District	Operating Funds-Schools	15,475,493	2.7500	2.7500	16,207,531	2.7500	2.7500	16,556,903	2.7500	2.7500
		Debt Service	15,475,493	0.8400	0.8400	16,207,531	0.8234	0.8234	16,556,903	0.8037	0.4982
	Hermitage R-IV School District	Operating Funds-Schools	25,218,963	2.7500	2.7500	26,681,826	2.7500	2.7500	27,024,297	2.7500	2.7500
		Debt Service	25,218,963	0.5076	0.5076	26,681,826	0.5076	0.5076	27,024,297	0.7587	0.5076
	Hickory County	General Revenue	73,636,028	0.3400	0.1639	78,177,321	0.3334	0.1779	79,594,569	0.3334	0.1500
		Road & Bridge	73,636,028	0.2600	0.2594	78,177,321	0.2549	0.2549	79,594,569	0.2549	0.2549
		Health	73,636,028	0.0800	0.0800	78,177,321	0.0784	0.0784	79,594,569	0.0784	0.0784
Holt	Corning Special Road Dist Holt Co	Special Road District	2,265,629	0.3500	0.0000 A	2,272,606	0.3500	0.3500	2,244,963	0.3500	0.3500
		Special Road and Bridge	2,265,629	0.3500	0.3500	**	**	**	**	**	**
	South Union Twsp Indpt Sp Rd Holt	Special Road and Bridge	2,005,278	0.3500	0.3500	2,023,154	0.3500	0.3500	2,131,427	0.3500	0.3500
	Village of Bigelow	General Revenue	261,179	0.7321	0.5000	276,615	0.7239	0.7239	260,021	0.7699	0.7699
	Village of Corning	General Revenue	145,274	0.4323	0.4323	127,258	0.5000	0.5000	134,049	0.4999	0.4900
		Lights	145,274	0.2217	0.2217	127,258	0.2500	0.2500	134,049	0.2496	0.2400
	City of Craig	General Revenue	1,224,334	0.9926	0.9926	1,202,700	1.0000	1.0000	1,167,314	1.0000	1.0000
		Motor Fuel	1,224,334	0.4000	0.4000	1,202,700	0.4000	0.4000	1,167,314	0.4000	0.4000
		Debt Service	1,224,334	1.8102	1.8102	1,202,700	1.4161	1.4161	1,167,314	1.2927	1.2927
	City of Forest City	General Revenue	2,024,046	0.8956	0.8933	2,058,727	0.8956	0.8933	1,982,272	0.9369	0.9369
		Debt Service	2,024,046	0.3200	0.3200	2,058,727	0.1294	0.1294	1,982,272	0.1748	0.1748
	Village of Fortescue	General Revenue	238,770	0.6998	0.6998	270,306	0.7000	0.7000	269,438	0.7000	0.7000
	City of Maitland	General Revenue	1,681,505	0.9381	0.9381	1,696,633	0.9406	0.9406	1,700,228	0.9489	0.9489
		Lights	1,681,505	0.3500	0.3500	1,696,633	0.3500	0.3500	1,700,228	0.3500	0.3500
		Health	1,681,505	0.1500	0.1500	1,696,633	0.1500	0.1500	1,700,228	0.1500	0.1500
		General Revenue-temp	1,681,505	0.1400	0.1400	1,696,633	0.1400	0.1400	1,700,228	0.1400	0.1400
	City of Mound City	General Revenue	9,146,237	0.7111	0.7110	9,348,803	0.7111	0.7111	9,381,293	0.7220	0.7220
		Parks & Recreation	9,146,237	0.2540	0.2540	9,348,803	0.2540	0.2540	9,381,293	0.2579	0.2579
		Library	9,146,237	0.2540	0.2540	9,348,803	0.2540	0.2540	9,381,293	0.2579	0.2579
		Health	9,146,237	0.1524	0.1524	9,348,803	0.1524	0.1524	9,381,293	0.1548	0.1548
		General Revenue-temp	9,146,237	0.3000	0.3000	9,348,803	0.3000	0.3000	9,381,293	0.3000	0.3000
		Debt Service	9,146,237	0.2821	0.2821	**	**	**	**	**	**
	City of Oregon	General Revenue	5,566,023	0.9335	1.0000 D	5,664,787	0.9335	1.0000 D	5,637,806	0.9554	1.0000 D
		Library	5,566,023	0.2409	0.2400	5,664,787	0.2409	0.2400	5,637,806	0.2465	0.2400
		Health	5,566,023	0.1706	0.1700	5,664,787	0.1706	0.1700	5,637,806	0.1746	0.1700
		Debt Service	5,566,023	0.8900	0.8900	5,664,787	0.8900	0.8900	5,637,806	1.3392	0.8900
	Village of Big Lake	General Revenue	3,065,563	0.2728	0.2728	3,213,260	0.2728	0.2728	3,328,502	0.2731	0.2728

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Holt	Village of Big Lake	Health	3,065,563	0.1212	0.1212	3,213,260	0.1212	0.1212	3,328,502	0.1213	0.1213
		General Revenue-Temp	**	**	**	**	**	**	3,328,502	0.3000	0.3000 A
	Mound City Rural Fire Prot Dist	General Revenue	23,270,410	0.2212	0.2212	24,056,069	0.2212	0.2212	23,962,369	0.2243	0.2243
	Southern Fire Protection District	General Revenue	26,414,689	0.2295	0.2295	26,800,993	0.2295	0.2295	26,665,042	0.2329	0.2329
	Northwest Holt Co Fire Prot Dist	General Revenue	8,610,419	0.4602	0.4602	8,557,990	0.4735	0.4735	8,709,302	0.4741	0.4741
	Craig R-III School District	Operating Funds-Schools	11,716,772	4.1544	4.1544	12,052,297	4.1530	4.1530	12,293,950	4.9030	4.9030 B
	Mound City R-2 School District	Operating Funds-Schools	20,286,061	3.3634	3.3634	20,804,644	4.0034	4.0034 B	20,860,565	4.0034	4.0034
	South Holt Co R-I School District	Operating Funds-Schools	22,020,259	3.3590	3.3590	22,609,511	3.2917	3.2917	22,430,420	3.3275	3.3275
		Debt Service	22,020,259	0.4116	0.4116	22,609,511	0.5051	0.5051	22,430,420	0.3713	0.3713
	Holt County	General Revenue	74,090,058	0.4309	0.3220	75,199,389	0.4309	0.3274	75,276,774	0.4357	0.3319
		Johnson Grass	74,090,058	0.0500	0.0300	75,199,389	0.0500	0.0300	75,276,774	0.0500	0.0300
		Road & Bridge	74,090,058	0.4309	0.4300	75,199,389	0.4309	0.4309	75,276,774	0.4357	0.4357
Howard	Howard County Ambulance District	General Revenue	86,094,500	0.2900	0.2900	89,371,726	0.2900	0.2900	91,590,495	0.2900	0.2900
	Moniteau Creek Watershed Sub Dist	General Revenue	12,862,149	0.2955	0.2955 D	14,082,744	0.2878	0.2878 D	14,871,460	0.3466	0.3466 D
	Armstrong Spec Rd Dist Howard Co	Special Road and Bridge	6,396,683	0.3396	0.3396	6,401,482	0.3400	0.3400	6,555,712	0.3400	0.3400
	Glasgow Spec Rd Dist #60 Howard Co	Special Road and Bridge	15,919,030	0.2255	0.2255	16,196,508	0.2255	0.2255	16,488,447	0.2255	0.2255
	City of Armstrong	General Revenue	1,415,036	0.9108	0.9108	1,384,188	0.9596	0.9596	1,379,962	0.9636	0.9636
	City of Fayette	General Revenue	13,316,058	0.5552	0.5552	13,887,708	0.5527	0.5527	14,128,388	0.5527	0.5527
	City of Franklin	General Revenue	445,000	1.0000	1.0000	469,084	1.0000	1.0000	477,404	1.0000	1.0000
	City of New Franklin	General Revenue	5,679,753	0.6266	0.6266	6,030,601	0.6215	0.6215	6,014,113	0.6294	0.6294
	City of Glasgow	General Revenue	9,385,055	0.5129	0.5129	9,461,448	0.5129	0.5129	9,364,848	0.5240	0.5240
		Parks & Recreation	9,385,055	0.2413	0.2413	9,461,448	0.2413	0.2413	9,364,848	0.2465	0.2465
		Library	9,385,055	0.2499	0.2499	9,461,448	0.2499	0.2499	9,364,848	0.2500	0.2500
		Debt Service	9,385,055	0.0000	0.0000	**	**	**	**	**	**
	Howard County Library	General Revenue	76,836,057	0.1000	0.1000	80,297,476	0.1000	0.1000	82,606,329	0.1000	0.1000
	Howard Co Fire Protection District	General Revenue	48,012,676	0.2938	0.2938	50,347,132	0.2938	0.2938	51,717,637	0.2938	0.2938
	Armstrong Fire Protection District	General Revenue	11,455,152	0.1949	0.1949	11,396,679	0.1971	0.1971	11,838,053	0.1960	0.1960
	Glasgow Fire Protection District	General Revenue	22,196,912	0.2904	0.2904	22,995,285	0.2884	0.2884	23,551,079	0.2884	0.2884
	New Franklin R-I School District	Operating Funds-Schools	18,025,392	3.3365	3.3300	19,264,586	3.3716	3.3300	19,262,701	3.4359	3.3700
		Debt Service	18,025,392	0.5400	0.5400	19,264,586	0.5400	0.5400	19,262,701	0.7271	0.5000
	Fayette R-III School District	Operating Funds-Schools	34,590,931	3.4738	3.4723	34,667,550	3.4861	3.4861	37,567,430	3.4298	3.4298
		Debt Service	34,590,931	0.6500	0.6500	34,667,550	0.6500	0.6500	37,567,430	1.2511	0.7200
	Howard Co R-II School District	Operating Funds-Schools	18,153,448	4.0427	3.3500	18,732,264	4.0216	3.6307	18,829,733	4.0427	3.6953
		Debt Service	18,153,448	0.2500	0.2500	18,732,264	0.1670	0.1670	**	**	**
	Howard County	General Revenue	86,094,500	0.4000	0.2563	89,371,726	0.4000	0.2587	91,590,495	0.4000	0.2588
		Road & Bridge	63,311,482	0.2882	0.2882	71,494,126	0.2723	0.2723	73,601,531	0.2723	0.2723
		Senate Bill 40	86,094,500	0.1000	0.0900	89,371,726	0.1000	0.0900	91,590,495	0.1000	0.0900

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Howell	South Howell Co Ambulance District	General Revenue	217,144,130	0.1882	0.1882	222,539,085	0.1882	0.1882	227,240,192	0.1890	0.1890
	Willow Springs Ambulance District	General Revenue	47,076,626	0.2739	0.2700	47,798,566	0.2747	0.2700	48,684,702	0.2760	0.2600
	Mountain-View Summersville Amb Dis	General Revenue	53,621,112	0.1737	0.1737	56,034,017	0.1737	0.1737	57,871,929	0.1753	0.1753
	City of Mountain View	General Revenue	17,320,198	0.5935	0.0000	17,634,133	0.5945	0.0000	18,807,103	0.5954	0.0000
		Library	17,320,198	0.1483	0.0000	17,634,133	0.1485	0.0000	18,807,103	0.1487	0.0000
	City of West Plains	General Revenue	105,185,878	0.2725	0.2700	107,611,050	0.2725	0.2700	109,396,726	0.2742	0.2700
		Library	105,185,878	0.2221	0.2221	107,611,050	0.2221	0.2221	109,396,726	0.2235	0.2221
	City of Willow Springs	General Revenue	13,640,780	0.4793	0.4793	13,238,263	0.5109	0.5109	13,258,144	0.5131	0.5131
		Library	13,640,780	0.1530	0.1530	13,238,263	0.1631	0.1631	13,258,144	0.1638	0.1638
	Howell County Rural Fire Dist. #1	General Revenue	63,499,664	0.2585	0.2585	65,045,438	0.2585	0.2585	67,124,187	0.2598	0.2598
	Pomona Fire Protection District	General Revenue	13,198,659	0.2705	0.2705	13,799,910	0.2711	0.2711	14,305,197	0.2750	0.2750
	Howell Valley R-I School District	Operating Funds-Schools	16,373,780	3.2694	3.2600	16,536,210	3.2631	3.2600	16,904,100	3.2624	3.2600
	Mountain View-Birch Tree R-III SD	Operating Funds-Schools	46,990,207	2.7500	2.7500	48,353,092	2.7500	2.7500	50,851,495	2.7500	2.7500
	Willow Springs R-IV School District	Operating Funds-Schools	41,843,908	2.7500	2.7500	42,631,960	2.7500	2.7500	43,694,402	2.7500	2.7500
	Richards R-V School District	Operating Funds-Schools	23,501,388	2.7100	2.7100	24,325,170	2.7500	2.7500	25,793,410	2.7500	2.7500
	West Plains R-VII School District	Operating Funds-Schools	110,491,988	3.3738	2.7500	111,434,790	3.3881	2.7500	113,433,460	3.3977	3.3977
	Glenwood R-VIII School District	Operating Funds-Schools	15,122,031	2.7574	2.7500	15,484,430	2.7370	2.7370	15,928,760	3.1000	2.9200 B
		Operating Funds-Temp	15,122,031	0.2000	0.1000	15,484,430	0.2000	0.2000	**	**	**
		Debt Service	15,122,031	0.1500	0.1500	15,484,430	0.0830	0.0830	15,928,760	0.1802	0.1800
	Junction Hill C-12 School District	Operating Funds-Schools	11,156,150	3.0033	2.9900	11,669,380	3.0001	2.9900	11,770,550	2.9707	2.9707
		Operating Funds-Temp	**	**	**	**	**	**	11,770,550	0.3000	0.3000 A
	Fairview R-XI School District	Operating Funds-Schools	26,297,410	2.7000	2.7000	28,245,570	2.7000	2.7000	29,242,930	3.0000	3.0000 B
	Howell County	General Revenue	292,122,587	0.2508	0.0000	299,531,157	0.2508	0.0000	307,133,549	0.2517	0.0000
		Road & Bridge	292,122,587	0.1906	0.0000	299,531,157	0.1906	0.0000	307,133,549	0.1913	0.0000
		Health	**	**	**	299,531,157	0.1000	0.1000 A	307,133,549	0.1000	0.1000
		Senate Bill 40	292,122,587	0.0903	0.0500	299,531,157	0.0903	0.0500	307,133,549	0.0906	0.0500
Iron	Iron County Ambulance District	General Revenue	147,170,348	0.1500	0.1500	140,524,076	0.1500	0.1500	141,256,241	0.1500	0.1500
	Road District #1	Road & Bridge	147,170,348	0.2854	0.2854	140,524,076	0.3017	0.3017	141,256,241	0.3017	0.3017
	City of Annapolis	General Revenue	9,683,408	0.2107	0.2107	10,845,829	0.5500	0.5500	9,692,355	0.5500	0.5500
	City of Arcadia	General Revenue	3,900,810	0.5165	0.5165	3,946,657	0.5165	0.5165	3,987,530	0.5168	0.5168
	Village of Des Arc	General Revenue	598,467	0.3728	0.3728	600,486	0.3729	0.3729	588,644	0.3804	0.3804
	City of Ironton	General Revenue	10,594,670	0.5753	0.5753	10,668,762	0.5813	0.5813	10,640,091	0.5830	0.5830
		Parks & Recreation	10,594,670	0.1645	0.1645	10,668,762	0.1662	0.1662	10,640,091	0.1667	0.1667
	City of Pilot Knob	General Revenue	4,691,028	0.3863	0.3863	4,746,044	0.3989	0.3989	4,828,079	0.3994	0.3994
	City of Viburnum	General Revenue	15,490,418	1.0000	0.9400	8,515,847	1.0000	0.9400	8,579,051	1.0000	0.9400
		Parks & Recreation	15,490,418	0.2300	0.1900	8,515,847	0.2300	0.1900	8,579,051	0.2300	0.1900
		Solid Waste Landfill	15,490,418	0.1000	0.0700	8,515,847	0.1000	0.0700	8,579,051	0.1000	0.0700

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Iron	City of Viburnum	Health	15,490,418	0.2000	0.1800	8,515,847	0.2000	0.1800	8,579,051	0.2000	0.1800
		Debt Service	15,490,418	0.8700	0.8700	8,515,847	0.8700	0.8700	8,579,051	1.6669	0.8700
	Iron County Library District	General Revenue	147,170,348	0.1000	0.1000	140,524,076	0.1000	0.1000	141,256,241	0.1000	0.1000
	Quad County Fire Protection Dist	General Revenue	63,894,335	0.2000	0.2000	62,354,319	0.2000	0.2000	56,723,097	0.4000	0.4000
	Southern Iron County Fire Prot Dist	General Revenue	34,897,068	0.2500	0.2500	36,914,594	0.2448	0.2448	35,640,735	0.2500	0.2500
	South Iron Co R-I School District	Operating Funds-Schools	36,018,922	3.2000	2.8300	37,495,452	3.1828	2.8100	36,218,888	3.2000	3.2000
	Arcadia Valley R-II School District	Operating Funds-Schools	34,592,890	2.7500	2.7500	35,038,254	2.7500	2.7500	34,989,064	2.7500	2.7500
		Debt Service	34,592,890	0.3568	0.3568	35,038,254	0.4194	0.4194	34,989,064	0.7765	0.4800
	Bellevue R-III School District	Operating Funds-Schools	6,849,530	2.7500	2.7500	7,326,808	2.7500	2.7500	6,931,580	2.7500	2.7500
	Iron Co C-4 School District	Operating Funds-Schools	60,528,559	2.8000	2.7500	59,773,240	2.8000	2.8000	52,675,959	2.8000	2.8000
	Iron County	General Revenue	147,170,348	0.4017	0.3100	140,524,076	0.4246	0.3098	141,256,241	0.4246	0.3085
		Health	147,170,348	0.1000	0.1000	140,524,076	0.1000	0.1000	141,256,241	0.1000	0.1000
		Senate Bill 40	147,170,348	0.1000	0.1000	140,524,076	0.1000	0.1000	141,256,241	0.1000	0.1000
Jackson	Public Water Sup Dist 17 Jackson Co	General Revenue	77,630,903	0.0655	0.0655	49,202,939	0.0563	0.0563	53,672,897	0.0561	0.0561
	City of Blue Springs	General Revenue	544,607,843	0.6023	0.6023	607,576,964	0.5630	0.5630	624,599,073	0.5640	0.5640
		Debt Service	544,607,843	0.1500	0.1500	607,576,964	0.1500	0.1500	624,599,073	0.2319	0.1500
	City of Buckner	General Revenue	18,396,381	0.6069	0.6069	20,182,286	0.5747	0.5747	20,528,144	0.5769	0.5769
	City of Grain Valley	General Revenue	70,572,030	0.6557	0.6376	87,346,119	0.6066	0.5899	102,106,171	0.6066	0.5899
		Parks & Recreation	70,572,030	0.1370	0.1332	87,346,119	0.1267	0.1232	102,106,171	0.1267	0.1232
		Health	70,572,030	0.1567	0.0533	87,346,119	0.1450	0.0533	102,106,171	0.1450	0.0500
		Debt Service	70,572,030	0.9300	0.9300	87,346,119	0.9502	0.9502	102,106,171	0.9461	0.9335
	City of Grandview	General Revenue	224,651,407	1.0000	1.0000	241,854,514	0.9604	0.9604	244,663,141	0.9637	0.9600
		Parks & Recreation	224,651,407	0.1200	0.1200	241,854,514	0.1153	0.1153	244,663,141	0.1157	0.1150
		Debt Service	224,651,407	0.3800	0.3800	241,854,514	0.3800	0.3800	244,663,141	0.3834	0.3800
	City of Greenwood	General Revenue	42,829,063	0.4840	0.4840	47,176,977	0.4642	0.4638	50,238,376	0.4642	0.4641
		GR-Fire Temp	42,829,063	0.6750	0.6750	47,176,977	0.6474	0.6468	50,238,376	0.6300	0.6300 A
		GR-Hydrant Temp	**	**	**	**	**	**	50,238,376	0.0200	0.0200 A
	City of Independence	General Revenue	822,272,178	0.5100	0.5100	923,882,650	0.4713	0.4713	940,714,676	0.4713	0.4713
		Indep. Sq. Spec. Benefit	4,741,180	0.4736	0.4736	6,020,925	0.3811	0.3811	5,429,255	0.4226	0.4226
		Public Health & Recreation	822,272,178	0.2400	0.2400	923,882,650	0.2218	0.2218	940,714,676	0.2218	0.2218
	City of Kansas City	General Revenue	5,460,339,388	0.6867	0.6800	5,821,000,929	0.6692	0.6692	5,915,554,836	0.6713	0.6713
		Museum	5,460,339,388	0.0200	0.0200	5,821,000,929	0.0195	0.0195	5,915,554,836	0.0196	0.0196
		Health	5,460,339,388	0.5000	0.5000	5,821,000,929	0.4872	0.4872	5,915,554,836	0.4887	0.4887
		Debt Service	5,460,339,388	0.1400	0.1400	5,821,000,929	0.1400	0.1400	5,915,554,836	0.3533	0.1400
	City of Lake Lotawana	General Revenue	31,335,192	0.4035	0.4035	38,303,776	0.3412	0.3412	39,050,581	0.3435	0.3435
	City of Lake Tapawingo	General Revenue	11,669,185	0.3871	0.3871	13,094,289	0.3585	0.3585	13,442,894	0.3585	0.3585
		Debt Service	11,669,185	0.4285	0.4285	13,094,289	0.4200	0.4200	13,442,894	0.4463	0.4463

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Jackson	City of Levasy	General Revenue	997,760	0.9491	0.7815	1,038,832	0.9337	0.7815	864,081	1.0000	0.7815
	City of Lone Jack	General Revenue	6,998,874	0.8429	0.8429	7,624,332	0.8188	0.8188	8,374,821	0.8188	0.8188
		Debt Service	6,998,874	1.0000	1.0000	7,624,332	1.0032	1.0032	8,374,821	0.6250	0.6250
	City of Oak Grove	General Revenue	59,575,969	0.6586	0.6500	66,969,304	0.6316	0.6300	69,657,429	0.6304	0.6300
		Debt Service	59,575,969	0.2300	0.2300	66,969,304	0.2300	0.2300	69,657,429	0.3100	0.2300
	City of Raytown	General Revenue	284,415,144	0.3432	0.3432	306,888,718	0.3268	0.3268	310,096,261	0.3268	0.3268
		Parks & Recreation	284,415,144	0.1716	0.1716	306,888,718	0.1634	0.1634	310,096,261	0.1634	0.1634
	Village of Sibley	General Revenue	2,198,434	0.5000	0.3400	2,235,251	0.5000	0.5000	2,235,873	0.5000	0.5000
	City of Sugar Creek	General Revenue	43,916,714	0.9623	0.9623	46,835,076	0.9413	0.9413	46,978,745	0.9413	0.9413
		Health	43,916,714	0.1300	0.1300	46,835,076	0.1272	0.1272	46,978,745	0.1272	0.1272
	City of Lee's Summit	General Revenue	1,071,882,858	0.9600	0.9600	1,222,521,038	0.9057	0.9057	1,283,251,447	0.9057	0.9057
		Parks & Recreation	1,071,882,858	0.1700	0.1700	1,222,521,038	0.1604	0.1604	1,283,251,447	0.1604	0.1604
		Debt Service	1,071,882,858	0.4800	0.4800	1,222,521,038	0.4800	0.4800	1,283,251,447	0.5263	0.4800
	Village of River Bend	General Revenue	786,973	0.5000	0.5000 A	902,410	0.4918	0.4918	852,774	0.4294	0.4294
	Mid Continent Public Library	General Revenue	8,507,862,542	0.3400	0.3300	9,235,487,872	0.3289	0.3289	9,401,778,470	0.3329	0.3289
	Kansas City Public Library	General Revenue	2,614,989,953	0.5000	0.5000	2,753,944,542	0.4863	0.4863	2,746,558,916	0.4897	0.4897
	Central Jackson Co Fire Prot Dist	General Revenue	664,438,384	1.0981	1.0981	748,093,279	1.0254	1.0254	781,823,415	1.0260	1.0260
		Dispatch	664,438,384	0.0200	0.0200	748,093,279	0.0187	0.0187	781,823,415	0.0187	0.0187
		Debt Service	664,438,384	0.0900	0.0900	748,093,279	0.1047	0.1047	781,823,415	0.0955	0.0900
	Lone Jack Community Fire Prot Dist	General Revenue	42,200,818	0.5977	0.5938	47,058,415	0.5655	0.5655	49,646,296	0.8655	0.8655
	Prairie Township Fire Prot District	General Revenue	69,540,507	0.7100	0.7100	71,926,762	0.7351	0.7351	77,338,957	0.7351	0.7351
		Ambulance	**	**	**	71,926,762	0.3000	0.3000 A	77,338,957	0.3000	0.3000
	Raytown Fire Protection District	General Revenue	282,769,291	0.5386	0.5386	307,221,644	0.5092	0.5092	309,057,724	0.5105	0.5105
		Pension	282,769,291	0.0500	0.0500	307,221,644	0.0475	0.0475	309,057,724	0.0476	0.0476
	Lotawana Fire Protection District	General Revenue	47,016,182	0.6893	0.6880	53,291,930	0.6321	0.6321	54,214,260	0.6321	0.6321
		Ambulance	**	**	**	53,291,930	0.3000	0.3000 A	54,214,260	0.3000	0.3000
	Fort Osage Fire Protection District	General Revenue	116,528,616	0.8680	0.8680	125,135,142	0.8365	0.8365	131,939,349	0.8341	0.8341
		Ambulance	116,528,616	0.4879	0.4879	125,135,142	0.4702	0.4702	131,939,349	0.4689	0.4689
		Dispatch	116,528,616	0.0299	0.0299	125,135,142	0.0288	0.0288	131,939,349	0.0287	0.0287
		Debt Service	**	**	**	**	**	**	131,939,349	0.3723	0.2200
	Inter City Fire Protection District	General Revenue	7,038,322	0.5975	0.5975	6,789,329	0.6151	0.6151	6,804,734	0.6151	0.6151
	Metropolitan Community College Dist	General Revenue	10,018,157,391	0.2304	0.2304	10,769,698,048	0.2233	0.2232	11,053,610,510	0.2233	0.2233
	Fort Osage R-I School District	Operating Funds-Schools	199,617,103	4.1171	3.7160	219,450,250	3.9145	3.6091	230,997,603	4.2091	4.2091 B
		Debt Service	199,617,103	0.7500	0.7500	219,450,250	0.7500	0.7500	230,997,603	0.8200	0.7500
	Blue Springs R-IV School District	Operating Funds-Schools	896,688,440	4.1940	3.6934	1,002,528,048	4.8684	4.4327 B	1,046,552,892	4.8684	4.4019
		Debt Service	896,688,440	0.9566	0.9566	1,002,528,048	0.9566	0.9566	1,046,552,892	1.1455	0.9874
	Grain Valley R-V School District	Operating Funds-Schools	123,129,207	3.1841	3.1841	144,426,561	2.9757	2.9757	163,279,709	3.4757	3.4757 B

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Jackson	Grain Valley R-V School District	Debt Service	123,129,207	1.0578	1.0578	144,426,561	1.2662	1.2662	163,279,709	1.7899	1.2662
	Oak Grove R-VI School District	Operating Funds-Schools	89,256,521	3.8762	3.0809	99,048,560	3.7052	3.0052	102,497,866	3.6963	3.1940
		Debt Service	89,256,521	0.9400	0.9400	99,048,560	1.0060	1.0060	102,497,866	1.3792	1.0060
	Lee's Summit R-VII School District	Operating Funds-Schools	1,049,205,302	4.9170	4.5700 B	1,189,119,001	4.6400	4.4276	1,246,294,514	5.2300	4.9966 B
		Debt Service	1,049,205,302	1.0700	1.0700	1,189,119,001	1.0700	1.0700	1,246,294,514	1.6126	1.0700
	Hickman Mills C-1 School District	Operating Funds-Schools	396,616,105	4.4391	4.4391	405,577,776	4.4305	4.4305	399,630,753	4.5000	4.5000
		Debt Service	396,616,105	0.3100	0.3100	405,577,776	0.6800	0.6800	399,630,753	1.1814	0.6800
	Raytown C-2 School District	Operating Funds-Schools	554,347,804	4.0413	4.0413	594,409,872	3.8712	3.8712	598,606,176	3.8698	3.8698
		Debt Service	554,347,804	0.9400	0.9400	594,409,872	0.9600	0.9600	598,606,176	1.0015	0.9600
	Grandview C-4 School District	Operating Funds-Schools	328,156,266	4.9333	4.9300	374,806,323	4.6436	4.6400	390,347,914	5.0936	4.9700 B
		Debt Service	328,156,266	0.5000	0.5000	374,806,323	0.5000	0.5000	390,347,914	0.8932	0.5000
	Lone Jack C-6 School District	Operating Funds-Schools	28,627,322	2.9825	2.9825	32,066,958	3.3825	3.3825 B	33,885,696	3.3840	3.3840
		Debt Service	28,627,322	1.3675	1.3675	32,066,958	1.3675	1.3675	33,885,696	1.4124	1.3675
	Independence 30 School District	Operating Funds-Schools	648,175,277	4.2309	4.2309	704,137,494	4.4300	4.4300 B	714,086,438	4.4300	4.4300
		Debt Service	648,175,277	0.7591	0.7591	704,137,494	0.7600	0.7600	714,086,438	1.1652	0.7600
	Kansas City 33 School District	Operating Funds-Schools	2,529,420,308	2.7500	4.9500 F	2,666,269,179	2.7500	2.3046 F	2,650,102,209	2.6751	2.1802 F
		Desegregation Levy	**	**	**	2,666,269,179	2.6454	2.6454 A	2,650,102,209	2.6949	2.6949 A
		Operating Funds-Schools	**	**	**	**	**	**	2,650,102,209	0.0749	0.0749 A
	Center 58 School District	Operating Funds-Schools	363,351,063	4.4500	4.4500	375,619,213	4.4292	4.4292	369,774,342	4.4500	4.4500
		Debt Service	363,351,063	0.8600	0.8600	375,619,213	0.8600	0.8600	369,774,342	1.3469	0.8600
	Jackson County	General Revenue	7,383,498,399	0.2908	0.1800	7,983,821,336	0.2795	0.1800	8,135,546,773	0.2795	0.1800
		Parks & Recreation	7,383,498,399	0.1600	0.0900	7,983,821,336	0.1538	0.0900	8,135,546,773	0.1538	0.0900
		Road & Bridge	7,383,498,399	0.2908	0.1400	7,983,821,336	0.2795	0.1400	8,135,546,773	0.2795	0.1400
		Health	7,383,498,399	0.3109	0.1600	7,983,821,336	0.2988	0.1600	8,135,546,773	0.2988	0.1600
		Developmentally Disabled	7,383,498,399	0.1000	0.0800	7,983,821,336	0.0961	0.0800	8,135,546,773	0.0961	0.0800
		Mental Health	7,383,498,399	0.1330	0.1330	7,983,821,336	0.1278	0.1278	8,135,546,773	0.1278	0.1278
Jasper	Carl Junction Sp Rd Dist Jasper Co	Road & Bridge	63,147,781	0.2155	0.2100	65,281,572	0.2184	0.2150	45,940,681	0.3192	0.2700
	Carterville Sp Road Dist Jasper Co	Road & Bridge	38,575,275	0.3022	0.3022	38,144,630	0.3071	0.3071	39,880,978	0.3071	0.3071
	Carthage Sp Rd Dist Jasper Co	Road & Bridge	243,333,632	0.2303	0.2500 D	246,681,396	0.2311	0.2400 D	257,370,605	0.2311	0.2200
	Jasper Spec Rd Dist Jasper Co	Road & Bridge	12,563,257	0.2884	0.2884	12,437,498	0.2940	0.2940	12,675,053	0.2940	0.2940
	La Russell Spec Rd Dist Jasper Co	Road & Bridge	6,000,911	0.3133	0.3100	17,819,042	0.3153	0.3153	6,294,175	0.3500	0.3153
	Sarcoxie Spec Rd Dist Jasper Co	Road & Bridge	23,107,217	0.2304	0.2304	22,975,361	0.2337	0.2337	23,464,126	0.2337	0.2337
	Webb City Spec Rd Dist Jasper Co	Road & Bridge	94,384,958	0.2012	0.2045	96,692,348	0.2016	0.2016	96,153,015	0.2070	0.2069
	Joplin Road Dist Newton & Jasper Co	Road & Bridge	846,279,941	0.2079	0.2079	908,607,406	0.2026	0.2026	946,898,389	0.2026	0.2026
	City of Alba	General Revenue	3,259,887	0.5634	0.5675	3,297,347	0.5689	0.5689	3,287,007	0.5810	0.5810
		Parks & Recreation	3,259,887	0.1487	0.1498	3,297,347	0.1501	0.1501	3,287,007	0.1533	0.1533
	City of Asbury	General Revenue	3,427,281	0.4684	0.4684	3,484,097	0.4743	0.4743	3,642,769	0.4816	0.4816

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Jasper	Village of Avilla	General Revenue	1,122,235	0.1613	0.1613	827,136	0.2000	0.2000	847,974	0.2000	0.2000
	City of Carl Junction	General Revenue	50,596,039	0.4977	0.5045	52,433,287	0.5059	0.5059	54,045,922	0.5090	0.5090
		Debt Service	50,596,039	0.2500	0.2500	52,433,287	0.2486	0.2486	54,045,922	0.2455	0.2455
	City of Cartersville	General Revenue	6,964,734	0.5411	0.5512	7,122,171	0.5411	0.5411	7,388,801	0.5411	0.5411
		Debt Service	6,964,734	0.5804	0.5804	**	**	**	**	**	**
	City of Carthage	General Revenue	91,553,439	0.3549	0.3549	93,065,385	0.3571	0.3564	94,926,973	0.3571	0.3571
		Parks & Recreation	91,553,439	0.1532	0.1532	93,065,385	0.1541	0.1539	94,926,973	0.1541	0.1541
		Library	91,553,439	0.1775	0.1775	93,065,385	0.1785	0.1783	94,926,973	0.1785	0.1785
		Health	91,553,439	0.0807	0.0807	93,065,385	0.0812	0.0811	94,926,973	0.0812	0.0812
	City of Duenweg	General Revenue	5,779,188	0.7500	0.7500	5,682,563	0.7500	0.7500	5,813,021	0.7500	0.7500
	City of Jasper	General Revenue	6,886,675	0.6736	0.6700	6,681,399	0.6975	0.6975	6,747,936	0.6981	0.6981
	City of La Russell	General Revenue	644,000	0.2466	0.2000	595,750	0.2666	0.2000	590,580	0.2748	0.2000
	City of Neck City	General Revenue	783,852	0.2329	0.2329	804,420	0.2361	0.2361	815,351	0.2403	0.2403
	City of Oronogo	General Revenue	6,189,218	0.3458	0.3475	6,743,892	0.3420	0.3420	8,610,397	0.3420	0.3420
		Streets	6,189,218	0.1651	0.1659	6,743,892	0.1633	0.1633	8,610,397	0.1633	0.1633
	City of Purcell	General Revenue	1,946,234	0.3059	0.3059	1,926,351	0.3156	0.3156	1,884,654	0.3266	0.3266
	Village of Reeds	General Revenue	626,247	0.1937	0.1937	588,073	0.2084	0.2084	587,026	0.2102	0.2102
	City of Sarcoxie	General Revenue	8,724,240	0.5380	0.5380	8,514,934	0.5546	0.5546	8,484,475	0.5585	0.5585
		Parks & Recreation	8,724,240	0.1029	0.1029	8,514,934	0.1061	0.1061	8,484,475	0.1068	0.1068
		Health	8,724,240	0.1266	0.1266	8,514,934	0.1305	0.1305	8,484,475	0.1314	0.0000
	City of Waco	General Revenue	573,028	0.2024	0.2024	539,881	0.2154	0.2154	581,791	0.2154	0.2154
	City of Webb City	General Revenue	61,928,029	0.4247	0.4289	64,647,432	0.4247	0.4275	9,206,355	1.0000	0.4310
		Parks & Recreation	61,928,029	0.0962	0.0939	64,647,432	0.0962	0.0983	9,206,355	0.2000	0.0976
		Library	61,928,029	0.1363	0.1330	64,647,432	0.1363	0.1416	9,206,355	0.2000	0.1383
	City of Joplin	Parks & Recreation	434,496,295	0.0506	0.0423	453,136,818	0.0506	0.0506	461,654,991	0.0509	0.0509
		Library	434,496,295	0.1535	0.1525	453,136,818	0.1535	0.1535	461,654,991	0.1545	0.1545
		Health	434,496,295	0.0506	0.0423	453,136,818	0.0506	0.0506	461,654,991	0.0509	0.0509
		Garbage	434,496,295	0.0506	0.0261	453,136,818	0.0506	0.0262	461,654,991	0.0509	0.0509
	Carthage Fire Protection District	General Revenue	106,039,874	0.2715	0.2700	107,853,881	0.2715	0.2700	112,286,601	0.2715	0.2700
	Duenweg Fire Protection District	General Revenue	64,939,108	0.2804	0.2804	63,785,964	0.2888	0.2888	66,713,132	0.2888	0.2888
	Carl Junction Fire Protection Dist	General Revenue	128,413,880	0.3000	0.3000	162,677,056	0.2488	0.2488	165,721,385	0.2512	0.2512
	Oronogo Fire Protection District	General Revenue	18,209,776	0.3000	0.3000	20,520,667	0.2999	0.2999	23,643,783	0.2999	0.2999
	Central Jasper Co Fire Prot Dist	General Revenue	9,096,712	0.2337	0.2313	9,180,005	0.2337	0.2337	10,126,150	0.2269	0.2269
	Tri-Cities Fire Protection District	Fire	19,093,306	0.1179	0.1179	19,823,435	0.1179	0.1179	20,627,438	0.1179	0.1179
	Asbury Fire Protection District	General Revenue	8,287,317	0.2524	0.2524	9,249,001	0.2472	0.2472	9,333,913	0.2501	0.2501
	Carl Junction R-I School District	Operating Funds-Schools	165,129,950	2.7500	2.7500	167,714,950	2.7500	2.7500	172,189,550	2.7500	2.7500
		Debt Service	165,129,950	0.6100	0.6100	167,714,950	0.6100	0.6100	172,189,550	0.9299	0.6100

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Jasper	Avilla R-XIII School District	Operating Funds-Schools	13,541,150	2.8238	2.7500	24,941,500	2.8844	2.7500	13,512,980	3.4500	2.7500
	Jasper County R-V School District	Operating Funds-Schools	29,741,470	3.3132	2.7500	29,125,000	3.4366	3.2100	29,683,100	3.4403	3.2100
	Sarcoxie R-II School District	Operating Funds-Schools	28,509,129	2.7500	2.7500	29,039,720	2.7500	2.7500	29,186,210	2.7500	2.7500
	Carthage R-IX School District	Debt Service	28,509,129	0.5500	0.5500	29,039,720	0.5500	0.5500	29,186,210	0.7061	0.5500
		Operating Funds-Schools	226,957,990	2.7500	2.7500	230,673,330	2.7547	2.7500	240,755,960	2.7463	2.7463
		Operating Funds-Temp	**	**	**	**	**	**	240,755,960	0.6737	0.4237 A
	Webb City R-VII School District	Debt Service	226,957,990	0.5600	0.5600	230,673,330	0.4900	0.4900	240,755,960	0.5269	0.4900
		Operating Funds-Schools	142,626,910	2.7500	2.7500	146,966,010	2.8500	2.8500 B	150,094,140	2.8864	2.6500
		Operating Funds-Temp	**	**	**	**	**	**	150,094,140	0.4000	0.4000 A
	Joplin R-VIII School District	Debt Service	142,626,910	0.5200	0.5200	146,966,010	0.4200	0.4200	150,094,140	0.9511	0.4200
		Operating Funds-Schools	711,945,935	2.7500	2.7500	735,437,587	2.7500	2.7500	745,336,060	2.7500	2.7500
		Debt Service	711,945,935	0.2100	0.2100	735,437,587	0.2100	0.2100	745,336,060	0.2743	0.2100
	Jasper County	General Revenue	1,234,823,525	0.2887	0.0886	1,281,352,077	0.2887	0.0830	1,291,017,360	0.2916	0.0827
		Common Road District	94,765,774	0.2247	0.2277	96,002,079	0.2280	0.2280	101,213,383	0.2280	0.2280
		Mental Health	1,234,823,525	0.0788	0.0804	1,281,352,077	0.0788	0.0788	1,291,017,360	0.0796	0.0796
		Senate Bill 40	1,234,823,525	0.0788	0.0804	1,281,352,077	0.0788	0.0788	1,291,017,360	0.0796	0.0796
Jefferson	Big River Ambulance District	General Revenue	209,329,541	0.4271	0.4271	212,351,443	0.4271	0.4271	219,614,968	0.4271	0.4271
	Joachim-Plattin Ambulance District	General Revenue	521,717,556	0.3300	0.3300	540,736,724	0.3300	0.3300	578,601,851	0.3300	0.3300
	No Jefferson Co Ambulance District	General Revenue	234,309,697	0.2947	0.2947	242,558,116	0.2947	0.2947	257,509,303	0.2947	0.2947
	Valle Ambulance District	General Revenue	257,049,106	0.2095	0.2095	262,826,891	0.3095	0.3095	273,133,245	0.3595	0.3595
	Rock Township Ambulance District	General Revenue	781,651,109	0.2246	0.2246	817,532,547	0.2244	0.2244	844,360,839	0.2244	0.2244
	Festus Spec Rd Dist Jefferson Co	Road & Bridge	305,881,131	0.1900	0.1900	322,388,300	0.1881	0.1881	336,354,264	0.1881	0.1881
	Hillsboro Spec Rd Dist Jefferson Co	Road & Bridge	15,179,982	0.1928	0.1928	15,889,441	0.1927	0.1927	17,566,889	0.1907	0.1907
	City of Arnold	General Revenue	256,893,444	0.4511	0.4511	258,994,625	0.4516	0.4516	263,064,070	0.4516	0.4516
	Village of Cedar Hill Lakes	General Revenue	1,476,545	0.2459	0.2459	1,682,426	0.5000	0.5000	1,672,251	0.5000	0.5000
	City of Crystal City	General Revenue	53,385,891	0.5275	0.5275	54,799,718	0.5275	0.5275	58,368,915	0.5275	0.5275
		Parks & Recreation	53,385,891	0.1393	0.1393	54,799,718	0.1393	0.1393	58,368,915	0.1393	0.1393
		Library	53,385,891	0.1393	0.1393	54,799,718	0.1393	0.1393	58,368,915	0.1393	0.1393
	City of De Soto	General Revenue	47,539,080	0.4611	0.4611	48,515,709	0.4611	0.4611	49,047,995	0.4612	0.4612
		Parks & Recreation	47,539,080	0.1177	0.1177	48,515,709	0.1177	0.1177	49,047,995	0.1177	0.1177
		Library	47,539,080	0.1962	0.1962	48,515,709	0.1962	0.1962	49,047,995	0.1963	0.1963
	City of Festus	General Revenue	93,002,226	0.4160	0.1500	98,344,079	0.4155	0.1500	109,723,269	0.4047	0.1500
		Parks & Recreation	93,002,226	0.1189	0.1100	98,344,079	0.1188	0.1100	109,723,269	0.1157	0.1100
		Library	93,002,226	0.1189	0.1100	98,344,079	0.1188	0.1100	109,723,269	0.1157	0.1100
		Health	93,002,226	0.0891	0.0800	98,344,079	0.0890	0.0800	109,723,269	0.0867	0.0800
	City of Herculaneum	General Revenue	43,732,563	0.7293	0.7293	49,091,435	0.6889	0.6889	46,871,658	0.7454	0.7454
		General Revenue-Temp	43,732,563	0.1400	0.1400	49,091,435	0.1322	0.1322	46,871,658	0.1400	0.1400

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Jefferson	City of Hillsboro	General Revenue	15,789,940	0.5018	0.5018	16,530,767	0.5009	0.5009	18,412,407	0.4962	0.4962
		Parks & Recreation	15,789,940	0.0900	0.0900	16,530,767	0.0898	0.0898	18,412,407	0.0890	0.0890
	City of Kimmswick	General Revenue	1,317,427	0.2907	0.0000	1,493,668	0.2877	0.0000	1,644,303	0.2713	0.0000
	City of Olympian Village	General Revenue	3,305,391	0.2467	0.2467	3,386,823	0.2467	0.2467	3,419,508	0.2467	0.2467
		Parks & Recreation	3,305,391	0.1283	0.1283	3,386,823	0.1283	0.1283	3,419,508	0.1283	0.1283
		Road	3,305,391	0.1283	0.1283	3,386,823	0.1283	0.1283	3,419,508	0.1283	0.1283
		Debt Service	3,305,391	1.5000	1.5000	3,386,823	1.5000	1.5000	3,419,508	1.8990	1.5000
	Village of Parkdale	General Revenue	1,251,142	0.0990	0.0987	1,275,975	0.0991	0.0987	1,285,891	0.0990	0.0000
	City of Pevely	General Revenue	61,830,077	0.8141	0.8141	66,384,637	0.7942	0.7942	67,555,150	0.7978	0.7978
		Debt Service	61,830,077	0.2731	0.2731	66,384,637	0.0000	0.0000	**	**	**
	Village of Scotsdale	General Revenue	1,853,652	0.3700	0.3700	2,075,620	0.3438	0.3438	2,063,947	0.3522	0.3438
	City of Byrnes Mill	General Revenue	18,125,291	0.4751	0.4751	20,689,589	0.4558	0.4558	22,825,815	0.4558	0.4558
	Northwest Library Subdistrict	General Revenue	411,296,322	0.1993	0.1993	431,441,192	0.1983	0.1983	452,300,796	0.1983	0.1983
	Windsor-Fox Library Subdistrict	General Revenue	765,241,528	0.1855	0.1855	792,553,044	0.1855	0.1855	818,710,139	0.1855	0.1855
	Antonia Fire Protection District	General Revenue	124,174,502	0.9358	0.7691	129,315,811	0.9358	0.8524	134,172,734	0.9358	0.9358
		Pension	124,174,502	0.0490	0.0490	129,315,811	0.0490	0.0490	134,172,734	0.0490	0.0490
		Dispatch	124,174,502	0.0294	0.0294	129,315,811	0.0294	0.0294	134,172,734	0.0294	0.0294
		Debt Service	124,174,502	0.2300	0.2300	129,315,811	0.2300	0.2300	134,172,734	0.2625	0.2300
	Cedar Hill Fire Protection District	General Revenue	119,162,352	0.8700	0.8700	121,904,937	0.8700	0.8700	125,089,822	0.8700	0.8700
		Pension	119,162,352	0.0496	0.0496	121,904,937	0.0496	0.0496	125,089,822	0.0496	0.0496
		Debt Service	119,162,352	0.1300	0.1300	121,904,937	0.0788	0.0788	125,089,822	0.0762	0.0762
	Dunklin Fire Protection District	General Revenue	100,855,821	0.4200	0.4200	105,679,105	0.4191	0.4191	108,538,307	0.4191	0.4191
	Goldman Fire Protection District	General Revenue	43,166,313	0.5518	0.5518	43,356,498	0.6105	0.6105	45,178,770	0.6605	0.6605
		Dispatch	43,166,313	0.0500	0.0500	43,356,498	0.0500	0.0500	45,178,770	0.0500	0.0500
	Hematite Fire Protection District	General Revenue	49,390,656	0.5100	0.5100	50,363,599	0.5100	0.5100	52,016,816	0.5100	0.5100
	High Ridge Fire Protection District	General Revenue	284,023,593	0.8171	0.8171	292,868,266	0.8171	0.8171	310,113,391	0.8171	0.8171
		Pension	284,023,593	0.0788	0.0788	292,868,266	0.0788	0.0788	310,113,391	0.0788	0.0788
		Dispatch	284,023,593	0.0492	0.0492	292,868,266	0.0492	0.0492	310,113,391	0.0492	0.0492
		Debt Service	284,023,593	0.1031	0.1031	292,868,266	0.1101	0.1101	310,113,391	0.1246	0.1246
	Hillsboro Fire Protection District	General Revenue	78,725,614	0.5101	0.5101	82,634,105	0.5601	0.5601	87,721,960	0.6101	0.6101
	Jefferson R7 Fire Prot Dist	General Revenue	111,473,562	0.3000	0.3000	109,332,586	0.3000	0.3000	126,202,614	0.3000	0.3000
	Rock Community Fire Prot Dist	General Revenue	525,763,237	0.8267	0.8267	537,086,978	0.8267	0.8267	549,530,733	0.8267	0.8267
		Pension	525,763,237	0.0686	0.0686	537,086,978	0.0886	0.0886	549,530,733	0.0986	0.0986
		Communications	525,763,237	0.0486	0.0486	537,086,978	0.0486	0.0486	549,530,733	0.0486	0.0486
	Shady Valley Fire Prot Dist	General Revenue	45,920,202	1.0956	1.0956	53,053,674	1.0499	1.0499	60,162,842	1.0474	1.0474
		Dispatch	45,920,202	0.0481	0.0481	53,053,674	0.0461	0.0461	60,162,842	0.0460	0.0460
	Springdale Fire Protection District	General Revenue	97,321,231	1.2163	1.2163 B	109,822,363	1.1965	1.1965	112,488,076	1.1965	1.1965

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Jefferson	Springdale Fire Protection District	Pension	97,321,231	0.1000	0.1000	109,822,363	0.0943	0.0943	112,488,076	0.0943	0.0943
		Dispatch	97,321,231	0.0300	0.0300	109,822,363	0.0283	0.0283	112,488,076	0.0283	0.0283
		Debt Service	97,321,231	0.3900	0.3900	109,822,363	0.4200	0.4200	112,488,076	0.3923	0.3923
	De Soto Rural Fire Protection Dist	General Revenue	139,671,375	0.3988	0.3988	140,902,597	0.4501	0.4488	146,318,678	0.6287	0.6287
		Debt Service	139,671,375	0.1286	0.1286	140,902,597	0.1286	0.1286	**	**	**
	Mapaville Fire Protection District	General Revenue	31,539,360	0.3970	0.3970	33,311,642	0.3970	0.3970	35,810,229	0.3970	0.3970
	Jefferson College	General Revenue	2,023,398,430	0.2983	0.2983	2,095,359,126	0.2983	0.2983	2,193,618,042	0.2983	0.2983
		Debt Service	2,023,398,430	0.0500	0.0500	2,095,359,126	0.0500	0.0500	2,193,618,042	0.0770	0.0500
	Northwest R-I School District	Operating Funds-Schools	383,673,423	3.5361	3.5361	405,252,550	3.5100	3.5100	424,057,041	4.1100	4.1100 B
		Debt Service	383,673,423	0.4500	0.4500	405,252,550	0.4500	0.4500	424,057,041	0.4500	0.4500
	Grandview R-II School District	Operating Funds-Schools	35,140,988	3.4500	3.4500 B	35,234,818	3.4501	3.4500	37,213,219	3.4679	3.4500
		Debt Service	35,140,988	1.3500	1.3500	35,234,818	1.3500	1.3500	37,213,219	2.1663	1.3500
	Hillsboro R-III School District	Operating Funds-Schools	159,605,361	3.4058	3.4058	167,284,462	3.4275	3.4203	175,839,921	3.9675	3.9675 B
		Debt Service	159,605,361	0.6842	0.6842	167,284,462	0.6897	0.6897	175,839,921	0.9890	0.6897
	Dunklin R-V School District	Operating Funds-Schools	111,613,981	3.6762	3.1979	116,761,270	3.6582	3.6582	115,186,940	3.7321	3.8043 C
		Debt Service	111,613,981	0.5500	0.5500	116,761,270	0.5500	0.5500	115,186,940	1.1610	0.6700
	Festus R-VI School District	Operating Funds-Schools	149,336,697	2.9258	2.8700	158,943,288	2.9211	2.9200	172,466,083	2.9111	2.9100
		Debt Service	149,336,697	0.7900	0.7900	158,943,288	0.7900	0.7900	172,466,083	1.2427	0.8000
	Jefferson Co R-VII School District	Operating Funds-Schools	106,504,834	3.3553	3.2829	105,765,228	3.1353	3.1353	122,259,224	3.8853	3.8853 B
		Debt Service	106,504,834	0.3671	0.3671	105,765,228	0.4247	0.4247	122,259,224	0.3943	0.3943
	Sunrise R-IX School District	Operating Funds-Schools	22,018,081	3.1509	2.7500	22,275,784	3.1681	3.1681	23,908,512	3.2161	3.2100
		Debt Service	22,018,081	0.6500	0.6500	22,275,784	0.6500	0.6500	23,908,512	1.0050	0.6500
	Windsor C-1 School District	Operating Funds-Schools	149,073,114	3.2393	3.2393	155,917,437	3.2524	3.2524	161,441,165	3.7524	3.7524 B
		Debt Service	149,073,114	1.0000	1.0000	155,917,437	1.0000	1.0000	161,441,165	1.5856	1.0000
	Fox C-6 School District	Operating Funds-Schools	584,540,791	3.2294	3.2294	606,116,522	3.2493	3.2493	624,442,671	4.4700	4.3200 B
		Debt Service	584,540,791	0.2800	0.2800	606,116,522	0.2800	0.2800	624,442,671	0.5273	0.2800
	Crystal City 47 School District	Operating Funds-Schools	43,573,726	3.5491	3.4412	45,923,610	3.5507	3.5507	48,264,220	3.5624	3.5624
		Debt Service	43,573,726	0.8000	0.8000	45,923,610	0.8000	0.8000	48,264,220	1.1130	0.8000
	DeSoto 73 School District	Operating Funds-Schools	133,836,416	3.7000	2.9445	136,897,513	3.7079	3.7079	139,269,831	3.7359	3.7359
		Debt Service	133,836,416	0.2815	0.2815	136,897,513	0.3800	0.3800	139,269,831	0.5627	0.3800
	Jefferson County	General Revenue	2,054,734,294	0.1981	0.0000	2,127,612,076	0.1981	0.0000	2,226,122,753	0.1981	0.0000
		Parks & Recreation	2,054,734,294	0.0297	0.0297	2,127,612,076	0.0297	0.0297	2,226,122,753	0.0297	0.0297
		Road & Bridge	1,734,060,585	0.2253	0.1992	1,789,721,736	0.2253	0.2096	1,872,395,243	0.2253	0.2165
		Health	2,054,734,294	0.0792	0.0792	2,127,612,076	0.0792	0.0792	2,226,122,753	0.0792	0.0792
		Developmentally Disabled	2,054,734,294	0.0991	0.0991	2,127,612,076	0.0991	0.0991	2,226,122,753	0.0991	0.0991
		Mental Health	2,054,734,294	0.0991	0.0991	2,127,612,076	0.0991	0.0991	2,226,122,753	0.0991	0.0991
Johnson	Johnson County Ambulance District	General Revenue	389,316,806	0.3000	0.3000 A	401,225,199	0.3000	0.3000	408,556,495	0.3000	0.3000

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Johnson	Western Missouri Medical Center	General Revenue	394,406,070	0.1520	0.1497	406,149,341	0.1523	0.1497	413,904,421	0.1532	0.1497
	South Fork of Blackwater Watershed	General Revenue	25,609,989	0.0786	0.0786	27,240,899	0.0786	0.0786	36,179,117	0.0896	0.0734
	City of Centerview	General Revenue	946,273	0.8443	0.8213	1,009,505	0.8384	0.8302	1,090,684	0.8328	0.8308
	City of Chilhowee	General Revenue	1,377,054	1.0000	1.0000	1,415,455	1.0000	1.0000	1,365,210	1.0000	1.0000
	City of Holden	General Revenue	15,683,239	0.6960	0.6960	15,780,175	0.7105	0.7105	15,574,995	0.7228	0.7228
		Library	15,683,239	0.1535	0.1535	15,780,175	0.1567	0.1567	**	**	**
		Debt Service	15,683,239	0.1053	0.1053	15,780,175	0.1186	0.1186	15,574,995	0.2046	0.1186
	City of Kingsville	General Revenue	5,470,465	0.6777	0.6777	5,342,522	0.7471	0.7471	5,369,644	0.7471	0.7471
	City of Knob Noster	General Revenue	14,395,702	0.6597	0.6597	15,270,497	0.6608	0.6608	15,354,838	0.6724	0.6724
		Fire	14,395,702	0.3000	0.3000	15,270,497	0.3000	0.3000	15,354,838	0.3000	0.3000
	Village of La Tour	General Revenue	192,409	0.5000	0.5000	200,868	0.5000	0.5000	220,618	0.5000	0.5000
	City of Leeton	General Revenue	2,729,750	0.8257	0.8257	2,885,920	0.8257	0.8257	2,860,712	0.8455	0.8455
	City of Warrensburg	General Revenue	139,202,311	0.3522	0.3522	143,171,741	0.3540	0.3540	143,990,908	0.3567	0.3567
		Parks & Recreation	139,202,311	0.1912	0.1912	143,171,741	0.1922	0.1922	143,990,908	0.1937	0.1937
	Trails Consolidated Library	General Revenue	661,574,816	0.2153	0.2153	682,947,419	0.2151	0.2146	708,314,885	0.2669	0.2156
	Fire District #2 of Johnson County	General Revenue	74,101,540	0.3688	0.3688	77,317,423	0.3700	0.3700	82,189,410	0.3699	0.3699
	Johnson County Fire Prot Dist	General Revenue	147,359,139	0.3600	0.3600	147,840,483	0.3600	0.3600	153,268,058	0.3600	0.3600
	Kingsville R-I School District	Operating Funds-Schools	16,975,469	3.2527	3.2500	18,367,229	3.2940	3.2500	18,707,142	3.3580	3.2500
		Debt Service	16,975,469	0.9433	0.9433	18,367,229	0.9433	0.9433	18,707,142	2.0739	0.9433
	Holden R-III School District	Operating Funds-Schools	62,531,913	3.6100	3.6100	66,207,507	3.7030	3.3100	68,515,875	3.7500	3.3100
		Debt Service	**	**	**	66,207,507	0.3000	0.3000	67,847,822	0.4746	0.3000
	Chilhowee R-IV School District	Operating Funds-Schools	6,949,030	3.9765	3.9765	7,137,060	4.1228	4.1228	7,306,402	4.1423	4.1423
		Operating Funds-Temp	**	**	**	**	**	**	7,306,402	0.2500	0.2500 A
		Debt Service	6,949,030	0.4400	0.4400	7,137,060	0.5000	0.5000	7,306,402	0.4849	0.2305
	Johnson Co R-VII School District	Operating Funds-Schools	24,687,573	2.7500	2.7500	26,003,278	2.7500	2.7500	26,853,448	2.7500	2.7500
		Debt Service	24,687,573	0.8000	0.8000	26,003,278	0.8000	0.8000	26,853,448	1.2962	0.8000
	Knob Noster R-VIII School District	Operating Funds-Schools	37,522,773	2.7500	2.7500	39,544,198	2.7500	2.7500	40,195,211	2.7500	2.7500
	Leeton R-X School District	Operating Funds-Schools	11,787,564	3.6618	3.6618	12,018,614	3.7313	3.7313	12,314,804	3.7771	3.7771
		Debt Service	11,787,564	0.3000	0.3000	12,018,614	0.3921	0.3921	12,314,804	0.5307	0.5100
	Warrensburg R-VI School District	Operating Funds-Schools	185,600,880	3.7002	3.7000 B	192,363,209	3.7322	3.7322	195,146,794	3.7365	3.7365
		Debt Service	185,600,880	0.7000	0.7000	192,363,209	0.6600	0.6600	195,146,794	0.7434	0.6600
	Johnson County	General Revenue	394,406,070	0.3243	0.0900	406,149,341	0.3249	0.0900	413,904,421	0.3268	0.1000
		Road & Bridge	394,406,070	0.2433	0.2300	406,149,341	0.2437	0.2300	413,904,421	0.2451	0.2300
		Health	394,406,070	0.1000	0.1000	406,149,341	0.1000	0.1000	413,904,421	0.1000	0.1000
		Senate Bill 40	394,406,070	0.1200	0.1200	406,149,341	0.1200	0.1200	413,904,421	0.1200	0.0600
Knox	Knox County Ambulance District	General Revenue	54,154,473	0.3500	0.3500	52,140,384	0.3500	0.3500	54,066,288	0.3500	0.3500
		Dispatch	54,154,473	0.0300	0.0300	52,140,384	0.0300	0.0300	54,066,288	0.0300	0.0300

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Knox	Knox County Nursing Home District	General Revenue	53,436,572	0.1500	0.1500	51,435,824	0.1500	0.1500	53,358,397	0.3000	0.3000
	City of Baring	General Revenue	825,382	0.7623	0.7600	761,434	0.8356	0.8356	753,979	0.8462	0.8462
	City of Edina	General Revenue	8,945,972	0.7585	0.7585	8,771,484	0.7767	0.7767	8,832,200	0.7767	0.7767
		Lights	8,945,972	0.1435	0.1435	8,771,484	0.1469	0.1469	8,832,200	0.1469	0.1469
	City of Hurdland	General Revenue	742,085	0.7459	0.7459	757,323	0.7496	0.7459	748,895	0.7581	0.7581
		Fire	742,085	0.2759	0.2759	757,323	0.2772	0.2759	748,895	0.2803	0.2803
		Debt Service	742,085	0.4658	0.4658	757,323	0.6743	0.6743	748,895	0.9613	0.9613
	City of Knox City	General Revenue	1,144,996	0.9770	0.9770	1,099,341	1.0000	0.9800	1,202,694	0.9999	0.9800
		Streets	1,144,996	0.1500	0.1500	1,099,341	0.1500	0.1500	1,202,694	0.1500	0.1500 A
		Debt Service	1,144,996	0.0000	0.0000	**	**	**	**	**	**
	Village of Newark	General Revenue	486,659	0.4662	0.4662	489,671	0.4796	0.4796	530,665	0.4708	0.4708
	Village of Novelty	General Revenue	649,415	1.0610	1.0610	556,192	1.2636	1.2636	562,631	1.2801	1.2801
	Knox County Library	General Revenue	54,154,473	0.1000	0.1000	52,140,383	0.1000	0.1000	54,066,288	0.1000	0.1000
	Knox Co R-I School District	Operating Funds-Schools	44,021,249	3.7000	3.7000	43,189,581	3.7000	3.7000	44,606,187	3.7000	3.7000
		Debt Service	44,021,249	0.0100	0.0100	43,189,581	0.0100	0.0100	44,606,187	0.0270	0.0100
	Knox County	General Revenue	54,154,473	0.4115	0.2800	52,140,384	0.4312	0.2700	54,066,288	0.4312	0.2813
		Road & Bridge	54,154,473	0.2984	0.2931	52,140,384	0.3127	0.2931	54,066,288	0.3127	0.2931
		Health	54,154,473	0.1000	0.1000	52,140,384	0.1000	0.1000	54,066,288	0.1000	0.1000
		Special Road and Bridge	54,154,473	0.3500	0.3500	**	**	**	54,066,288	0.3500	0.3500 A
Laclede	Lebanon Spec Rd Dist #1 Laclede Co	Special Road and Bridge	184,390,873	0.2000	0.1000 A	183,209,910	0.2000	0.1500	187,405,325	0.2000	0.2000
		Rd & Bridge (County)	184,390,873	0.3343	0.3343	183,209,910	0.3411	0.3411	187,405,325	0.3423	0.3411
	Phillipsburg Spec Rd #3 Laclede Co	Road & Bridge	10,968,415	0.2646	0.2646	11,323,563	0.2646	0.2646	11,404,405	0.2652	0.2652
		Special Road and Bridge	10,968,415	0.2300	0.2300 A	11,323,563	0.2300	0.2300	11,404,405	0.2300	0.2300
	Laclede County Road District	Road & Bridge	97,117,353	0.2110	0.0000	99,620,229	0.2110	0.0000	101,482,079	0.2110	0.0000
	Conway Spec Road Dist #2 Laclede Co	Road & Bridge	8,583,540	0.2310	0.2310	8,723,008	0.2322	0.2322	8,893,506	0.2327	0.2327
		Special Road and Bridge	8,583,540	0.3500	0.3500	8,723,008	0.3500	0.3500	8,893,506	0.3500	0.3500 A
	City of Conway	General Revenue	3,497,120	0.0600	0.0000	3,529,392	0.0600	0.0000	3,569,012	0.0600	0.0000
	City of Lebanon	General Revenue	148,530,827	0.2496	0.2400	146,415,072	0.2565	0.2565	150,194,484	0.2576	0.2576
		Parks & Recreation	148,530,827	0.2496	0.2400	146,415,072	0.2565	0.2565	150,194,484	0.2576	0.2576
	Village of Phillipsburg	General Revenue	920,319	0.4351	0.4351	904,960	0.4566	0.4566	917,060	0.4586	0.4586
	Village of Evergreen	Building Maintenance	707,476	0.3000	0.3000 A	749,808	0.2893	0.2893	789,045	0.2973	0.2973
		Fire Equipment	707,476	0.3000	0.3000 A	749,808	0.2893	0.2893	789,045	0.2973	0.2973
		Fire Truck Maintenance	707,476	0.3000	0.3000 A	749,808	0.2893	0.2893	789,045	0.2973	0.2973
		Police Truck	707,476	0.3000	0.3000 A	749,808	0.2893	0.2893	789,045	0.2973	0.2973
		Police Truck #2	707,476	0.3000	0.3000 A	749,808	0.2893	0.2893	789,045	0.2973	0.2973
		Pumper Fire Truck	707,476	0.3000	0.3000 A	749,808	0.2893	0.2893	789,045	0.2973	0.2973
	Lebanon-Laclede County Library	General Revenue	301,059,881	0.1312	0.1312	302,876,711	0.1326	0.1326	309,185,316	0.1328	0.1328

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Laclede	Lebanon Rural Fire Protection Dist	General Revenue	80,744,180	0.1803	0.1800	82,598,176	0.1804	0.1800	83,839,094	0.1805	0.1800
	Bennett Spring Fire Protection Dist	General Revenue	7,240,425	0.2940	0.2940	7,723,042	0.2859	0.2859	8,025,323	0.2859	0.2859
	Lebanon Special Business District	General Revenue	3,646,610	0.6585	0.6500	3,510,790	0.6846	0.6800	3,510,790	0.6846	0.6846
	Laclede Co. R-I School District	Operating Funds-Schools	24,719,350	2.7500	2.7500	25,917,299	2.7500	2.7500	26,236,065	2.7500	2.7500
	Gasconade C-4 School District	Operating Funds-Schools	6,156,901	3.4842	3.0000	6,455,965	3.4941	3.1000	6,462,582	3.5632	3.1000
	Lebanon R-III School District	Operating Funds-Schools	222,238,996	2.5500	2.5500	222,573,430	2.7500	2.7500	227,057,973	2.7500	2.7500
		Debt Service	222,238,996	0.4700	0.4700	222,573,430	0.4700	0.4700	227,057,973	0.8174	0.4700
	Laclede Co C-5 School District	Operating Funds-Schools	20,955,348	2.8286	2.7500	21,392,835	3.0452	2.9500 B	21,752,150	3.0453	2.9500
	Laclede County	General Revenue	301,059,881	0.2926	0.0840	302,876,711	0.2957	0.0834	309,185,316	0.2961	0.0606
		Health	301,059,881	0.1000	0.1000	302,876,711	0.1000	0.1000	309,185,316	0.1000	0.1000
		Senate Bill 40	301,059,881	0.0655	0.0655	302,876,711	0.0662	0.0662	309,185,316	0.0663	0.0663
		Senate Bill 40-LEEP	301,059,881	0.0655	0.0600	302,876,711	0.0662	0.0625	309,185,316	0.0663	0.0655
Lafayette	Little Sni A Bar Watershed Sub Dist	General Revenue	4,536,479	0.0902	0.0902	4,864,699	0.0900	0.0859	5,015,244	0.0901	0.0901
	Tabo Creek Watershed Sub District	General Revenue	11,844,355	0.0832	0.0832	12,131,732	0.0832	0.0829	12,289,916	0.0832	0.0832
	Wellington Napoleon Sub District	General Revenue	3,566,417	0.0894	0.0894	3,579,658	0.0894	0.0894	3,580,454	0.0894	0.0894
	Alma Spec Road Dist Lafayette Co	Special Road and Bridge	8,665,064	0.2932	0.2932	8,898,124	0.3000	0.2932 A	8,864,382	0.3000	0.2932
	Corder Spec Rd Dist Lafayette Co	Special Road and Bridge	7,007,957	0.2898	0.2898	7,291,157	0.2898	0.2898	7,388,649	0.3000	0.3000 A
	Concordia Spec Rd Dist Lafayette Co	Special Road and Bridge	34,310,732	0.3301	0.3301	35,441,912	0.3300	0.3300 A	36,076,452	0.3300	0.3300
	Dover Spec Rd Dist Lafayette Co	Special Road and Bridge	6,462,022	0.3473	0.3473	6,633,778	0.3475	0.3475	4,786,750	0.3500	0.3500 A
	Higginsville Road Dist Lafayette Co	Special Road and Bridge	44,366,419	0.1357	0.1357	45,920,573	0.1357	0.1357	33,910,622	0.1500	0.1500 A
	Mayview Spec Rd Dist Lafayette Co	Special Road and Bridge	10,362,427	0.2350	0.2350	10,573,331	0.2500	0.2500 A	10,794,447	0.2500	0.2500
	Odessa Spec Rd Dist Lafayette Co	Special Road and Bridge	83,191,877	0.2304	0.2304	86,248,788	0.2400	0.2400 A	85,182,721	0.2400	0.2400
	Waverly Spec Rd Dist Lafayette Co	Special Road and Bridge	12,259,291	0.2379	0.2379	12,407,327	0.2400	0.2400 A	12,836,179	0.2400	0.2400
	Wellington Napoleon Rd Lafayette Co	Special Road and Bridge	18,239,195	0.2659	0.2500	19,197,460	0.2000	0.2000 A	19,344,639	0.2000	0.2000
	City of Alma	General Revenue	2,944,679	0.5744	0.5744	3,071,775	0.5744	0.5744	3,020,343	0.5842	0.5842
		General Revenue-Temp	2,944,679	0.3000	0.3000 A	3,071,775	0.3000	0.3000	3,020,343	0.3000	0.3000
	Village of Aullville	General Revenue	507,399	0.3731	0.3731	570,561	0.3723	0.3723	546,233	0.3888	0.3723
	Village of Bates City	General Revenue	2,341,139	0.3077	0.3077	2,468,208	0.3077	0.3077	2,434,346	0.3159	0.3159
	City of Concordia	General Revenue	23,349,480	0.5252	0.5252	23,891,780	0.5252	0.5252	24,222,899	0.5252	0.5252
	City of Corder	General Revenue	2,215,707	0.6133	0.6133	2,292,427	0.6107	0.6107	2,270,386	0.6191	0.6191
		Parks & Recreation	2,215,707	0.1511	0.1511	2,292,427	0.1505	0.1505	2,270,386	0.1526	0.1526
	Village of Dover	General Revenue	536,049	0.2487	0.2487	559,452	0.2486	0.2486	579,944	0.2636	0.2636
	City of Higginsville	General Revenue	32,943,620	0.4412	0.4412	34,192,122	0.4412	0.4412	33,948,994	0.4507	0.4507
		Parks & Recreation	32,943,620	0.3511	0.3511	34,192,122	0.3511	0.3511	33,948,994	0.3587	0.3587
		Library	27,016,045	0.1805	0.1805	28,017,123	0.1805	0.1805	27,856,739	0.1845	0.1845
	City of Lexington	General Revenue	34,824,039	0.5630	0.5630	35,507,729	0.5630	0.5630	35,909,661	0.5630	0.5630
		Parks & Recreation	34,824,039	0.2859	0.2859	35,507,729	0.2859	0.2859	35,909,661	0.2859	0.2859

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Lafayette	City of Lexington	Health	34,824,039	0.1526	0.1526	35,507,729	0.1526	0.1526	35,909,661	0.1526	0.1526
		Debt Service	34,824,039	0.0478	0.0478	35,507,729	0.0446	0.0446	35,909,661	0.0441	0.0441
	City of Mayview	General Revenue	1,125,971	0.6422	0.6422	1,121,893	0.6445	0.6445	1,076,017	0.6789	0.6445
	City of Napoleon	General Revenue	1,563,869	0.8343	0.8343	1,663,333	0.8343	0.8343	1,733,557	0.8343	0.8343
	City of Odessa	General Revenue	40,392,686	0.5257	0.5257	42,124,287	0.5257	0.5257	40,225,800	0.5528	0.5528
		Parks & Recreation	40,392,686	0.1389	0.1389	42,124,287	0.1389	0.1389	40,225,800	0.1461	0.1461
	City of Waverly	General Revenue	5,175,734	0.5278	0.5278	5,212,859	0.5286	0.5286	5,453,162	0.5320	0.5291
		Streets	5,175,734	0.2131	0.2131	5,212,859	0.2134	0.2134	5,453,162	0.2148	0.2134
	City of Wellington	General Revenue	5,560,230	0.4704	0.4704	5,701,038	0.4704	0.4704	5,604,231	0.4837	0.4837
	City of Lake Lafayette	General Revenue	1,755,990	1.0000	1.0000	1,816,481	1.0000	1.0000	1,853,564	1.0000	1.0000
	Corder Fire Protection District	General Revenue	11,795,914	0.3332	0.3332	12,084,237	0.3332	0.3332	12,265,370	0.3332	0.3332
	Sni Valley Fire Protection District	General Revenue	122,741,387	0.4999	0.4999	135,202,728	0.4814	0.4814	138,858,535	0.4814	0.4814
		Debt Service	122,741,387	0.0685	0.0685	135,202,728	0.0541	0.0541	138,858,535	0.0557	0.0553
	Concordia Fire Protection District	General Revenue	41,287,287	0.2852	0.2852	42,865,819	0.2852	0.2852	43,499,251	0.2852	0.2852
	Alma Fire Protection District	General Revenue	10,766,247	0.5265	0.5265	11,124,927	0.5265	0.5265	11,099,990	0.5284	0.5265
	Wellington-Napoleon Fire Prot Dist	General Revenue	21,163,641	0.2668	0.2668	22,160,033	0.2668	0.2668	22,342,484	0.2672	0.2672
		Ambulance	21,163,641	0.0889	0.0889	22,160,033	0.0889	0.0889	22,342,484	0.0890	0.0890
	Odessa Fire Protection District	General Revenue	79,865,722	0.4525	0.4525	82,691,105	0.4525	0.4525	81,643,051	0.4663	0.4663
	Wellington-Napoleon R-IX Reg Rec Ds	Parks & Recreation	22,542,335	0.1755	0.1755	23,779,803	0.1755	0.1755	24,109,224	0.1755	0.1755
	Concordia R-II School District	Operating Funds-Schools	37,084,152	3.4299	3.4000	38,044,771	3.4081	3.4000	38,734,783	3.3952	3.3951
		Debt Service	37,084,152	0.4629	0.4629	38,044,771	0.4629	0.4629	38,734,783	0.7182	0.4629
	Lafayette Co C-1 School District	Operating Funds-Schools	51,156,094	3.3272	3.1613	53,033,603	3.3022	3.1613	52,956,302	3.3345	3.1613
		Debt Service	51,156,094	1.0000	1.0000	53,033,603	1.0000	1.0000	52,956,302	1.3723	1.0000
	Odessa R-VII School District	Operating Funds-Schools	100,676,553	3.7100	3.7100 B	104,724,991	3.8817	3.8800 B	103,537,281	3.8817	3.8800
		Debt Service	100,676,553	0.8300	0.8300	104,724,991	0.6600	0.6600	103,537,281	1.0213	0.6600
	Santa Fe R-X School District	Operating Funds-Schools	22,214,424	3.7500	3.5400	22,961,018	3.7287	3.5400	22,740,291	3.7500	3.5400
		Debt Service	22,214,424	0.1800	0.1800	22,961,018	0.1800	0.1800	22,740,291	0.3953	0.1800
	Wellington-Napoleon R-IX Sch Dist	Operating Funds-Schools	20,024,158	3.8447	3.1147	21,131,872	3.8193	3.7000	21,194,112	3.7528	3.7500
		Debt Service	20,024,158	0.7500	0.7500	21,131,872	0.7500	0.7500	21,194,112	1.2541	0.7500
	Lexington R-V School District	Operating Funds-Schools	45,356,700	3.5741	3.2737	46,086,521	3.5724	3.5724	46,312,671	3.5797	3.5797
		Debt Service	45,356,700	0.7309	0.7309	46,086,521	0.7300	0.7300	46,312,671	1.0090	0.7300
	Lafayette County	General Revenue	309,676,782	0.3003	0.1200	320,595,376	0.3003	0.1300	322,267,203	0.3003	0.1500
		Johnson Grass	309,676,782	0.0282	0.0001	320,595,376	0.0282	0.0001	322,267,203	0.0282	0.0001
		Road & Bridge	309,676,782	0.2252	0.2252	320,595,376	0.2252	0.2252	322,267,203	0.2252	0.2252
		Health	309,676,782	0.0750	0.0750	320,595,376	0.0750	0.0750	322,267,203	0.0750	0.0750
		Senate Bill 40	309,676,782	0.0657	0.0657	320,595,376	0.0657	0.0657	322,267,203	0.0657	0.0657
		2-W Common Rd District	**	**	**	**	**	**	29,436,230	0.3300	0.3300

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Lafayette	Lafayette County	I-E Common Road District	10,465,292	0.3320	0.3320	10,731,316	0.3320	0.3320	**	**	**
		2-W Common Road Dist	**	**	**	28,871,694	0.3300	0.3300	**	**	**
		I-E Common Road Dist	**	**	**	**	**	**	11,029,106	0.3500	0.3500
Lawrence	Mt Vernon Ambulance District	General Revenue	106,348,111	0.1426	0.1402	108,136,669	0.1428	0.1402	112,150,613	0.1428	0.1428
	Lawrence County Nursing Home Dist	General Revenue	300,585,386	0.1102	0.1102	304,254,814	0.1111	0.1111	311,114,633	0.1111	0.1111
	Aurora Spec Road Dist Lawrence Co	Special Road and Bridge	77,330,984	0.1700	0.1700	75,709,836	0.1700	0.1700	77,231,372	0.1700	0.1700
	Buck Prairie Sp Rd Dist Lawrence Co	Special Road and Bridge	25,891,916	0.3100	0.3100	26,819,654	0.3100	0.3100	26,831,136	0.3100	0.3100
	Freistatt Spec Rd Dist Lawrence Co	Special Road and Bridge	6,395,263	0.3500	0.3500	6,447,959	0.3500	0.3500	6,624,016	0.3500	0.3500
	Greene Benefit Spec Rd Lawrence Co	Special Road and Bridge	6,454,098	0.2200	0.2200	6,755,194	0.2200	0.2200	6,904,912	0.2200	0.2200
	Midway Benefit Spec Rd Lawrence Co	Special Road and Bridge	1,475,450	0.2400	0.2400	1,596,118	0.2399	0.2399	1,613,766	0.2400	0.2400
	Miller Benefit Spec Rd Lawrence Co	Special Road and Bridge	14,015,693	0.1900	0.1900	14,296,477	0.1900	0.1900	14,852,130	0.1900	0.1900
	Mt Pleasant Benefit SRD Lawrence Co	Special Road and Bridge	3,564,933	0.2000	0.2000	3,599,871	0.2000	0.2000	3,649,315	0.2000	0.2000
	Mt Vernon Benefit Sp Rd Lawrence Co	Special Road and Bridge	69,008,279	0.1600	0.1600	70,024,288	0.1600	0.1600	72,343,168	0.1600	0.1600
	Pierce Benefit SRD Lawrence Co	Special Road and Bridge	17,819,089	0.1900	0.1900	17,828,677	0.1900	0.1900	17,408,149	0.1900	0.1900
	Red Oak Benefit Sp Rd Lawrence Co	Special Road and Bridge	3,968,666	0.2000	0.2000	4,120,165	0.2000	0.2000	4,235,494	0.2000	0.2000
	Verona Benefit SRD Lawrence Co	Special Road and Bridge	16,447,410	0.1900	0.1900	17,100,064	0.1900	0.1900	17,663,265	0.1900	0.1900
	Vineyard Benefit Sp Rd Lawrence Co	Special Road and Bridge	2,803,072	0.2200	0.2200	2,932,728	0.2191	0.2191	3,123,219	0.2191	0.2191
	City of Aurora	General Revenue	43,672,284	0.3671	0.3671	57,595,668	0.3781	0.3781	58,490,548	0.3793	0.3793
		Parks & Recreation	43,672,284	0.1428	0.1428	57,595,668	0.1471	0.1471	58,490,548	0.1476	0.1476
		Debt Service	43,672,284	0.1678	0.1678	57,595,668	0.2105	0.2105	58,490,548	0.1147	0.1147
	Village of Freistatt	General Revenue	857,205	0.2477	0.2477	842,124	0.2533	0.2533	886,817	0.2532	0.2532
	City of Marionville	General Revenue	9,217,490	0.6225	0.6225	12,498,293	0.6255	0.6255	12,438,662	0.6306	0.6306
	City of Miller	General Revenue	3,700,749	1.0000	1.0000	3,771,825	1.0000	1.0000	3,748,943	1.0000	1.0000
	City of Pierce City	General Revenue	7,074,557	0.4600	0.4600	7,127,932	0.4679	0.4600	6,289,122	0.5371	0.5371
		Parks & Recreation	7,074,557	0.1200	0.1200	7,127,932	0.1200	0.1200	6,289,122	0.1200	0.1200
		Fire	7,074,557	0.1200	0.1200	7,127,932	0.1200	0.1200	6,289,122	0.1200	0.1200
	City of Stotts City	General Revenue	778,613	0.4406	0.4406	771,519	0.4502	0.4502	772,073	0.4529	0.4529
	City of Verona	General Revenue	4,608,309	0.6124	0.5400	4,941,502	0.6165	0.5400	4,969,220	0.6165	0.5400
	Miller R-II School District	Operating Funds-Schools	31,257,770	3.3111	2.7500	31,766,140	3.3503	2.7500	32,201,840	3.3475	3.1500
	Pierce City R-VI School District	Operating Funds-Schools	26,656,128	2.7500	2.7500	27,114,807	2.7500	2.7500	26,734,466	2.7500	2.7500
		Debt Service	26,656,128	0.6600	0.6600	27,114,807	0.6600	0.6600	26,734,466	1.0828	0.6300
	Marionville R-IX School District	Operating Funds-Schools	25,476,269	2.8878	2.7500	26,721,335	2.9289	2.7500	26,416,949	3.0273	2.7500
		Debt Service	25,476,269	0.5000	0.5000	26,721,335	0.5000	0.5000	26,416,949	0.5000	0.5000
	Mt. Vernon R-V School District	Operating Funds-Schools	74,254,310	2.7500	2.7500	75,180,020	2.7500	2.7500	77,574,200	2.7500	2.7500
		Debt Service	74,254,310	0.5700	0.5700	75,180,020	0.5700	0.5700	77,574,200	0.5834	0.5700
	Aurora R-VIII School District	Operating Funds-Schools	81,776,516	2.7500	2.7500	80,566,683	2.7500	2.7500	81,840,736	2.6089	2.6089
		Operating Funds-Temp	**	**	**	**	**	**	81,840,736	0.4111	0.4111

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Lawrence	Aurora R-VIII School District	Debt Service	81,776,516	0.5702	0.5702	80,566,683	0.5700	0.5700	81,840,736	1.5625	0.8300
	Verona R-VII School District	Operating Funds-Schools	14,956,293	3.3739	2.7500	15,755,477	3.3842	2.7500	16,008,233	3.4103	2.7500
		Debt Service	14,956,293	0.6239	0.6239	15,755,477	0.6590	0.6590	16,008,233	0.9536	0.7000
	Lawrence County	General Revenue	300,585,386	0.2907	0.0900	304,254,814	0.2930	0.0900	311,114,633	0.2930	0.0900
		Road & Bridge	300,585,386	0.2105	0.0700	304,254,814	0.2121	0.0700	311,114,633	0.2121	0.0700
		Developmentally Disabled	300,585,386	0.0902	0.0800	304,254,814	0.0909	0.0800	311,114,633	0.0909	0.0800
		Senior Services	300,585,386	0.0500	0.0500	304,254,814	0.0500	0.0500	311,114,633	0.0500	0.0500
		COMMON I ROAD DISTRICT	21,793,402	0.2000	0.2000 A	22,092,529	0.2000	0.2000	23,181,640	0.2000	0.2000
		COMMON II ROAD DISTRICT	8,730,444	0.2100	0.2100 A	9,012,379	0.2100	0.2100	9,162,499	0.2100	0.2100
Lewis	Lewis County Ambulance District	General Revenue	86,571,725	0.2500	0.2500	87,768,994	0.2500	0.2500	86,925,849	0.2500	0.2500
	Lewis County Nursing Home	General Revenue	86,571,725	0.1500	0.1500	87,768,994	0.1500	0.1500	86,925,849	0.1500	0.1500
	Buck & Doe Run Creeks Sub District	General Revenue	2,114,540	0.3716	0.3716	2,119,190	0.3716	0.3716	2,132,500	0.3716	0.3716
	Durgens Creek Watershed Sub Dist	General Revenue	2,137,105	0.4000	0.4000	2,192,185	0.4000	0.4000	2,236,185	0.4000	0.4000
	Troublesome Watershed Sub District	General Revenue	7,261,804	0.3986	0.3986	7,813,999	0.3939	0.3939	9,027,134	0.3540	0.3540
	Grassey Creek Watershed Sub Dist	General Revenue	4,607,145	0.4000	0.4000	4,856,285	0.4000	0.4000	5,044,905	0.4000	0.4000
	Canton Spec Rd Dist Lewis Co	Road & Bridge	21,018,061	0.2607	0.2500	22,450,992	0.2607	0.2500	21,962,895	0.2717	0.2500
	Dickerson Spec Road Dist Lewis Co	Road & Bridge	790,529	0.3240	0.3240	767,003	0.3500	0.3500	723,349	0.3500	0.3500
	La Grange Spec Rd Dist Lewis Co	Road & Bridge	16,557,396	0.3007	0.3000	15,683,457	0.3197	0.3000	15,315,050	0.3296	0.3000
	City of Canton	General Revenue	13,492,721	0.6850	0.6850	14,599,996	0.6850	0.6850	14,336,774	0.7092	0.6850
		Parks & Recreation	13,492,721	0.2000	0.2000	14,599,996	0.2000	0.2000	14,336,774	0.2000	0.2000
		Library	13,492,721	0.2500	0.2500	14,599,996	0.2500	0.2500	14,336,774	0.2500	0.2500
		Levee	13,492,721	0.2000	0.2000	14,599,996	0.2000	0.2000	14,336,774	0.2000	0.2000
		General Revenue	2,276,995	0.6360	0.6300	2,301,685	0.6360	0.6300	2,330,413	0.6360	0.6300
	City of La Belle	General Revenue	3,453,995	0.7274	0.7200	3,493,185	0.7342	0.7300	3,371,252	0.7642	0.7600
		Streets	3,453,995	0.1000	0.1000	3,493,185	0.1000	0.1000	3,371,252	0.1000	0.1000
		Streets-Temp	3,453,995	0.3500	0.3500	3,493,185	0.3500	0.3500 A	3,371,252	0.3500	0.3500
		General Revenue	11,294,323	0.5002	0.4900	10,372,861	0.5470	0.4900	9,984,358	0.5500	0.4900
	City of La Grange	Streets	11,294,323	0.2779	0.2700	10,372,861	0.3000	0.2700	9,984,358	0.3000	0.2700
		Cemetery	11,294,323	0.1390	0.1300	10,372,861	0.1500	0.1300	9,984,358	0.1500	0.1300
		General Revenue	3,096,225	0.6090	0.6090	3,215,842	0.6121	0.6121	3,040,000	0.6520	0.6520
	City of Lewistown	Debt Service	3,096,225	0.4139	0.4139	3,215,842	0.3887	0.3887	3,040,000	0.4145	0.4145
		General Revenue	783,117	0.5536	0.5500	783,455	0.6150	0.6150	736,771	0.6553	0.6500
	Lewis County Library	General Revenue	73,054,364	0.1000	0.1000	73,156,788	0.1000	0.1000	72,584,656	0.1000	0.1000
	Canton R-V Fire Protection District	General Revenue	23,086,632	0.2423	0.2423	24,625,550	0.2423	0.2423	24,114,690	0.2520	0.2520
		Debt Service	23,086,632	0.0610	0.0610	24,625,550	0.1133	0.1133	24,114,690	0.0584	0.0584

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Lewis	Ewing-Maywood R-4 Fire Prot Dist	General Revenue	16,196,449	0.4380	0.4380	16,962,467	0.4380	0.4380	17,265,911	0.4400	0.4400
	La Belle Fire Protection District	General Revenue	12,608,796	0.4300	0.3100	13,209,829	0.4300	0.3300	13,185,247	0.4300	0.4300
	Canton R-V School District	Operating Funds-Schools	24,657,901	2.7500	2.7500	26,236,951	2.7500	2.7500	25,695,332	2.8822	2.8822
		Debt Service	24,657,901	0.5500	0.5500	26,236,951	0.5500	0.5500	25,695,332	0.8085	0.5500
	Lewis Co C-1 School District	Operating Funds-Schools	53,124,133	3.1708	3.1708	53,957,446	3.2033	3.2033	53,376,876	3.3061	3.3061
	Lewis County	General Revenue	86,571,725	0.4021	0.2501	87,768,994	0.4057	0.2638	86,925,849	0.4155	0.2679
		Road & Bridge	48,205,740	0.2747	0.2747	48,867,543	0.2779	0.2779	48,924,555	0.2817	0.2817
		Special Road and Bridge	48,205,740	0.2100	0.2100	48,867,543	0.2100	0.2100	48,924,555	0.2100	0.2100
		Health	86,571,725	0.1000	0.1000	87,768,994	0.1000	0.1000	86,925,849	0.1000	0.1000
Lincoln	Lincoln County Ambulance	General Revenue	421,718,937	0.2800	0.2800	446,404,454	0.2800	0.2800	464,322,625	0.2800	0.2278
	Clarence Cannon Memorial Sub Dist	General Revenue	**	**	**	**	**	**	6,732,600	0.4000	0.2000 A
	City of Elsberry	General Revenue	10,989,078	0.5086	0.5086	11,525,582	0.5086	0.5086	11,392,401	0.5197	0.5197
		Cemetery	10,989,078	0.1526	0.1526	11,525,582	0.1526	0.1526	11,392,401	0.1559	0.1559
	City of Foley	General Revenue	757,246	0.6385	0.6385	759,026	0.6393	0.6393	775,371	0.6392	0.6392
	City of Hawk Point	General Revenue	2,808,188	0.3690	0.3690	2,929,496	0.3690	0.3690	3,176,322	0.3530	0.3530
	City of Moscow Mills	General Revenue	14,655,811	0.2385	0.2385	16,652,208	0.2385	0.2385	17,060,887	0.2444	0.2385
		GR-Waterworks	14,655,811	0.4671	0.4671	16,652,208	0.4671	0.4671	17,060,887	0.4786	0.4671
	City of Old Monroe	General Revenue	2,577,110	0.4229	0.4229	2,631,423	0.4229	0.4229	2,729,763	0.4229	0.4229
	Village of Silex	General Revenue	1,234,973	0.2531	0.2531	1,250,705	0.2568	0.2568	1,261,725	0.2620	0.2620
	City of Troy	General Revenue	127,085,074	0.3167	0.3167	128,226,678	0.3224	0.3224	132,900,018	0.3224	0.3224
	City of Winfield	General Revenue	5,017,471	0.4203	0.4203	5,845,975	0.4048	0.4048	6,831,985	0.3817	0.3817
	Village of Truxton	General Revenue	328,178	0.5000	0.4900	325,093	0.5000	0.5000	365,723	0.4998	0.4998
	Village of Chain of Rocks	General Revenue	648,350	0.4245	0.4245	646,100	0.4275	0.4275	650,475	0.4279	0.4279
	Village of Fountain 'N Lakes	General Revenue	196,810	0.4995	0.4995	363,160	0.5000	0.5000	376,630	0.5000	0.5000
	Winfield-Foley Fire Protection Dist	General Revenue	55,024,270	0.2559	0.2559	59,082,659	0.2541	0.2541	61,731,079	0.2541	0.2541
	Lincoln County Fire Protection Dist	General Revenue	247,435,375	0.3000	0.3000	260,944,136	0.3000	0.3000	272,597,695	0.5500	0.5500
	Elsberry Fire Protection District	General Revenue	36,918,312	0.2954	0.2954	38,194,810	0.2954	0.2954	38,465,174	0.2975	0.2975
	Hawk Point Fire Protection District	General Revenue	**	**	**	36,602,299	0.3000	0.3000 A	28,468,605	0.3000	0.3000
	Old Monroe Fire Protection District	General Revenue	**	**	**	16,199,903	0.3000	0.3000 A	22,170,824	0.3000	0.3000
	Silex R-I School District	Operating Funds-Schools	20,313,004	3.2568	3.2568	21,471,089	3.2821	3.2821	22,086,888	3.2862	3.2821
		Debt Service	20,313,004	0.6600	0.6600	21,471,089	0.6600	0.6600	22,086,888	0.9999	0.6600
	Elsberry R-II School District	Operating Funds-Schools	31,228,115	2.7783	2.7500	32,896,678	2.7710	2.7500	33,111,037	2.7851	2.7800
		Debt Service	31,228,115	1.0500	1.0500	32,896,678	1.0500	1.0500	33,111,037	1.0013	1.0000
	Troy R-III School District	Operating Funds-Schools	260,069,502	2.9877	2.7500	276,722,376	2.9918	2.7500	290,420,223	2.9895	2.7500
		Debt Service	260,069,502	0.7400	0.7400	276,722,376	0.7400	0.7400	290,420,223	1.0383	0.7400
	Winfield R-IV School District	Operating Funds-Schools	58,033,926	3.3154	3.3000	63,515,589	3.2559	3.2500	65,972,754	3.2757	3.2500
		Debt Service	58,033,926	0.7500	0.7500	63,515,589	0.8000	0.8000	65,972,754	0.9379	0.8000

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Lincoln	Lincoln County	General Revenue	421,718,937	0.3400	0.1277	446,404,454	0.3400	0.1392	464,322,625	0.3400	0.1275
		Road & Bridge	421,718,937	0.2600	0.2600	446,404,454	0.2600	0.2600	464,322,625	0.2600	0.2600
		Health	421,718,937	0.2000	0.2000	446,404,454	0.2000	0.2000	464,322,625	0.2000	0.2000
		Hospital	421,718,937	0.1700	0.1700	446,404,454	0.1700	0.1700	464,322,625	0.1700	0.1700
		Senate Bill 40	421,718,937	0.1000	0.1000	446,404,454	0.1000	0.1000	464,322,625	0.1000	0.1000
		Debt Service	421,718,937	0.2200	0.2200	446,404,454	0.2100	0.2100	464,322,625	0.2000	0.2000
Linn	Linn County Ambulance District	General Revenue	118,766,423	0.2861	0.2861	120,042,765	0.2874	0.2874	120,882,028	0.2880	0.2880
	East Yellow Creek Watershed	General Revenue	7,106,090	0.3575	0.3575	7,280,270	0.3575	0.3575	7,381,430	0.3584	0.3584
	Marceline Spec Rd Dist Linn Co	General Revenue	18,087,548	0.0991	0.0991	18,860,146	0.0994	0.0991	19,290,939	0.0994	0.0994
		Road & Bridge	18,087,548	0.3424	0.3424	18,860,146	0.3435	0.3435	19,290,939	0.3436	0.3436
	Purdin Special Road Dist Linn Co	General Revenue	1,446,111	0.1000	0.0000	1,437,011	0.1000	0.0000	1,428,565	0.1000	0.0000
		Road & Bridge	1,446,111	0.4845	0.0000	1,437,011	0.4898	0.0000	1,428,565	0.4934	0.0000
		Special Road and Bridge	1,446,111	0.3500	0.0000	1,437,011	0.3500	0.0000 A	1,428,565	0.3500	0.0000
	City of Brookfield	General Revenue	36,754,772	0.6641	0.6600	36,423,875	0.6769	0.6769	36,827,904	0.6769	0.6769
		Parks & Recreation	36,754,772	0.1912	0.1900	36,423,875	0.1949	0.1949	36,827,904	0.1949	0.1949
		Library	36,754,772	0.3421	0.3400	36,423,875	0.3487	0.3487	36,827,904	0.3487	0.3487
		Cemetery	36,754,772	0.1000	0.1000	36,423,875	0.1000	0.1000	36,827,904	0.1000	0.1000
	City of Browning	General Revenue	812,696	1.0000	1.0000	805,619	1.0000	1.0000	761,166	1.0000	1.0000
	City of Bucklin	General Revenue	3,098,620	0.9761	0.9761	2,625,225	1.0000	1.0000	2,568,862	1.0000	1.0000
		Streets	3,098,620	0.4588	0.4588	2,625,225	0.5000	0.5000	2,568,862	0.5000	0.5000
		Streets-temp	**	**	**	2,625,225	0.6000	0.6000 A	2,568,862	0.6000	0.6000
	City of Laclede	General Revenue	1,954,662	0.7482	0.7482	1,932,076	0.7574	0.7574	1,862,775	0.7889	0.7889
		Cemetery	1,954,662	0.0878	0.0878	1,932,076	0.0889	0.0889	1,862,775	0.0926	0.0926
	City of Linneus	General Revenue	1,345,717	0.5318	0.5318	1,340,102	0.5378	0.5378	1,290,208	0.5611	0.5611
		Streets	1,345,717	0.3644	0.3644	1,340,102	0.3685	0.3685	1,290,208	0.3845	0.3845
	City of Marceline	General Revenue	17,674,989	0.4628	0.4628	18,450,980	0.4628	0.4628	18,898,551	0.4631	0.4631
		Library	17,674,989	0.2085	0.2085	18,450,980	0.2085	0.2085	18,898,551	0.2086	0.2086
		Debt Service	17,674,989	0.0000	0.0000	18,450,980	0.1193	0.1193	18,898,551	0.0000	0.0000
	City of Meadville	General Revenue	2,174,464	0.3750	0.3750	2,150,747	0.3801	0.3801	2,183,826	0.3801	0.3801
	City of Purdin	General Revenue	714,541	0.8473	0.8473	676,269	0.8952	0.8952	686,298	0.8952	0.8952
	Baker Township of Linn Co	General Revenue	3,024,188	0.0995	0.0995	3,042,144	0.1000	0.1000	2,998,844	0.1000	0.1000
		Road & Bridge	3,024,188	0.4976	0.4976	3,042,144	0.5000	0.5000	2,998,844	0.5000	0.5000
		Special Road and Bridge	3,024,188	0.3483	0.3483	3,042,144	0.3500	0.3500 A	2,998,844	0.3500	0.3500
	North Benton Township of Linn Co	General Revenue	1,772,220	0.0969	0.0969	1,779,118	0.0976	0.0976	1,769,114	0.0994	0.0994
		Road & Bridge	1,772,220	0.4842	0.4842	1,779,118	0.4879	0.4879	1,769,114	0.4968	0.4968
		Special Road and Bridge	1,772,220	0.3390	0.3390	1,779,118	0.3500	0.3500 A	1,769,114	0.3500	0.3500
	Brookfield Township of Linn Co	General Revenue	46,025,813	0.0995	0.0995	45,983,363	0.1000	0.1000	46,513,080	0.1000	0.1000

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Linn	Brookfield Township of Linn Co	Road & Bridge	46,025,813	0.3681	0.3681	45,983,363	0.3727	0.3727	46,513,080	0.3727	0.3727
	Bucklin Township of Linn Co	General Revenue	7,186,145	0.0995	0.0995	6,885,281	0.1000	0.1000	6,927,720	0.1000	0.1000
		Road & Bridge	7,186,145	0.4578	0.4578	6,885,281	0.4803	0.4803	6,927,720	0.4803	0.4803
		Special Road and Bridge	7,186,145	0.3483	0.3483	6,885,281	0.3500	0.3500 A	6,927,720	0.3500	0.3500
	Clay Township of Linn Co	General Revenue	3,491,011	0.0955	0.0955	3,290,508	0.1000	0.1000	3,366,080	0.1000	0.1000
		Road & Bridge	3,491,011	0.4732	0.4732	3,290,508	0.5000	0.5000	3,366,080	0.5000	0.5000
		Special Road and Bridge	3,491,011	0.3342	0.3342	3,290,508	0.3500	0.3500 A	3,366,080	0.3500	0.3500
	Enterprise Township of Linn Co	General Revenue	1,498,608	0.1000	0.1000	1,499,256	0.1000	0.1000	1,449,585	0.1000	0.1000
		Road & Bridge	1,498,608	0.5000	0.5000	1,499,256	0.5000	0.5000	1,449,585	0.5000	0.5000
		Special Road and Bridge	1,498,608	0.3500	0.3500	1,499,256	0.3500	0.3500 A	1,449,585	0.3500	0.3500
	Grantsville Township of Linn Co	General Revenue	2,744,570	0.0979	0.0979	2,779,088	0.0986	0.0986	2,731,611	0.1000	0.1000
		Road & Bridge	2,744,570	0.4897	0.4897	2,779,088	0.4934	0.4934	2,731,611	0.5000	0.5000
		Special Road and Bridge	2,744,570	0.3428	0.3428	2,779,088	0.3500	0.3500 A	2,731,611	0.3500	0.3500
	Jackson Township of Linn Co	General Revenue	2,648,512	0.1000	0.1000	2,662,485	0.1000	0.1000	2,728,723	0.1000	0.1000
		Road & Bridge	2,648,512	0.5000	0.5000	2,662,485	0.5000	0.5000	2,728,723	0.5000	0.5000
		Special Road and Bridge	2,648,512	0.3500	0.3500	2,662,485	0.3500	0.3500 A	2,728,723	0.3500	0.3500
		Debt Service	2,648,512	0.7353	0.7353	2,662,485	0.7315	0.7315	2,728,723	0.6661	0.6661
	Jefferson Township of Linn Co	General Revenue	8,194,080	0.0909	0.0909	7,965,632	0.0939	0.0939	8,221,851	0.0939	0.0939
		Road & Bridge	8,194,080	0.3545	0.3545	7,965,632	0.3663	0.3663	8,221,851	0.3663	0.3663
		Special Road and Bridge	8,194,080	0.3182	0.3182	7,965,632	0.3500	0.3500 A	8,221,851	0.3500	0.3500
		Debt Service	8,194,080	0.1622	0.1622	7,965,632	0.0000	0.0000	**	**	**
	Locust Creek Township of Linn Co	General Revenue	5,046,890	0.0978	0.0978	5,097,675	0.0981	0.0981	5,052,066	0.0997	0.0997
		Road & Bridge	5,046,890	0.4798	0.4798	5,097,675	0.4815	0.4815	5,052,066	0.4892	0.4892
		Special Road and Bridge	5,046,890	0.3422	0.3422	5,097,675	0.3500	0.3500 A	5,052,066	0.3500	0.3500
		Debt Service	5,046,890	0.3405	0.3405	5,097,675	0.3341	0.3341	**	**	**
	Marceline Township of Linn Co	General Revenue	3,776,279	0.0993	0.0993	4,440,269	0.1000	0.1000	3,973,815	0.1000	0.1000
		Road & Bridge	3,776,279	0.4668	0.4668	4,440,269	0.4718	0.4718	3,973,815	0.5000	0.5000
		Special Road and Bridge	3,776,279	0.3476	0.3476	4,440,269	0.3500	0.3500 A	3,973,815	0.3500	0.3500
	North Salem Township of Linn Co	General Revenue	1,854,938	0.0997	0.0997	1,913,486	0.0997	0.0997	2,000,005	0.0997	0.0997
		Road & Bridge	1,854,938	0.4983	0.4983	1,913,486	0.4983	0.4983	2,000,005	0.4983	0.4983
		Special Road and Bridge	1,854,938	0.3488	0.3488	1,913,486	0.3500	0.3500 A	2,000,005	0.3500	0.3500
	Parson Creek Township of Linn Co	General Revenue	6,682,702	0.0970	0.0970	6,723,758	0.0972	0.0972	6,639,122	0.0990	0.0990
		Road & Bridge	6,682,702	0.4550	0.4550	6,723,758	0.4558	0.4558	6,639,122	0.4644	0.4644
		Special Road and Bridge	6,682,702	0.3395	0.3395	6,723,758	0.3500	0.3500 A	6,639,122	0.3500	0.3500
	Yellow Creek Township of Linn Co	General Revenue	5,286,808	0.0988	0.0988	5,515,674	0.0999	0.0999	5,790,908	0.0993	0.0993
		Road & Bridge	5,286,808	0.3460	0.3460	5,515,674	0.3498	0.3498	5,790,908	0.3476	0.3476
		Special Road and Bridge	5,286,808	0.3460	0.3460	5,515,674	0.3500	0.3500 A	5,790,908	0.3478	0.3478

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Linn	Laclede Community Fire Prot Dist	General Revenue	8,194,080	0.2364	0.2364	8,133,503	0.2399	0.2399	8,221,851	0.2399	0.2399
	Linneus Fire Protection District	General Revenue	5,560,854	0.2848	0.2848	6,069,687	0.2948	0.2948	6,144,941	0.2948	0.2948
	Linn Co R-I School District	Operating Funds-Schools	13,574,444	4.2455	3.5273	13,822,528	4.2394	3.5865	13,727,829	4.3374	3.5674
	Bucklin R-II School District	Operating Funds-Schools	9,139,192	3.6897	3.6897	8,827,097	3.7500	3.7500	8,891,307	4.4000	4.4000
	Meadville R-IV School District	Operating Funds-Schools	11,556,915	4.7971	3.6600	11,780,925	4.8212	3.6600	11,808,675	4.8911	3.8100
		Debt Service	11,556,915	0.9200	0.9200	11,780,925	0.9200	0.9200	11,808,675	1.2450	0.9600
	Marceline R-V School District	Operating Funds-Schools	27,901,942	4.1798	3.2789	29,902,805	4.1451	3.3751	30,121,910	4.2574	3.4478
		Debt Service	27,901,942	0.7525	0.7525	29,902,805	0.7525	0.7525	30,121,910	0.9075	0.7525
	Brookfield R-III School District	Operating Funds-Schools	51,548,207	3.3889	2.9651	52,211,391	3.4014	3.0026	52,367,725	3.4531	3.0124
		Debt Service	51,548,207	0.3900	0.3900	52,211,391	0.3900	0.3900	52,367,725	1.1527	0.3900
	Linn County	General Revenue	118,766,423	0.3551	0.0650	120,042,765	0.3568	0.0725	120,882,028	0.3575	0.0725
		Health	118,766,423	0.2368	0.2000	120,042,765	0.2379	0.2000	120,882,028	0.2384	0.2000
		Senate Bill 40	118,766,423	0.1973	0.1973	120,042,765	0.1982	0.1982	120,882,028	0.1986	0.1986
Livingston	Livingston County Ambulance Dist	General Revenue	136,759,138	0.2906	0.2000	136,956,343	0.2932	0.2000	137,029,095	0.2964	0.1700
	Livingston County Nursing Home Dist	General Revenue	136,759,138	0.1477	0.1477	136,956,343	0.1490	0.1490	137,029,095	0.1500	0.1500
	City of Chillicothe	General Revenue	77,905,448	0.6256	0.6256	78,722,840	0.6256	0.6256	78,003,731	0.6359	0.6359
		Parks & Recreation	77,905,448	0.1759	0.1759	78,722,840	0.1759	0.1759	78,003,731	0.1788	0.1788
		Temp Gen Indus Imp	77,905,448	0.2737	0.0000	78,722,840	0.2737	0.0000	78,003,731	0.2782	0.0000
	City of Chula	General Revenue	785,407	1.0924	1.0924	759,250	1.1542	1.1542	735,649	1.2003	1.2003
	Village of Ludlow	General Revenue	788,791	0.6856	0.6856	631,993	0.8557	0.8557	609,629	0.8871	0.8871
	Village of Mooresville	General Revenue	513,936	0.5300	0.5300	504,033	0.5300	0.5300	518,281	0.5300	0.5300
	City of Wheeling	General Revenue	961,686	0.6168	0.6168	926,650	0.6438	0.6438	902,879	0.6820	0.6820
	Livingston County Memorial Library	General Revenue	136,759,138	0.2604	0.2604	136,956,343	0.2628	0.2628	137,029,095	0.2656	0.2656
	Blue Mound Township Livingston Co	General Revenue	4,391,503	0.1000	0.1000	4,381,944	0.1000	0.1000	4,523,584	0.1000	0.1000
		Road & Bridge	4,391,503	0.4618	0.4618	4,381,944	0.4684	0.4684	4,523,584	0.4684	0.4684
		Special Road and Bridge	4,391,503	0.3300	0.3300	4,381,944	0.3300	0.3300	4,523,584	0.3300	0.3300
	Chillicothe Township, Livingston Co	General Revenue	90,296,988	0.0966	0.0966	91,168,409	0.0966	0.0966	90,620,191	0.0981	0.0981
		Road & Bridge	90,296,988	0.2655	0.2655	91,168,409	0.2655	0.2655	90,620,191	0.2696	0.2696
	Cream Ridge Township, Livingston Co	General Revenue	5,089,433	0.1000	0.1000	5,064,642	0.1000	0.1000	5,133,397	0.1000	0.1000
		Road & Bridge	5,089,433	0.3984	0.3984	5,064,642	0.4087	0.4087	5,133,397	0.4088	0.4088
		Special Road and Bridge	5,089,433	0.2500	0.2500	5,064,642	0.2500	0.2500	5,133,397	0.2500	0.2500
	Grand River Township, Livingston Co	General Revenue	3,141,245	0.0914	0.0914	3,114,160	0.0943	0.0943	3,118,298	0.0943	0.0943
		Road & Bridge	3,141,245	0.3756	0.3756	3,114,160	0.3874	0.3874	3,118,298	0.3874	0.3874
		Special Road and Bridge	3,141,245	0.3500	0.3500	3,114,160	0.3500	0.3500	3,118,298	0.3500	0.3500
	Green Township of Livingston Co	General Revenue	4,043,673	0.1000	0.1000	3,888,868	0.1000	0.1000	3,388,024	0.1000	0.1000
		Road & Bridge	4,043,673	0.4564	0.4564	3,888,868	0.4763	0.4763	3,388,024	0.5000	0.5000
	Jackson Township of Livingston Co	General Revenue	5,850,279	0.1000	0.1000	5,780,027	0.1000	0.1000	5,968,319	0.1000	0.1000

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Livingston	Jackson Township of Livingston Co	Road & Bridge	5,850,279	0.2870	0.2870	5,780,027	0.2950	0.2950	5,968,319	0.2950	0.2950
		Special Road and Bridge	5,850,279	0.3400	0.3400	5,780,027	0.3400	0.3400 A	5,968,319	0.3400	0.3400
	Medicine Township of Livingston Co	General Revenue	1,565,647	0.1000	0.1000	1,617,751	0.1000	0.1000	1,607,270	0.1000	0.1000
		Road & Bridge	1,565,647	0.4133	0.4133	1,617,751	0.4133	0.4133	1,607,270	0.4160	0.4160
		Special Road and Bridge	1,565,647	0.3000	0.3000	1,617,751	0.3000	0.3000 A	1,607,270	0.3000	0.3000
	Monroe Township of Livingston Co	General Revenue	3,390,927	0.1000	0.1000	3,217,134	0.1000	0.1000	3,234,195	0.1000	0.1000
		Road & Bridge	3,390,927	0.4350	0.4350	3,217,134	0.4668	0.4668	3,234,195	0.4668	0.4668
		Special Road and Bridge	3,390,927	0.3500	0.3500	3,217,134	0.3500	0.3500	3,234,195	0.3500	0.3500
	Mooresville Township Livingston Co	General Revenue	2,741,954	0.1000	0.1000	2,688,035	0.1000	0.1000	2,682,436	0.1000	0.1000
		Road & Bridge	2,741,954	0.5000	0.5000	2,688,035	0.5000	0.5000	2,682,436	0.5000	0.5000
		Special Road and Bridge	2,741,954	0.3500	0.3500	2,688,035	0.3500	0.3500	2,682,436	0.3500	0.3500
	Rich Hill Township of Livingston Co	General Revenue	5,795,989	0.1000	0.1000	5,645,345	0.1000	0.1000	5,805,171	0.1000	0.1000
		Road & Bridge	5,795,989	0.4291	0.4291	5,645,345	0.4422	0.4422	5,805,171	0.4422	0.4422
		Special Road and Bridge	5,795,989	0.3400	0.3400	5,645,345	0.3400	0.3400	5,805,171	0.3400	0.3400 A
	Sampsel Township of Livingston Co	General Revenue	3,404,337	0.1000	0.1000	3,304,585	0.1000	0.1000	3,486,694	0.1000	0.1000
		Road & Bridge	3,404,337	0.4300	0.4300	3,304,585	0.4522	0.4522	3,486,694	0.4522	0.4522
		Special Road and Bridge	3,404,337	0.2500	0.2500 A	3,304,585	0.2500	0.2500	3,486,694	0.2500	0.2500
	Wheeling Township of Livingston Co	General Revenue	3,238,416	0.1000	0.1000	3,152,217	0.1000	0.1000	3,255,078	0.1000	0.1000
		Road & Bridge	3,238,416	0.4806	0.4806	3,152,217	0.4946	0.4946	3,255,078	0.4947	0.4947
		Special Road and Bridge	3,238,416	0.3500	0.3500	3,152,217	0.3500	0.3500	3,255,078	0.3500	0.3500
	Fairview Township of Livingston Co	General Revenue	3,908,527	0.1000	0.1000	3,933,226	0.1000	0.1000	4,206,438	0.1000	0.1000
		Road & Bridge	3,908,527	0.4184	0.4184	3,933,226	0.4209	0.4209	4,206,438	0.4209	0.4209
		Special Road and Bridge	3,908,527	0.3500	0.3500	3,933,226	0.3500	0.3500	4,206,438	0.3500	0.3500
	Green Township Fire District	General Revenue	4,043,673	0.3000	0.3000	3,888,868	0.3000	0.3000	3,388,024	0.3000	0.3000
	Mooresville Township Fire Prot Dist	General Revenue	2,741,954	0.3000	0.2900	2,688,035	0.3000	0.3000	2,682,436	0.3000	0.3000
	Livingston County Health Center	General Revenue	136,759,138	0.2405	0.2405	136,956,343	0.2427	0.2427	137,029,095	0.2453	0.2453
	Southwest Livingston Co R-I Sch Dis	Operating Funds-Schools	9,957,368	4.4700	4.4700	9,643,706	4.4700	4.4700	8,952,480	4.4700	4.4700
	Livingston Co R-III School Dist	Operating Funds-Schools	5,064,046	4.9960	4.3494	5,105,247	5.0985	4.4472	5,196,672	5.1068	4.3925
	Chillicothe R-II School District	Operating Funds-Schools	108,328,674	3.3775	2.9700	109,398,067	3.4140	3.2200	109,246,672	3.4889	3.2949
		Capital Projects	108,328,674	0.1167	0.0000	109,398,067	0.1167	0.0000	109,246,672	0.1183	0.0000
		Debt Service	108,328,674	0.5000	0.5000	109,398,067	0.4500	0.4500	109,246,672	0.9434	0.4500
	Livingston County	General Revenue	136,759,138	0.3206	0.0000	136,956,343	0.3235	0.0000	137,029,095	0.3270	0.0000
		Developmentally Disabled	136,759,138	0.0984	0.0984	136,956,343	0.0993	0.0993	137,029,095	0.1000	0.1000
Mc Donald	City of Anderson	General Revenue	8,575,157	0.2400	0.2400	9,411,956	0.2267	0.2267	9,465,976	0.2267	0.2267
		General Revenue-Temp	**	**	**	9,411,956	0.3500	0.3500 A	9,465,976	0.3500	0.3500
		Debt Service	8,575,157	0.3985	0.3985	**	**	**	**	**	**
	City of Goodman	General Revenue	5,755,844	0.5443	0.5443	6,132,797	0.5378	0.5378	5,901,931	0.5589	0.5589

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Mc Donald	City of Lanagan	General Revenue	1,394,486	0.5723	0.5723	1,497,526	0.5588	0.5588	1,506,481	0.5588	0.5588
	City of Pineville	General Revenue	3,376,499	0.4936	0.4936	4,008,150	0.4625	0.4625	4,002,228	0.4632	0.4632
	City of Southwest City	General Revenue	12,260,049	0.6181	0.6181	12,982,835	0.6180	0.6180	13,036,453	0.6180	0.6180
		Debt Service	12,260,049	0.2871	0.2871	12,982,835	0.3055	0.3055	13,036,453	0.1863	0.1863
	McDonald County Library	General Revenue	152,782,368	0.1000	0.1000	163,698,265	0.0984	0.0984	185,822,718	0.0984	0.0984
	McDonald Co R-I School District	Operating Funds-Schools	118,402,044	2.8500	2.7500	128,038,434	2.7989	2.7500	146,649,207	2.8335	2.7500
		Debt Service	**	**	**	128,038,434	0.2500	0.2500	146,649,207	0.2819	0.2500
	McDonald County	Road & Bridge	152,912,378	0.2223	0.0000	163,741,680	0.2189	0.0000	185,822,718	0.2189	0.0000
		General Revenue-Temp	152,912,378	0.5000	0.2854	**	**	**	**	**	**
Macon	Macon County Ambulance District	General Revenue	138,857,657	0.1500	0.1500	141,808,660	0.1500	0.1500	144,793,354	0.1500	0.1500
	Samaritan Memorial Hospital	General Revenue	138,857,657	0.2000	0.2000	141,808,660	0.2000	0.2000	144,793,354	0.2000	0.2000
	La Plata Nursing Home District	General Revenue	30,618,389	0.1500	0.1500	30,618,185	0.1500	0.1500	30,921,557	0.1500	0.1500
	Macon County Nursing Home District	Maintenance	110,846,090	0.1500	0.1500	113,823,316	0.1500	0.1500	116,669,136	0.1500	0.1500
	Hudson Spec Rd Dist Macon Co	Road & Bridge	58,715,208	0.2921	0.2921	59,985,302	0.2922	0.2922	62,696,909	0.2922	0.2922
		Special Road and Bridge	58,715,208	0.2000	0.2000	59,985,302	0.2000	0.2000	62,696,909	0.2000	0.2000
	La Plata Spec Rd Dist Macon Co	Road & Bridge	11,109,259	0.3023	0.3023	11,064,965	0.3064	0.3023	11,004,314	0.3113	0.3113
		Special Road and Bridge	11,109,259	0.3413	0.3413	11,064,965	0.3459	0.3413	**	**	**
		Special Road District	**	**	**	**	**	**	11,004,314	0.3500	0.3500 A
	City of Atlanta	General Revenue	1,547,732	1.3136	1.3024	1,558,742	1.3171	1.3171	1,484,406	1.4058	1.4058
	City of Bevier	General Revenue	2,550,020	0.7863	0.7863	2,604,042	0.7863	0.7863	2,688,431	0.7863	0.7863
		Lights	2,550,020	0.2793	0.2793	2,604,042	0.2793	0.2793	2,688,431	0.2793	0.2793
	City of Callao	General Revenue	921,603	0.9684	0.9684	921,863	0.9822	0.9822	962,238	1.0000	1.0000
		Debt Service	921,603	1.5359	1.5359	921,863	1.5019	1.5019	962,238	1.8140	1.8140
	City of Elmer	General Revenue	330,784	1.0000	1.0000	323,405	1.0000	1.0000	310,245	1.0000	1.0000
	City of Ethel	General Revenue	345,094	0.8500	0.8500	325,093	0.8500	0.8500	325,384	0.8498	0.8498
	City of La Plata	General Revenue	7,563,752	0.7933	0.7933	7,525,255	0.8018	0.8018	7,299,169	0.8294	0.8294
		Parks & Recreation	7,563,752	0.1816	0.1816	7,525,255	0.1836	0.1836	7,299,169	0.1899	0.1899
		Library	7,563,752	0.1816	0.1816	7,525,255	0.1836	0.1836	7,299,169	0.1899	0.1899
	City of Macon	General Revenue	45,939,968	0.6083	0.6083	46,790,384	0.6083	0.6083	49,307,728	0.6083	0.6083
		Library	45,939,968	0.2433	0.2433	46,790,384	0.2433	0.2433	49,307,728	0.2433	0.2433
	City of New Cambria	General Revenue	829,212	0.9747	0.9700	838,082	0.9747	0.9747	857,960	0.9747	0.9747
	Village of South Gifford	General Revenue	75,162	0.5000	0.5000	83,050	0.4992	0.4992	77,350	0.5000	0.5000
	Atlanta C-3 School District	Operating Funds-Schools	10,155,034	4.1677	3.3895	10,291,258	4.2293	3.4985	10,446,317	4.3289	3.6128
	Bevier C-4 School District	Operating Funds-Schools	8,167,050	4.2445	3.1766	8,620,624	4.2088	3.1789	8,727,346	4.3146	3.2736
	La Plata R-II School District	Operating Funds-Schools	16,961,918	3.4210	3.4210	17,295,208	3.5360	3.5360	17,330,738	3.6048	3.6048
		Debt Service	16,961,918	1.2300	1.2300	17,295,208	1.2300	1.2300	17,330,738	2.5568	1.2300
	Macon Co R-I School District	Operating Funds-Schools	72,195,442	3.5805	2.9684	73,763,341	3.5768	3.0032	76,888,253	3.6106	3.3000

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Macon	Callao C-8 School District	Operating Funds-Schools	4,208,698	4.6841	3.9379	5,870,390	4.8621	4.2421	4,962,009	5.6000	4.2400
	Macon Co R-IV School District	Operating Funds-Schools	8,261,793	4.7971	4.1056	8,385,729	4.7927	4.1227	8,676,114	4.8109	4.0962
	Macon County	General Revenue	138,857,657	0.4300	0.2369	141,808,660	0.4329	0.2236	144,793,354	0.4329	0.2154
		Common Road District	69,033,189	0.3200	0.3200	70,758,393	0.3239	0.3239	71,092,134	0.3276	0.3276
		Special Road and Bridge	69,033,189	0.3500	0.3500	70,758,393	0.3500	0.3500 A	71,092,134	0.3500	0.3500
		Health	138,857,657	0.1500	0.1500	141,808,660	0.1500	0.1500	144,793,354	0.1500	0.1500
		Developmentally Disabled	138,857,657	0.1000	0.1000	141,808,660	0.1000	0.1000	144,793,354	0.1000	0.1000
Madison	Village of Cobalt City	General Revenue	587,120	0.2390	0.2390	743,000	0.1974	0.1974	768,310	0.1975	0.1975
	City of Fredericktown	General Revenue	23,715,239	0.7604	0.7604	27,377,926	0.6749	0.6749	28,007,575	0.6749	0.6749
		Parks & Recreation	23,715,239	0.1318	0.1318	27,377,926	0.1170	0.1170	28,007,575	0.1170	0.1170
	Village of Junction City	General Revenue	1,476,830	0.2491	0.2491	1,651,250	0.2278	0.2278	1,708,720	0.2278	0.2278
	City of Marquand	General Revenue	1,084,514	0.7317	0.7317	1,042,367	0.7848	0.7848	956,611	0.8679	0.8679
	Marquand-Zion R-VI School District	Operating Funds-Schools	7,568,270	3.7485	3.0500	8,673,760	3.3999	3.3999	8,720,290	3.4516	3.4516
		Debt Service	7,568,270	0.5946	0.5946	8,673,760	0.5000	0.5000	8,720,290	0.9377	0.6500
	Fredericktown R-I School District	Operating Funds-Schools	62,290,690	2.7500	2.7500	71,366,460	3.2000	3.2000 B	77,297,787	3.1492	3.1492
	Madison County	General Revenue	81,535,737	0.4044	0.0900	91,920,151	0.3711	0.1600	96,904,604	0.3711	0.1583
		Library	81,535,737	0.1000	0.1000	91,920,151	0.0918	0.0918	96,904,604	0.0918	0.0918
		Road & Bridge	81,535,737	0.2903	0.2903	91,920,151	0.2664	0.2664	96,904,604	0.2664	0.2664
		Health	81,535,737	0.1000	0.1000	91,920,151	0.0918	0.0918	96,904,604	0.0918	0.0918
		Hospital	81,535,737	0.1970	0.1970	91,920,151	0.1808	0.1808	96,904,604	0.1808	0.1808
		Senate Bill 40	81,535,737	0.1970	0.1970	91,920,151	0.1808	0.1808	96,904,604	0.1808	0.1808
Maries	Maries-Osage Ambulance District	General Revenue	57,202,554	0.1901	0.1901	61,505,756	0.1901	0.1901	61,611,260	0.1926	0.1926
	Ozark Central Ambulance District	General Revenue	53,556,176	0.2708	0.2708	54,472,634	0.2708	0.2708	55,490,358	0.2708	0.2708
	Belle Special Road Dist No. 6	Road & Bridge	8,695,587	0.2451	0.2400	9,022,336	0.2451	0.2400	9,064,900	0.2471	0.2400
	Spec Rd Dist No 8, Maries County	Road & Bridge	5,972,184	0.2139	0.2100	5,828,307	0.2207	0.2207	5,939,959	0.2215	0.2215
	City of Vienna	General Revenue	5,933,909	0.5600	0.5600	5,775,342	0.5795	0.5795	5,897,819	0.5825	0.5825
		Debt Service	5,933,909	0.2000	0.2000	5,775,342	0.0404	0.0404	**	**	**
	City of Belle	General Revenue	8,764,276	0.7447	0.6600	9,090,626	0.7447	0.6600	9,134,813	0.7506	0.7447
		Parks & Recreation	8,764,276	0.1619	0.1619	9,090,626	0.1619	0.1619	9,134,813	0.1632	0.1619
	Maries County Library	General Revenue	83,163,660	0.1600	0.1600	87,079,524	0.1606	0.1606	87,645,744	0.1613	0.1613
	Maries Co R-I School District	Operating Funds-Schools	32,298,378	3.1527	3.0600	36,124,219	3.1472	3.0600	34,906,803	3.3398	3.1000
	Maries Co R-II School District	Operating Funds-Schools	40,468,017	3.3354	2.7500	41,987,768	3.3667	3.3600	42,227,978	3.4185	3.1000
	Maries County	General Revenue	83,163,660	0.4700	0.3300	87,079,524	0.4719	0.3500	87,645,744	0.4739	0.3300
		Road #1	36,226,078	0.2685	0.2685	40,115,783	0.2685	0.2685	39,878,932	0.2729	0.2729
		Road #2	33,658,829	0.2289	0.2289	33,521,637	0.2336	0.2336	34,262,536	0.2336	0.2336
Marion	Marion County Ambulance District	General Revenue	276,160,483	0.2328	0.2328	297,649,752	0.2322	0.2322	304,309,959	0.2322	0.2322
		Pension	276,160,483	0.0500	0.0500 A	297,649,752	0.0499	0.0499	304,309,959	0.0499	0.0499

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Marion	Marion Co Nursing Home District	General Revenue	271,963,282	0.1500	0.1500	290,206,400	0.1491	0.1491	295,590,910	0.1491	0.1491
	City of Hannibal	General Revenue	143,054,314	0.7667	0.7667	158,497,046	0.7375	0.7375	166,561,149	0.7357	0.7357
		Library	143,054,314	0.3000	0.3000	158,497,046	0.2886	0.2886	166,561,149	0.2879	0.2879
		Police & Fire	143,054,314	0.1347	0.1347	158,497,046	0.1296	0.1296	166,561,149	0.1293	0.1293
		Debt Service	143,054,314	0.1738	0.1738	158,497,046	0.0210	0.0210	**	**	**
	City of Palmyra	General Revenue	27,404,146	0.6496	0.6496	29,266,103	0.6272	0.6272	29,630,118	0.6295	0.6295
	Marion Co R-II School District	Operating Funds-Schools	8,426,635	4.5372	3.5400	8,653,605	4.6000	3.5500	9,948,220	4.2861	3.5700
		Debt Service	8,426,635	0.3400	0.3400	8,653,605	0.3300	0.3300	9,948,220	0.3106	0.3100
	Palmyra R-I School District	Operating Funds-Schools	93,262,600	2.7513	2.7500	100,315,020	2.7500	2.7500	99,043,300	3.0000	3.0000 B
		Debt Service	93,262,600	0.5800	0.5800	100,315,020	0.5800	0.5800	99,043,300	0.9406	0.5800
	Hannibal 60 School District	Operating Funds-Schools	193,683,702	3.5467	2.8687	216,089,406	3.3869	2.8121	223,043,071	3.3862	2.8012
		Debt Service	193,683,702	0.4600	0.4600	216,089,406	0.4600	0.4600	223,043,071	0.7830	0.4600
	Marion County	General Revenue	271,963,282	0.4458	0.0600	290,206,400	0.4431	0.0600	295,590,910	0.4431	0.0600
		Road & Bridge	271,963,282	0.3343	0.3200	290,206,400	0.3323	0.3170	295,590,910	0.3323	0.3136
		Health	271,963,282	0.1500	0.1500	290,206,400	0.1491	0.1491	295,590,910	0.1491	0.1491
		Senate Bill 40	271,963,282	0.1400	0.1400	290,206,400	0.1391	0.1391	295,590,910	0.1391	0.1391
Mercer	Mercer County Ambulance District	General Revenue	50,419,196	0.3300	0.3300	52,275,613	0.3300	0.3300	51,504,750	0.3300	0.3300
	City of Mercer	General Revenue	1,371,772	0.7405	0.7405	1,355,383	0.7527	0.7527	1,520,270	0.7527	0.7527
		Streets	1,371,772	0.4126	0.4126	1,355,383	0.4194	0.4194	1,520,270	0.4194	0.4194
	City of Princeton	General Revenue	7,066,956	0.8639	0.8639	7,775,466	0.8639	0.8639	7,769,622	0.8666	0.8666
		Band	7,066,956	0.1000	0.1000	7,775,466	0.1000	0.1000	7,769,622	0.1000	0.1000
	Village of South Lineville	General Revenue	268,241	0.3893	0.3893	276,280	0.3862	0.3862	284,335	0.3841	0.3841
	Mercer County Library	General Revenue	50,419,196	0.2000	0.2000	52,275,613	0.2000	0.2000	51,504,750	0.2000	0.2000
	Harrison Township of Mercer Co	General Revenue	2,423,022	0.1000	0.1000	2,471,006	0.1000	0.1000	2,459,771	0.1000	0.1000
		Road & Bridge	2,423,022	0.5000	0.5000	2,471,006	0.5000	0.5000	2,459,771	0.5000	0.5000
		Special Road and Bridge	2,423,022	0.3500	0.3500	2,471,006	0.3500	0.3500 A	2,459,771	0.3500	0.3500
	Lindley Township of Mercer Co	General Revenue	2,203,086	0.1000	0.1000	2,140,348	0.1000	0.1000	2,166,931	0.1000	0.1000
		Road & Bridge	2,203,086	0.5000	0.5000	2,140,348	0.5000	0.5000	2,166,931	0.5000	0.5000
		Special Road and Bridge	2,203,086	0.3500	0.3500	2,140,348	0.3500	0.3500 A	2,166,931	0.3500	0.3500
	Madison Township of Mercer Co	General Revenue	2,259,532	0.1000	0.1000	2,272,520	0.1000	0.1000	2,277,488	0.1000	0.1000
		Road & Bridge	2,259,532	0.5000	0.5000	2,272,520	0.5000	0.5000	2,277,488	0.5000	0.5000
		Special Road and Bridge	2,259,532	0.3500	0.3500	2,272,520	0.3500	0.3500 A	2,277,488	0.3500	0.3500
	Marion Township of Mercer Co	General Revenue	6,627,519	0.1000	0.1000	6,575,170	0.1000	0.1000	6,728,870	0.1000	0.1000
		Road & Bridge	6,627,519	0.4195	0.4195	6,575,170	0.4270	0.4270	6,728,870	0.4270	0.4270
		Special Road and Bridge	6,627,519	0.3500	0.3500	6,575,170	0.3500	0.3500 A	6,728,870	0.3500	0.3500
	Medicine Township of Mercer Co	General Revenue	2,680,315	0.1000	0.1000	2,683,755	0.1000	0.1000	2,742,511	0.1000	0.1000
		Road & Bridge	2,680,315	0.5000	0.5000	2,683,755	0.5000	0.5000	2,742,511	0.5000	0.5000

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003				2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied		Assessed Value	Ceiling	Levied
Mercer	Medicine Township of Mercer Co	Special Road and Bridge	2,680,315	0.3500	0.3500	2,683,755	0.3500	0.3500	A	2,742,511	0.3500	0.3500
	Morgan Township of Mercer Co	General Revenue	17,175,369	0.1000	0.1000	18,236,562	0.1000	0.1000		17,551,886	0.1000	0.1000
		Road & Bridge	17,175,369	0.3500	0.3500	18,236,562	0.3500	0.3500		17,551,886	0.3500	0.3500
	Ravanna Township of Mercer Co	General Revenue	7,590,722	0.1000	0.1000	7,617,808	0.1000	0.1000		7,478,291	0.1000	0.1000
		Road & Bridge	7,590,722	0.5000	0.5000	7,617,808	0.5000	0.5000		7,478,291	0.5000	0.5000
		Special Road and Bridge	7,590,722	0.3500	0.3500	7,617,808	0.3500	0.3500	A	7,478,291	0.3500	0.3500
	Somerset Township of Mercer Co	General Revenue	5,045,744	0.1000	0.1000	5,756,594	0.1000	0.1000		5,338,874	0.1000	0.1000
		Road & Bridge	5,045,744	0.5000	0.5000	5,756,594	0.5000	0.5000		5,338,874	0.5000	0.5000
		Special Road and Bridge	5,045,744	0.3500	0.3500	5,756,594	0.3500	0.3500	A	5,338,874	0.3500	0.3500
	Washington Township of Mercer Co	General Revenue	4,413,887	0.1000	0.1000	4,521,850	0.1000	0.1000		4,760,128	0.1000	0.1000
		Road & Bridge	4,413,887	0.4926	0.4926	4,521,850	0.4926	0.4926		4,760,128	0.4926	0.4926
		Special Road and Bridge	4,413,887	0.3500	0.3500	4,521,850	0.3500	0.3500	A	4,760,128	0.3500	0.3500
	Mercer County Fire Protection Dist	General Revenue	29,084,201	0.3000	0.3000	30,726,875	0.3000	0.3000		29,828,290	0.3000	0.3000
	Mercer Fire Protection District	General Revenue	13,104,963	0.3000	0.3000	13,147,125	0.3000	0.3000		13,427,440	0.3000	0.3000
	North Mercer Co R-III School Dist	Operating Funds-Schools	11,736,003	5.2500	4.4872	12,225,917	5.2302	4.6202		11,764,877	5.2500	4.6322
		Debt Service	11,736,003	0.3698	0.3698	12,225,917	0.5306	0.5306		11,764,877	0.6582	0.5300
	Princeton R-V School District	Operating Funds-Schools	29,756,174	4.5565	4.3137	29,881,124	4.5792	4.4192		30,244,920	4.5790	4.4590
	Mercer County	General Revenue	50,419,196	0.4000	0.2500	52,275,613	0.4000	0.2600		51,504,750	0.4000	0.2400
		Road & Bridge	50,419,196	0.1500	0.0000	52,275,613	0.1500	0.0000		51,504,750	0.1500	0.0000
		Health	50,419,196	0.3000	0.3000	52,275,613	0.3000	0.3000		51,504,750	0.3000	0.3000
Miller	Miller County Ambulance District	General Revenue	191,640,549	0.1500	0.1500	198,668,884	0.1500	0.1500		413,808,971	0.0805	0.0805
		General Revenue - Temp.	275,797,750	0.0311	0.0207	284,827,712	0.0938	0.1030		399,520,751	0.0771	0.0771
	Miller County Nursing Home District	General Revenue	276,763,499	0.1146	0.1146	281,739,723	0.1152	0.1152		278,056,606	0.1183	0.1183
		Debt Service	276,763,499	0.0425	0.0425	281,739,723	0.0600	0.0600		278,056,606	0.0865	0.0600
	Bagnell Spec Rd Dist Miller Co	Road & Bridge	69,316,867	0.1834	0.1834	68,617,201	0.1945	0.1945		69,664,260	0.1948	0.1948
	Eldon Special Road Dist Miller Co	Road & Bridge	70,909,243	0.2108	0.2108	74,177,738	0.2108	0.2108		74,360,366	0.2112	0.2112
	Kaiser Special Road Dist Miller Co	Road & Bridge	49,300,244	0.1807	0.1807	48,396,557	0.1856	0.1856		50,585,051	0.1866	0.1866
	City of Bagnell	General Revenue	485,841	0.4743	0.4743	461,070	0.5000	0.5000		482,706	0.5000	0.5000
	Village of Brumley	General Revenue	470,660	0.2940	0.2940	484,745	0.2941	0.2941		406,011	0.3856	0.3856
	City of Iberia	General Revenue	3,918,954	0.4689	0.1700	4,206,190	0.4680	0.1680		4,472,830	0.4683	0.1683
	Village of Olean	General Revenue	467,459	0.3230	0.3230	477,118	0.3263	0.3263		488,104	0.3267	0.3267
	Village of St Elizabeth	General Revenue	2,689,583	0.2172	0.2100	2,911,002	0.2307	0.2307		2,848,343	0.2360	0.2360
	Village of Tuscumbia	General Revenue	1,161,604	0.3043	0.3043	1,161,007	0.3090	0.3090		1,178,819	0.3074	0.3074
	City of Lake Ozark	General Revenue	51,412,731	0.2373	0.2373	47,430,123	0.2614	0.2614		50,726,281	0.2554	0.2554
	Miller County Library	General Revenue	276,280,301	0.1262	0.1262	281,739,723	0.1268	0.1268		278,056,606	0.1301	0.1301
	Lake Ozark Fire Protection District	General Revenue	271,730,101	0.2977	0.2977	285,305,961	0.2957	0.2957		290,025,633	0.2973	0.2973
		Ambulance	271,637,031	0.3000	0.2400	285,305,961	0.2980	0.2700		290,025,633	0.2996	0.2996

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Miller	Lake Ozark Fire Protection District	Debt Service	271,637,031	0.0834	0.0834	285,305,961	0.0721	0.0721	290,025,633	0.0778	0.0778
	Brumley Fire Protection District	General Revenue	19,535,956	0.3000	0.3000	20,377,892	0.3000	0.3000	15,331,899	0.3000	0.3000
	Tuscumbia Fire Protection District	General Revenue	8,057,833	0.3000	0.3000	8,670,476	0.3000	0.3000	8,336,937	0.3000	0.3000
	Moreau Fire Protection Dist #2	General Revenue	77,003,487	0.2802	0.2802	78,991,825	0.2802	0.2802	79,972,784	0.2802	0.2802
	St. Elizabeth Fire Protection Dist	General Revenue	8,945,676	0.3000	0.3000	9,022,954	0.3000	0.3000	9,028,713	0.3000	0.3000
	Iberia Fire Protection District	General Revenue	22,235,088	0.3000	0.3000	23,884,113	0.2975	0.2975	24,155,525	0.2998	0.2998
	Welsh Special Road Dist Subdistrict	General Revenue	4,640,104	0.8774	0.0000	4,899,087	0.8728	0.0000	5,033,485	0.8838	0.0000
	Eldon R-I School District	Operating Funds-Schools	122,044,148	2.7821	2.7500	128,861,393	2.8737	2.7500	128,332,311	2.9143	2.7500
		Debt Service	122,044,148	0.5100	0.5100	128,861,393	0.5100	0.5100	128,332,311	0.5430	0.5100
	Miller Co R-III School District	Operating Funds-Schools	7,639,539	3.4869	3.1100	8,611,233	3.5673	3.1100	8,423,420	3.7202	3.0300
		Debt Service	7,639,539	0.1000	0.1000	8,611,233	0.1000	0.1000	8,423,420	0.8097	0.1800
	St. Elizabeth R-IV School District	Operating Funds-Schools	9,756,792	3.5104	3.2000	10,560,367	3.5678	3.2000	10,413,135	3.7500	3.2000
		Debt Service	9,756,792	0.1800	0.1800	10,560,367	0.1800	0.1800	10,413,135	0.7169	0.1800
	School of the Osage R-II Sch Dist	Operating Funds-Schools	328,104,820	2.6409	2.2500	340,879,976	2.6461	2.3000	348,239,839	2.6703	2.3500
		Debt Service	328,104,820	0.2500	0.2500	340,879,976	0.2200	0.2200	348,239,839	0.2427	0.2200
	Iberia R-V School District	Operating Funds-Schools	23,029,870	3.3081	3.0200	24,813,717	3.3991	3.0200	24,918,441	3.4423	3.0200
	Miller County	General Revenue	276,280,301	0.2609	0.0385	281,739,723	0.2621	0.0341	278,056,606	0.2690	0.0341
		Road & Bridge	86,230,671	0.2297	0.2297	90,496,615	0.2297	0.2297	83,343,961	0.2513	0.2513
		Health	276,280,301	0.1500	0.1500	281,739,723	0.1500	0.1500	278,056,606	0.1500	0.1500
		Developmentally Disabled	276,280,301	0.0835	0.0835	281,739,723	0.0839	0.0839	278,056,606	0.0861	0.0861
		Senior Services	276,280,301	0.0500	0.0500	281,739,723	0.0500	0.0500	278,056,606	0.0500	0.0500
Mississippi	Mississippi County Ambulance Dist	General Revenue	114,339,841	0.3000	0.2500	113,318,823	0.3000	0.2500	114,198,779	0.3000	0.3000
	City of Anniston	General Revenue	619,925	0.6812	0.6812	612,123	0.6899	0.6899	614,423	0.6899	0.6899
	City of Bertrand	General Revenue	2,741,782	0.5768	0.5768	2,748,885	0.5794	0.5794	2,831,123	0.5794	0.5794
	City of Charleston	General Revenue	24,076,810	0.7946	0.7000	24,123,321	0.7986	0.7000	24,517,655	0.7986	0.7000
		Parks & Recreation	24,076,810	0.2000	0.1800	24,123,321	0.2000	0.1800	24,517,655	0.2000	0.1800
	City of East Prairie	General Revenue	12,970,256	0.7663	0.7663	13,058,478	0.7770	0.7770	13,163,290	0.7791	0.7791
	Village of Wilson City	General Revenue	162,854	0.4286	0.4286	158,597	0.4401	0.4401	165,293	0.4342	0.4342
	City of Wyatt	General Revenue	1,584,578	0.6983	0.6983	1,522,283	0.7269	0.7269	1,507,732	0.7393	0.7393
	Mississippi County Library	General Revenue	114,339,841	0.2016	0.2016	113,318,823	0.2053	0.2053	114,198,779	0.2053	0.2053
	Mississippi (Scott) Fire Prot Dist	General Revenue	48,661,592	0.3000	0.1600	48,527,522	0.3000	0.1600	49,516,570	0.3000	0.1600
	Mississippi County Senate Bill 40	General Revenue	114,339,841	0.1210	0.1210	113,318,823	0.1232	0.1232	114,198,779	0.1232	0.1232
	East Prairie R-II School District	Operating Funds-Schools	41,515,770	2.8603	2.7500	42,041,380	2.8878	2.7500	42,126,615	2.9415	2.7500
		Debt Service	41,515,770	0.3500	0.3500	42,041,380	0.3500	0.3500	42,126,615	0.4478	0.3500
	Charleston R-I School District	Operating Funds-Schools	60,486,305	2.7500	2.7500	59,983,500	2.7500	2.7500	59,735,630	2.7805	2.7500
	Mississippi County	General Revenue	114,339,841	0.4637	0.2700	113,318,823	0.4721	0.2700	114,198,779	0.4721	0.2963
		Johnson Grass	114,339,841	0.0500	0.0500	113,318,823	0.0500	0.0500	114,198,779	0.0500	0.0500

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Mississippi	Mississippi County	Road & Bridge	114,339,841	0.3500	0.3200	113,318,823	0.3500	0.3200	114,198,779	0.3500	0.3500
		Health	114,339,841	0.1000	0.1000	113,318,823	0.1000	0.1000	114,198,779	0.1000	0.1000
Moniteau	Mid Mo Ambulance District	General Revenue	349,825,941	0.1841	0.1838	358,518,447	0.1841	0.1838	370,077,844	0.1841	0.1838
	City of California	General Revenue	36,635,617	0.3824	0.3824	37,275,911	0.3824	0.3824	38,461,778	0.3832	0.3832
		Parks & Recreation	36,635,617	0.1509	0.1509	37,275,911	0.1509	0.1509	38,461,778	0.1512	0.1512
		General Revenue	1,373,373	0.9159	0.9159	1,340,547	0.9451	0.9451	1,294,420	0.9791	0.9791
	City of Jamestown	General Revenue	2,364,094	0.8776	0.8776	2,446,558	0.8766	0.8766	2,430,234	0.8845	0.8845
	City of Lupus	General Revenue	180,171	0.9247	0.8300	206,831	0.9076	0.8300	197,778	0.9490	0.8300
	City of Tipton	General Revenue	20,605,465	0.6598	0.6598	20,879,766	0.6598	0.6598	22,526,657	0.6598	0.5000
		Debt Service	20,605,465	0.3276	0.3276	20,879,766	0.3420	0.3420	22,526,657	0.4458	0.4458
	Moniteau Co Library Subdistrict Two	General Revenue	41,398,823	0.1200	0.1200	41,959,871	0.1200	0.1200	42,891,708	0.1200	0.1200
	Moniteau Co Lib Subdist-California	General Revenue	**	**	**	**	**	**	38,461,778	0.1000	0.1000 A
	California Rural Fire Prot Dist	General Revenue	34,466,348	0.2000	0.2000	35,150,033	0.2000	0.2000	35,740,929	0.2000	0.2000
	Fortuna Fire Protection District	General Revenue	22,748,042	0.2967	0.2967	23,934,106	0.2947	0.2945	25,320,911	0.2947	0.2947
	Tipton Rural Fire Protection Dist	Fire	10,629,916	0.2500	0.2500	10,916,908	0.2500	0.2500	11,284,952	0.2491	0.2491
	Jamestown Rural Fire Prot Dist	General Revenue	12,095,072	0.3000	0.3000	12,763,274	0.2949	0.2949	13,278,131	0.2932	0.2932
	Moniteau Co R-I School District	Operating Funds-Schools	60,742,948	2.7500	2.7500	63,335,208	2.7500	2.7500	65,962,802	2.7500	2.7500
		Debt Service	60,742,948	0.8200	0.8200	63,335,208	0.8200	0.8200	65,962,802	1.4392	0.8200
	High Point R-III School District	Operating Funds-Schools	6,646,322	3.5067	3.5067	6,975,390	3.5411	3.5411	7,089,950	3.5565	3.5565
	Moniteau Co R-V School District	Operating Funds-Schools	5,611,192	3.3135	2.7796	5,848,020	3.3160	2.8796	6,067,639	3.2985	2.8796
	Moniteau Co R-VI School District	Operating Funds-Schools	34,971,645	2.8999	2.8999	36,024,635	2.9622	2.9621	37,790,541	2.9893	2.9877
		Debt Service	34,971,645	0.8861	0.8861	36,024,635	0.8861	0.8861	37,790,541	1.3426	0.8861
	Moniteau Co C-1 School District	Operating Funds-Schools	9,983,384	3.9986	3.9900	10,695,118	3.9204	3.9200	10,903,481	3.9294	3.9294
		Debt Service	9,983,384	0.7100	0.7100	10,695,118	0.7800	0.7800	10,903,481	1.2103	0.7706
	Clarksburg C-2 School District	Operating Funds-Schools	4,866,185	3.3455	3.1900	5,054,222	3.3595	3.1900	5,059,006	3.4839	3.3400
	Moniteau County	General Revenue	136,874,031	0.3410	0.1808	140,758,551	0.3410	0.1837	146,301,044	0.3410	0.1819
		Common Road District	136,874,031	0.2507	0.2507	140,758,551	0.2507	0.2507	146,301,044	0.2507	0.2507
		Health	136,874,031	0.2407	0.1500	140,758,551	0.2407	0.1500	146,301,044	0.2407	0.1500
		Developmentally Disabled	136,874,031	0.1200	0.1200	140,758,551	0.1200	0.1200	146,301,044	0.1200	0.1200
Monroe	Monroe County Ambulance District	General Revenue	59,499,569	0.4200	0.4200	60,189,803	0.4200	0.4200	60,881,066	0.4200	0.4200
	Monroe City Ambulance District	General Revenue	67,103,563	0.2657	0.2657	68,565,732	0.2657	0.2657	71,092,596	0.2657	0.2657
	Monroe County Nursing Home District	General Revenue	69,648,692	0.1500	0.1500	70,337,676	0.1500	0.1500	71,146,763	0.1500	0.1500
	Madison Special Road Dist Monroe Co	Special Road and Bridge	7,750,502	0.3500	0.3500	7,582,676	0.3500	0.3500	7,596,585	0.3500	0.3500 A
	Monroe City Spec Rd Dist Monroe Co	Special Road and Bridge	25,997,571	0.3500	0.3500	25,069,830	0.3500	0.3500 A	26,468,168	0.3500	0.3500
	Village of Holliday	General Revenue	702,493	0.3725	0.2900	724,324	0.3757	0.2900	738,039	0.3756	0.2900
	City of Madison	General Revenue	2,704,016	0.6594	0.6500	2,730,959	0.6672	0.6500	2,742,143	0.6804	0.6800
	City of Paris	General Revenue	7,801,043	0.3335	0.3300	7,803,703	0.3342	0.3300	7,783,575	0.3359	0.3300

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Monroe	City of Paris	Streets	7,801,043	0.1200	0.1200	7,803,703	0.1200	0.1200	7,783,575	0.1200	0.1200
		Fire	7,801,043	0.1400	0.1400	7,803,703	0.1400	0.1400	7,783,575	0.1400	0.1400
		Cemetery	7,801,043	0.2606	0.2600	7,803,703	0.2612	0.2600	7,783,575	0.2625	0.2600
	Village of Stoutsville	General Revenue	318,064	0.1936	0.1936	355,948	0.1801	0.1801	360,368	0.1819	0.1819
	City of Monroe City	General Revenue	26,199,555	0.5946	0.5900	25,992,844	0.6037	0.5900	27,403,456	0.6039	0.5900
		Library	26,199,555	0.2082	0.2000	25,992,844	0.2114	0.2000	27,403,456	0.2115	0.2000
	Monroe County Library	General Revenue	73,660,359	0.1609	0.1609	74,537,094	0.1618	0.1618	75,370,658	0.1626	0.1626
		Debt Service	73,660,359	0.0718	0.0718	74,537,094	0.1259	0.1259	75,370,658	0.1105	0.1105
	Paris Rural Fire Protection Dist	General Revenue	18,868,910	0.2500	0.2500	19,327,988	0.2500	0.2500	19,815,937	0.2500	0.2500
	Madison-West Monroe Fire Prot Dist	General Revenue	20,564,111	0.3000	0.3000 A	20,754,351	0.3000	0.3000	20,696,852	0.3000	0.3000
	Middle Grove C-1 School District	Operating Funds-Schools	3,106,823	4.0920	4.0000 B	3,215,076	4.0659	4.0659	3,205,805	5.9159	5.7500 B
	Monroe City R-I School District	Operating Funds-Schools	55,434,245	4.0964	4.0964 B	57,604,857	4.0964	4.0964	60,157,138	4.0964	4.0964
	Holliday C-2 School District	Operating Funds-Schools	5,438,618	3.5804	3.5500	5,611,616	3.6446	3.6446	5,846,137	3.6265	3.6265
	Madison C-3 School District	Operating Funds-Schools	9,695,909	3.3381	3.3381	9,901,656	3.3451	3.3451	9,985,700	3.5278	3.5278
		Debt Service	9,695,909	0.6425	0.6425	9,901,656	0.6529	0.6529	9,985,700	0.7701	0.7701
	Paris R-II School District	Operating Funds-Schools	28,471,697	3.4769	3.0000	29,433,157	3.4700	3.1000	30,292,412	3.5260	3.1000
		Debt Service	28,471,697	0.4900	0.4900	29,433,157	0.4900	0.4900	30,292,412	0.6825	0.4900
	Monroe County	General Revenue	93,651,914	0.3776	0.2776	93,773,103	0.3829	0.2900	95,884,616	0.3836	0.3000
		Road & Bridge	93,651,914	0.2756	0.2756	93,773,103	0.2794	0.2794	95,884,616	0.2799	0.2799
		Health	93,651,914	0.1000	0.0900	93,773,103	0.1000	0.0900	95,884,616	0.1000	0.0900
		Senate Bill 40	93,651,914	0.1000	0.1000	93,773,103	0.1000	0.0900	95,884,616	0.1000	0.0900
Montgomery	Montgomery County Ambulance Dist	General Revenue	127,289,700	0.2526	0.2526	128,612,871	0.2551	0.2551	130,401,381	0.2566	0.2566
	Rhineland Bottom SRD Montgomery Co	Special Road and Bridge	6,281,202	0.2432	0.2432	6,687,628	0.2500	0.2500 A	6,248,355	0.2500	0.2500
	Wellsville Road Dist Montgomery Co	Special Road and Bridge	17,314,763	0.2000	0.2000 A	16,648,302	0.2000	0.2000	16,252,525	0.2000	0.2000
	City of Bellflower	General Revenue	1,652,432	0.8032	0.8032	1,696,550	0.8116	0.8101	1,726,040	0.8374	0.8374
	City of High Hill	General Revenue	2,532,717	0.4664	0.3700	2,558,838	0.4636	0.3700	2,526,895	0.4717	0.3700
	City of Jonesburg	General Revenue	7,611,760	0.5013	0.4727	7,377,225	0.5214	0.5214	7,634,486	0.5255	0.5255
		Debt Service	7,611,760	0.4300	0.4300	7,377,225	0.4425	0.4425	7,634,486	0.3976	0.3976
	City of McKittrick	General Revenue	376,027	0.5838	0.5838	426,215	0.5736	0.5736	408,303	0.5999	0.5999
	City of Middletown	General Revenue	1,246,161	0.7872	0.7867	1,227,631	0.8258	0.7867	1,276,535	0.8258	0.7867
	City of Montgomery	General Revenue	26,838,336	0.5254	0.4200	27,253,662	0.5354	0.4350	26,952,627	0.5522	0.4600
		Library	26,838,336	0.3892	0.3892	27,253,662	0.3966	0.3965	26,952,627	0.4000	0.4000
	City of New Florence	General Revenue	5,135,520	0.7062	0.7288	5,090,902	0.7450	0.7664	5,041,863	0.7701	0.7664
	Village of Rhineland	General Revenue	1,974,326	0.8738	0.8400	2,033,969	0.8861	0.8200	1,983,262	0.9101	0.7700
	City of Wellsville	General Revenue	7,234,842	0.7369	0.7300	7,388,961	0.7353	0.7300	7,302,285	0.7487	0.7487
		Library	7,234,842	0.2019	0.2000	7,388,961	0.2015	0.2000	7,302,285	0.2052	0.2052
	Bellflower Volunteer Fire Prot Dist	General Revenue	10,632,720	0.2803	0.2500	10,928,410	0.2816	0.2500	11,366,365	0.2816	0.2500

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Montgomery	Jonesburg-High Hill Fire Prot Dist	General Revenue	29,396,251	0.2804	0.2500	30,642,821	0.2794	0.2500	31,964,771	0.2794	0.2500
	New Florence Fire Protection Dist	General Revenue	15,537,781	0.3000	0.3181	16,680,191	0.3000	0.3000	16,979,959	0.3000	0.3000
	Montgomery Volunteer Fire Prot Dist	General Revenue	51,312,581	0.2587	0.2587	51,662,866	0.2630	0.2630	52,227,634	0.2652	0.2652
	Wellsville-Middletown R-I Sch Dist	Operating Funds-Schools	23,322,559	3.1032	3.1000	23,340,992	3.3450	3.3450	22,777,657	3.4079	3.4079
		Debt Service	23,322,559	0.4600	0.4600	23,340,992	0.4600	0.4600	22,777,657	0.6075	0.4600
	Montgomery Co R-II School District	Operating Funds-Schools	82,654,231	3.3256	3.3256	85,350,086	3.3916	3.3916	86,222,883	3.4577	3.4577
		Debt Service	82,654,231	0.0200	0.0200	85,350,086	0.0300	0.0300	**	**	**
	Montgomery County	General Revenue	146,105,038	0.3891	0.2561	148,073,609	0.3918	0.2612	149,805,164	0.3954	0.2701
		Johnson Grass	146,105,038	0.0500	0.0000	148,073,609	0.0500	0.0000	149,805,164	0.0500	0.0000
		Road & Bridge	146,105,038	0.2868	0.2868	148,073,609	0.2888	0.2888	149,805,164	0.2915	0.2915
		Special Road and Bridge	122,509,103	0.3000	0.3000	124,737,674	0.3000	0.3000 A	127,303,975	0.3000	0.3000
		Health	146,105,038	0.1500	0.1300	148,073,609	0.1500	0.1300	149,805,164	0.1500	0.1400
		Senate Bill 40	146,105,038	0.1000	0.1000	148,073,609	0.1000	0.1000	149,805,164	0.1000	0.1000
Morgan	Golden Age Nursing Home Health #1	General Revenue	66,085,520	0.2037	0.2037	67,854,045	0.2045	0.2045	69,565,508	0.2045	0.2045
	Good Shepherd Care Center	General Revenue	428,055,088	0.1602	0.1602	446,897,206	0.1602	0.1602	460,823,979	0.1602	0.1602
	Barnett Spec Road Dist #3 Morgan Co	Road & Bridge	8,799,839	0.2905	0.2905	8,778,228	0.2980	0.2980	8,906,590	0.2980	0.2980
	Gravois Spec Rd Dist #8 Morgan Co	Road & Bridge	118,967,988	0.1444	0.1444	121,126,834	0.1444	0.1444	123,232,215	0.1447	0.1444
		Special Road and Bridge	118,967,988	0.1000	0.1000 A	121,126,834	0.1000	0.1000	123,232,215	0.1000	0.1000
	Versailles Sp Rd Dist 4 Morgan Co	Road & Bridge	39,337,042	0.2232	0.2232	40,194,875	0.2232	0.2232	43,154,594	0.2232	0.2232
	City of Barnett	General Revenue	1,051,042	0.5687	0.5687	1,038,498	0.5828	0.5828	1,030,653	0.5872	0.5872
		Water	1,051,042	0.3664	0.3664	1,038,498	0.3755	0.3755	1,030,653	0.3784	0.3784
	City of Stover	General Revenue	6,407,177	0.5174	0.5174	6,463,060	0.5226	0.5226	6,704,714	0.5203	0.5203
	City of Syracuse	General Revenue	1,428,195	0.7458	0.7458	1,434,998	0.7525	0.7525	1,485,515	0.7464	0.7464
	City of Versailles	General Revenue	22,055,904	0.5713	0.5713	23,160,551	0.5713	0.5700	25,012,900	0.5713	0.5700
	Morgan County Library District	General Revenue	314,971,496	0.0826	0.0826	322,288,419	0.0827	0.0827	330,909,419	0.0827	0.0827
	Rocky Mount Fire Protection Dist	General Revenue	64,162,604	0.2547	0.2547	66,777,634	0.2547	0.2547	67,647,865	0.2547	0.2547
	Versailles Fire Protection Dist #4	General Revenue	27,818,582	0.4710	0.4710	28,364,846	0.4740	0.4740	29,644,276	0.4740	0.4740
	Gravois Fire Protection District	General Revenue	147,632,632	0.2608	0.2608	151,060,720	0.2608	0.2608	154,247,317	0.2608	0.2608
	Stover Rural Fire Protection Dist 6	General Revenue	25,101,719	0.2458	0.2458	26,124,373	0.2471	0.2471	26,852,294	0.2471	0.2471
	Morgan Co R-I School District	Operating Funds-Schools	51,392,000	2.4800	2.4800	54,350,715	2.4800	2.4800	55,794,049	2.7500	2.7500
		Debt Service	51,392,000	0.3800	0.3800	54,350,715	0.3800	0.3800	55,794,049	0.7060	0.3800
	Morgan Co R-II School District	Operating Funds-Schools	163,683,794	2.7500	2.7500	168,277,912	2.7500	2.7500	173,293,730	2.7500	2.7500
	Morgan County	General Revenue	314,971,496	0.2294	0.0962	322,288,419	0.2296	0.0897	330,909,419	0.2296	0.1017
		Johnson Grass	314,971,496	0.0459	0.0459	322,288,419	0.0459	0.0000	330,909,419	0.0459	0.0000
		Road & Bridge	147,038,320	0.1761	0.1761	151,505,594	0.1764	0.1764	155,396,865	0.1764	0.1764
		Health	314,971,496	0.0826	0.0826	322,288,419	0.0827	0.0827	330,909,419	0.0827	0.0827
		Senate Bill 40	314,971,496	0.0459	0.0458	322,288,419	0.0459	0.0458	330,909,419	0.0459	0.0459

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Morgan	Morgan County	Senior Services	314,971,496	0.0459	0.0459	322,288,419	0.0459	0.0459	330,909,419	0.0459	0.0459
New Madrid	New Madrid County Ambulance Dist.	General Revenue	373,232,582	0.1500	0.1300	372,660,643	0.1500	0.1300	377,656,341	0.1500	0.1300
	City of Canalou	General Revenue	1,016,702	0.7264	0.7264	982,472	0.7522	0.7522	652,877	1.0000	0.7522
	Village of Catron	General Revenue	699,889	0.4444	0.4444	633,238	0.4920	0.4444	715,552	0.4832	0.4444
		Additional Gen.	699,889	0.2391	0.2391	633,238	0.2500	0.2391	715,552	0.2454	0.2391
	City of Gideon	General Revenue	4,830,335	0.6019	0.6019	4,838,658	0.6060	0.6060	4,864,430	0.6060	0.6060
		Parks & Recreation	4,830,335	0.1531	0.1531	4,838,658	0.1541	0.1541	4,864,430	0.1541	0.1541
	City of Howardville	General Revenue	953,458	1.0000	1.0000	1,004,265	1.0000	1.0000	1,001,187	1.0000	1.0000
	City of Lilbourn	General Revenue	6,563,253	0.5976	0.5910	6,518,777	0.6050	0.5976	6,530,813	0.6050	0.6050
		Parks & Recreation	6,563,253	0.1722	0.1722	6,518,777	0.1743	0.1743	6,530,813	0.1743	0.1743
		Library	6,563,253	0.1722	0.1722	6,518,777	0.1743	0.1743	6,530,813	0.1743	0.1743
		Health	6,563,253	0.1722	0.1722	6,518,777	0.1743	0.1743	6,530,813	0.1743	0.1743
		Debt Service	6,563,253	0.2298	0.2298	6,518,777	0.2362	0.2362	6,530,813	0.2294	0.2294
	City of Marston	General Revenue	4,721,410	0.5132	0.5132	4,638,155	0.5263	0.5263	4,599,527	0.5336	0.5336
	City of Matthews	General Revenue	5,449,896	0.5754	0.5600	6,481,679	0.5340	0.5340	6,805,008	0.5207	0.5207
	City of Morehouse	General Revenue	5,087,330	0.5564	0.5500	5,118,966	0.5576	0.5576	5,143,334	0.5576	0.5576
	City of New Madrid	General Revenue	20,697,494	0.5820	0.5800	21,365,146	0.5820	0.5800	21,592,069	0.5820	0.5800
		Additional Gen. Rev.	20,697,494	0.2107	0.2100	21,365,146	0.2107	0.2100	21,592,069	0.2107	0.2100
	Village of North Lilbourn	General Revenue	170,523	0.5000	0.5000	159,862	0.5000	0.5000	135,291	0.5000	0.5000
	City of Parma	General Revenue	3,732,786	0.6316	0.6316	3,756,318	0.6329	0.6329	3,861,172	0.6329	0.6300
	City of Portageville	General Revenue	28,118,395	0.5310	0.5310	27,756,094	0.5427	0.5310	28,061,774	0.5458	0.5427
		Parks & Recreation	28,118,395	0.1202	0.1202	27,756,094	0.1229	0.1202	28,061,774	0.1236	0.1229
		Health	28,118,395	0.1402	0.1402	27,756,094	0.1433	0.1402	28,061,774	0.1441	0.1433
	City of Risco	General Revenue	2,057,058	0.6910	0.6910	2,046,770	0.6970	0.6970	2,056,348	0.6994	0.6994
	Village of Tallapoosa	General Revenue	414,021	0.7800	0.7800	390,142	0.8353	0.8353	388,487	0.8426	0.8426
	New Madrid County Library	General Revenue	350,867,174	0.1101	0.1100	352,740,782	0.1101	0.1100	354,245,247	0.1102	0.1100
	Risco R-II School District	Operating Funds-Schools	8,647,355	4.5862	4.5800	8,686,085	4.5823	4.5800	8,649,981	4.6029	4.5800
	Portageville School District	Operating Funds-Schools	41,327,939	3.0543	2.7500	41,137,798	3.1392	2.7500	41,168,758	3.2185	3.2185
		Operating Funds-Temp	**	**	**	**	**	**	41,168,758	0.5000	0.0315 A
		Debt Service	41,327,939	0.2500	0.2500	41,137,798	0.2500	0.2500	41,168,758	0.3196	0.2500
	Gideon 37 School District	Operating Funds-Schools	11,623,225	3.5826	3.0200	11,657,932	3.5943	3.0200	11,814,636	3.6170	3.0700
	New Madrid Co R-I School District	Operating Funds-Schools	260,940,436	2.7500	2.2800	261,775,968	2.7500	2.5800	261,804,834	2.7500	2.7000
		Debt Service	260,940,436	0.2400	0.2400	261,775,968	0.1100	0.1100	261,804,834	0.2555	0.1100
	New Madrid County	General Revenue	373,232,582	0.3206	0.1304	372,660,643	0.3228	0.1473	377,656,341	0.3228	0.1337
		Johnson Grass	373,232,582	0.0301	0.0100	372,660,643	0.0303	0.0100	377,656,341	0.0303	0.0100
		Road & Bridge	373,232,582	0.2405	0.2400	372,660,643	0.2422	0.2422	377,656,341	0.2422	0.2422
		Health	373,232,582	0.0902	0.0900	372,660,643	0.0908	0.0900	377,656,341	0.0908	0.0900

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
New Madrid	New Madrid County	Senate Bill 40	373,232,582	0.0200	0.0200	372,660,643	0.0200	0.0200	377,656,341	0.0200	0.0200
Newton	Newton County Ambulance District	General Revenue	453,104,604	0.1890	0.1890	464,815,163	0.1890	0.1890	469,599,529	0.1900	0.1890
	Lost Creek Watershed Sub District	General Revenue	19,876,220	0.3405	0.1500	22,771,790	0.3160	0.1500	23,323,540	0.3173	0.1500
	Diamond Special Road Dist Newton Co	Road & Bridge	22,024,371	0.3300	0.3300	23,472,311	0.3254	0.3254	24,438,939	0.3250	0.3250
		Special Road and Bridge	22,024,371	0.1700	0.1700	23,472,311	0.1676	0.1676	24,438,939	0.1700	0.1700 A
	Fairview Special Rd Dist Newton Co	Road & Bridge	8,028,564	0.2118	0.2118	8,150,956	0.2126	0.2126	8,417,674	0.2126	0.2126
		Special Road and Bridge	8,028,564	0.1540	0.1540	8,150,956	0.1546	0.1546	8,417,674	0.1540	0.1540 A
	Midway Special Rd Dist Newton Co	Road & Bridge	9,376,543	0.1938	0.1938	9,229,024	0.2002	0.2002	9,345,059	0.2002	0.2002
		Special Road and Bridge	9,376,543	0.1647	0.1647	9,229,024	0.1700	0.1700	9,345,059	0.1647	0.1647 A
	Neosho Special Rd Dist Newton Co	Road & Bridge	135,478,789	0.1900	0.1900	138,637,393	0.1900	0.1900	141,971,230	0.1900	0.1900
		Special Road and Bridge	135,478,789	0.1500	0.1500	138,637,393	0.1500	0.1500	141,971,230	0.1500	0.1500 A
	Seneca Special Rd Dist Newton Co	Road & Bridge	44,611,718	0.1997	0.1997	46,168,389	0.1997	0.1997	46,784,701	0.2008	0.2008
		Special Road and Bridge	44,611,718	0.1498	0.1498	46,168,389	0.1498	0.1498	46,784,701	0.1498	0.1498 A
	Stella Special Road Dist Newton Co	Road & Bridge	5,335,274	0.2027	0.2027	6,558,762	0.2027	0.2027	5,612,936	0.2370	0.2370
		Special Road and Bridge	5,335,274	0.1352	0.1352	6,558,762	0.1352	0.1352	5,612,936	0.1352	0.1352 A
	City of Diamond	General Revenue	4,446,751	0.2700	0.2700	5,019,764	0.2490	0.2490	4,957,721	0.2576	0.2490
	City of Fairview	General Revenue	1,556,489	0.3571	0.3571	1,636,015	0.3558	0.3558	1,695,152	0.3558	0.3558
		Streets	1,556,489	0.3125	0.3125	1,636,015	0.3114	0.3114	1,695,152	0.3114	0.3114
	City of Granby	General Revenue	9,815,711	0.3981	0.3981	7,749,359	0.3450	0.3450	7,875,060	0.3450	0.3450
		Cemetery	9,815,711	0.0777	0.0777	7,749,359	0.0673	0.0673	7,875,060	0.0800	0.0800 A
	Village of Leawood	General Revenue	6,518,467	0.2237	0.2237	6,752,915	0.2230	0.2230	6,855,240	0.2230	0.2230
	Village of Newtonia	General Revenue	894,646	0.1912	0.1912	902,920	0.1936	0.1936	894,278	0.1976	0.1976
	Village of Ritchey	General Revenue	293,269	0.5599	0.5599	328,989	0.5324	0.5324	345,768	0.5324	0.5324
	Village of Saginaw	General Revenue	3,087,666	0.2482	0.2200	3,090,041	0.2508	0.2000	3,312,503	0.2495	0.2000
	City of Seneca	General Revenue	13,635,223	0.4300	0.4300	13,930,687	0.4300	0.4300	14,140,157	0.4300	0.4300
		Parks & Recreation	13,635,223	0.0500	0.0500	13,930,687	0.0500	0.0500	14,140,157	0.0500	0.0500
	Village of Shoal Creek Drive	General Revenue	2,160,110	0.2138	0.2138	2,364,521	0.2064	0.2064	2,424,149	0.2063	0.2063
	Village of Silver Creek	General Revenue	6,841,596	0.1596	0.1500	7,030,433	0.1596	0.1500	7,062,600	0.1614	0.1500
	Village of Stella	General Revenue	1,066,217	0.4579	0.4579	2,129,295	0.4556	0.4556	1,100,785	0.8000	0.8000
	Village of Wentworth	General Revenue	693,874	0.2769	0.2769	709,514	0.2769	0.2769	722,383	0.2770	0.2770
	Village of Shoal Creek Estates	General Revenue	932,744	0.5003	0.5000	955,650	0.4991	0.4991	966,140	0.4991	0.4991
	Town of Loma Linda	General Revenue	7,900,620	0.5000	0.5000	8,143,690	0.5000	0.5000	8,485,310	0.5000	0.5000
		Sewer	7,900,620	0.5000	0.5000	8,143,690	0.5000	0.5000	8,485,310	0.5000	0.5000
		Public Health and Sewer	7,900,620	0.2000	0.2000	8,143,690	0.2000	0.2000	8,485,310	0.2000	0.2000
	City/Co Library of Neosho-Newton Co	General Revenue	473,626,525	0.0997	0.0997	488,282,769	0.0997	0.0997	492,391,021	0.1000	0.0997
	Neosho Area Fire Protection Dist	General Revenue	60,832,355	0.4071	0.4071	63,084,743	0.4071	0.4071	65,420,113	0.4071	0.4071
	Redings Mill Area Fire Prot Dist	General Revenue	123,461,491	0.3501	0.3501	123,240,922	0.3580	0.3580	124,898,140	0.3595	0.3595

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Newton	Redings Mill Area Fire Prot Dist	Debt Service	123,461,491	0.1151	0.1151	123,240,922	0.1075	0.1075	124,898,140	0.1085	0.1085
	Diamond Area Fire Protection Dist	General Revenue	26,254,350	0.2602	0.2602	27,824,059	0.2587	0.2587	29,246,361	0.2582	0.2582
	Seneca Area Fire Protection Dist	General Revenue	27,738,733	0.2786	0.2786	28,622,984	0.2786	0.2786	28,983,265	0.2814	0.2814
	East Newton Fire Protection Dist	General Revenue	16,122,706	0.2810	0.2810	16,418,133	0.2822	0.2822	16,993,165	0.2822	0.2822
	Crowder College	General Revenue	532,059,750	0.4000	0.4000	552,699,858	0.4000	0.4000	576,511,868	0.4000	0.4000
	East Newton Co R-VI School District	Operating Funds-Schools	48,820,425	2.7500	2.7500	51,538,340	2.7500	2.7500	51,447,238	2.7500	2.7500
		Debt Service	48,820,425	0.5500	0.5500	51,538,340	0.5500	0.5500	51,447,238	0.7897	0.6250
	Diamond R-IV School District	Operating Funds-Schools	41,937,299	2.7500	2.7500	44,854,977	2.7500	2.7500	45,032,747	2.7500	2.7500
		Debt Service	41,937,299	0.9900	0.9900	44,854,977	0.9900	0.9900	45,032,747	1.6859	0.9900
	Westview C-6 School District	Operating Funds-Schools	5,144,341	2.7500	2.7500	5,636,568	2.7500	2.7500	3,933,960	2.7500	2.7500
		Debt Service	5,144,341	0.0945	0.0945	5,636,568	0.1514	0.1514	5,764,559	0.1845	0.1845
	Seneca R-VII School District	Operating Funds-Schools	58,114,724	2.7500	2.7500	61,525,518	2.7500	2.7500	60,332,835	2.7500	2.7500
	Neosho R-V School District	Operating Funds-Schools	203,773,795	2.8376	2.7500	207,950,329	2.8363	2.7500	206,073,188	2.9118	2.7500
	Newton County	Common Road District	85,487,594	0.2170	0.2170	88,914,418	0.2168	0.2168	86,826,944	0.2244	0.2244
		Health	537,041,653	0.0500	0.0500	555,101,759	0.0500	0.0500	562,199,203	0.0500	0.0500
		Mental Health	537,041,653	0.0800	0.0800	555,101,759	0.0800	0.0800	562,199,203	0.0803	0.0803
		County Fair	537,041,653	0.0100	0.0100	555,101,759	0.0100	0.0100	562,199,203	0.0100	0.0100
Nodaway	Hoover Frankum Watershed Sub Dist	General Revenue	1,187,016	0.3835	0.3800	1,186,682	0.3836	0.3800	1,186,682	0.3836	0.3800
	Mozingo Creek Watershed Sub Dist	General Revenue	0	0.0000	0.0000	12,003,061	0.0000	0.0000	12,003,061	0.0000	0.0000
	102 River Tributaries Sub District	General Revenue	8,546,946	0.2326	0.1000	8,521,103	0.2333	0.1000	8,521,103	0.2333	0.1000
	City of Arkoe	General Revenue	254,065	0.9741	0.9741	255,986	0.9743	0.9743	261,120	0.9859	0.9859
	City of Barnard	General Revenue	801,526	0.7644	0.7644	784,148	0.7894	0.7894	783,402	0.7990	0.7990
		Streets	801,526	1.0000	1.0000	784,148	1.0000	1.0000 A	783,402	1.0000	1.0000
	City of Burlington Junction	General Revenue	2,422,603	0.8818	0.8818	2,493,546	0.8818	0.8818	2,371,282	0.9286	0.9286
		Streets	2,422,603	0.2992	0.2992	2,493,546	0.2992	0.2992	**	**	**
		general revenue-temp	**	**	**	2,493,546	0.3500	0.0000 A	2,371,282	0.3500	0.3500
	City of Clearmont	General Revenue	742,729	0.7722	0.7500	772,164	0.7721	0.7721	777,652	0.7798	0.7700
	Village of Clyde	General Revenue	264,077	0.4970	0.4970	284,878	0.4979	0.4979	279,288	0.5000	0.5000
	City of Conception Junction	General Revenue	779,138	1.0000	1.0000	767,910	1.0000	1.0000	793,565	1.0000	1.0000
	City of Elmo	General Revenue	566,566	1.0000	1.0000	555,474	1.0000	1.0000	535,820	1.0000	1.0000
		Streets	566,566	0.4500	0.4500 A	555,474	0.4500	0.4500	535,820	0.4500	0.4500
		General Revenue-Temp	**	**	**	**	**	**	535,820	1.0000	0.0000 A
		Streets	**	**	**	**	**	**	535,820	0.4500	0.0000 A
	City of Graham	General Revenue	744,327	0.9514	0.9514	754,062	0.9640	0.9640	737,007	0.9886	0.9886
		Streets	744,327	1.1400	1.1400 A	754,062	1.1400	1.1400	737,007	1.1400	1.1400
	Village of Guilford	General Revenue	313,960	2.0000	2.0000	344,113	2.0000	2.0000	340,849	2.0000	2.0000
		Streets	313,960	0.5000	0.5000	344,113	0.5000	0.5000	**	**	**

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Nodaway	City of Hopkins	General Revenue	2,361,125	0.3731	0.3731	2,430,181	0.3731	0.3731	2,511,600	0.3761	0.3731
		Lights	2,361,125	0.1963	0.1963	2,430,181	0.1963	0.1963	2,511,600	0.1979	0.1963
		Streets	2,361,125	0.1963	0.1963	2,430,181	0.1963	0.1963	2,511,600	0.1979	0.1963
		General Rev-Temp	2,361,125	0.2000	0.2000	2,430,181	0.2000	0.2000	**	**	**
		Street Improvements	2,361,125	0.7500	0.7500 A	2,430,181	0.7500	0.7500	2,511,600	0.7500	0.7500
		General Revenue-Temp	**	**	**	**	**	**	2,511,600	0.2000	0.2000 A
	City of Maryville	General Revenue	105,829,348	0.3125	0.3125	108,108,607	0.3126	0.3126	108,727,984	0.3148	0.3148
		Parks & Recreation	105,829,348	0.3125	0.3125	108,108,607	0.3126	0.3126	108,727,984	0.3148	0.3148
		Library	105,829,348	0.1412	0.1412	108,108,607	0.1412	0.1412	108,727,984	0.1422	0.1422
		Debt Service	105,829,348	0.1450	0.1450	108,108,607	0.1450	0.1450	108,727,984	0.1392	0.1392
	City of Parnell	General Revenue	484,588	0.9865	0.9865	477,367	1.0000	1.0000	453,360	1.0000	1.0000
		Parks & Recreation	484,588	0.3947	0.3947	477,367	0.4000	0.3980	**	**	**
		General Revenue-Temp	484,588	0.2960	0.2960	477,367	0.3000	0.2987	453,360	0.3000	0.3000
		Debt Service	484,588	0.0000	0.0000	**	**	**	**	**	**
	Village of Pickering	General Revenue	632,386	0.7493	0.7493	657,911	0.7492	0.7492	605,885	0.8259	0.7500
		Streets-Temp	632,386	0.9904	0.9904	**	**	**	**	**	**
		Streets Temp	**	**	**	**	**	**	605,885	1.0000	1.0000 A
	Village of Quitman	General Revenue	140,769	1.9031	1.9031	149,011	1.9031	1.9031	129,605	2.0000	1.9031
	City of Ravenwood	General Revenue	2,225,714	0.7417	0.7417	2,231,526	0.7447	0.7447	2,297,322	0.7447	0.7285
		Streets	**	**	**	2,231,526	0.7500	0.7500 A	2,297,322	0.7500	0.7500
		Streets-Temp	2,225,714	0.7500	0.7500	**	**	**	**	**	**
	City of Skidmore	General Revenue	1,294,235	0.9637	0.9637	1,242,349	1.0000	1.0000	1,161,108	1.0000	1.0000
		Streets	1,294,235	1.0000	1.0000	1,242,349	1.0000	1.0000	1,161,108	1.0000	1.0000
		Debt Service	**	**	**	**	**	**	1,161,108	1.1545	0.0000
	Atchison Township of Nodaway Co	General Revenue	4,750,737	0.0500	0.0500	4,782,682	0.0500	0.0500	4,782,180	0.0500	0.0500
		Road & Bridge	4,750,737	0.5000	0.5000	4,782,682	0.5000	0.5000	4,782,180	0.5000	0.5000
		Special Road and Bridge	4,750,737	0.3500	0.3500	4,782,682	0.3500	0.3500	4,782,180	0.3500	0.3500
		Debt Service	4,750,737	0.8175	0.8175	4,782,682	0.6721	0.6721	**	**	**
	Grant Township of Nodaway Co	General Revenue	5,846,779	0.0500	0.0500	5,522,685	0.0500	0.0500	5,639,570	0.0500	0.0500
		Road & Bridge	5,846,779	0.5000	0.5000	5,522,685	0.5000	0.5000	5,639,570	0.5000	0.5000
		Special Road and Bridge	5,846,779	0.3500	0.3500	5,522,685	0.3500	0.3500	5,639,570	0.3500	0.3500
	Green Township of Nodaway Co	General Revenue	4,117,207	0.0500	0.0500	4,152,666	0.0500	0.0500	4,245,418	0.0500	0.0500
		Road & Bridge	4,117,207	0.5000	0.0500	4,152,666	0.5000	0.5000	4,245,418	0.5000	0.5000
		Special Road and Bridge	4,117,207	0.3500	0.3500	4,152,666	0.3500	0.3500	4,245,418	0.3500	0.3500
		Debt Service	4,117,207	0.0000	0.0000	4,152,666	1.4574	1.4574	4,245,418	1.5198	1.5198
	Hopkins Township of Nodaway Co	General Revenue	5,824,116	0.0500	0.0500	5,929,773	0.0500	0.0500	5,959,921	0.0500	0.0500
		Road & Bridge	5,824,116	0.5000	0.5000	5,929,773	0.5000	0.5000	5,959,921	0.5000	0.5000

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Nodaway	Hopkins Township of Nodaway Co	Special Road and Bridge	5,824,116	0.3500	0.3500	5,929,773	0.3500	0.3500	5,959,921	0.3500	0.3500
	Hughes Township of Nodaway Co	General Revenue	6,730,707	0.0500	0.0500	7,049,773	0.0500	0.0500	7,130,048	0.0500	0.0500
		Road & Bridge	6,730,707	0.5000	0.5000	7,049,773	0.5000	0.5000	7,130,048	0.5000	0.5000
		Special Road and Bridge	6,730,707	0.3500	0.3500	7,049,773	0.3500	0.3500	7,130,048	0.3500	0.3500
		Debt Service	**	**	**	7,049,773	1.0194	1.0194	7,130,048	0.0931	0.0931
		Independence Township of Nodaway C	General Revenue	3,948,432	0.0500	0.0500	3,898,816	0.0500	0.0500	3,389,404	0.0500	0.0500
	Independence Township of Nodaway C	Road & Bridge	3,948,432	0.5000	0.5000	3,898,816	0.5000	0.5000	3,389,404	0.5000	0.5000
		Special Road and Bridge	3,948,432	0.3500	0.3500	3,898,816	0.3500	0.3500	3,389,404	0.3500	0.3500
		Debt Service	3,948,432	0.9149	0.9149	3,898,816	0.4668	0.4668	3,389,404	2.3323	2.3323
		Jackson Township of Nodaway Co	General Revenue	8,980,547	0.0500	0.0500	9,648,662	0.0500	0.0500	9,628,935	0.0500	0.0500
	Road & Bridge		8,980,547	0.5000	0.5000	9,648,662	0.5000	0.5000	9,628,935	0.5000	0.5000
	Special Road and Bridge		8,980,547	0.3500	0.3500	9,648,662	0.3500	0.3500 A	9,628,935	0.3500	0.3500
	Debt Service		8,980,547	0.4878	0.4878	9,648,662	0.3439	0.3439	9,628,935	0.8558	0.8558
	Jefferson Township of Nodaway Co	General Revenue	5,406,432	0.0500	0.0500	5,544,098	0.0500	0.0500	5,741,904	0.0500	0.0500
		Road & Bridge	5,406,432	0.5000	0.5000	5,544,098	0.5000	0.5000	5,741,904	0.5000	0.5000
		Special Road and Bridge	5,406,432	0.3500	0.3500	5,544,098	0.3500	0.3500	5,741,904	0.3500	0.3500
	Lincoln Township of Nodaway Co	General Revenue	4,972,364	0.0500	0.0500	4,959,976	0.0500	0.0500	4,962,957	0.0500	0.0500
		Road & Bridge	4,972,364	0.5000	0.5000	4,959,976	0.5000	0.5000	4,962,957	0.5000	0.5000
		Special Road and Bridge	4,972,364	0.3500	0.3500	4,959,976	0.3500	0.3500 A	4,962,957	0.3500	0.3500
		Debt Service	4,972,364	1.0342	1.0342	**	**	**	**	**	**
	Monroe Township of Nodaway Co	General Revenue	4,168,831	0.0500	0.0500	4,156,207	0.0500	0.0500	4,141,468	0.0500	0.0500
		Road & Bridge	4,168,831	0.4621	0.4621	4,156,207	0.4645	0.4645	4,141,468	0.4707	0.4707
		Special Road and Bridge	4,168,831	0.3500	0.3500	4,156,207	0.3500	0.3500	4,141,468	0.3500	0.3500
		Debt Service	4,168,831	0.8889	0.8889	4,156,207	0.6260	0.6260	4,141,468	1.6371	1.6371
	Nodaway Township of Nodaway Co	General Revenue	6,863,358	0.0498	0.0498	7,142,025	0.0498	0.0498	7,245,231	0.0498	0.0498
		Road & Bridge	6,863,358	0.4828	0.4828	7,142,025	0.4828	0.4828	7,245,231	0.4828	0.4828
		Special Road and Bridge	6,863,358	0.3485	0.3485	7,142,025	0.3500	0.3500 A	7,245,231	0.3500	0.3500
		Debt Service	6,863,358	0.5464	0.5464	**	**	**	7,245,231	1.2536	1.2536
	Polk Township of Nodaway Co	General Revenue	158,951,328	0.0500	0.0500	168,579,943	0.0500	0.0500	166,279,742	0.0500	0.0500
		Road & Bridge	158,951,328	0.2605	0.2605	168,579,943	0.2605	0.2605	166,279,742	0.2695	0.2695
		Special Road and Bridge	**	**	**	**	**	**	166,279,742	0.3500	0.3500 A
	Union Township of Nodaway Co	General Revenue	4,668,455	0.0500	0.0500	4,850,605	0.0500	0.0500	4,868,077	0.0500	0.0500
		Road & Bridge	4,668,455	0.5000	0.5000	4,850,605	0.5000	0.5000	4,868,077	0.5000	0.5000
		Special Road and Bridge	4,668,455	0.3500	0.3500	4,850,605	0.3500	0.3500 A	4,868,077	0.3500	0.3500
		Debt Service	4,668,455	0.5945	0.5945	4,850,605	0.3366	0.3366	4,868,077	1.0338	1.0338
	Washington Township of Nodaway Co	General Revenue	3,767,434	0.0500	0.0500	3,927,595	0.0500	0.0500	4,034,190	0.0500	0.0500
		Road & Bridge	3,767,434	0.5000	0.5000	3,927,595	0.5000	0.5000	4,034,190	0.5000	0.5000

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Nodaway	Washington Township of Nodaway Co	Special Road and Bridge	3,767,434	0.3500	0.3500	3,927,595	0.3500	0.3500	4,034,190	0.3500	0.3500
	White Cloud Township of Nodaway Co	General Revenue	6,266,452	0.0500	0.0500	5,615,542	0.0500	0.0500	6,545,419	0.0452	0.0452
		Road & Bridge	6,266,452	0.4292	0.4292	5,615,542	0.4913	0.4200	6,545,419	0.4436	0.4436
		Special Road and Bridge	6,266,452	0.3500	0.3500	5,615,542	0.3500	0.3500 A	6,545,419	0.3160	0.3160
		Debt Service	6,266,452	0.8002	0.8002	**	**	**	6,545,419	1.5125	1.5125
	Barnard Fire Protection District	General Revenue	9,429,566	0.2000	0.2000	9,223,301	0.2000	0.2000	9,342,829	0.2000	0.2000
	Graham Fire Protection District	General Revenue	6,935,366	0.1000	0.1000	7,108,997	0.1000	0.1000	7,413,860	0.1000	0.1000
	Hopkins Fire Protection District	General Revenue	8,140,109	0.1300	0.1300	8,304,085	0.1300	0.1300	8,303,917	0.1311	0.1311
	Polk Fire Protection District	General Revenue	53,942,710	0.0500	0.0500	61,560,424	0.0500	0.0500	58,496,815	0.0500	0.0500
	Clearmont Fire Protection District	General Revenue	4,407,325	0.3000	0.3000	4,403,986	0.3000	0.3000	4,410,978	0.3000	0.3000
	Skidmore Fire Protection District	General Revenue	6,687,775	0.2100	0.2100	6,687,068	0.2100	0.2100	6,782,719	0.2100	0.2100
	West Nodaway Fire Protection Dist	General Revenue	10,550,593	0.2977	0.2800	10,846,335	0.2977	0.2800	11,008,950	0.2977	0.2800
	Jackson Township Fire Prot Dist	General Revenue	8,983,365	0.0000	0.0000	9,660,397	0.0000	0.0000	9,631,500	0.0000	0.0000
		Fire	8,983,365	0.3000	0.2500	9,660,397	0.3000	0.3000	9,631,500	0.3000	0.2500
	Union Township Fire Protection Dist	General Revenue	3,559,076	0.2890	0.2890	3,690,811	0.2890	0.2890	3,732,016	0.2936	0.2936
	Elmo Fire Protection District	General Revenue	3,638,878	0.2976	0.2976	3,485,993	0.3000	0.3000	3,443,044	0.3000	0.3000
	Parnell Fire Protection District	General Revenue	4,138,360	0.2700	0.2700	4,100,229	0.2757	0.2757	4,073,498	0.2779	0.2779
	Nodaway-Holt R-VII School District	Operating Funds-Schools	18,326,600	3.7500	3.7500	18,329,548	3.7500	3.7500	19,010,910	3.7500	3.7500
		Operating Funds-Temps	18,326,600	0.9000	0.9000	18,329,548	0.9000	0.9000	19,010,910	0.9000	0.9000
	West Nodaway Co R-I School District	Operating Funds-Schools	16,994,510	3.6564	3.2007	17,250,320	3.6398	3.2156	17,414,480	3.6778	3.6778
		Debt Service	16,994,510	0.7000	0.7000	17,250,320	0.7000	0.7000	17,414,480	0.8777	0.7000
	Northeast Nodaway Co R-V Sch Dist	Operating Funds-Schools	10,464,120	4.6100	4.6100	11,046,504	4.6100	4.6100	11,065,970	5.2100	5.0500 B
	Jefferson C-123 School District	Operating Funds-Schools	5,436,540	5.4518	4.3031	5,607,070	6.2245	5.2222 B	5,795,700	6.2245	5.1622
		Operating Funds-Temp	5,436,540	0.7500	0.7500	**	**	**	**	**	**
		Debt Service	5,436,540	0.5535	0.5535	5,607,070	0.4624	0.4624	**	**	**
	North Nodaway Co R-VI School Dist	Operating Funds-Schools	11,472,570	4.4402	4.2300	11,694,790	4.4000	4.3300	11,839,020	4.4253	4.4246
		Debt Service	11,472,570	0.3800	0.3800	11,694,790	0.3800	0.3800	11,839,020	0.5723	0.3800
	Maryville R-II School District	Operating Funds-Schools	154,786,918	3.9435	3.6250	164,395,916	3.9395	3.6695	162,478,170	3.9524	3.6645 C
		Debt Service	154,786,918	0.4643	0.4643	164,395,916	0.4643	0.4643	162,478,170	0.8199	0.4643
	South Nodaway Co R-IV School Dist	Operating Funds-Schools	8,849,300	5.5317	4.5453	8,859,160	5.5500	5.2446	8,937,460	5.5500	5.2446
		Debt Service	8,849,300	0.4007	0.4007	8,859,160	0.6282	0.6282	8,937,460	0.9780	0.6282
	Nodaway County	General Revenue	235,263,174	0.3500	0.0000	246,637,728	0.3500	0.0000	244,971,972	0.3588	0.0000
		Health	235,263,174	0.0500	0.0500	246,637,728	0.0500	0.0500	244,971,972	0.0500	0.0500
		Ambulance	235,263,174	0.1800	0.1800	246,637,728	0.1800	0.1800	244,971,972	0.1845	0.0000
		Senate Bill 40	235,263,174	0.0500	0.0500	246,637,728	0.0500	0.0500	244,971,972	0.0500	0.0500
		Senior Services	235,263,174	0.0500	0.0500	246,637,728	0.0500	0.0500	244,971,972	0.0500	0.0500
Oregon	Oregon County Ambulance District	General Revenue	67,914,973	0.1400	0.1400	69,762,480	0.1400	0.1400	70,250,636	0.1404	0.1404

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Oregon	Thayer Spec Rd Dist Oregon Co	Road & Bridge	25,899,304	0.2107	0.2100	26,371,392	0.2107	0.2107	26,751,522	0.2107	0.2107
	City of Alton	General Revenue	3,889,214	0.5200	0.5200	3,930,681	0.5200	0.5200	3,979,863	0.5200	0.5200
	City of Koshkonong	General Revenue	680,410	0.7553	0.7553	667,789	0.7744	0.7744	628,573	0.8227	0.8227
	City of Thayer	General Revenue	12,582,161	0.4382	0.4300	12,697,802	0.4382	0.4382	12,527,421	0.4466	0.4466
	Oregon County Library District	General Revenue	67,914,973	0.1900	0.1900	69,762,480	0.1900	0.1900	70,250,636	0.1906	0.1906
	Couch R-I School District	Operating Funds-Schools	7,394,211	2.7500	2.7500	7,629,729	2.7500	2.7500	7,821,082	2.7500	2.7500
		Debt Service	7,394,211	0.6100	0.6100	7,629,729	0.6100	0.6100	7,821,082	0.8766	0.6100
	Thayer R-II School District	Operating Funds-Schools	22,035,656	2.7500	2.7500	22,450,809	2.7500	2.7500	22,821,111	2.7500	2.7500
		Debt Service	**	**	**	22,450,809	0.9200	0.9200	22,821,111	1.8281	0.9200
	Oregon-Howell R-III School District	Operating Funds-Schools	9,140,144	2.7500	2.7500	9,788,683	2.7500	2.7500	9,837,458	2.7500	2.7500
		Debt Service	9,140,144	0.8000	0.8000	9,788,683	0.8000	0.8000	9,837,458	0.7590	0.7590
	Alton R-IV School District	Operating Funds-Schools	24,405,968	2.7500	2.7500	25,242,251	2.7500	2.7500	25,506,458	2.7500	2.7500
	Oregon County	General Revenue	67,914,973	0.3400	0.0800	69,762,480	0.3400	0.0800	70,250,636	0.3411	0.0600
		Common Road District	42,015,667	0.2600	0.2500	43,391,088	0.2600	0.2500	43,499,114	0.2619	0.2500
		Health	67,914,973	0.1000	0.1000	69,762,480	0.1000	0.1000	70,250,636	0.1000	0.1000
		Senate Bill 40	67,914,973	0.1000	0.1000	69,762,480	0.1000	0.1000	70,250,636	0.1000	0.1000
		Senior Services	67,914,973	0.0500	0.0500	69,762,480	0.0500	0.0500	70,250,636	0.0500	0.0500
Osage	Osage Ambulance District	General Revenue	102,239,122	0.2929	0.2929	97,971,221	0.3000	0.2900	101,075,641	0.3000	0.2900
	Chamois Spec Rd Dist Osage Co	Road & Bridge	4,786,127	0.3341	0.3341	4,689,586	0.3415	0.3415	4,821,859	0.3402	0.3402
	Linn City Spec Rd Dist Osage Co	Road & Bridge	13,573,385	0.2426	0.2426	13,865,433	0.2426	0.2426	13,998,619	0.2426	0.2426
	Starke Spec Rd Dist Osage Co	Road & Bridge	800,331	0.3500	0.3500	772,081	0.3500	0.3000	821,803	0.3363	0.2500
	Westphalia Spec Rd Dist Osage Co	Road & Bridge	3,138,396	0.2305	0.2305	3,282,495	0.2280	0.2280	3,409,413	0.2280	0.2280
		Special Road and Bridge	3,138,396	0.1800	0.1800	3,282,495	0.1800	0.1800 A	3,409,413	0.1800	0.1800
	Village of Argyle	General Revenue	1,043,923	0.3400	0.2900	1,048,797	0.3412	0.2900	1,043,664	0.3439	0.0290
		Debt Service	1,043,923	0.0000	0.0000	**	**	**	**	**	**
	City of Chamois	General Revenue	2,620,364	0.5901	0.5901	2,596,670	0.5965	0.5965	2,597,612	0.5976	0.5976
	City of Linn	General Revenue	13,512,369	0.5155	0.5155	13,801,143	0.5155	0.5155	13,929,185	0.5156	0.5156
		Parks & Recreation	13,512,369	0.0500	0.0500	13,801,143	0.0500	0.0500	13,929,185	0.0500	0.0500
		Debt Service	13,512,369	0.9199	0.9199	13,801,143	0.9641	0.9641	13,929,185	0.2424	0.2424
	City of Meta	General Revenue	2,925,360	0.5038	0.4300	3,010,755	0.5008	0.4300	3,050,048	0.4981	0.4300
	Osage County Library	General Revenue	140,829,661	0.1708	0.1708	145,100,642	0.1708	0.1708	150,042,125	0.1708	0.1708
	Chamois Fire Protection District	General Revenue	9,009,380	0.3000	0.3000	9,395,446	0.2968	0.2968	9,919,613	0.2941	0.2941
	Meta Fire & Rescue Fire Prot Dist	General Revenue	9,305,381	0.3000	0.2800	9,801,287	0.3000	0.2800	10,069,778	0.3000	0.2800
	Linn Fire Protection District	General Revenue	53,016,632	0.3000	0.1962 A	61,886,918	0.2770	0.2062	63,982,319	0.2770	0.2770
	Osage Co R-I School District	Operating Funds-Schools	10,578,401	4.0809	3.4309	11,189,590	4.2827	3.4309	11,091,431	4.3757	3.6309
	Osage Co R-II School District	Operating Funds-Schools	40,418,352	2.7500	2.7500	43,222,522	2.8246	2.8246	44,604,385	2.8474	2.8474
		Debt Service	40,418,352	0.3900	0.3900	43,222,522	0.3900	0.3900	44,604,385	0.9959	0.3900

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Osage	Osage Co R-III School District	Operating Funds-Schools	55,780,962	2.6900	2.6900	59,875,475	2.6900	2.6900	43,358,000	2.7500	2.7500
		Debt Service	55,780,962	0.4200	0.4200	59,875,475	0.4200	0.4200	61,173,544	0.8738	0.4200
	Osage County	General Revenue	140,829,661	0.3115	0.1524	145,100,642	0.3115	0.1744	150,042,125	0.3115	0.1574
		Common Road District	117,183,477	0.2110	0.2056	121,068,002	0.2110	0.2110	125,494,478	0.2110	0.2110
		Developmentally Disabled	140,829,661	0.1000	0.1000	145,100,642	0.1000	0.1000	150,042,125	0.1000	0.1000
Ozark	Village of Bakersfield	General Revenue	940,536	0.2610	0.2610	994,881	0.2610	0.2610	988,097	0.2708	0.2708
		Health	940,536	0.1304	0.1304	994,881	0.1303	0.1303	988,097	0.1351	0.1351
	City of Gainesville	General Revenue	6,633,460	0.4700	0.4700	6,736,479	0.4700	0.4700	6,859,855	0.4718	0.4718
	City of Theodosia	General Revenue	2,439,345	0.3689	0.3689	2,668,762	0.3619	0.3619	2,728,046	0.3619	0.3619
	Thornfield R-I School District	Operating Funds-Schools	4,501,539	2.7500	2.7500	4,639,681	2.7500	2.7500	4,787,285	2.7500	2.7500
		Debt Service	4,501,539	0.5397	0.5397	4,639,681	0.5397	0.5397	4,787,285	0.8310	0.5397
	Bakersfield R-IV School District	Operating Funds-Schools	8,418,462	3.7431	3.4831	8,899,614	3.6711	3.3211	9,175,972	3.6506	3.3006
		Debt Service	8,418,462	0.2600	0.2600	8,899,614	0.3500	0.3500	9,175,972	0.4531	0.3500
	Gainesville R-V School District	Operating Funds-Schools	31,266,550	2.7500	2.7500	32,570,573	2.7500	2.7500	33,815,206	2.7500	2.7500
		Debt Service	31,266,550	0.5800	0.5800	32,570,573	0.5800	0.5800	33,815,206	0.4952	0.4952
	Dora R-III School District	Operating Funds-Schools	10,148,883	2.7500	2.7500	10,462,175	2.7500	2.7500	10,812,596	3.3500	3.3500
		Debt Service	10,148,883	0.2300	0.2300	10,462,175	0.2300	0.2300	10,812,596	0.2312	0.1930
	Lutie R-VI School District	Operating Funds-Schools	12,917,775	3.1772	3.1772	13,518,929	3.1793	3.1793	14,060,486	3.1671	3.1671
		Debt Service	12,917,775	0.4900	0.4900	13,518,929	0.4900	0.4900	14,060,486	0.7177	0.5200
	Ozark County	General Revenue	72,806,532	0.3353	0.1693	75,853,758	0.3349	0.1750	77,432,995	0.3375	0.1750
		Road & Bridge	72,806,532	0.2540	0.2500	75,853,758	0.2537	0.2500	77,432,995	0.2557	0.2500
		Health	72,806,532	0.1000	0.1000	75,853,758	0.0999	0.0999	77,432,995	0.1000	0.1000
		Ambulance	72,806,532	0.1321	0.1321	75,853,758	0.1319	0.1319	77,432,995	0.1329	0.1329
Pemiscot	City of Bragg City	General Revenue	474,528	0.5000	0.0000	514,057	0.5000	0.5000	514,906	0.5000	0.0500
	City of Caruthersville	General Revenue	39,839,431	0.5357	0.5000	40,273,659	0.5440	0.5400	40,018,739	0.5542	0.5500
		Sewer	39,839,431	0.1822	0.1700	40,273,659	0.1850	0.1700	40,018,739	0.1885	0.1800
		Library	39,839,431	0.1000	0.1000	40,273,659	0.1000	0.1000	40,018,739	0.1000	0.1000
		Health	39,839,431	0.1607	0.1500	40,273,659	0.1632	0.1500	40,018,739	0.1663	0.1600
		Cemetery	39,839,431	0.0500	0.0500	40,273,659	0.0500	0.0500	40,018,739	0.0500	0.0500
	Town of Cooter	General Revenue	2,582,253	1.0000	0.9600	2,538,428	1.0000	0.9600	2,558,245	1.0000	0.9600
	City of Hayti	General Revenue	17,882,356	0.5166	0.5100	18,060,317	0.5223	0.5223	18,012,965	0.5263	0.5263
		Parks & Recreation	17,882,356	0.2329	0.2300	18,060,317	0.2355	0.2355	18,012,965	0.2373	0.2373
		Library	17,882,356	0.1722	0.1700	18,060,317	0.1741	0.1741	18,012,965	0.1754	0.1754
		Health	17,882,356	0.1418	0.1400	18,060,317	0.1434	0.1434	18,012,965	0.1445	0.1445
		Cemetery	17,882,356	0.0500	0.0500	18,060,317	0.0500	0.0500	18,012,965	0.0500	0.0500
		General Revenue	950,758	0.6483	0.6400	1,024,148	0.6484	0.6484	1,124,795	0.6656	0.6656
	City of Hayti Heights	Health	950,758	0.1945	0.1900	1,024,148	0.1945	0.1945	1,124,795	0.1996	0.1996

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Pemiscot	Village of Holland	General Revenue	1,229,420	0.4828	0.4828	1,224,210	0.4852	0.4852	1,204,528	0.4940	0.4940
	City of Homestown	General Revenue	175,110	0.6000	0.6000	181,000	0.6000	0.6000	176,660	0.6000	0.6000
	City of Steele	General Revenue	9,578,302	0.5226	0.5226	10,092,135	0.5226	0.5226	10,248,243	0.5226	0.5226
		Parks & Recreation	9,578,302	0.1508	0.1508	10,092,135	0.1508	0.1508	10,248,243	0.1508	0.1508
		Library	9,578,302	0.1508	0.1508	10,092,135	0.1508	0.1508	10,248,243	0.1508	0.1508
		Health	9,578,302	0.1508	0.1508	10,092,135	0.1508	0.1508	10,248,243	0.1508	0.1508
	Village of Wardell	General Revenue	1,091,901	0.6509	0.6500	1,170,490	0.6532	0.6532	1,162,070	0.6593	0.6500
		Health	1,091,901	0.1000	0.1000	1,170,490	0.1000	0.1000	1,162,070	0.1000	0.1000
	Village of North Wardell	General Revenue	316,780	0.2787	0.2787	349,880	0.2820	0.2820	405,630	0.2491	0.2491
		Health	316,780	0.1784	0.1784	349,880	0.1804	0.1804	405,630	0.1593	0.1593
	North Pemiscot Co R-I School Dist	Operating Funds-Schools	14,764,390	3.5000	2.8500	15,339,400	3.5000	2.8500	15,277,660	3.5000	2.8500
	Hayti R-II School District	Operating Funds-Schools	21,548,002	3.4831	3.2800	21,798,342	3.5309	3.2800	21,848,880	3.6267	3.2800
	Pemiscot Co R-III School District	Operating Funds-Schools	7,054,475	4.0000	3.4500	7,766,070	3.9951	3.9951	8,050,510	3.9971	3.9951
	Cooter R-IV School District	Operating Funds-Schools	5,436,320	3.6958	3.3100	5,873,252	3.7500	3.3100	5,761,105	3.7500	3.3100
	South Pemiscot Co R-V School Dist	Operating Funds-Schools	20,536,367	3.2324	2.7500	21,281,234	3.2635	2.7500	21,807,084	3.3179	2.7500
	Pemiscot Co C-7 School District	Operating Funds-Schools	9,021,301	3.6854	2.8500	9,337,270	3.6935	2.8500	9,200,820	3.7600	2.8500
	Caruthersville 18 School District	Operating Funds-Schools	40,428,975	3.5790	2.8500	40,744,019	3.5889	3.0000	40,088,152	3.7257	3.0000
		Debt Service	40,428,975	0.3000	0.3000	40,744,019	0.3200	0.3200	40,088,152	0.2667	0.2400
	Pemiscot Co Special School District	Operating Funds-Schools	148,772,382	0.4714	0.4700	150,654,352	0.4739	0.4700	154,807,914	0.4739	0.4739
		Debt Service	**	**	**	150,654,352	0.0300	0.0300	154,807,914	0.0528	0.0100
	Pemiscot County	General Revenue	149,950,992	0.3948	0.2014	151,617,416	0.3970	0.2150	153,679,420	0.3970	0.1912
		Johnson Grass	149,950,992	0.0500	0.0500	151,617,416	0.0500	0.0500	153,679,420	0.0500	0.0500
		Road & Bridge	149,950,992	0.2909	0.2909	151,617,416	0.2925	0.2925	153,679,420	0.2925	0.2925
		Health	149,950,992	0.1000	0.1000	151,617,416	0.1000	0.1000	153,679,420	0.1000	0.1000
		Hospital	149,950,992	0.3740	0.3740	151,617,416	0.3761	0.3761	153,679,420	0.3761	0.3761
		Senate Bill 40	149,950,992	0.1000	0.1000	151,617,416	0.1000	0.1000	153,679,420	0.1000	0.1000
Perry	City of Altenburg	General Revenue	3,263,860	0.5081	0.5081	3,551,913	0.5035	0.5035	3,740,473	0.5035	0.5035
		Debt Service	3,263,860	0.2145	0.2145	3,551,913	0.2818	0.2818	3,740,473	0.3068	0.3068
	City of Frohna	General Revenue	4,326,256	0.5711	0.5711	4,350,768	0.5711	0.5711	4,376,732	0.5746	0.5746
		Debt Service	4,326,256	0.1640	0.1640	4,350,768	0.2032	0.2032	4,376,732	0.1414	0.1414
	Village of Longtown	General Revenue	526,491	0.3406	0.3000	597,696	0.3106	0.3106	593,590	0.3167	0.3106
	City of Perryville	General Revenue	110,492,536	0.4408	0.3400	107,564,620	0.4577	0.3600	110,736,949	0.4577	0.3300
		Parks & Recreation	110,492,536	0.1583	0.1100	107,564,620	0.1644	0.1100	110,736,949	0.1644	0.1100
		Debt Service	110,492,536	0.2500	0.2500	107,564,620	0.2500	0.2500	110,736,949	0.2425	0.2425
	Perry County Library District	General Revenue	229,382,735	0.0902	0.0902	230,063,689	0.0911	0.0911	235,147,551	0.0911	0.0911
	Perry Co 32 School District	Operating Funds-Schools	195,413,788	3.2411	3.2400 B	197,043,277	3.2411	3.2400	207,511,003	3.2182	3.2182
	Altenburg 48 School District	Operating Funds-Schools	11,639,952	3.0034	3.0030	12,274,064	3.0078	3.0000	12,516,473	3.1029	3.0000

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Perry	Perry County	General Revenue	229,382,735	0.4307	0.1800	230,063,689	0.4349	0.1800	235,147,551	0.4349	0.1800
		Road & Bridge	229,382,735	0.3105	0.3000	230,063,689	0.3135	0.3000	235,147,551	0.3135	0.3000
		Health	229,382,735	0.1803	0.1803	230,063,689	0.1820	0.1820	235,147,551	0.1820	0.1820
		Hospital	229,382,735	0.0902	0.0902	230,063,689	0.0911	0.0911	235,147,551	0.0911	0.0911
		Mental Health	229,382,735	0.0902	0.0902	230,063,689	0.0911	0.0911	235,147,551	0.0911	0.0911
		Senate Bill 40	229,382,735	0.0902	0.0902	230,063,689	0.0911	0.0911	235,147,551	0.0911	0.0911
Pettis	City of Green Ridge	General Revenue	2,327,372	0.8691	0.8691	2,146,511	0.9572	0.9572	2,143,951	0.9583	0.9583
		Debt Service	2,327,372	0.6564	0.6564	2,146,511	0.6685	0.6685	2,143,951	0.3748	0.3748
	City of Houstonia	General Revenue	897,649	1.0000	1.0000	954,451	0.9787	0.9787	911,245	1.0000	1.0000
	Village of Hughesville	General Revenue	811,519	0.3990	0.3990	821,720	0.4001	0.4001	836,991	0.4051	0.4051
		General Revenue-Temp	811,519	0.2975	0.2975	821,720	0.2983	0.2983	836,991	0.3000	0.3000 A
	City of La Monte	General Revenue	5,008,927	0.8399	0.8399	5,056,602	0.8399	0.8399	4,880,455	0.8718	0.8718
		Parks & Recreation	5,008,927	0.0400	0.0400	5,056,602	0.0400	0.0400	4,880,455	0.0400	0.0400
	City of Sedalia	General Revenue	187,831,205	0.4523	0.4412	195,614,158	0.4513	0.4513	192,341,473	0.4611	0.4611
		Parks & Recreation	187,831,205	0.3146	0.1369	195,614,158	0.3139	0.1369	192,341,473	0.3207	0.1507
		Library	160,679,221	0.2171	0.2112	167,615,552	0.2154	0.2154	162,544,523	0.2230	0.2230
		Police	187,831,205	0.0885	0.0863	195,614,158	0.0883	0.0883	192,341,473	0.0902	0.0902
		Fire	187,831,205	0.0492	0.0480	195,614,158	0.0491	0.0491	192,341,473	0.0500	0.0500
	City of Smithton	General Revenue	2,988,447	0.8768	0.8768	3,447,275	0.8151	0.8151	3,285,570	0.8552	0.8552
		Debt Service	2,988,447	0.0556	0.0556	3,447,275	0.0000	0.0000	**	**	**
	Boonslick Regional Library	General Revenue	591,086,598	0.1400	0.1400	614,861,904	0.1400	0.1400	611,385,235	0.1430	0.1430
	Pettis County Fire Prot Dist #1	General Revenue	165,907,301	0.2772	0.2772	177,479,156	0.2772	0.2772	160,203,195	0.3000	0.2772
	Sedalia Special Business District	General Revenue	3,794,877	0.8171	0.8171	3,835,246	0.8171	0.8143	4,005,030	0.8005	0.8005
	State Fair Community College	General Revenue	601,238,270	0.4087	0.4087	627,677,974	0.4087	0.4087	611,472,716	0.4244	0.4087
	Pettis Co R-V School District	Operating Funds-Schools	17,539,941	3.2497	3.2497	17,900,345	3.2885	3.2885	18,305,166	3.3212	3.3212
		Debt Service	17,539,941	0.4303	0.4303	17,900,345	0.4303	0.4303	18,305,166	0.5381	0.4303
	La Monte R-IV School District	Operating Funds-Schools	13,689,595	3.2519	2.9500	14,374,748	3.2935	2.9500	14,344,498	3.3402	2.9500
		Debt Service	13,689,595	0.5600	0.5600	14,374,748	0.7000	0.7000	14,344,498	1.0127	0.7500
	Smithton R-VI School District	Operating Funds-Schools	26,935,660	2.8414	2.8414	28,210,447	2.8756	2.8756	28,077,358	2.8927	2.8756
		Operating Funds-Temp	**	**	**	**	**	**	28,077,358	0.6000	0.6000 A
		Debt Service	26,935,660	0.4000	0.4000	28,210,447	0.3800	0.3800	28,077,358	0.3516	0.3516
	Green Ridge R-VIII School District	Operating Funds-Schools	15,968,167	3.2214	3.2214	16,209,506	3.5144	3.5144 B	16,444,279	3.5121	3.5121
		Debt Service	15,968,167	0.3786	0.3786	16,209,506	0.3756	0.3756	16,444,279	0.8564	0.3779
	Pettis Co R-XII School District	Operating Funds-Schools	55,513,137	2.9343	2.9300	65,061,665	2.9385	2.9300	44,400,675	3.4500	2.9900
	Sedalia 200 School District	Operating Funds-Schools	252,340,020	2.5246	2.3400	262,485,254	3.1500	3.1500 B	260,872,913	3.2016	3.2016
		Op. Funds-Cap. Imp.	252,340,020	0.4137	0.4100	262,485,254	0.4097	0.0000	260,872,913	0.4163	0.0000
	Pettis County	General Revenue	429,390,716	0.3927	0.0200	449,877,808	0.3927	0.0284	429,350,862	0.4136	0.0400

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Pettis	Pettis County	Johnson Grass	429,390,716	0.0491	0.0100	449,877,808	0.0491	0.0050	429,350,862	0.0500	0.0050
		Road & Bridge	429,390,716	0.2846	0.2846	449,877,808	0.2846	0.2846	429,350,862	0.2998	0.2998
		Health	429,390,716	0.0884	0.0881	449,877,808	0.0884	0.0881	429,350,862	0.0931	0.0884
		Developmentally Disabled	429,390,716	0.0884	0.0884	449,877,808	0.0884	0.0884	429,350,862	0.0931	0.0931
Phelps	St James Ambulance District	General Revenue	76,457,601	0.1475	0.1475	71,109,310	0.1612	0.1612	72,160,322	0.1619	0.1619
	City of Doolittle	General Revenue	3,277,060	0.4649	0.4649	3,344,186	0.4649	0.4649	3,343,132	0.4696	0.4649
	City of Newburg	General Revenue	1,258,834	0.6629	0.6629	1,231,299	0.6920	0.6920	1,203,258	0.7285	0.7285
		Library	1,258,834	0.2000	0.2000	1,231,299	0.2000	0.2000	1,203,258	0.2000	0.2000
	City of Rolla	General Revenue	151,847,830	0.6574	0.6574	153,676,027	0.6596	0.6596	153,125,947	0.6745	0.6745
		Parks & Recreation	151,847,830	0.1668	0.1668	153,676,027	0.1674	0.1674	153,125,947	0.1712	0.1712
		Library	151,847,830	0.2747	0.2747	153,676,027	0.2756	0.2756	153,125,947	0.2818	0.2818
	City of St James	General Revenue	18,706,097	0.5669	0.5669	19,396,237	0.5669	0.5669	19,999,031	0.5669	0.5669
		Parks & Recreation	18,706,097	0.0880	0.0880	19,396,237	0.0880	0.0880	19,999,031	0.0880	0.0880
	City of Edgar Springs	General Revenue	787,429	0.6660	0.6660	826,004	0.6660	0.6660	785,975	0.6999	0.6999
		Debt Service	787,429	0.5373	0.5373	826,004	0.4625	0.4625	785,975	0.3924	0.3924
	Doolittle Rural Fire Protection Dis	General Revenue	**	**	**	**	**	**	10,366,726	0.3000	0.3000 A
	Rolla Rural Fire Protection Dist	General Revenue	**	**	**	**	**	**	61,930,812	0.3000	0.3000 A
	St. James R-I School District	Operating Funds-Schools	71,711,633	2.7759	2.7500	66,334,479	2.7668	2.7500	67,305,438	2.7953	2.7500
		Debt Service	71,711,633	0.5300	0.5300	66,334,479	0.5300	0.5300	67,305,438	1.6770	0.5300
	Newburg R-II School District	Operating Funds-Schools	14,799,716	2.9300	2.9300	15,184,506	2.9266	2.9266	15,358,170	2.9631	2.9631
		Debt Service	14,799,716	0.3200	0.3200	15,184,506	0.3234	0.3234	15,358,170	0.3954	0.3954
	Rolla 31 School District	Operating Funds-Schools	226,434,354	3.2954	2.6454 B	232,812,476	3.4959	2.9251 B	234,494,632	3.5510	2.9324
		Operating Funds Temp	226,434,354	0.6010	0.6010	232,812,476	0.6010	0.6010	234,494,632	0.6105	0.6105
		Debt Service	226,434,354	0.3299	0.3299	232,812,476	0.3299	0.3299	234,494,632	0.4503	0.3299
	Phelps Co R-III School District	Operating Funds-Schools	9,101,244	2.7500	2.7500	9,423,874	2.7500	2.7500	9,700,362	2.7500	2.7500
		Debt Service	9,101,244	0.4000	0.4000	9,423,874	0.4000	0.4000	9,700,362	0.3740	0.3740
	Phelps County	General Revenue	331,599,422	0.3445	0.1700	332,779,669	0.3499	0.1751	336,066,039	0.3539	0.1611
		Road & Bridge	331,599,422	0.2461	0.0777	332,779,669	0.2500	0.0999	336,066,039	0.2528	0.0859
		Developmentally Disabled	331,599,422	0.0886	0.0886	332,779,669	0.0900	0.0900	336,066,039	0.0910	0.0910
Pike	Village of Annada	General Revenue	212,698	0.5506	0.5506	205,686	0.5693	0.5693	383,734	0.5019	0.5019
	City of Bowling Green	General Revenue	23,197,690	0.6109	0.6109	22,261,474	0.6467	0.6467	22,776,232	0.6467	0.6467
		Parks & Recreation	23,197,690	0.1000	0.0000	22,261,474	0.1000	0.0000	22,776,232	0.1000	0.0000
		Library	23,197,690	0.1903	0.1903	22,261,474	0.2000	0.2000	22,776,232	0.2000	0.2000
		Cemetery	23,197,690	0.1000	0.1000	22,261,474	0.1000	0.1000	22,776,232	0.1000	0.1000
		Debt Service	23,197,690	0.6642	0.6642	22,261,474	0.0395	0.0395	**	**	**
	City of Clarksville	General Revenue	2,748,488	0.7448	0.7400	2,725,676	0.7578	0.7500	2,785,896	0.7578	0.7500
		Debt Service	2,748,488	0.3100	0.3100	2,725,676	0.2800	0.2800	2,785,896	0.5277	0.2700

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Pike	City of Curryville	General Revenue	1,188,909	0.8900	0.8900	1,224,752	0.8992	0.8992	1,225,500	0.8992	0.8992
	Village of Eolia	General Revenue	1,861,641	0.4367	0.4273	1,902,012	0.4412	0.4200	2,767,280	0.4412	0.4200
	City of Frankford	General Revenue	1,560,724	0.9782	0.9782	1,567,049	0.9904	0.9904	1,560,386	0.9996	0.9996
	City of Louisiana	General Revenue	28,711,585	0.7308	0.7300	29,014,666	0.7310	0.7308	29,043,944	0.7320	0.7308
		Library	28,711,585	0.1000	0.1000	29,014,666	0.1000	0.1000	29,043,944	0.1000	0.1000
	Buffalo Township Fire Prot Dist	General Revenue	29,889,865	0.3028	0.3028	30,149,483	0.3028	0.3028	32,055,773	0.3006	0.3006
	Pike County Senate Bill 40	General Revenue	194,508,053	0.1811	0.1811	184,344,198	0.1936	0.1936	190,559,938	0.1936	0.1936
	Bowling Green R-I School District	Operating Funds-Schools	64,933,272	3.3956	3.2400	66,058,656	3.4447	3.4447	67,547,142	3.4839	3.4839
	Pike Co R-III School District	Operating Funds-Schools	42,389,915	3.2571	3.2571	32,469,748	3.7500	3.4400	33,523,905	3.7500	3.5500
		Debt Service	42,389,915	0.7629	0.7629	32,469,748	0.6900	0.6900	33,523,905	0.7666	0.6900
	Boncl R-X School District	Operating Funds-Schools	8,460,737	4.8751	3.8500	8,701,660	4.8574	3.8500	8,930,636	4.8720	3.8500
	Louisiana R-II School District	Operating Funds-Schools	38,677,073	3.0753	3.0753	39,582,024	3.3993	3.2993 B	40,172,636	3.4003	3.3000
		Debt Service	38,677,073	0.6700	0.6700	39,582,024	0.5700	0.5700	40,172,636	0.8561	0.5700
	Pike County	General Revenue	194,508,053	0.4024	0.2441	184,344,198	0.4301	0.2717	190,559,938	0.4301	0.2658
		Road & Bridge	194,508,053	0.2917	0.2917	184,344,198	0.3118	0.3118	190,559,938	0.3118	0.3118
		Health	194,508,053	0.2500	0.1600	184,344,198	0.2500	0.1600	190,559,938	0.2500	0.1600
		Hospital	194,508,053	0.2200	0.2200	184,344,198	0.2200	0.2200	190,559,938	0.2200	0.2200
Platte	Northland Ambulance District No. 1	General Revenue	263,956,300	0.3000	0.3000	301,073,656	0.2886	0.2886	321,955,093	0.2886	0.2886
	Platte Co Drainage Ditch Dist 1	General Revenue	1,701,218	0.1000	0.1000	1,893,119	0.0928	0.0928	1,890,094	0.0945	0.0945
	Farley Special Road Dist, Platte Co	Road & Bridge	11,933,572	0.3209	0.3209	13,219,219	0.3011	0.3011	13,970,546	0.3011	0.3011
		Special Road and Bridge	11,933,572	0.3500	0.3500	13,219,219	0.3284	0.3284	13,970,546	0.3284	0.3284
	Parkville Spec Road Dist Platte Co	Road & Bridge	456,867,781	0.2708	0.2708	491,321,051	0.2653	0.2653	512,243,563	0.2662	0.2662
	Platte City Spec Rd Dist Platte Co	Road & Bridge	609,835,349	0.2866	0.2400	639,042,195	0.2866	0.2400	676,344,145	0.2900	0.2400
	Weston Spec Rd Dist Platte Co	Road & Bridge	35,929,877	0.2758	0.2700	40,642,677	0.2563	0.2563	41,208,960	0.2578	0.2578
		Special Road and Bridge	35,929,877	0.3500	0.3500	40,642,677	0.3253	0.3253	41,208,960	0.3500	0.3500 A
	City of Camden Point	General Revenue	3,824,363	0.8538	0.8538	4,395,707	0.7693	0.7693	4,359,504	0.7830	0.7830
	City of Dearborn	General Revenue	3,576,405	0.5910	0.5910	4,259,158	0.5126	0.5126	3,992,941	0.5539	0.5539
	City of Edgerton	General Revenue	3,392,167	0.8162	0.8162	3,992,760	0.7491	0.7491	3,833,706	0.8093	0.8093
	Village of Farley	General Revenue	2,069,008	0.4593	0.4593	2,382,547	0.4362	0.4362	2,384,625	0.4451	0.4451
	Village of Ferrelview	General Revenue	1,860,012	0.5324	0.5197	2,086,881	0.5194	0.5194	1,859,026	0.5830	0.5830
	Village of Iatan	General Revenue	195,625	0.5000	0.5000	199,062	0.4998	0.4998	206,053	0.5000	0.5000
	City of Platte City	General Revenue	41,173,290	0.5968	0.5200	44,952,630	0.5878	0.5600	47,703,971	0.5945	0.5600
		Debt Service	41,173,290	0.5000	0.5000	44,952,630	0.5000	0.5000	47,703,971	1.3126	0.5000
	City of Platte Woods	General Revenue	7,955,957	0.5412	0.5400	7,829,873	0.5526	0.5526	7,562,308	0.5722	0.5722
		Debt Service	7,955,957	0.2700	0.2700	**	**	**	**	**	**
	City of Tracy	General Revenue	1,299,761	0.8483	0.8483	1,602,614	0.7879	0.7879	1,585,215	0.7965	0.7965
		Debt Service	1,299,761	1.7443	1.7443	1,602,614	1.6567	1.6567	1,585,215	1.3776	1.3776

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Platte	City of Weatherby Lake	General Revenue	32,016,134	0.7849	0.7849	32,871,898	0.7849	0.7849	32,689,609	0.8043	0.8043
		Parks & Recreation	32,016,134	0.2314	0.2314	32,871,898	0.2314	0.2314	32,689,609	0.2371	0.2314
		Debt Service	32,016,134	1.2296	1.2015	32,871,898	0.1146	0.1146	32,689,609	0.6297	0.6297
	City of Weston	General Revenue	14,111,951	0.5463	0.5463	14,832,011	0.5359	0.5359	14,712,603	0.5469	0.5469
		Parks & Recreation	14,111,951	0.1000	0.1000	14,832,011	0.0981	0.0981	14,712,603	0.1000	0.1000
		Lights	14,111,951	0.1546	0.1546	14,832,011	0.1516	0.1516	14,712,603	0.1547	0.1547
	City of Lake Waukomis	General Revenue	11,172,677	0.8989	0.8989	12,110,355	0.8567	0.8567	11,943,689	0.8744	0.8744
		General Revenue-Temp	11,172,677	0.7000	0.7000	12,110,355	1.2422	1.2422 A	11,943,689	1.2422	1.2422
	City of Parkville	General Revenue	106,788,912	0.4944	0.4944	120,089,246	0.4853	0.4853	125,240,568	0.4900	0.4900
		General Revenue-Temp	**	**	**	**	**	**	125,240,568	0.1853	0.0827 A
		Debt Service	106,788,912	0.0988	0.0988	120,089,246	0.0929	0.0929	125,240,568	0.0832	0.0832
	City of Northmoor	General Revenue	4,815,504	0.3250	0.0000	4,956,466	0.3250	0.0000	5,207,967	0.3263	0.0000
	Town of Ridgely	General Revenue	446,186	0.3580	0.3580	859,915	0.3118	0.3118	923,233	0.3132	0.3132
	City of Houston Lake	General Revenue	1,752,269	1.0000	1.0000	1,949,204	0.9188	0.9188	1,849,276	0.9684	0.9684
		Streets	**	**	**	1,949,204	0.2500	0.2500 A	1,849,276	0.2500	0.2500
		Streets-Temp	1,752,269	0.2500	0.2500	**	**	**	**	**	**
	Central Platte Fire Protection Dist	General Revenue	102,445,458	0.3500	0.3500	114,792,177	0.3351	0.3351	122,493,611	0.3370	0.3370
		Debt Service	102,445,458	0.2000	0.2000	114,792,177	0.2000	0.2000	122,493,611	0.1650	0.1650
	Southern Platte Fire Prot Dist	General Revenue	248,933,719	0.6946	0.6946	278,514,821	0.6726	0.6726	289,849,224	0.9726	0.9726
		Debt Service	248,933,719	0.1218	0.1218	278,514,821	0.0973	0.0973	289,849,224	0.0923	0.0923
	Weatherby Lake Fire Protection Dist	General Revenue	32,016,134	0.9100	0.8200	32,871,916	0.9100	0.8300	32,662,959	0.9100	0.9100
	West Platte Fire Protection Dist	General Revenue	47,753,829	0.3900	0.3900	51,327,325	0.3746	0.3746	52,744,065	0.3746	0.3746
		Ambulance	47,753,829	0.3900	0.3900	51,327,325	0.3746	0.3746	52,744,065	0.3746	0.3746
	Camden Point Fire Protection Dist	General Revenue	12,667,851	0.5500	0.5500	15,474,151	0.4733	0.4733	15,726,211	0.4833	0.4833
	Smithville Area Fire Prot Dist	General Revenue	141,405,694	0.2916	0.2894	159,734,722	0.2784	0.2784	168,581,328	0.2794	0.2784
	Edgerton-Trimble Fire Prot Dist	General Revenue	21,177,640	0.5500	0.5500	25,243,054	0.5111	0.5111	25,980,764	0.5161	0.5161
	Dearborn Area Fire Protection Dist	General Revenue	18,224,116	0.5414	0.5414	24,144,893	0.5007	0.5007	20,603,719	0.5500	0.5500
	North Platte Co R-I School District	Operating Funds-Schools	33,513,694	3.9440	3.9440 B	40,508,971	3.4762	3.4762	40,661,244	3.9462	3.9363 B
		Operating Funds-Temp	33,513,694	0.3500	0.3500	40,508,971	0.3043	0.3043	40,661,244	0.3120	0.3120
	West Platte Co R-II School District	Operating Funds-Schools	53,054,050	3.5575	3.5575	58,885,612	3.3838	3.3838	60,867,513	4.1000	4.1000 B
		Debt Service	53,054,050	0.8567	0.8567	58,885,612	0.8560	0.8560	60,867,513	1.9423	0.8560
	Platte Co R-III School District	Operating Funds-Schools	250,858,046	3.7514	3.4492	281,587,238	3.6321	3.3769	299,842,698	3.7373	3.4535
		Debt Service	250,858,046	0.6700	0.6700	281,587,238	0.6700	0.6700	299,842,698	2.2559	0.9600
	Park Hill R-V School District	Operating Funds-Schools	895,335,522	4.9970	4.9970 B	952,786,698	4.9970	4.9970	995,448,172	4.9970	4.9970
		Debt Service	895,335,522	0.6562	0.6562	952,786,698	0.6562	0.6562	995,448,172	0.9167	0.6562
	Platte County	General Revenue	1,289,806,341	0.3408	0.1000	1,387,032,700	0.3332	0.1000	1,453,911,645	0.3346	0.0400
		Road & Bridge	178,112,803	0.2724	0.2724	204,262,230	0.2521	0.2521	212,116,021	0.2521	0.2521

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Platte	Platte County	Health	1,289,806,341	0.0800	0.0800	1,387,032,700	0.0782	0.0782	1,453,911,645	0.0785	0.0785
		Mental Health	1,289,806,341	0.1000	0.1000	1,387,032,700	0.0978	0.0978	1,453,911,645	0.0982	0.0982
		Senate Bill 40	1,289,806,341	0.1300	0.1300	1,387,032,700	0.1271	0.1271	1,453,911,645	0.1276	0.1276
		Senior Services	1,289,806,341	0.0500	0.0500	1,387,032,700	0.0489	0.0489	1,453,911,645	0.0491	0.0491
		Debt Service	1,289,806,341	0.0000	0.0000	1,387,032,700	0.0000	0.0000	1,453,911,645	0.0575	0.0000
Polk	Blue Mound Spec Rd Dist Polk Co	Road & Bridge	1,671,098	0.3500	0.3500	1,766,301	0.3500	0.3500	1,827,821	0.3500	0.3500
	Bolivar Spec Rd Dist Polk Co	Road & Bridge	72,579,799	0.1966	0.1966	75,268,523	0.1966	0.1966	77,303,142	0.1966	0.1966
	Flemington Spec Rd Dist Polk Co	Road & Bridge	1,303,531	0.3373	0.3373	575,068	0.3500	0.3500	1,357,881	0.3435	0.3435
	Humansville Spec Rd Dist Polk Co	Road & Bridge	8,673,236	0.2601	0.2601	9,170,312	0.2601	0.2601	9,402,255	0.2629	0.2629
		Special Road and Bridge	8,673,236	0.4500	0.4500	**	**	**	**	**	**
	Providence Spec Rd Dist Polk Co	Road & Bridge	1,404,714	0.2240	0.2240	3,043,199	0.2240	0.2240	1,505,563	0.3500	0.3500
	Rock Prairie Spec Road Dist Polk Co	Road & Bridge	1,440,540	0.2151	0.2151	1,489,111	0.2153	0.2153	1,513,409	0.2225	0.2225
	Southwest Special Rd Dist Polk Co	Road & Bridge	932,149	0.3420	0.3420	930,040	0.3490	0.3490	953,825	0.3491	0.3491
		Special Road and Bridge	932,149	0.2176	0.2176	**	**	**	**	**	**
	Polk County Road District	Road & Bridge	108,366,203	0.2669	0.2669	117,317,574	0.2669	0.2669	122,885,494	0.2669	0.2669
	Village of Aldrich	General Revenue	379,277	0.3435	0.3435	423,532	0.3435	0.3435	422,766	0.3442	0.3442
	City of Bolivar	General Revenue	69,458,706	0.4537	0.0000	72,528,118	0.4537	0.0000	74,326,409	0.4537	0.0000
		Parks & Recreation	69,458,706	0.0888	0.0000	72,528,118	0.0888	0.0000	74,326,409	0.0888	0.0000
	City of Fair Play	General Revenue	1,721,988	0.9442	0.9400	1,771,518	0.9507	0.9500	1,821,901	0.9620	0.9600
		Debt Service	1,721,988	0.1500	0.1500	**	**	**	**	**	**
	City of Humansville	General Revenue	4,040,718	0.6000	0.6000	4,303,369	0.5942	0.5942	4,517,279	0.5942	0.5942
	City of Morrisville	General Revenue	1,168,958	0.5436	0.5436	1,236,916	0.5436	0.5436	1,197,138	0.5686	0.5686
	Polk County Library District	General Revenue	198,428,089	0.0897	0.0897	210,314,918	0.0897	0.0897	216,749,390	0.0899	0.0899
	Bolivar R-I School District	Operating Funds-Schools	106,533,390	2.3148	2.3148	112,044,300	2.3148	2.3148	115,670,500	2.9440	2.8940 B
		Building - Temp	106,533,390	0.4352	0.4352	112,044,300	0.4352	0.4352	115,670,500	0.4360	0.4360
		Debt Service	106,533,390	0.8377	0.4500	112,044,300	0.4500	0.4500	115,670,500	0.9169	0.4500
	Fair Play R-II School District	Operating Funds-Schools	11,576,040	3.1531	2.7500	12,464,130	3.1642	3.1642	13,415,010	3.2241	3.2234
		Debt Service	11,576,040	0.9800	0.9800	12,464,130	0.5658	0.5658	13,415,010	1.2001	0.5066
	Halfway R-III School District	Operating Funds-Schools	12,944,590	3.3342	3.3000	13,532,030	3.3432	3.3000	13,907,190	3.3537	3.3000
	Humansville R-IV School District	Operating Funds-Schools	15,291,929	2.7859	2.7700	16,219,523	2.7821	2.7700	16,366,145	2.8471	2.7771
		Debt Service	15,291,929	0.4400	0.4400	16,219,523	0.4400	0.4400	16,366,145	0.5521	0.4821
	Marion C. Early R-V School District	Operating Funds-Schools	21,151,000	3.2965	2.8100	22,435,080	3.2739	2.8100	23,515,510	3.2322	2.8100
		Debt Service	21,151,000	0.5500	0.5500	22,435,080	0.5500	0.5500	23,515,510	0.6150	0.5000
	Pleasant Hope R-VI School District	Operating Funds-Schools	27,530,130	2.4458	2.4458	30,090,760	2.4355	2.4355	29,279,620	2.5601	2.5601
		Capital Improvements	27,530,130	0.6557	0.6557	30,090,760	0.6557	0.6557	29,279,620	0.6700	0.6700
		Debt Service	27,530,130	0.6000	0.6000	30,090,760	0.6000	0.6000	29,279,620	0.7385	0.6000
	Polk County	General Revenue	198,428,089	0.3190	0.3190	210,314,918	0.3190	0.3190	216,749,390	0.3197	0.3197

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Polk	Polk County	Health	198,428,089	0.0897	0.0897	210,314,918	0.0897	0.0897	216,749,390	0.0899	0.0899
		Senate Bill 40	198,428,089	0.0897	0.0200	210,314,918	0.0897	0.0200	216,749,390	0.0899	0.0200
Pulaski	Dixon Ambulance District	General Revenue	42,347,922	0.2885	0.2885	43,046,526	0.2906	0.2906	43,699,912	0.2914	0.2914
	Pulaski County Ambulance District	General Revenue	181,794,412	0.2931	0.2931	189,499,431	0.2947	0.2947	200,342,619	0.2952	0.2951
	City of Crocker	General Revenue	5,662,025	0.5762	0.5762	5,724,182	0.5879	0.5879	4,271,479	0.7968	0.7968
		Parks & Recreation	5,662,025	0.1718	0.1718	5,724,182	0.1753	0.1753	4,271,479	0.2000	0.2000
	City of Dixon	General Revenue	9,356,162	0.4713	0.4700	9,393,283	0.4770	0.4770	9,365,360	0.4851	0.4851
		Library	9,356,162	0.0500	0.0500	9,393,283	0.0500	0.0500	9,365,360	0.0500	0.0500
		Debt Service	9,356,162	0.5800	0.5800	9,393,283	0.5800	0.5800	9,365,360	1.0996	0.5800
	City of St Robert	General Revenue	37,759,051	0.3490	0.3490	40,770,272	0.3530	0.3530	45,097,301	0.3538	0.3538
	City of Waynesville	General Revenue	25,717,998	0.6572	0.6572	25,957,777	0.6615	0.6615	26,334,802	0.6658	0.6658
	City of Richland	General Revenue	9,352,928	0.6501	0.6400	9,562,596	0.6538	0.6400	9,525,603	0.6730	0.6700
	Pulaski County Library	General Revenue	197,706,229	0.1476	0.1476	205,489,030	0.1486	0.1486	216,768,140	0.1487	0.1487
	Hazeltree Fire Protection District	General Revenue	12,417,578	0.2963	0.2963	12,980,900	0.2988	0.2988	13,417,520	0.2988	0.2988
	Crocker Fire Protection District	General Revenue	16,768,741	0.2824	0.2824	16,933,442	0.2840	0.2840	17,721,928	0.2840	0.2840
	Waynesville Rural Fire Prot Dist	General Revenue	62,714,141	0.2796	0.2796	64,595,297	0.2834	0.2834	70,653,468	0.2834	0.2834
	Dixon Rural Fire Protection Dist	General Revenue	44,825,442	0.2740	0.2740	48,041,230	0.2749	0.2740	46,854,354	0.2858	0.2749
	Swedeborg R-III School District	Operating Funds-Schools	2,938,370	2.7644	2.7644	2,984,570	2.7938	2.7500	3,090,430	2.8494	2.7500
		Operating Funds-Temp	**	**	**	2,984,570	0.3500	0.3500 A	3,090,430	0.3500	0.3500
	Pulaski Co R-IV School District	Operating Funds-Schools	19,894,822	2.8269	2.8269	20,798,920	2.8393	2.8393	20,852,671	2.8952	2.8952
		Operating Funds-Temp	**	**	**	20,798,920	0.2500	0.2500 A	20,852,671	0.2500	0.2500
	Laquey R-V School District	Operating Funds-Schools	17,212,530	2.6306	2.6306	17,862,860	2.7500	2.7500	18,627,510	2.7500	2.7500
		Debt Service	17,212,530	0.2205	0.2205	17,862,860	0.2205	0.2205	18,627,510	0.1649	0.1649
	Waynesville R-VI School District	Operating Funds-Schools	112,197,325	2.7075	2.7075	118,463,497	2.7500	2.7500	126,986,856	2.7500	2.7500
	Dixon R-I School District	Operating Funds-Schools	36,584,978	2.7500	2.7500	37,802,028	2.7500	2.7500	37,999,594	2.7500	2.7500
		Debt Service	36,584,978	0.2700	0.2700	37,802,028	0.2700	0.2700	37,999,594	0.2858	0.2700
	Crocker R-II School District	Operating Funds-Schools	17,087,155	2.9349	2.7500	17,401,475	2.9635	2.7500	17,638,090	2.9682	2.7500
		Debt Service	17,087,155	0.8900	0.8900	17,401,475	0.8900	0.8900	17,638,090	0.8985	0.8900
	Pulaski County	General Revenue	207,000,734	0.2955	0.0000	214,882,313	0.2975	0.0000	226,133,502	0.2979	0.0000
		Road & Bridge	207,000,734	0.2168	0.1976	214,882,313	0.2183	0.1608	226,133,502	0.2186	0.1673
		Health	207,000,734	0.0788	0.0788	214,882,313	0.0793	0.0793	226,133,502	0.0794	0.0794
		Senate Bill 40	207,000,734	0.0788	0.0788	214,882,313	0.0793	0.0793	226,133,502	0.0794	0.0794
		Senior Services	207,000,734	0.0492	0.0492	214,882,313	0.0495	0.0495	226,133,502	0.0496	0.0496
Putnam	Putnam County Ambulance District	General Revenue	51,346,423	0.4000	0.4000	53,139,982	0.4000	0.4000	53,684,537	0.4000	0.4000
	Putnam County Care Center	General Revenue	51,346,423	0.1500	0.1500	53,139,982	0.1500	0.1500	53,684,537	0.1500	0.1500
	Unionville Spec Road Dist Putnam Co	Road & Bridge	9,513,527	0.3151	0.3151	9,692,417	0.3151	0.3151	9,489,205	0.3239	0.3239
		Special Road and Bridge	9,513,527	0.3500	0.3500 A	9,692,417	0.3500	0.3500	9,489,205	0.3500	0.3500

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Putnam	Lake Thunderhead Spec Rd District	Road & Bridge	6,554,772	0.4831	0.4831	7,896,273	0.4293	0.4293	8,242,648	0.4481	0.4481
		Special Road and Bridge	6,554,772	0.3500	0.3500	7,896,273	0.3110	0.3110	8,242,648	0.3246	0.3246
	Village of Livonia	General Revenue	260,720	0.4798	0.4798	259,248	0.4889	0.4889	248,418	0.5000	0.5000
	Village of Lucerne	General Revenue	1,334,194	0.4329	0.4329	1,351,490	0.4341	0.4341	1,343,885	0.4366	0.4366
	Village of Powersville	General Revenue	314,345	0.5000	0.5000	277,853	0.5000	0.5000	307,313	0.5000	0.5000
	City of Unionville	General Revenue	9,151,413	0.9538	0.9538	9,283,421	0.9538	0.9538	9,079,165	0.9817	0.9817
		Parks & Recreation	9,151,413	0.1928	0.1928	9,283,421	0.1928	0.1928	9,079,165	0.1984	0.1984
		Fire	9,151,413	0.1928	0.1928	9,283,421	0.1928	0.1928	9,079,165	0.1984	0.1984
	Village of Worthington	General Revenue	116,495	0.5000	0.5000	110,125	0.5000	0.5000	103,565	0.5000	0.5000
	Elm Township of Putnam Co	Road & Bridge	4,277,764	0.4201	0.4201	4,500,420	0.4123	0.4123	4,683,127	0.4116	0.4116
		Special Road and Bridge	4,277,764	0.3500	0.3500	4,500,420	0.3500	0.3500 A	4,683,127	0.3494	0.3494
	Grant Township of Putnam Co	Road & Bridge	1,448,079	0.4606	0.4606	1,498,881	0.4606	0.4606	1,540,240	0.4606	0.4606
		Special Road and Bridge	1,448,079	0.3500	0.3500	1,498,881	0.3500	0.3500	1,540,240	0.3500	0.3500
	Jackson Township of Putnam Co	Road & Bridge	2,100,095	0.5000	0.5000	2,137,889	0.5000	0.5000	2,135,265	0.5000	0.5000
		Special Road and Bridge	2,100,095	0.3500	0.3500	2,137,889	0.3500	0.3500 A	2,135,265	0.3500	0.3500
	Liberty Township of Putnam Co	Road & Bridge	2,231,264	0.5000	0.5000	2,234,134	0.5000	0.5000	2,371,092	0.5000	0.5000
		Special Road and Bridge	2,231,264	0.3500	0.3500	2,234,134	0.3500	0.3500	2,371,092	0.3500	0.3500
	Lincoln Township of Putnam Co	Road & Bridge	4,364,731	0.5000	0.5000	4,275,595	0.5000	0.5000	4,229,262	0.5000	0.5000
		Special Road and Bridge	4,364,731	0.3500	0.3500	4,275,595	0.3500	0.3500	4,229,262	0.3500	0.3500
	Medicine Township of Putnam Co	Road & Bridge	6,952,538	0.5000	0.5000	6,902,555	0.5000	0.5000	7,071,162	0.4995	0.4995
		Special Road and Bridge	6,952,538	0.3500	0.3500	6,902,555	0.3500	0.3500	7,071,162	0.3497	0.3497
	Richland Township of Putnam Co	Road & Bridge	2,273,898	0.4891	0.4891	2,417,179	0.4800	0.4800	2,613,697	0.4800	0.4800
		Special Road and Bridge	2,273,898	0.3500	0.3500	2,417,179	0.3435	0.3435	2,613,697	0.3435	0.3435
	Sherman Township of Putnam Co	Road & Bridge	1,729,819	0.4947	0.4947	1,766,221	0.4947	0.4947	1,628,771	0.5000	0.5000
		Special Road and Bridge	1,729,819	0.3500	0.3500	1,766,221	0.3500	0.3500	1,628,771	0.3500	0.3500
	Union Township of Putnam Co	Road & Bridge	3,619,992	0.5000	0.5000	3,683,872	0.5000	0.5000	3,420,796	0.5000	0.5000
		Special Road and Bridge	3,619,992	0.3500	0.3500	3,683,872	0.3500	0.3500 A	3,420,796	0.3500	0.3500
	Wilson Township of Putnam Co	Road & Bridge	3,151,099	0.5000	0.5000	3,198,282	0.5000	0.5000	3,159,285	0.5000	0.5000
		Special Road and Bridge	3,151,099	0.3500	0.3500	3,198,282	0.3500	0.3500	3,159,285	0.3500	0.3500
	York Township of Putnam Co	Road & Bridge	3,045,691	0.5000	0.5000	3,029,939	0.5000	0.5000	3,156,784	0.5000	0.5000
		Special Road and Bridge	3,045,691	0.3500	0.3500	3,029,939	0.3500	0.3500	3,156,784	0.3500	0.3500
		Debt Service	3,045,691	0.8706	0.8706	3,029,939	0.5218	0.5218	3,156,784	0.4189	0.4189
	Elm Township Fire Protection Dist	General Revenue	4,277,764	0.3000	0.3000	4,500,420	0.2945	0.2900	4,683,127	0.2940	0.2900
	Liberty Fire Protection District	General Revenue	2,231,264	0.3000	0.3000	2,234,134	0.3000	0.3000	2,371,092	0.3000	0.3000
	Grant Township Fire Protection Dist	General Revenue	1,448,079	0.3000	0.3000 A	1,498,881	0.3000	0.3000	1,540,240	0.3000	0.3000
	Putnam Co R-I School District	Operating Funds-Schools	47,396,673	3.4776	3.3500	49,139,179	3.4938	3.3800	50,249,051	3.5389	3.3800
		Debt Service	47,396,673	0.3700	0.3700	49,139,179	0.3700	0.3700	50,249,051	0.4117	0.3700

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Putnam	Putnam County	General Revenue	51,346,423	0.5000	0.5000	53,139,982	0.5000	0.5000	53,684,537	0.5000	0.5000
		Library	51,346,423	0.1500	0.1500	53,139,982	0.1500	0.1500	53,684,537	0.1500	0.1500
		Health	51,346,423	0.3000	0.3000	53,139,982	0.3000	0.3000	53,684,537	0.3000	0.3000
		Hospital	51,346,423	0.5000	0.5000	53,139,982	0.5000	0.5000	53,684,537	0.5000	0.5000
		Senior Services	**	**	**	53,139,982	0.0500	0.0500	53,684,537	0.0500	0.0500
Ralls	Ralls County Ambulance District #3	General Revenue	97,703,662	0.1800	0.1600	101,542,300	0.1800	0.1600	105,210,878	0.1800	0.1600
		General Revenue	3,849,685	0.7374	0.7348	3,927,303	0.7433	0.7348	3,991,089	0.7433	0.7348
	City of Center	Fire	3,849,685	0.1966	0.1959	3,927,303	0.1981	0.1959	3,991,089	0.1981	0.1959
		General Revenue	5,806,625	0.4656	0.4656	5,986,029	0.4676	0.4676	6,043,233	0.4676	0.4676
	City of Perry	General Revenue	5,394,620	0.5408	0.5408	5,664,817	0.5408	0.5408	5,680,296	0.5409	0.5409
		Fire	5,394,620	0.0960	0.0960	5,664,817	0.0960	0.0960	5,680,296	0.0960	0.0960
	Ralls County Public Library	General Revenue	111,534,691	0.1300	0.1296	111,842,903	0.1300	0.1296	120,160,219	0.1300	0.1296
	Hannibal Rural Fire Protection Dist	General Revenue	55,643,762	0.1443	0.1443	54,967,948	0.1488	0.1488	56,396,306	0.1488	0.1483
	Ralls Co R-II School District	Operating Funds-Schools	47,669,670	2.7500	2.7500	51,592,832	2.7500	2.7500	53,462,328	2.7500	2.7500
		Debt Service	47,669,670	0.7100	0.7100	51,592,832	0.7100	0.7100	53,462,328	0.7143	0.7100
	Ralls County	General Revenue	130,984,869	0.3772	0.2300	140,067,818	0.3772	0.2300	146,091,455	0.3772	0.2300
		Road & Bridge	130,984,869	0.2829	0.2700	140,067,818	0.2829	0.2700	146,091,455	0.2829	0.2700
		Health	130,984,869	0.1000	0.1000	140,067,818	0.1000	0.1000	146,091,455	0.1000	0.1000
Randolph	Randolph County Ambulance District	General Revenue	283,694,279	0.1900	0.1900	285,513,655	0.1900	0.1900	286,697,300	0.1900	0.1900
	Moberly Spec Rd Dist Randolph Co	Special Road and Bridge	128,397,783	0.0900	0.0900	137,399,095	0.0898	0.0898	138,280,639	0.0900	0.0900
	Village of Cairo	General Revenue	1,231,817	0.5000	0.5000	1,308,473	0.4955	0.4955	1,270,441	0.5000	0.5000
		General Revenue-Temp	1,231,817	0.2100	0.2100	1,308,473	0.2081	0.2081	1,270,441	0.2100	0.2100
	City of Clark	General Revenue	1,600,494	0.9968	0.9968	1,320,724	1.0000	1.0000	1,288,410	1.0000	1.0000
	City of Clifton Hill	General Revenue	558,406	0.7500	0.7500	611,221	0.7500	0.7500	591,768	0.7500	0.7500
	City of Higbee	General Revenue	2,132,077	0.8811	0.8500	2,175,734	0.8811	0.8614	2,087,557	0.9183	0.9183
		Parks & Recreation	2,132,077	0.1500	0.1000	2,175,734	0.1500	0.1048	2,087,557	0.1500	0.1048
		Debt Service	2,132,077	0.7500	0.7500	2,175,734	0.7217	0.7217	2,087,557	1.1554	0.7185
		General Revenue	7,146,100	0.7361	0.7361	7,968,606	0.7302	0.7302	7,881,842	0.7537	0.7537
	City of Huntsville	Parks & Recreation	7,146,100	0.1000	0.1000	7,968,606	0.0992	0.0992	7,881,842	0.1000	0.1000
		Fire	7,146,100	0.1916	0.1916	7,968,606	0.1901	0.1901	7,881,842	0.1962	0.1962
		Cemetery	7,146,100	0.1815	0.1815	7,968,606	0.1800	0.1800	7,881,842	0.1858	0.1858
		General Revenue	365,147	0.5000	0.5000	372,318	0.5000	0.5000	400,426	0.5000	0.5000
	Village of Jacksonville	Parks & Recreation	365,147	0.4000	0.4000	372,318	0.4000	0.4000	400,426	0.4000	0.4000
		General Revenue	101,071,441	0.6938	0.6938	109,397,673	0.6886	0.6886	108,965,058	0.7023	0.7023
	City of Moberly	Parks & Recreation	101,071,441	0.3218	0.3218	109,397,673	0.3194	0.3194	108,965,058	0.3258	0.3258
		General Revenue	817,340	0.5000	0.5000	814,909	0.5000	0.5000	831,523	0.5000	0.5000
	Randolph County Library	General Revenue	283,694,279	0.1700	0.1700	285,513,655	0.1700	0.1700	286,697,300	0.1700	0.1700

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Randolph	Randolph County Library	Debt Service	283,694,279	0.0654	0.0654	**	**	**	**	**	**
	Higbee Fire Protection District	General Revenue	12,833,795	0.2500	0.2500	13,157,140	0.2500	0.2500	13,050,459	0.2553	0.2553
	Moberly Area Jr. College	General Revenue	126,904,916	0.3350	0.3350	136,451,237	0.3347	0.3347	137,357,258	0.3386	0.3386
	Northeast Randolph Co R-IV Sch Dist	Operating Funds-Schools	13,371,970	3.4321	3.4321	14,515,930	3.4625	3.4625	14,885,797	3.6850	3.5108
		Debt Service	13,371,970	0.8700	0.8700	14,515,930	0.8700	0.8700	14,885,797	1.3011	0.8700
	Renick R-V School District	Operating Funds-Schools	8,397,343	4.3898	3.9700	8,569,491	4.4510	4.0000	8,614,884	4.5557	4.0700
	Higbee R-VIII School District	Operating Funds-Schools	6,763,015	3.6216	3.5042	7,490,812	3.5074	3.5074	7,472,514	3.7170	3.7170
		Debt Service	6,763,015	1.0380	1.0380	7,490,812	0.8153	0.8153	7,472,514	2.0595	1.0000
	Westran R-I School District	Operating Funds-Schools	103,525,342	3.7500	3.5500	95,291,205	3.7500	3.7500	95,190,753	3.7500	3.7500
	Moberly School District	Operating Funds-Schools	113,669,897	3.3784	3.3500	123,175,516	3.4198	3.4000	123,503,429	3.8098	3.4000 B
		Debt Service	113,669,897	0.7000	0.7000	123,175,516	0.5800	0.5800	123,503,429	0.6030	0.5800
	Randolph County	General Revenue	283,694,279	0.3605	0.1400	285,513,655	0.3719	0.1713	286,697,300	0.3755	0.1700
		Road & Bridge	283,694,279	0.2781	0.2781	285,513,655	0.2869	0.2869	148,416,685	0.3200	0.3200
		Common Road District	155,296,496	0.1400	0.1400	**	**	**	**	**	**
		Health	283,694,279	0.1500	0.1500	285,513,655	0.1500	0.1500	286,697,300	0.1500	0.1500
Ray	Ray County Ambulance District	General Revenue	228,819,159	0.1420	0.1420	223,835,300	0.2974	0.2974	194,698,765	0.2974	0.2974
	Shirkey Leisure Acres Nursing Home	General Revenue	227,712,283	0.1419	0.1419	233,838,749	0.1419	0.1419	238,685,633	0.1419	0.1419
	Camden Special Road Dist Ray Co	Road & Bridge	7,654,760	0.3491	0.3491	7,725,248	0.3500	0.3500	7,691,251	0.3500	0.2400
		Special Road and Bridge	7,654,760	0.2394	0.2394	7,725,248	0.2399	0.2399	7,691,251	0.2400	0.2400 A
	Hardin Spec Rd Dist Ray Co	Road & Bridge	10,701,170	0.3452	0.3452	10,432,572	0.3500	0.3500	10,920,210	0.3500	0.3500
	Henrietta Spec Rd Dist Ray Co	Road & Bridge	4,956,506	0.3500	0.3500	4,630,739	0.3500	0.3500	4,717,705	0.3500	0.3500
	Lawson Special Road Dist Ray Co	Road & Bridge	26,546,918	0.2484	0.2484	27,901,549	0.2481	0.2481	28,905,531	0.2481	0.2481
		Special Road and Bridge	26,546,918	0.2641	0.2641	27,901,549	0.2638	0.2638	28,905,531	0.3000	0.3000 A
	Orrick Spec Rd Dist Ray Co	Road & Bridge	13,996,792	0.3489	0.3489	12,868,709	0.3500	0.3500	14,033,426	0.3348	0.3348
	Richmond Spec Rd Dist Ray Co	Road & Bridge	71,104,977	0.2399	0.2399	68,511,184	0.2523	0.2523	73,780,292	0.2467	0.2467
	Ray County Special Road District	Road & Bridge	91,136,005	0.2464	0.2464	94,165,591	0.2464	0.2464	96,467,832	0.2464	0.2464
	City of Camden	General Revenue	1,236,326	0.5926	0.5926	1,189,439	0.6159	0.6159	1,159,369	0.6319	0.6319
		Fire	1,236,326	0.1500	0.1500	1,189,439	0.1500	0.1500	1,159,369	0.1500	0.1500
		Streets	1,236,326	1.3378	1.3378	1,189,439	1.3906	1.3906	1,159,369	1.3906	1.3906 A
		Fire	**	**	**	**	**	**	1,159,369	0.0500	0.0500 A
	Village of Elmira	General Revenue	363,866	0.4743	0.4743	383,241	0.4743	0.4743	428,855	0.4414	0.4414
	City of Hardin	General Revenue	4,716,353	1.0000	1.0000	4,735,806	1.0000	1.0000	5,094,088	1.0000	1.0000
	City of Henrietta	General Revenue	2,772,261	0.8878	0.8878	2,559,129	0.9625	0.8878	2,789,244	0.9641	0.9641
		Streets	2,772,261	0.3000	0.3000	2,559,129	0.3000	0.3000	2,789,244	0.3000	0.3000
		Fire	2,772,261	0.3000	0.3000	2,559,129	0.3000	0.3000	2,789,244	0.3000	0.3000
		General Revenue	5,716,295	0.6223	0.6223	5,785,383	0.6223	0.6223	5,810,665	0.6321	0.6321
	City of Orrick	Debt Service	5,716,295	0.2497	0.2497	5,785,383	0.2433	0.2433	5,810,665	0.1536	0.1536

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Ray	Village of Rayville	General Revenue	675,933	0.7500	0.7500 A	682,919	0.7500	0.7500	686,596	0.7500	0.7500
		Streets	675,933	0.4000	0.4000 A	682,919	0.4000	0.4000	686,596	0.4000	0.4000
		Fire	675,933	0.2000	0.2000 A	**	**	**	**	**	**
	City of Richmond	General Revenue	49,655,217	0.5926	0.5926	50,653,854	0.5926	0.5926	51,673,961	0.5926	0.5926
		Parks & Recreation	49,655,217	0.1481	0.1481	50,653,854	0.1481	0.1481	51,673,961	0.1481	0.1481
		Debt Service	49,655,217	0.4253	0.4253	50,653,854	0.1888	0.1888	51,673,961	0.4253	0.4253
	City of Wood Heights	General Revenue	6,709,290	0.3447	0.3447	6,920,100	0.3447	0.3447	6,911,863	0.3496	0.3496
		Debt Service	6,709,290	0.5267	0.5267	6,920,100	0.3092	0.3092	6,911,863	0.5573	0.5573
	City of Homestead Village	General Revenue	876,293	0.4871	0.4871	903,059	0.4871	0.4871	869,564	0.5000	0.4871
	City of Crystal Lakes	General Revenue	3,511,803	1.0000	1.0000	3,617,190	1.0000	1.0000	3,600,322	1.0000	1.0000
		Streets	3,511,803	0.3000	0.3000 A	3,617,190	0.3000	0.3000	3,600,322	0.3000	0.3000
	City of Lawson	General Revenue	19,337,620	0.6477	0.4400	20,868,215	0.6348	0.4400	21,330,964	0.6362	0.4400
		Debt Service	19,337,620	0.9800	0.9800	20,868,215	0.9700	0.9700	21,330,964	1.0570	0.9700
	Ray County Free Library District	General Revenue	228,819,159	0.1043	0.1043	234,921,624	0.1043	0.1043	240,408,388	0.1043	0.1043
	Orrick Fire Protection District	General Revenue	23,398,936	0.2938	0.2938	23,746,558	0.2938	0.2938	23,799,618	0.2963	0.1570
	Wood Heights Fire Protection Dist	General Revenue	35,387,452	0.2602	0.2602	36,230,708	0.2602	0.2602	37,429,303	0.2602	0.2602
	Lawson Community Fire & Rescue Dist	General Revenue	61,470,238	0.2774	0.2774	65,958,907	0.2747	0.2747	74,142,276	0.2637	0.2637
		Ambulance	61,470,238	0.3000	0.3000 A	65,958,907	0.2971	0.2971	74,142,276	0.2852	0.2852
	Hardin Fire Protection District	General Revenue	14,301,938	0.1560	0.1560	14,096,061	0.1584	0.1584	14,598,913	0.1589	0.1589
	Stet Fire Protection District	Fire	9,659,334	0.1800	0.1800	9,990,789	0.1800	0.1800	10,592,681	0.1790	0.1790
	Stet R-XV School District	Operating Funds-Schools	6,184,834	5.4922	5.0325	6,196,123	5.5278	4.9778	6,948,508	5.2660	5.2660
	Lawson R-XIV School District	Operating Funds-Schools	51,029,769	3.2834	3.2834	54,916,506	3.2960	3.2960	56,528,534	3.3145	3.3145
		Debt Service	51,029,769	0.9500	0.9500	54,916,506	0.9500	0.9500	56,528,534	1.7716	0.9500
	Orrick R-XI School District	Operating Funds-Schools	17,889,852	3.8002	3.3000	18,454,470	3.8250	3.3000	18,675,499	3.8641	3.8000
		Debt Service	17,889,852	0.4500	0.4500	18,454,470	0.4500	0.4500	18,675,499	0.4949	0.2500
	Hardin-Central C-2 School District	Operating Funds-Schools	11,041,188	4.7913	4.1113	10,980,956	4.8203	4.8203	11,490,586	4.8478	4.8478
	Richmond R-XVI School District	Operating Funds-Schools	87,062,007	3.0136	3.0100	89,305,128	3.7507	3.2239 B	91,433,783	3.7507	3.4512
		Debt Service	87,062,007	0.6839	0.6839	89,305,128	0.4700	0.4700	91,433,783	0.6033	0.3000
	Ray County	General Revenue	228,819,159	0.3882	0.0000	234,921,624	0.3882	0.0000	239,862,818	0.3882	0.0000
		Health	228,819,159	0.0947	0.0947	234,921,624	0.0947	0.0947	239,862,818	0.0947	0.0947
		Hospital	228,819,159	0.1704	0.1704	234,921,624	0.1704	0.1704	239,862,818	0.1704	0.1704
		Mental Health	228,819,159	0.0948	0.0948	234,921,624	0.0948	0.0948	239,862,818	0.0948	0.0948
		Senate Bill 40	228,819,159	0.1704	0.1704	234,921,624	0.1704	0.1704	239,862,818	0.1704	0.1704
		Noxious Weed	228,819,159	0.0473	0.0473	234,921,624	0.0473	0.0000	239,862,818	0.0473	0.0000
Reynolds	Reynolds County Ambulance District	General Revenue	97,723,706	0.1462	0.1200	98,169,533	0.1465	0.1200	95,722,456	0.1500	0.1200
	City of Bunker	General Revenue	1,535,215	0.4690	0.4600	1,726,357	0.4650	0.4650	1,690,246	0.4833	0.4650
	City of Centerville	General Revenue	901,290	0.5006	0.3500	907,794	0.5036	0.3500	869,391	0.5292	0.3500

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Reynolds	City of Centerville	Debt Service	**	**	**	**	**	**	869,391	3.8019	0.0000
	Reynolds County Library District	General Revenue	96,144,491	0.1913	0.1200	96,655,453	0.1916	0.1200	94,160,056	0.1982	0.1200
	Garwood Fire Protection District	General Revenue	2,195,133	0.3000	0.3000	2,232,542	0.3000	0.3000	2,278,384	0.3000	0.3000
	Centerville R-I School District	Operating Funds-Schools	5,306,432	3.7500	3.7500	5,243,943	3.8207	3.7500	5,268,300	3.8492	3.7500
	Southern Reynolds Co R-II Sch Dist	Operating Funds-Schools	30,658,224	3.7000	3.0300	30,833,291	3.7000	3.0300	24,967,338	3.7000	2.8681
		Debt Service	30,658,224	0.4500	0.4500	30,833,291	0.6500	0.6500	24,967,338	0.7800	0.7800
		Operating Funds-Schools	29,531,345	3.2800	2.7500	29,542,064	3.2800	2.7500	32,890,728	3.0287	2.7500
	Lesterville R-IV School District	Operating Funds-Schools	23,493,962	3.5101	3.1600	23,713,691	3.5434	3.1600	23,682,903	3.5631	3.1600
	Reynolds County	General Revenue	96,144,491	0.3824	0.2500	96,655,453	0.3829	0.2200	94,160,056	0.3960	0.1200
		Road & Bridge	96,144,491	0.2812	0.1600	96,655,453	0.2816	0.1600	94,160,056	0.2913	0.1600
		Health	96,144,491	0.1000	0.1000	96,655,453	0.1000	0.1000	94,160,056	0.1000	0.1000
		Hospital	96,144,491	0.1500	0.1100	96,655,453	0.1500	0.1100	**	**	**
		Senate Bill 40	96,144,491	0.1000	0.1000	96,655,453	0.1000	0.1000	94,160,056	0.1000	0.1000
		Senior Services	96,144,491	0.0300	0.0300	96,655,453	0.0300	0.0300	94,160,056	0.0300	0.0300
	Ripley County Ambulance District	General Revenue	57,441,951	0.2982	0.1200	58,600,451	0.2995	0.1200	58,790,624	0.3000	0.1200
	Ripley County Memorial Hospital	General Revenue	68,970,666	0.2995	0.2995	70,517,346	0.3000	0.3000	70,597,276	0.3000	0.3000
	Fourche Creek Watershed Sub Dist	General Revenue	3,109,890	0.1561	0.1000	3,162,490	0.1561	0.1561	3,332,260	0.1549	0.1549
	Bennett Special Road Dist Ripley Co	Road & Bridge	356,757	0.1903	0.1700	348,503	0.1972	0.1700	359,057	0.1994	0.1700
Ripley	Current River Sp Rd Dist Ripley Co	Road & Bridge	508,761	0.2233	0.2233	539,774	0.2315	0.2315	539,566	0.2317	0.2317
	Doniphan Spec Rd Dist Ripley Co	Road & Bridge	32,988,699	0.2278	0.2278	33,588,659	0.2278	0.2278	33,685,265	0.2281	0.2281
		Special Road and Bridge	32,988,699	0.1486	0.1486	33,588,659	0.1500	0.1500	33,685,265	0.1500	0.1500
	Fairdealing Spec Rd Dist Ripley Co	Road & Bridge	3,375,394	0.2000	0.2000	3,496,116	0.2023	0.2023	3,463,104	0.2061	0.2061
	Flatwoods Spec Rd Dist Ripley Co	Road & Bridge	1,682,409	0.3499	0.3499	1,698,924	0.3500	0.3500	1,702,035	0.3500	0.3500
	Jordan Spec Rd Dist Ripley Co	Road & Bridge	6,648,286	0.1938	0.1938	6,661,566	0.1988	0.1988	6,654,814	0.2015	0.2015
	Little Black Spec Rd Dist Ripley Co	Road & Bridge	1,171,343	0.3500	0.3500	1,210,938	0.3500	0.3500	1,195,146	0.3500	0.3500
	Logan Creek Spec Rd Dist Ripley Co	Road & Bridge	3,101,934	0.2031	0.2031	3,291,903	0.2048	0.2048	3,303,801	0.2049	0.2049
	Mabrey Bay Spec Rd Dist Ripley Co	Road & Bridge	172,055	0.2157	0.2157	171,714	0.2161	0.2161	171,396	0.2168	0.2168
	Naylor Spec Rd Dist Ripley Co	Road & Bridge	5,056,738	0.2957	0.2957	5,214,335	0.2957	0.2957	5,105,290	0.3020	0.3020
		Special Road and Bridge	5,056,738	0.5000	0.5000	5,214,335	0.5000	0.5000	5,105,290	0.5000	0.5000
	Oxly Spec Rd Dist Ripley Co	Road & Bridge	2,173,673	0.3390	0.3390	2,201,181	0.3390	0.3390	2,237,567	0.3390	0.3390
	Pine Bardley Spec Rd Dist Ripley Co	Road & Bridge	2,165,996	0.1822	0.1822	2,265,927	0.1822	0.1822	2,323,051	0.1826	0.1826
	Ponder Gatewood Road Dist Ripley Co	Road & Bridge	4,475,393	0.1601	0.1601	4,616,382	0.1616	0.1601	4,628,963	0.1630	0.1601
		Road & Bridge-Temp	4,475,393	0.3399	0.3399	4,616,382	0.3399	0.3399	**	**	**
		Special Road and Bridge	**	**	**	**	**	**	4,628,963	0.3399	0.3399
	Poynor Spec Rd Dist Ripley Co	Road & Bridge	1,620,026	0.1743	0.1743	1,664,994	0.1809	0.1809	1,601,514	0.1881	0.1881
	Pratt Spec Rd Dist Ripley Co	Road & Bridge	324,057	0.2298	0.2298	339,938	0.2334	0.2334	326,325	0.2430	0.2430
	Purman Spec Rd Dist Ripley Co	Road & Bridge	1,940,186	0.1617	0.1617	1,988,186	0.1642	0.1642	2,061,875	0.1642	0.1642

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Ripley	Purman Spec Rd Dist Ripley Co	Special Road and Bridge	1,940,186	0.3000	0.3000	1,988,186	0.3000	0.3000	2,061,875	0.3000	0.3000 A
	Running Water Sp Rd Dist Ripley Co	Road & Bridge	328,720	0.2104	0.1800	330,897	0.2139	0.1800	334,049	0.2164	0.1800
	Tucker Bay Spec Rd Dist Ripley Co	Road & Bridge	220,408	0.1706	0.1500	219,138	0.1716	0.1500	226,288	0.1734	0.1500
	Wolfe Creek Spec Rd Dist Ripley Co	Road & Bridge	659,830	0.2903	0.2903	668,271	0.2902	0.2902	678,167	0.2910	0.2910
		Special Road and Bridge	**	**	**	**	**	**	678,167	0.1000	0.1000 A
	City of Doniphan	General Revenue	13,496,192	0.3994	0.3994	13,522,468	0.4003	0.4003	13,562,929	0.4009	0.4009
	City of Naylor	General Revenue	1,880,246	0.6877	0.6877	1,888,330	0.7022	0.7022	1,838,438	0.7213	0.7213
	Doniphan-Ripley County Library	General Revenue	68,970,666	0.1797	0.1797	70,517,346	0.1804	0.1804	70,597,276	0.1811	0.1811
		Debt Service	68,970,666	0.0300	0.0300	70,517,346	0.0300	0.0300	70,597,276	0.0418	0.0300
	Naylor R-II School District	Operating Funds-Schools	7,973,441	2.7500	2.7500	8,249,954	3.2500	3.2500 B	6,020,904	3.2932	3.2500
	Doniphan R-I School District	Operating Funds-Schools	48,600,375	2.7500	2.7500	50,066,515	2.7500	2.7500	50,320,853	2.7500	2.7500
	Ripley Co R-IV School District	Operating Funds-Schools	4,156,033	2.8155	2.7500	4,279,490	2.8457	2.7500	4,336,264	2.8380	2.7500
	Ripley Co R-III School District	Operating Funds-Schools	3,816,674	2.7500	2.7500	3,965,067	2.7500	2.7500	3,971,894	2.7500	2.7500
		Debt Service	3,816,674	0.1000	0.1000	3,965,067	0.1000	0.1000	**	**	**
	Ripley County	General Revenue	68,970,666	0.3095	0.3082	70,517,346	0.3107	0.3107	70,597,276	0.3120	0.3120
		Health	68,970,666	0.1497	0.1497	70,517,346	0.1500	0.1500	70,597,276	0.1500	0.1500
		Senate Bill 40	68,970,666	0.0998	0.0998	70,517,346	0.1000	0.1000	70,597,276	0.1000	0.1000
		Senior Services	68,970,666	0.0499	0.0499	70,517,346	0.0500	0.0500	70,597,276	0.0500	0.0500
St. Charles	St Charles County Ambulance Dist	General Revenue	4,487,464,689	0.1438	0.1438	5,089,802,765	0.1335	0.1335	5,287,724,216	0.1335	0.1335
		Debt Service	4,487,464,689	0.0200	0.0200	5,089,802,765	0.0200	0.0200	5,287,724,216	0.0213	0.0200
	Town of Augusta	General Revenue	4,294,599	0.2310	0.2310	4,835,714	0.2148	0.2148	5,104,806	0.2141	0.2141
		Lights	4,294,599	0.1155	0.1155	4,835,714	0.1074	0.1074	5,104,806	0.1070	0.1070
	City of Lake St Louis	General Revenue	162,968,797	0.8068	0.8068	189,060,934	0.7476	0.7476	206,423,137	0.7005	0.7005
		Debt Service	162,968,797	0.3994	0.3994	189,060,934	0.3994	0.3994	206,423,137	0.3994	0.3994
	City of O'Fallon	General Revenue	850,556,668	0.4066	0.4050	991,657,722	0.3770	0.3750	1,067,501,244	0.3770	0.3750
		Parks & Recreation	850,556,668	0.1479	0.1450	991,657,722	0.1371	0.1350	1,067,501,244	0.1371	0.1350
		Debt Service	850,556,668	0.3300	0.3300	991,657,722	0.3300	0.3300	1,067,501,244	0.4975	0.3100
	City of Portage Des Sioux	General Revenue	3,288,382	0.8218	0.8218	3,721,902	0.7673	0.7673	3,799,100	0.7674	0.7674
		Debt Service	3,288,382	0.2889	0.2889	3,721,902	0.3067	0.3067	3,799,100	0.4609	0.4609
	City of St Charles	General Revenue	838,322,646	0.6003	0.5998	938,588,024	0.5663	0.5650	954,153,023	0.5688	0.5650
		Parks & Recreation	838,322,646	0.2711	0.2709	938,588,024	0.2557	0.2550	954,153,023	0.2568	0.2550
		Debt Service	838,322,646	0.1000	0.1000	938,588,024	0.1500	0.1500	954,153,023	0.2044	0.1500
	City of St Peters	General Revenue	744,021,148	0.6434	0.6400	845,567,062	0.5905	0.5890	858,143,527	0.5918	0.5890
		Debt Service	744,021,148	0.2600	0.2600	845,567,062	0.2610	0.2610	858,143,527	0.4163	0.2610
	City of Wentzville	General Revenue	288,797,170	0.9901	0.9822	333,701,792	0.9425	0.9425	357,033,073	0.9500	0.9425
		Parks & Recreation	288,797,170	0.0891	0.0884	333,701,792	0.0848	0.0848	357,033,073	0.0855	0.0848
	City of St Paul	General Revenue	21,144,765	0.2389	0.2389	24,655,853	0.2148	0.2148	26,170,362	0.2090	0.2090

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
St. Charles	Town of Weldon Springs Heights	General Revenue	1,760,325	0.5000	0.5000	1,903,038	0.4747	0.4747	1,913,254	0.4747	0.4747
	City of New Melle	General Revenue	**	**	**	8,102,285	0.2500	0.2500 A	9,120,941	0.2483	0.2483
	City of Cottleville	General Revenue	35,562,131	0.4100	0.4100	40,508,234	0.3757	0.3757	42,303,267	0.3757	0.3757
	Town of Dardenne Prairie	General Revenue	97,823,095	0.1570	0.1570	129,177,343	0.1385	0.1385	149,670,369	0.1345	0.1345
	St Charles City-County Library	General Revenue	4,487,464,689	0.2391	0.2387	5,089,802,765	0.2221	0.2221	5,287,724,216	0.2221	0.2221
	Cottleville Com Fire Prot District	General Revenue	738,064,434	0.5456	0.5456	836,899,034	0.5069	0.5069	871,324,779	0.5069	0.5069
		Pension	738,064,434	0.0957	0.0765	836,899,034	0.0889	0.0706	871,324,779	0.0889	0.0663
		Debt Service	738,064,434	0.1200	0.1200	836,899,034	0.0800	0.0800	871,324,779	0.0785	0.0785
	Lake St Louis Fire Prot District	General Revenue	170,093,684	0.4371	0.4371	188,606,975	0.4134	0.4134	193,917,598	0.4134	0.4134
		Pension	170,093,684	0.0285	0.0285	188,606,975	0.0270	0.0270	193,917,598	0.0270	0.0270
	O'Fallon Fire Protection District	General Revenue	829,249,751	0.6439	0.6439	965,795,029	0.5913	0.5913	1,026,890,190	0.5913	0.5913
		Pension	829,249,751	0.0466	0.0466	965,795,029	0.0428	0.0428	1,026,890,190	0.0428	0.0428
	Wentzville Fire Protection Dist 13	General Revenue	565,763,003	0.5370	0.5370	665,946,138	0.5017	0.5017	732,892,885	0.5017	0.5017
	Augusta Fire Protection District	General Revenue	29,640,529	0.2780	0.2780	32,860,447	0.2612	0.2612	33,758,707	0.2612	0.2612
	New Melle Fire Protection District	General Revenue	121,707,556	0.3297	0.3297	134,517,214	0.5625	0.5625	139,293,436	0.5625	0.5625
	Orchard Farm Fire Protection Dist	General Revenue	23,500,563	0.3000	0.3000	24,305,696	0.2988	0.2988	24,983,013	0.2988	0.2988
	Central County Fire and Rescue	General Revenue	1,133,661,601	0.5646	0.5646	1,264,854,807	0.5230	0.5230	1,274,092,847	0.5248	0.5248
		Pension	1,133,661,601	0.0487	0.0487	1,264,854,807	0.0451	0.0451	1,274,092,847	0.0453	0.0453
		Debt Service	1,133,661,601	0.0986	0.0986	1,264,854,807	0.0581	0.0581	1,274,092,847	0.0474	0.0474
	West Alton Fire Protection District	Fire	26,349,802	0.3000	0.2000	22,175,218	0.3000	0.2000	24,303,732	0.3000	0.2000
	St. Charles Co. Community College	General Revenue	4,461,801,356	0.1635	0.1635	5,061,586,802	0.1518	0.1518	5,258,015,521	0.1718	0.1718
		Debt Service	4,461,801,356	0.0800	0.0800	5,061,586,802	0.0800	0.0800	5,258,015,521	0.0900	0.0600
	Fort Zumwalt R-II School District	Operating Funds-Schools	1,324,205,345	3.3538	3.3538	1,523,771,513	3.5538	3.5538 B	1,591,292,409	4.1538	4.1538 B
		Operating Funds-Temp	**	**	**	**	**	**	1,591,292,409	0.2000	0.1000 A
		Debt Service	1,324,205,345	0.9000	0.9000	1,523,771,513	0.7000	0.7000	1,591,292,409	0.7000	0.7000
	Francis Howell R-III School Dist	Operating Funds-Schools	1,452,763,743	3.7607	3.7607	1,645,958,172	3.7307	3.7307 B	1,695,455,377	4.4207	4.1707 B
		Operating Funds-Temp	**	**	**	**	**	**	1,695,455,377	0.2000	0.2000 A
		Debt Service	1,452,763,743	0.9313	0.9313	1,645,958,172	0.6713	0.6713	1,695,455,377	0.6713	0.6713
	Wentzville R-IV School District	Operating Funds-Schools	718,141,784	3.5946	3.5946	839,323,764	3.5315	3.5618	902,955,629	3.9191	3.9469 B
		Debt Service	718,141,784	0.6200	0.6200	839,323,764	0.6200	0.6200	902,955,629	1.2159	0.6200
	St Charles R-VI School District	Operating Funds-Schools	668,828,015	3.6199	3.6199	757,637,618	3.4052	3.4052	756,840,448	3.4449	3.4449
		Debt Service	668,828,015	0.6501	0.6501	757,637,618	1.1648	1.1648	756,840,448	1.2099	1.1251
	St Charles Co R-V School District	Operating Funds-Schools	161,713,281	3.7916	3.5769	168,700,397	3.6944	3.4502	172,369,557	4.2144	3.9803 B
		Debt Service	161,713,281	0.4698	0.4698	168,700,397	0.7121	0.7121	172,369,557	0.9232	0.7020
	St. Charles County	General Revenue	4,487,464,689	0.2582	0.0075	5,098,450,569	0.2398	0.0050	5,274,608,870	0.2402	0.0040
		Johnson Grass	4,487,464,689	0.0478	0.0000	5,098,450,569	0.0444	0.0000	5,274,608,870	0.0445	0.0000
		Road & Bridge	4,487,464,689	0.2487	0.2400	5,098,450,569	0.2309	0.2250	5,274,608,870	0.2314	0.2250

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
St. Charles	St. Charles County	Senate Bill 40	4,487,464,689	0.1530	0.1530	5,089,802,765	0.1422	0.1422	5,274,608,870	0.1423	0.1422
		Dispatch	4,487,464,689	0.0478	0.0475	5,098,450,569	0.0444	0.0444	5,274,608,870	0.0445	0.0444
St. Clair	Ellett Memorial Hospital District	General Revenue	29,610,852	0.4930	0.4930	30,206,965	0.4930	0.4930	30,498,032	0.4937	0.4937
	Chloe Spec Rd Dist St Clair Co	Special Road and Bridge	1,860,225	0.2900	0.2900	1,927,500	0.2900	0.2900 A	1,951,611	0.2900	0.2900
	Collins Spec Rd Dist St Clair Co	Special Road and Bridge	5,129,594	0.2800	0.2800 A	5,277,989	0.2800	0.2800	5,366,168	0.2800	0.2800
	Hillsdale Spec Rd Dist St Clair Co	Special Road and Bridge	1,263,047	0.3500	0.3500	1,304,329	0.3500	0.3500	1,274,543	0.3500	0.3500
	Lowry City Sp Rd Dist St Clair Co	Special Road and Bridge	3,181,272	0.3200	0.3200	3,217,817	0.3200	0.3200 A	3,610,782	0.3200	0.3200
	Osceola Spec Rd Dist St Clair Co	Special Road and Bridge	11,507,010	0.3100	0.3100	12,096,670	0.3100	0.3100 A	12,359,315	0.3100	0.3100
	Vista Spec Rd Dist St Clair Co	Special Road and Bridge	2,576,139	0.5000	0.5000	2,601,331	0.5000	0.5000	2,700,028	0.5500	0.5500 A
	City of Appleton City	General Revenue	6,685,776	0.6300	0.6300	6,775,712	0.6326	0.6326	6,725,150	0.6398	0.6398
		Parks & Recreation	6,685,776	0.3557	0.3557	6,775,712	0.3571	0.3571	6,725,150	0.3612	0.3612
		Library	6,685,776	0.2236	0.2236	6,775,712	0.2245	0.2245	6,725,150	0.2271	0.2271
		Police & Fire	6,685,776	0.1930	0.1930	6,775,712	0.1938	0.1938	6,725,150	0.1960	0.1960
		General Revenue	3,185,412	0.6075	0.6075	3,223,551	0.6088	0.6088	3,613,338	0.6373	0.6373
	City of Lowry City	Lights	3,185,412	0.1885	0.1885	3,223,551	0.1889	0.1889	3,613,338	0.1977	0.1977
		Health	3,185,412	0.1571	0.0000	3,223,551	0.1574	0.0000	3,613,338	0.1648	0.0000
		General Revenue	4,362,349	0.6929	0.6900	4,446,082	0.6953	0.6900	4,700,527	0.7005	0.7000
	City of Osceola	Parks & Recreation	4,362,349	0.1000	0.1000	4,446,082	0.1000	0.1000	4,700,527	0.1000	0.1000
		General Revenue	545,811	0.4012	0.3600	529,954	0.4169	0.4169	508,820	0.4403	0.4169
	St Clair County Library	General Revenue	69,979,162	0.1934	0.1800	71,660,831	0.1934	0.1800	73,420,196	0.1939	0.1800
	Iconium Fire Protection District	General Revenue	7,462,879	0.3000	0.1500	7,787,994	0.3000	0.1500	7,965,843	0.3000	0.1500
	Sac Osage Fire Protection District	General Revenue	**	**	**	**	**	**	36,466,636	0.2500	0.2500 A
	Appleton City R-II School District	Operating Funds-Schools	18,695,389	3.3030	3.3030	19,082,542	3.3297	3.3297	19,074,660	3.3507	3.3165
	Roscoe C-1 School District	Operating Funds-Schools	5,193,860	2.9614	2.9614	5,416,124	2.9843	2.9843	5,414,710	2.9863	2.9863
		Debt Service	5,193,860	0.3759	0.3759	5,416,124	0.4144	0.4144	5,414,710	0.4807	0.4807
	Lakeland R-III School District	Operating Funds-Schools	21,716,700	3.1500	3.1500 B	22,421,520	3.1469	3.1469	23,196,760	3.1587	3.1587
		Debt Service	21,716,700	0.4200	0.4200	22,421,520	0.6200	0.6200	23,196,760	1.7062	0.6200
	Osceola School District	Operating Funds-Schools	21,266,216	2.3173	2.3173	21,682,234	2.3674	2.3674	22,420,675	2.3623	2.3623
		Building-Temp.	21,266,216	0.9008	0.9008	21,682,234	0.9113	0.9113	22,420,675	0.9126	0.9126
	St. Clair County	General Revenue	76,664,938	0.4889	0.3298	78,436,544	0.4889	0.3276	80,142,638	0.4905	0.3470
		Road & Bridge	76,664,938	0.2852	0.2852	78,436,544	0.2852	0.2852	42,591,695	0.3500	0.2860
		Common Road District	40,836,458	0.3200	0.3200	41,587,720	0.3200	0.3200 A	42,591,695	0.3200	0.3200
		Health	76,664,938	0.2100	0.2100	78,436,544	0.2100	0.2100	80,142,638	0.2100	0.2100
St. Francois	Flat River Sp Rd #2 St Francois Co	Road & Bridge	23,765,200	0.2215	0.2215	23,902,424	0.2232	0.2232	23,932,996	0.2256	0.2256
	City of Bismarck	General Revenue	7,618,965	0.5007	0.4900	7,635,444	0.5069	0.4900	7,745,394	0.5069	0.4900
		Health	7,618,965	0.1576	0.1500	7,635,444	0.1595	0.1500	7,745,394	0.1595	0.1595
	City of Desloge	General Revenue	24,445,055	0.4758	0.4758	26,607,657	0.4648	0.4648	27,739,652	0.4634	0.4634

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
St. Francois	City of Desloge	Debt Service	24,445,055	0.2237	0.2237	26,607,657	0.1978	0.1978	27,739,652	0.0435	0.0435
	City of Farmington	General Revenue	122,150,947	0.4449	0.4200	127,482,165	0.4449	0.4200	136,701,641	0.4449	0.4200
		Debt Service	122,150,947	0.0600	0.0600	127,482,165	0.0600	0.0600	136,701,641	0.0779	0.0600
	City of Leadington	General Revenue	3,940,528	0.4051	0.2900	5,106,305	0.3487	0.2900	5,908,891	0.3487	0.2900
	City of Leadwood	General Revenue	4,196,009	0.7654	0.7654	3,950,880	0.8215	0.8215	3,960,848	0.8268	0.8268
		Debt Service	4,196,009	1.5080	1.5080	3,950,880	1.2357	1.2357	3,960,848	1.0734	1.0734
	City of Iron Mountain Lake	General Revenue	2,467,632	0.7027	0.7027	2,434,056	0.7212	0.7212	2,397,111	0.7338	0.7338
		Debt Service	2,467,632	0.9890	0.9890	2,434,056	2.0200	2.0200	2,397,111	2.9218	2.0200
	City of Park Hills	General Revenue	48,846,334	0.6731	0.6731	35,472,795	0.6840	0.6840	49,512,398	0.6840	0.6840
	Leadwood Fire Protection District	General Revenue	11,390,643	0.5228	0.5228	11,400,994	0.5375	0.5375	11,408,670	0.5466	0.5466
	Doe Run Fire Protection District	General Revenue	33,400,236	0.3155	0.3155	33,747,641	0.3188	0.3188	34,457,104	0.3188	0.3188
	Mineral Area College	General Revenue	573,718,088	0.3375	0.3373	602,602,617	0.3357	0.3357	625,196,661	0.3357	0.3357
		Debt Service	573,718,088	0.1300	0.1300	602,602,617	0.1300	0.1300	625,196,661	0.2271	0.1300
	Bismarck R-V School District	Operating Funds-Schools	18,755,761	3.4674	3.1000	19,252,082	3.4999	3.1000	19,319,325	3.5056	3.1000
		Debt Service	18,755,761	0.6500	0.6500	19,252,082	0.6500	0.6500	19,319,325	2.3354	0.6500
	Farmington R-VII School District	Operating Funds-Schools	207,333,104	2.9903	2.9903	217,335,472	3.0002	3.0002	230,852,779	3.0016	3.0016
		Debt Service	207,333,104	0.6200	0.6200	217,335,472	0.6200	0.6200	230,852,779	0.7854	0.6200
	North St. Francois Co R-I Sch Dist	Operating Funds-Schools	116,301,219	3.4819	3.0900	118,979,783	3.4927	3.0900	123,414,178	3.5241	3.2500
		Debt Service	116,301,219	0.6700	0.6700	118,979,783	0.6700	0.6700	123,414,178	1.6722	0.7500
	Central R-III School District	Operating Funds-Schools	65,010,797	3.3502	3.1000	67,202,884	3.3733	3.3000	68,595,815	3.4040	3.3000
		Debt Service	64,712,117	0.8583	0.8583	67,202,884	0.7583	0.7583	68,595,815	1.6030	0.7583
	West St Francois Co R-IV Sch Dist	Operating Funds-Schools	30,471,894	3.2036	3.1200	31,035,010	3.2661	3.1200	30,984,199	3.3727	3.1200
		Debt Service	30,471,894	0.9300	0.9300	31,035,010	0.9300	0.9300	30,984,199	1.6750	0.9300
	St. Francois County	General Revenue	475,473,255	0.3315	0.0000	487,510,827	0.3315	0.0000	509,502,382	0.3315	0.0240
		Road & Bridge	451,708,056	0.2493	0.2290	463,608,403	0.2493	0.2226	485,569,386	0.2493	0.2275
		Health	475,473,255	0.0921	0.0921	487,510,827	0.0921	0.0921	509,502,382	0.0921	0.0921
		Ambulance	475,473,255	0.1381	0.1381	487,510,827	0.1381	0.1381	509,502,382	0.1381	0.1381
		Developmentally Disabled	475,473,255	0.0921	0.0921	487,510,827	0.0921	0.0921	509,502,382	0.0921	0.0921
		Senior Services	**	**	**	**	**	**	509,502,382	0.0500	0.0500 A
Ste. Genevieve	City of Bloomsdale	General Revenue	5,142,571	0.3200	0.3200	5,164,730	0.3243	0.3243	5,290,443	0.3243	0.3243
	City of St Mary	General Revenue	2,922,839	0.9502	0.9502	3,085,322	0.9297	0.9297	3,094,035	0.9409	0.9409
	City of Ste Genevieve	General Revenue	44,342,072	0.5006	0.5000	45,892,736	0.4979	0.4979	46,217,641	0.5009	0.5009
		Parks & Recreation	44,342,072	0.1301	0.1300	45,892,736	0.1294	0.1294	46,217,641	0.1302	0.1302
		Band	44,342,072	0.0801	0.0700	45,892,736	0.0797	0.0797	46,217,641	0.0802	0.0802
		Cemetery	44,342,072	0.0500	0.0400	45,892,736	0.0497	0.0497	46,217,641	0.0500	0.0500
		Debt Service	44,342,072	0.0600	0.0600	45,892,736	0.0089	0.0089	**	**	**
	Ste. Genevieve County Library	General Revenue	249,283,360	0.1000	0.1000	263,169,721	0.1000	0.1000	269,384,878	0.1000	0.1000

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Ste. Genevieve	Ste. Genevieve Co R-II School Dist	Operating Funds-Schools	201,543,949	3.0000	3.0675	213,871,107	3.0000	3.0667	222,267,680	3.0000	3.0481 c
		Debt Service	201,543,949	0.2600	0.2600	213,871,107	0.2600	0.2600	222,267,680	0.3258	0.2600
	Ste. Genevieve County	General Revenue	249,283,360	0.3726	0.2488	263,169,721	0.3726	0.2722	269,384,878	0.3726	0.2442
		Road & Bridge	249,283,360	0.2819	0.2700	263,169,721	0.2819	0.2819	269,384,878	0.2819	0.2819
		Health	249,283,360	0.1000	0.1000	263,169,721	0.1000	0.1000	269,384,878	0.1000	0.1000
		Hospital	249,283,360	0.1712	0.1748	263,169,721	0.1712	0.1801	269,384,878	0.1712	0.1789 c
		Ambulance	249,283,360	0.1410	0.1679	263,169,721	0.1410	0.1410	269,384,878	0.1410	0.1410
		Mental Health	249,283,360	0.1000	0.1000	263,169,721	0.1000	0.1000	269,384,878	0.1000	0.1000
		Senate Bill 40	249,283,360	0.1000	0.0700	263,169,721	0.1000	0.0700	269,384,878	0.1000	0.0700
		Senior Services	249,283,360	0.0500	0.0300	263,169,721	0.0500	0.0300	269,384,878	0.0500	0.0300
St. Louis	City of Bella Villa	General Revenue	6,748	0.5500	0.0000	See Appendix VII			See Appendix VI		
	City of Bellefontaine Neighbors	General Revenue	78,828,592	0.2329	0.1500	See Appendix VII			See Appendix VI		
	Village of Bellerive Acres	General Revenue	3,638,849	0.6707	0.6700	See Appendix VII			See Appendix VI		
	Village of Bel Nor	General Revenue	16,101,360	0.2933	0.2930	See Appendix VII			See Appendix VI		
		Debt Service	16,101,360	0.5000	0.5000	See Appendix VII			See Appendix VI		
	Village of Bel Ridge	General Revenue	14,731,111	0.3308	0.3300	See Appendix VII			See Appendix VI		
	City of Berkeley	General Revenue	185,147,106	0.7860	0.7860	See Appendix VII			See Appendix VI		
		Pension	185,147,106	0.1081	0.1080	See Appendix VII			See Appendix VI		
		Debt Service	185,147,106	0.2090	0.2090	See Appendix VII			See Appendix VI		
	City of Beverly Hills	General Revenue	0	0.0000	0.2280 d	See Appendix VII			See Appendix VI		
	City of Breckenridge Hills	General Revenue	24,105,765	0.2927	0.2000	See Appendix VII			See Appendix VI		
	City of Brentwood	General Revenue	208,408,464	0.2070	0.0000	See Appendix VII			See Appendix VI		
		Library	208,408,464	0.1788	0.1780	See Appendix VII			See Appendix VI		
		Pension	208,408,464	0.2353	0.2350	See Appendix VII			See Appendix VI		
		Debt Service	208,408,464	0.0000	0.0000	See Appendix VII			See Appendix VI		
						See Appendix VII			See Appendix VI		
	City of Bridgeton	General Revenue	336,282,215	0.2387	0.1600	See Appendix VII			See Appendix VI		
	Village of Calverton Park	General Revenue	9,354,714	0.2982	0.2000	See Appendix VII			See Appendix VI		
	City of Charlack	General Revenue	8,496,939	0.2574	0.2570	See Appendix VII			See Appendix VI		
	City of Clarkson Valley	General Revenue	86,272,159	0.1394	0.1390	See Appendix VII			See Appendix VI		
	City of Clayton	General Revenue	669,446,959	0.6875	0.5800	See Appendix VII			See Appendix VI		
		Debt Service	669,446,959	0.0760	0.0760	See Appendix VII			See Appendix VI		
	City of Cool Valley	General Revenue	12,023,994	0.1652	0.1650	See Appendix VII			See Appendix VI		
	City of Country Club Hills	General Revenue	6,405,725	0.6831	0.6830	See Appendix VII			See Appendix VI		
		Parks & Recreation	6,405,725	0.3123	0.3120	See Appendix VII			See Appendix VI		
		Health	6,405,725	0.1756	0.1750	See Appendix VII			See Appendix VI		
	Village of Country Life Acres	General Revenue	5,416,084	0.4167	0.4160	See Appendix VII			See Appendix VI		
	City of Crestwood	General Revenue	237,716,595	0.2698	0.2500	See Appendix VII			See Appendix VI		

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
St. Louis	City of Creve Coeur	General Revenue	582,451,229	0.0916	0.0700	See Appendix VII			See Appendix VI		
	City of Crystal Lake Park	General Revenue	12,431,346	0.7764	0.7700	See Appendix VII			See Appendix VI		
	City of Dellwood	General Revenue	37,454,594	0.2221	0.2200	See Appendix VII			See Appendix VI		
	City of Des Peres	General Revenue	221,343,320	0.2403	0.0000	See Appendix VII			See Appendix VI		
		Debt Service	221,343,320	0.0000	0.0000	See Appendix VII			See Appendix VI		
	City of Edmundson	General Revenue	24,978,616	0.3422	0.3400	See Appendix VII			See Appendix VI		
	City of Ellisville	General Revenue	200,084,512	0.4104	0.1500	See Appendix VII			See Appendix VI		
	City of Eureka	General Revenue	149,674,710	0.4908	0.3900	See Appendix VII			See Appendix VI		
	City of Ferguson	General Revenue	177,808,204	0.4419	0.4410	See Appendix VII			See Appendix VI		
		Parks & Recreation	177,808,204	0.1877	0.1870	See Appendix VII			See Appendix VI		
	City of Flordell Hills	General Revenue	3,287,351	0.5527	0.5500	See Appendix VII			See Appendix VI		
	City of Florissant	General Revenue	445,926,500	0.1188	0.0000	See Appendix VII			See Appendix VI		
	City of Frontenac	General Revenue	168,480,871	0.5524	0.5400	See Appendix VII			See Appendix VI		
	City of Glendale	General Revenue	111,885,967	0.5144	0.5140	See Appendix VII			See Appendix VI		
		Pension	111,885,967	0.0992	0.0600	See Appendix VII			See Appendix VI		
	Town of Grantwood Village	General Revenue	19,648,000	0.2471	0.2460	See Appendix VII			See Appendix VI		
	City of Greendale	General Revenue	4,405,823	0.6000	0.6000	See Appendix VII			See Appendix VI		
	Village of Hanley Hills	General Revenue	10,960,571	0.3690	0.3600	See Appendix VII			See Appendix VI		
	City of Hazelwood	General Revenue	449,489,628	0.4146	0.4100	See Appendix VII			See Appendix VI		
	Village of Hillsdale	General Revenue	7,650,067	0.5000	0.5000	See Appendix VII			See Appendix VI		
	City of Huntleigh	General Revenue	26,887,748	0.3253	0.1000	See Appendix VII			See Appendix VI		
	City of Jennings	General Revenue	79,004,353	1.0000	1.0000	See Appendix VII			See Appendix VI		
		Pension	79,004,353	0.1850	0.1800	See Appendix VII			See Appendix VI		
	City of Kinloch	General Revenue	3,105,289	1.0000	0.7000	See Appendix VII			See Appendix VI		
	City of Kirkwood	Parks & Recreation	500,561,245	0.1877	0.1300	See Appendix VII			See Appendix VI		
		Library	481,550,356	0.2232	0.2230	See Appendix VII			See Appendix VI		
		Pension	500,561,245	0.1689	0.1680	See Appendix VII			See Appendix VI		
		Debt Service	500,561,245	0.2870	0.2870	See Appendix VII			See Appendix VI		
	City of Ladue	General Revenue	495,199,803	0.4560	0.4520	See Appendix VII			See Appendix VI		
	City of Lakeshire	General Revenue	10,787,021	0.0936	0.0900	See Appendix VII			See Appendix VI		
	Village of Mackenzie	General Revenue	1,392,750	0.1845	0.1800	See Appendix VII			See Appendix VI		
	City of Manchester	General Revenue	259,573,397	0.3784	0.0500	See Appendix VII			See Appendix VI		
	City of Maplewood	General Revenue	91,532,370	0.5380	0.5380	See Appendix VII			See Appendix VI		
		Pension	91,532,370	0.2328	0.2320	See Appendix VII			See Appendix VI		
		Capital Projects-Temp	91,532,370	0.2544	0.2540	See Appendix VII			See Appendix VI		
	Village of Marlborough	General Revenue	20,746,153	0.1091	0.1000	See Appendix VII			See Appendix VI		
	City of Normandy	General Revenue	27,020,806	0.4000	0.3900	See Appendix VII			See Appendix VI		

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
St. Louis	City of Northwoods	General Revenue	24,314,020	0.4074	0.3600	See Appendix VII			See Appendix VI		
	Village of Norwood Court	General Revenue	4,335,531	0.3017	0.0000	See Appendix VII			See Appendix VI		
	City of Oakland	General Revenue	20,609,473	0.2404	0.2400	See Appendix VII			See Appendix VI		
	City of Olivette	General Revenue	174,682,450	0.7517	0.7490	See Appendix VII			See Appendix VI		
		Pension	174,682,450	0.1558	0.1550	See Appendix VII			See Appendix VI		
	City of Overland	General Revenue	191,340,030	0.0963	0.0950	See Appendix VII			See Appendix VI		
		Pension	191,340,030	0.1444	0.1430	See Appendix VII			See Appendix VI		
	City of Pagedale	General Revenue	27,819,707	0.2678	0.2670	See Appendix VII			See Appendix VI		
	City of Pasadena Hills	General Revenue	10,935,938	0.2968	0.2900	See Appendix VII			See Appendix VI		
	Village of Pasadena Park	General Revenue	4,034,065	0.3017	0.3010	See Appendix VII			See Appendix VI		
	City of Pine Lawn	General Revenue	14,927,061	0.2629	0.2620	See Appendix VII			See Appendix VI		
	City of Richmond Heights	General Revenue	252,788,820	0.6025	0.2900	See Appendix VII			See Appendix VI		
		Library	252,788,820	0.2071	0.2010	See Appendix VII			See Appendix VI		
		Pension	252,788,820	0.3484	0.3200	See Appendix VII			See Appendix VI		
	Village of Riverview	General Revenue	16,035,594	0.2933	0.2890	See Appendix VII			See Appendix VI		
	City of Rock Hill	General Revenue	66,400,408	0.3237	0.3230	See Appendix VII			See Appendix VI		
		Library	66,555,658	0.3296	0.3290	See Appendix VII			See Appendix VI		
		Debt Service	66,400,408	0.3500	0.3500	See Appendix VII			See Appendix VI		
	City of St Ann	General Revenue	137,351,867	0.1711	0.1600	See Appendix VII			See Appendix VI		
	City of St George	General Revenue	11,199,128	0.1390	0.1390	See Appendix VII			See Appendix VI		
	City of St John	General Revenue	50,133,291	0.3844	0.3840	See Appendix VII			See Appendix VI		
	City of Shrewsbury	General Revenue	97,868,477	0.4298	0.3500	See Appendix VII			See Appendix VI		
		Debt Service	97,868,477	0.6500	0.6500	See Appendix VII			See Appendix VI		
	City of Sunset Hills	General Revenue	274,022,416	0.0852	0.0600	See Appendix VII			See Appendix VI		
	Village of Sycamore Hills	General Revenue	4,897,093	0.2544	0.2500	See Appendix VII			See Appendix VI		
		Health	4,897,093	0.1182	0.1000	See Appendix VII			See Appendix VI		
	City of Town and Country	General Revenue	610,707,613	0.5457	0.0000	See Appendix VII			See Appendix VI		
		Dispatch	610,707,613	0.0290	0.0000	See Appendix VII			See Appendix VI		
	Village of Twin Oaks	General Revenue	7,548,537	0.3999	0.0000	See Appendix VII			See Appendix VI		
	City of University City	General Revenue	434,590,177	0.6711	0.6710	See Appendix VII			See Appendix VI		
		Library	434,590,177	0.2925	0.2920	See Appendix VII			See Appendix VI		
		Pension	434,590,177	0.1893	0.0000	See Appendix VII			See Appendix VI		
	Village of Uplands Park	General Revenue	2,255,026	0.3907	0.3200	See Appendix VII			See Appendix VI		
	City of Valley Park	General Revenue	71,480,532	0.6690	0.5700	See Appendix VII			See Appendix VI		
	City of Velda City	General Revenue	5,964,883	0.3760	0.3400	See Appendix VII			See Appendix VI		
		Debt Service	5,964,883	0.6900	0.6900	See Appendix VII			See Appendix VI		
	Village of Velda Village Hills	General Revenue	5,062,453	0.3652	0.3600	See Appendix VII			See Appendix VI		

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
St. Louis	City of Vinita Park	General Revenue	40,687,652	0.2238	0.2230	See Appendix VII			See Appendix VI		
	Village of Vinita Terrace	General Revenue	2,241,433	0.0413	0.0410	See Appendix VII			See Appendix VI		
		Health	2,241,433	0.1322	0.1320	See Appendix VII			See Appendix VI		
	City of Warson Woods	General Revenue	49,179,706	0.4465	0.0000	See Appendix VII			See Appendix VI		
		Debt Service	49,179,706	0.4290	0.4290	See Appendix VII			See Appendix VI		
	City of Webster Groves	General Revenue	372,774,581	0.2787	0.2780	See Appendix VII			See Appendix VI		
		Library	372,774,581	0.1789	0.1780	See Appendix VII			See Appendix VI		
		Streets	372,774,581	0.1797	0.1790	See Appendix VII			See Appendix VI		
		Pension	372,774,581	0.1438	0.1430	See Appendix VII			See Appendix VI		
		Debt Service	372,774,581	0.6590	0.6590	See Appendix VII			See Appendix VI		
	City of Wellston	General Revenue	14,508,220	0.6000	0.6000	See Appendix VII			See Appendix VI		
	Village of Westwood	General Revenue	12,311,665	0.0707	0.0700	See Appendix VII			See Appendix VI		
	City of Winchester	General Revenue	15,944,429	0.2228	0.2220	See Appendix VII			See Appendix VI		
	City of Woodson Terrace	General Revenue	56,871,981	0.2318	0.2200	See Appendix VII			See Appendix VI		
	City of Chesterfield	Debt Service	1,237,598,782	0.0600	0.0600	See Appendix VII			See Appendix VI		
	Ferguson Municipal Pub Library Dist	General Revenue	178,359,774	0.2165	0.2160	See Appendix VII			See Appendix VI		
	Maplewood Public Library	General Revenue	95,710,710	0.2417	0.2410	See Appendix VII			See Appendix VI		
	St Louis County Library	General Revenue	15,838,511,376	0.1763	0.1400	See Appendix VII			See Appendix VI		
	Valley Park Community Library	General Revenue	41,851,620	0.1624	0.1620	See Appendix VII			See Appendix VI		
	Affton Fire Protection District	General Revenue	401,009,922	0.7949	0.7930	See Appendix VII			See Appendix VI		
		Ambulance	401,009,922	0.1823	0.1810	See Appendix VII			See Appendix VI		
		Pension	401,009,922	0.0638	0.0630	See Appendix VII			See Appendix VI		
		Dispatch	401,009,922	0.0273	0.0270	See Appendix VII			See Appendix VI		
	Metro West Fire Protection District	General Revenue	1,286,952,001	0.5576	0.5570	See Appendix VII			See Appendix VI		
		Ambulance	1,286,952,001	0.2875	0.2870	See Appendix VII			See Appendix VI		
		Pension	1,286,952,001	0.1055	0.1050	See Appendix VII			See Appendix VI		
		Dispatch	1,286,952,001	0.0488	0.0480	See Appendix VII			See Appendix VI		
	Black Jack Fire Protection District	General Revenue	470,692,856	0.7446	0.7440	See Appendix VII			See Appendix VI		
		Pension	470,692,856	0.0993	0.0990	See Appendix VII			See Appendix VI		
		NCCFA System	470,692,856	0.0496	0.0400	See Appendix VII			See Appendix VI		
		Debt Service	470,692,856	0.2250	0.2250	See Appendix VII			See Appendix VI		
	Monarch Fire Protection District	General Revenue	1,531,084,795	0.5174	0.5170	See Appendix VII			See Appendix VI		
		Ambulance	1,531,084,795	0.3161	0.3160	See Appendix VII			See Appendix VI		
		Pension	1,531,084,795	0.0958	0.0950	See Appendix VII			See Appendix VI		
		Dispatch	1,531,084,795	0.0487	0.0380	See Appendix VII			See Appendix VI		
		Debt Service	1,531,084,795	0.0130	0.0130	See Appendix VII			See Appendix VI		
	Community Fire Protection District	General Revenue	476,867,214	0.9930	0.9920	See Appendix VII			See Appendix VI		

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
St. Louis	Community Fire Protection District	Ambulance	476,867,214	0.2482	0.2480	See Appendix VII			See Appendix VI		
		Pension	476,867,214	0.0993	0.0990	See Appendix VII			See Appendix VI		
		Dispatch	476,867,214	0.0298	0.0290	See Appendix VII			See Appendix VI		
		Debt Service	476,867,214	0.2500	0.2500	See Appendix VII			See Appendix VI		
	Creve Coeur Fire Protection Dist	General Revenue	1,080,577,381	0.5952	0.5950	See Appendix VII			See Appendix VI		
		Ambulance	1,080,577,381	0.2112	0.2110	See Appendix VII			See Appendix VI		
		Pension	1,080,577,381	0.1439	0.1430	See Appendix VII			See Appendix VI		
		Dispatch	1,080,577,381	0.0479	0.0470	See Appendix VII			See Appendix VI		
	Eureka Fire Protection District	General Revenue	236,484,232	0.7162	0.7160	See Appendix VII			264,539,478	0.6980	0.6980
		Ambulance	236,484,232	0.2885	0.2880	See Appendix VII			264,539,478	0.2811	0.2810
		Pension	236,484,232	0.0962	0.0960	See Appendix VII			264,539,478	0.0937	0.0930
		Dispatch	236,484,232	0.0288	0.0280	See Appendix VII			264,539,478	0.0281	0.0280
		Debt Service	236,484,232	0.1500	0.1500	See Appendix VII			264,539,478	0.1500	0.1500
	Fenton Fire Protection District	General Revenue	883,740,052	0.4365	0.3800	See Appendix VII			See Appendix VI		
		Ambulance	883,740,052	0.3000	0.2300	See Appendix VII			See Appendix VI		
		Pension	883,740,052	0.1000	0.1000	See Appendix VII			See Appendix VI		
		Dispatch	883,740,052	0.0500	0.0300	See Appendix VII			See Appendix VI		
	Florissant Valley Fire Prot Dist	General Revenue	675,233,378	0.6926	0.6920	See Appendix VII			See Appendix VI		
		Ambulance	675,233,378	0.1490	0.1480	See Appendix VII			See Appendix VI		
		Pension	675,233,378	0.0993	0.0990	See Appendix VII			See Appendix VI		
		Dispatch	675,233,378	0.0497	0.0400	See Appendix VII			See Appendix VI		
		Debt Service	675,233,378	0.1700	0.1700	See Appendix VII			See Appendix VI		
	Kinloch Fire Protection District	General Revenue	3,184,987	0.9000	0.9000	See Appendix VII			See Appendix VI		
		Dispatch	3,184,987	0.0282	0.0000	See Appendix VII			See Appendix VI		
	Lemay Fire Protection District	General Revenue	145,358,375	0.9642	0.9600	See Appendix VII			See Appendix VI		
		Ambulance	145,358,375	0.2240	0.2200	See Appendix VII			See Appendix VI		
		Pension	145,358,375	0.0974	0.0900	See Appendix VII			See Appendix VI		
		Central Alarm Fund	145,358,375	0.0487	0.0400	See Appendix VII			See Appendix VI		
		Debt Service	145,358,375	0.0900	0.0900	See Appendix VII			See Appendix VI		
	West County EMS & Fire Prot Dist	General Revenue	557,884,307	0.4588	0.4580	See Appendix VII			See Appendix VI		
		Ambulance	557,884,307	0.1951	0.1950	See Appendix VII			See Appendix VI		
		Pension	557,884,307	0.0975	0.0800	See Appendix VII			See Appendix VI		
		Dispatch	557,884,307	0.0494	0.0490	See Appendix VII			See Appendix VI		
		Debt Service	557,884,307	0.1800	0.1800	See Appendix VII			See Appendix VI		
	Maryland Heights Fire Prot Dist	General Revenue	548,608,654	0.8000	0.8000	See Appendix VII			See Appendix VI		
		Ambulance	548,608,654	0.1121	0.1120	See Appendix VII			See Appendix VI		
		Pension	548,608,654	0.1300	0.1300	See Appendix VII			See Appendix VI		

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
St. Louis	Maryland Heights Fire Prot Dist	Dispatch	548,608,654	0.0500	0.0500	See Appendix VII			See Appendix VI		
		General Revenue	1,738,865,598	0.5652	0.5650	See Appendix VII			See Appendix VI		
	Mehlville Fire Protection District	Ambulance	1,738,865,598	0.2203	0.2200	See Appendix VII			See Appendix VI		
		Pension	1,738,865,598	0.0958	0.0950	See Appendix VII			See Appendix VI		
		Alarm Fund	1,738,865,598	0.0479	0.0400	See Appendix VII			See Appendix VI		
		General Revenue	111,911,430	1.2079	1.2080	See Appendix VII			See Appendix VI		
	Moline Fire Protection District	Pension	111,911,430	0.1450	0.1450	See Appendix VII			See Appendix VI		
		Dispatch	111,911,430	0.0290	0.0290	See Appendix VII			See Appendix VI		
		Debt Service	111,911,430	0.0520	0.0520	See Appendix VII			See Appendix VI		
		General Revenue	165,318,666	1.5078	1.5000	See Appendix VII			See Appendix VI		
	Normandy Fire Protection District	Ambulance	165,318,666	0.3000	0.3000	See Appendix VII			See Appendix VI		
		Pension	165,318,666	0.1000	0.1000	See Appendix VII			See Appendix VI		
		Dispatch	165,318,666	0.0500	0.0400	See Appendix VII			See Appendix VI		
		Debt Service	165,318,666	0.0800	0.0800	See Appendix VII			See Appendix VI		
	Pattonville-Bridgeton Terr Fire Dis	General Revenue	670,256,615	0.9834	0.9830	See Appendix VII			See Appendix VI		
		Ambulance	670,256,615	0.2445	0.2440	See Appendix VII			See Appendix VI		
		Pension	670,256,615	0.1500	0.1500	See Appendix VII			See Appendix VI		
		Dispatch	670,256,615	0.0500	0.0400	See Appendix VII			See Appendix VI		
		Debt Service	670,256,615	0.0370	0.0370	See Appendix VII			See Appendix VI		
	Riverview Fire Protection District	General Revenue	129,831,013	1.4612	1.4600	See Appendix VII			See Appendix VI		
		Pension	129,831,013	0.2500	0.2500	See Appendix VII			See Appendix VI		
		Dispatch	129,831,013	0.0485	0.0400	See Appendix VII			See Appendix VI		
		Debt Service	129,831,013	0.1500	0.1500	See Appendix VII			See Appendix VI		
	Robertson Fire Protection District	General Revenue	304,887,912	0.8580	0.8570	See Appendix VII			See Appendix VI		
		Ambulance	304,887,912	0.5500	0.4220	See Appendix VII			See Appendix VI		
		Pension	304,887,912	0.2000	0.2000	See Appendix VII			See Appendix VI		
		Dispatch	304,887,912	0.0500	0.0400	See Appendix VII			See Appendix VI		
		Debt Service	304,887,912	0.1000	0.1000	See Appendix VII			See Appendix VI		
	Spanish Lake Fire Protection Dist	General Revenue	155,053,053	1.2200	1.2200	See Appendix VII			See Appendix VI		
		Pension	155,053,053	0.1464	0.1460	See Appendix VII			See Appendix VI		
		Dispatch	155,053,053	0.0488	0.0480	See Appendix VII			See Appendix VI		
		Debt Service	155,053,053	0.2670	0.2670	See Appendix VII			See Appendix VI		
	Valley Park Fire Protection Dist	General Revenue	179,302,212	0.6535	0.6400	See Appendix VII			See Appendix VI		
		Ambulance	179,302,212	0.2987	0.2900	See Appendix VII			See Appendix VI		
		Pension	179,302,212	0.0996	0.0991	See Appendix VII			See Appendix VI		
		Dispatch	179,302,212	0.0299	0.0299	See Appendix VII			See Appendix VI		
		Debt Service	179,302,212	0.0400	0.0400	See Appendix VII			See Appendix VI		

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
St. Louis	Mid-County Fire Protection District	General Revenue	122,761,798	1.3500	1.3500	See Appendix VII			See Appendix VI		
		Ambulance	122,761,798	0.1500	0.1500	See Appendix VII			See Appendix VI		
		Pension	122,761,798	0.1000	0.1000	See Appendix VII			See Appendix VI		
		Dispatch	122,761,798	0.0300	0.0300	See Appendix VII			See Appendix VI		
		Debt Service	122,761,798	0.4200	0.4200	See Appendix VII			See Appendix VI		
	West Overland Fire Protection Dist	General Revenue	164,965,134	0.7100	0.7100	See Appendix VII			See Appendix VI		
		Ambulance	164,965,134	0.2500	0.2500	See Appendix VII			See Appendix VI		
		Pension	164,965,134	0.1500	0.1500	See Appendix VII			See Appendix VI		
		Dispatch	164,965,134	0.0500	0.0500	See Appendix VII			See Appendix VI		
	Metropolitan Sewer Dist St Louis Co	General Revenue -Gen. Adm	20,811,206,404	0.0193	0.0190	See Appendix VII			21,371,590,710	0.0197	0.0190
		General Revenue -Storm	12,287,474,332	0.0674	0.0500	See Appendix VII			12,651,835,499	0.0681	0.0500
	Black Creek - St. Louis County	General Revenue	1,150,001,966	0.0940	0.0600	See Appendix VII			See Appendix VI		
	Black Jack-Dellwood - St. Louis Co.	General Revenue	215,040,597	0.0980	0.0600	See Appendix VII			See Appendix VI		
	Clayton Central - St. Louis County	General Revenue	311,361,682	0.0894	0.0600	See Appendix VII			See Appendix VI		
	Coldwater Creek - St. Louis County	General Revenue	1,876,779,111	0.1000	0.0700	See Appendix VII			See Appendix VI		
	Creve Coeur-Frontenac St. Louis Co	General Revenue	455,200,134	0.0756	0.0500	See Appendix VII			See Appendix VI		
	Deer Creek - St. Louis County	General Revenue	2,981,121,731	0.0930	0.0600	See Appendix VII			See Appendix VI		
	Fountain Creek - St. Louis County	General Revenue	111,533,508	0.1398	0.1000	See Appendix VII			See Appendix VI		
	Gravois Creek - St. Louis County	General Revenue	1,300,087,578	0.0856	0.0600	See Appendix VII			See Appendix VI		
	Loretta-Joplin - St. Louis County	General Revenue	20,435,647	0.0903	0.0600	See Appendix VII			See Appendix VI		
	Maline Creek - St. Louis County	General Revenue	567,173,150	0.0997	0.0700	See Appendix VII			See Appendix VI		
	Marlborough - St. Louis County	General Revenue	51,147,609	0.0575	0.0400	See Appendix VII			See Appendix VI		
	Meramec River Basin - St. Louis Co.	General Revenue	2,640,261,436	0.0965	0.0700	See Appendix VII			See Appendix VI		
	Mo. River-Bonfils - St. Louis Co.	General Revenue	737,555,017	0.1000	0.0700	See Appendix VII			See Appendix VI		
	North Affton - St. Louis County	General Revenue	60,236,766	0.0851	0.0600	See Appendix VII			See Appendix VI		
	Paddock Creek - St. Louis County	General Revenue	132,591,205	0.0990	0.0600	See Appendix VII			See Appendix VI		
	Seminary Branch RDP - St. Louis Co	General Revenue	255,298,832	0.0758	0.0600	See Appendix VII			See Appendix VI		
	Shrewsbury Branch RDP - St Louis Co	General Revenue	21,564,021	0.0774	0.0600	See Appendix VII			See Appendix VI		
	Sugar Creek - St. Louis County	General Revenue	255,473,499	0.0661	0.0620	See Appendix VII			See Appendix VI		
	Univ City Branch RDP - St. Louis Co	General Revenue	755,835,430	0.0934	0.0700	See Appendix VII			See Appendix VI		
	Upper Paddock Creek - St. Louis Co.	General Revenue	29,686,168	0.0908	0.0600	See Appendix VII			See Appendix VI		
	Watkins Creek - St. Louis County	General Revenue	147,869,746	0.0987	0.0600	See Appendix VII			See Appendix VI		
	Wedgewood Creek - St. Louis County	General Revenue	37,656,523	0.1000	0.0600	See Appendix VII			See Appendix VI		
	Wellston - St. Louis County	General Revenue	38,078,855	0.1000	0.0800	See Appendix VII			See Appendix VI		
	Hancock Street Light Dist St Louis	General Revenue	51,691,872	0.2000	0.1700	See Appendix VII			See Appendix VI		
	Wheaton Cook Lyndhurst Light Dist	General Revenue	0	0.0000	0.1150 D	See Appendix VII			See Appendix VI		
	Castle Point Street Light District	General Revenue	7,717,929	0.1664	0.1660	See Appendix VII			See Appendix VI		

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
St. Louis	Glasgow Village Street Light Dist	General Revenue	22,962,557	0.1508	0.1500	See Appendix VII			See Appendix VI		
	Elmwood Park Street Light District	General Revenue	2,173,180	0.4000	0.1000	See Appendix VII			See Appendix VI		
	Metro Zoological Park & Museum Dist	Art Museum	21,123,352,083	0.0777	0.0610	See Appendix VII			21,763,846,237	0.0787	0.0787
		Botanical Garden	21,123,352,083	0.0388	0.0310	See Appendix VII			21,763,846,237	0.0394	0.0394
		Museum of Mo. History	21,123,352,083	0.0388	0.0380	See Appendix VII			21,763,846,237	0.0394	0.0394
		Museum of Nat. History	21,123,352,083	0.0388	0.0310	See Appendix VII			21,763,846,237	0.0394	0.0394
		Zoological Park	21,123,352,083	0.0777	0.0610	See Appendix VII			21,763,846,237	0.0787	0.0787
	Clayton Special Business District	General Revenue	255,632,380	0.1266	0.0490	See Appendix VII			See Appendix VI		
	Maplewood Special Business District	General Revenue	9,597,820	0.4964	0.4960	See Appendix VII			See Appendix VI		
	University City Spec Bus Dist BD57	General Revenue	3,568,970	0.7037	0.7030	See Appendix VII			See Appendix VI		
	Webster Groves-Old Webster Bus Dist	General Revenue	7,661,790	0.4309	0.2900	See Appendix VII			See Appendix VI		
	Webster Groves-Old Orchard Bus Dist	General Revenue	3,937,530	0.8500	0.3600	See Appendix VII			See Appendix VI		
	Kirkwood Special Business District	General Revenue	20,631,800	0.4809	0.4800	See Appendix VII			See Appendix VI		
	Jennings Special Business District	General Revenue	1,999,370	0.5191	0.1700	See Appendix VII			See Appendix VI		
	Productive Living Board	General Revenue	17,948,893,642	0.0873	0.0850	See Appendix VII			See Appendix VI		
	Parkview Gardens Spec Bus Dist BD39	General Revenue	7,971,680	0.7980	0.7980	See Appendix VII			See Appendix VI		
	Robinwood West Community Imp Dist	General Revenue	11,512,600	0.8881	0.8500	See Appendix VII			See Appendix VI		
	Hazelwood R-I School District	Operating Funds-Schools	1,593,886,617	4.3537	4.3530	See Appendix VII			See Appendix VI		
		Debt Service	1,593,886,617	0.3900	0.3900	See Appendix VII			See Appendix VI		
	Ferguson-Florissant R-II Sch Dist	Operating Funds-Schools	906,921,292	4.7400	4.7400	See Appendix VII			See Appendix VI		
		Debt Service	906,921,292	0.3000	0.3000	See Appendix VII			See Appendix VI		
	Pattonville R-III School District	Operating Funds-Schools	1,202,493,481	3.7267	3.5560	See Appendix VII			See Appendix VI		
		Debt Service	1,202,493,481	0.4900	0.4900	See Appendix VII			See Appendix VI		
	Rockwood R-VI School District	Operating Funds-Schools	2,496,253,961	3.6892	3.6890	See Appendix VII			2,519,395,500	3.8464	3.8834 c
		Debt Service	2,496,253,961	0.7500	0.7500	See Appendix VII			2,519,395,500	0.7569	0.7500
	Kirkwood R-VII School District	Operating Funds-Schools	843,843,263	3.4994	3.4990	See Appendix VII			See Appendix VI		
		Debt Service	843,843,263	0.2450	0.2450	See Appendix VII			See Appendix VI		
	Lindbergh R-VIII School District	Operating Funds-Schools	961,282,183	2.9262	2.4930	See Appendix VII			See Appendix VI		
		Debt Service	961,282,183	0.2800	0.2800	See Appendix VII			See Appendix VI		
	Mehlville R-IX School District	Operating Funds-Schools	1,275,464,074	3.6215	3.6210	See Appendix VII			See Appendix VI		
		Debt Service	1,275,464,074	0.3400	0.3400	See Appendix VII			See Appendix VI		
	Parkway C-2 School District	Operating Funds-Schools	3,396,892,410	3.2712	3.2710	See Appendix VII			See Appendix VI		
		Debt Service	3,396,892,410	0.2400	0.2400	See Appendix VII			See Appendix VI		
	Afton 101 School District	Operating Funds-Schools	319,653,568	4.1450	4.1440	See Appendix VII			See Appendix VI		
	Bayless School District	Operating Funds-Schools	121,405,193	3.5059	3.5000	See Appendix VII			See Appendix VI		
		Debt Service	121,405,193	0.6300	0.6300	See Appendix VII			See Appendix VI		
	Brentwood School District	Operating Funds-Schools	219,062,870	2.7950	2.7430	See Appendix VII			See Appendix VI		

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
St. Louis	Brentwood School District	Debt Service	219,062,870	0.2020	0.2020	See Appendix VII			See Appendix VI		
	Clayton School District	Operating Funds-Schools	788,081,946	2.8226	2.7150	See Appendix VII			See Appendix VI		
		Debt Service	788,081,946	0.3600	0.3600	See Appendix VII			See Appendix VI		
	Hancock Place School District	Operating Funds-Schools	51,099,735	4.2683	4.2683	See Appendix VII			See Appendix VI		
		Debt Service	51,099,735	0.7527	0.7527	See Appendix VII			See Appendix VI		
	Jennings School District	Operating Funds-Schools	91,151,608	4.3377	4.3372	See Appendix VII			See Appendix VI		
		Debt Service	91,151,608	1.0738	1.0738	See Appendix VII			See Appendix VI		
	Ladue School District	Operating Funds-Schools	1,100,142,423	2.7500	2.7500	See Appendix VII			See Appendix VI		
		Debt Service	1,100,142,423	0.4500	0.4500	See Appendix VII			See Appendix VI		
	Maplewood-Richmond Heights Sch Dis	Operating Funds-Schools	175,705,220	3.8630	3.8630	See Appendix VII			See Appendix VI		
		Debt Service	175,705,220	0.8280	0.8280	See Appendix VII			See Appendix VI		
	Normandy School District	Operating Funds-Schools	218,239,966	4.6600	4.3030	See Appendix VII			See Appendix VI		
		Debt Service	218,239,966	0.8240	0.8240	See Appendix VII			See Appendix VI		
	Ritenour School District	Operating Funds-Schools	474,667,248	3.7580	3.7580	See Appendix VII			See Appendix VI		
		Debt Service	474,667,248	0.8900	0.8900	See Appendix VII			See Appendix VI		
	Riverview Gardens School District	Operating Funds-Schools	228,530,896	4.1350	4.1350 ^B	See Appendix VII			See Appendix VI		
		Debt Service	228,530,896	1.6050	1.6050	See Appendix VII			See Appendix VI		
	University City School District	Operating Funds-Schools	440,425,484	4.3202	4.3200	See Appendix VII			See Appendix VI		
		Debt Service	440,425,484	0.7380	0.7380	See Appendix VII			See Appendix VI		
	Valley Park School District	Operating Funds-Schools	118,645,520	4.5967	4.5960	See Appendix VII			See Appendix VI		
		Debt Service	118,645,520	0.4840	0.4840	See Appendix VII			See Appendix VI		
	Webster Groves School District	Operating Funds-Schools	521,124,489	4.0804	4.0800	See Appendix VII			See Appendix VI		
		Debt Service	521,124,489	0.5640	0.5640	See Appendix VII			See Appendix VI		
	Wellston School District	Operating Funds-Schools	20,341,479	5.6700	5.6700	See Appendix VII			See Appendix VI		
	Special Sch Dist of St. Louis Co	Operating Funds-Schools	17,971,518,376	0.8462	0.8490	See Appendix VII			18,437,235,879	0.8630	0.9051 ^C
	St. Louis County	General Revenue	17,948,893,642	0.2733	0.1900	See Appendix VII			See Appendix VI		
		Parks & Recreation	17,948,893,642	0.0679	0.0350	See Appendix VII			See Appendix VI		
		Road & Bridge	17,948,893,642	0.1746	0.1050	See Appendix VII			See Appendix VI		
		Health	17,948,893,642	0.2342	0.1650	See Appendix VII			See Appendix VI		
		Debt Service	17,948,893,642	0.0850	0.0850	See Appendix VII			See Appendix VI		
Saline	Saline Co Ambulance Dist No 3	General Revenue	140,632,184	0.2273	0.2100	156,461,807	0.2131	0.2131	158,569,321	0.2131	0.2131
	Slater Ambulance District No 1	General Revenue	33,159,948	0.3638	0.3638	33,909,783	0.3638	0.3638	33,984,475	0.3700	0.3700
	Sweet Springs Ambulance District	General Revenue	37,710,134	0.4479	0.4479	40,743,388	0.4339	0.4339	41,578,802	0.4339	0.4339
	Blackburn Elmwood Sp Rd Saline Co	Road & Bridge	5,003,420	0.3247	0.3247	5,226,660	0.3178	0.3178	5,270,597	0.3178	0.3178
		Special Road and Bridge	5,003,420	0.3600	0.3600 ^A	5,226,660	0.3524	0.3524	5,270,597	0.3524	0.3524
		Debt Service	5,003,420	0.5720	0.5720	5,226,660	0.5284	0.5284	5,270,597	0.5218	0.5218
	Gilliam Spec Rd Dist Saline Co	Road & Bridge	6,000,869	0.3172	0.3172	6,321,761	0.3086	0.3086	6,431,746	0.3086	0.3086

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Saline	Gilliam Spec Rd Dist Saline Co	Special Road and Bridge	6,000,869	0.2948	0.2948	6,321,761	0.2868	0.2868	6,431,746	0.2868	0.2868
	Grand Pass Spec Road Dist Saline Co	Road & Bridge	3,089,209	0.3113	0.3113	3,463,265	0.2953	0.2953	3,533,227	0.2953	0.2953
		Special Road and Bridge	3,089,209	0.3500	0.3500	3,463,265	0.3600	0.3600 A	3,533,227	0.3600	0.3600
	Marshall Spec Rd Dist Saline Co	Road & Bridge	98,997,241	0.2916	0.2916	112,654,126	0.2703	0.2703	112,898,334	0.2731	0.2731
	Slater Spec Rd Dist Saline Co	Road & Bridge	21,992,092	0.3109	0.3108	21,752,313	0.3143	0.3143	21,678,990	0.3172	0.3172
		Special Road and Bridge	21,992,092	0.3600	0.3600 A	21,752,313	0.3600	0.3600	21,678,990	0.3600	0.3600
	Sweet Springs Sp Rd Dist Saline Co	Road & Bridge	16,273,742	0.3201	0.3201	17,932,022	0.2991	0.2991	19,317,382	0.2991	0.2991
		Special Road and Bridge	16,273,742	0.3000	0.3000	17,932,022	0.2803	0.2803	19,317,382	0.2803	0.2803
	Malta Bend Spec Rd Dist Saline Co	Road & Bridge	8,516,153	0.3353	0.3353	9,401,772	0.3104	0.3104	9,464,561	0.3104	0.3104
		Special Road and Bridge	8,516,153	0.3200	0.3200	9,401,772	0.2963	0.2963	9,464,561	0.2963	0.2963
	Village of Arrow Rock	General Revenue	681,733	0.6481	0.6481	817,856	0.5521	0.5521	819,799	0.3422	0.3422
		General Revenue-Temp	**	**	**	**	**	**	819,799	0.3000	0.3000 A
	City of Blackburn	General Revenue	1,364,962	0.5962	0.5962	1,536,246	0.5498	0.5498	1,509,983	0.5616	0.5616
		Lights	1,364,962	0.1213	0.1213	1,536,246	0.1118	0.1118	1,509,983	0.1142	0.1142
		General Revenue-Temp	1,364,962	0.2900	0.2900 A	1,536,246	0.2674	0.2674	1,509,983	0.2731	0.2731
	City of Gilliam	General Revenue	861,035	0.7213	0.7213	893,375	0.7213	0.7213	899,677	0.7287	0.7287
		Lights	861,035	0.3847	0.3847	893,375	0.3846	0.3846	899,677	0.3885	0.3885
	Village of Grand Pass	General Revenue	332,620	0.4831	0.4831	371,271	0.4435	0.4435	360,044	0.4574	0.4574
	City of Malta Bend	General Revenue	1,123,386	0.8596	0.8596	1,260,705	0.7828	0.7828	1,268,108	0.7828	0.7828
	City of Marshall	General Revenue	84,690,916	0.7456	0.7456	98,227,776	0.6855	0.6855	97,968,848	0.6962	0.6962
		Parks & Recreation	84,690,916	0.3224	0.3224	98,227,776	0.2964	0.2964	97,968,848	0.3010	0.3010
		Library	84,690,916	0.1914	0.1914	98,227,776	0.1760	0.1760	97,968,848	0.1787	0.1787
		Band	84,690,916	0.0500	0.0500	98,227,776	0.0460	0.0460	97,968,848	0.0467	0.0467
	City of Miami	General Revenue	902,616	0.4970	0.4970	964,741	0.4767	0.4767	991,022	0.4767	0.4767
		Streets	902,616	0.6461	0.6461	964,741	0.6197	0.6197	991,022	0.6196	0.6196
	Village of Mount Leonard	General Revenue	261,592	0.9428	0.9428	268,855	0.9373	0.9373	261,626	0.9632	0.9632
	City of Nelson	General Revenue	681,733	0.8799	0.8799	710,993	0.8623	0.8623	749,863	0.8406	0.8406
	City of Slater	General Revenue	12,178,723	0.6743	0.6743	11,918,627	0.6890	0.6890	11,583,625	0.7126	0.7126
		Parks & Recreation	12,178,723	0.1897	0.1897	11,918,627	0.1938	0.1938	11,583,625	0.2000	0.2000
		Library	12,178,723	0.2107	0.2107	11,918,627	0.2153	0.2153	11,583,625	0.2227	0.2227
		Debt Service	12,178,723	0.2335	0.2335	**	**	**	**	**	**
	City of Sweet Springs	General Revenue	8,522,549	0.7784	0.7784	9,321,428	0.7297	0.7286	9,064,591	0.7571	0.7571
		Parks & Recreation	8,522,549	0.3700	0.3700	9,321,428	0.3468	0.3463	9,064,591	0.3598	0.3598
		Library	8,522,549	0.2224	0.2224	9,321,428	0.2085	0.2082	9,064,591	0.2163	0.2163
		Debt Service	8,522,549	0.1407	0.1407	9,321,428	0.2000	0.2000	9,064,591	0.2225	0.2000
	City of Emma	General Revenue	1,654,261	0.4957	0.0000	1,651,220	0.5000	0.0000	1,742,840	0.4906	0.4906
	Malta Bend Fire Protection District	General Revenue	9,132,502	0.2923	0.2923	9,705,099	0.2811	0.2811	10,189,810	0.2776	0.2776

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Saline	Miami R-I School District	Operating Funds-Schools	6,818,315	3.7700	3.7700	7,413,540	3.4291	3.4291	7,473,958	3.9291	3.9291 B
	Orearville R-IV School District	Operating Funds-Schools	4,314,399	4.2156	4.2156	4,702,882	3.8507	3.8507	4,785,967	3.7898	3.7898
		Debt Service	4,314,399	0.8500	0.8500	4,702,882	0.8500	0.8500	4,785,967	1.6421	0.8500
	Malta Bend R-V School District	Operating Funds-Schools	7,380,325	4.5049	4.3500	7,723,524	4.3639	4.3639	7,818,916	4.2817	4.2817
		Debt Service	7,380,325	0.7500	0.7500	7,723,524	0.7500	0.7500	7,818,916	0.7754	0.7754
	Hardeman R-X School District	Operating Funds-Schools	5,040,647	4.2008	3.8400	5,617,633	3.8465	3.8465	5,635,593	3.7808	3.7808
		Debt Service	5,040,647	1.0600	1.0600	5,617,633	0.9621	0.9621	5,635,593	1.0336	1.0336
	Gilliam C-4 School District	Operating Funds-Schools	2,307,137	4.4472	4.4000	2,422,682	4.2296	4.2296	2,407,418	4.4361	4.4000
	Marshall School District	Operating Funds-Schools	103,063,293	3.3056	3.1900	116,578,834	3.0419	3.0190	116,490,120	3.3361	3.3361 B
		Debt Service	103,063,293	0.3600	0.3600	116,578,834	0.3171	0.3171	**	**	**
	Slater School District	Operating Funds-Schools	15,971,191	3.8606	3.8600	15,902,268	3.7084	3.7084	15,628,892	3.7489	3.7489
		Debt Service	15,971,191	0.5400	0.5400	15,902,268	0.5400	0.5400	15,628,892	0.5639	0.5400
	Sweet Springs R-VII School District	Operating Funds-Schools	19,161,739	3.4920	3.3055	21,134,633	3.3933	3.3100	20,978,092	3.4863	3.4000
		Debt Service	19,161,739	0.6445	0.6445	21,134,633	0.6400	0.6400	20,978,092	1.1117	0.6400
	Saline County	General Revenue	205,093,292	0.4209	0.2131	222,573,435	0.3991	0.2062	225,033,032	0.3991	0.1995
		Common Road District	42,985,143	0.3005	0.3005	45,816,516	0.2901	0.2901	47,541,954	0.2901	0.2901
		Special Road and Bridge	42,985,143	0.3569	0.3569	45,816,516	0.3600	0.3600 A	47,541,954	0.3600	0.3600
		Senate Bill 40	205,093,292	0.0700	0.0700	222,573,435	0.0664	0.0664	225,033,032	0.0664	0.0664
		Health	**	**	**	**	**	**	225,033,032	0.1400	0.1400 A
Schuyler	Schuyler County Ambulance District	General Revenue	34,837,953	0.3000	0.3000	35,233,864	0.3000	0.3000	35,633,339	0.3000	0.3000
	Schuyler County Nursing Home Dist	General Revenue	34,837,953	0.1500	0.1500	35,233,864	0.1500	0.1500	35,633,339	0.1500	0.1500
	Glenwood Chariton SRD 4 Schuyler Co	Road & Bridge	3,905,840	0.3500	0.3500	4,697,519	0.3221	0.3221	4,782,905	0.3221	0.3221
		Special Road and Bridge	3,905,840	0.3600	0.3600	4,697,519	0.3313	0.3313	4,782,905	0.3600	0.3600 A
	City of Downing	General Revenue	1,643,373	0.9777	0.9600	1,618,338	1.0000	0.9600	1,676,630	1.0000	1.0000
	Village of Glenwood	General Revenue	963,854	0.4642	0.4642	989,064	0.4642	0.4642	975,282	0.4761	0.4761
		Debt Service	963,854	0.3780	0.3780	989,064	0.4100	0.4100	975,282	0.5018	0.4100
	City of Greentop	General Revenue	1,757,363	1.0290	1.0290	2,166,239	0.9216	0.9216	2,202,812	0.9216	0.9216
	City of Lancaster	General Revenue	4,840,486	0.8426	0.8400	4,953,916	0.8449	0.8400	4,963,983	0.8501	0.8500
		Parks & Recreation	4,840,486	0.1873	0.1800	4,953,916	0.1878	0.1800	4,963,983	0.1890	0.1800
	City of Queen City	General Revenue	3,084,380	0.8333	0.8333	3,203,139	0.8333	0.8333	2,624,895	1.0000	1.0000
	Schuyler County Library	General Revenue	34,837,953	0.1500	0.1500	35,233,864	0.1500	0.1500	35,633,339	0.1500	0.1500
	Schuyler Co R-I School District	Operating Funds-Schools	29,144,119	3.2648	2.7500	29,107,580	3.4300	2.7500	30,297,040	3.3479	2.7500
		Debt Service	29,144,119	0.7700	0.7700	29,107,580	0.7700	0.7700	30,297,040	0.9670	0.7700
	Schuyler County	General Revenue	34,837,953	0.5000	0.2900	35,233,864	0.5000	0.2900	35,633,339	0.5000	0.2900
		Common Road District	30,932,113	0.4866	0.4866	30,536,345	0.5000	0.5000	30,850,434	0.5000	0.5000
		Health	34,837,953	0.1500	0.1500	35,233,864	0.1500	0.1500	35,633,339	0.3000	0.1800
		Senior Services	34,837,953	0.0500	0.0500	35,233,864	0.0500	0.0500	35,633,339	0.0500	0.0500

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Schuyler	Schuyler County	Special Road and Bridge	30,932,113	0.2600	0.2600	30,536,345	0.2600	0.2600	30,850,434	0.2600	0.2600 A
Scotland	Scotland County Ambulance District	General Revenue	45,975,655	0.2500	0.2500	46,202,658	0.2500	0.2500	46,935,647	0.2500	0.2500
	Scotland County Memorial Hosp Dist	General Revenue	45,975,655	0.4945	0.4945	46,202,658	0.4977	0.4977	46,935,647	0.4977	0.4977
	Scotland County Nursing Home Dist	General Revenue	45,975,655	0.1500	0.1500	46,202,658	0.3000	0.3000	46,935,647	0.3000	0.3000
	Bear Creek Watershed Subdistrict	General Revenue	993,385	0.4000	0.4000	994,117	0.4000	0.4000	996,448	0.4000	0.4000
	Village of Arbela	General Revenue	170,296	0.5000	0.5000	119,221	0.5000	0.5000	142,028	0.5000	0.5000
	Village of Granger	General Revenue	296,997	0.7493	0.6400	232,421	0.8000	0.6400	210,427	0.8000	0.6400
	City of Memphis	General Revenue	12,555,272	0.2819	0.2700	12,675,141	0.2824	0.2700	12,024,457	0.2986	0.2700
		Streets	12,555,272	0.3524	0.3400	12,675,141	0.3530	0.3400	12,024,457	0.3733	0.3400
		Fire	12,555,272	0.1611	0.1300	12,675,141	0.1614	0.1300	12,024,457	0.1707	0.1300
		Cemetery	12,555,272	0.1000	0.1000	12,675,141	0.1000	0.1000	12,024,457	0.1000	0.1000
		Swimming Pool	12,555,272	0.1712	0.1600	12,675,141	0.1715	0.1600	12,024,457	0.1814	0.1600
	Village of Rutledge	General Revenue	364,845	0.4169	0.4169	370,747	0.4237	0.4237	390,609	0.4237	0.4230
	City of South Gorin	General Revenue	563,057	0.8000	0.8000	551,929	0.8000	0.8000	558,331	0.7999	0.7999
		Fire	563,057	0.2000	0.2000	551,929	0.2000	0.2000	558,331	0.2000	0.2000
	Scotland County Library District	General Revenue	45,975,655	0.1900	0.1900	46,202,658	0.1900	0.1900	46,935,647	0.1900	0.1900
	Gorin R-III School District	Operating Funds-Schools	2,985,614	5.0433	4.1932	3,053,968	4.9801	4.0823	3,064,936	5.1209	4.2734
	Scotland Co R-I School District	Operating Funds-Schools	37,071,244	3.6900	3.1600	37,811,175	3.6900	3.3600	38,165,818	3.6900	3.3600
	Scotland County	General Revenue	45,975,655	0.4945	0.4945	46,202,658	0.4977	0.4977	46,935,647	0.4977	0.4977
		Road & Bridge	45,975,655	0.3430	0.3430	46,202,658	0.3452	0.3452	46,935,647	0.3452	0.3452
		Health	45,975,655	0.1500	0.1500	46,202,658	0.1500	0.1500	46,935,647	0.1500	0.1500
		Special Road and Bridge	45,975,655	0.3100	0.3100	46,202,658	0.3100	0.3100	46,935,647	0.3100	0.3100 A
Scott	Southern Scott Co Ambulance Dist	General Revenue	201,852,670	0.3000	0.2500	203,746,284	0.3000	0.2500	207,722,659	0.3000	0.2700
	North Scott Co Ambulance District	General Revenue	142,241,647	0.3000	0.3000	144,729,434	0.3000	0.3000	148,180,642	0.3000	0.3000
	Illmo Special Road Dist Scott Co	Road & Bridge	47,009,546	0.2955	0.2955	48,032,725	0.3015	0.3015	47,302,828	0.3096	0.3096
	Sikeston Special Road Dist Scott Co	Road & Bridge	172,490,324	0.1797	0.1400	173,888,537	0.1800	0.1400	176,888,146	0.1800	0.1400
	City of Benton	General Revenue	4,779,136	0.5853	0.5853	4,945,222	0.5859	0.5859	5,069,974	0.5859	0.5859
		Parks & Recreation	4,779,136	0.1817	0.1817	4,945,222	0.1819	0.1819	5,069,974	0.1819	0.1819
	Village of Blodgett	General Revenue	1,136,470	0.3631	0.2800	1,093,581	0.3791	0.2800	1,161,199	0.3802	0.2800
	City of Chaffee	General Revenue	15,721,514	0.7650	0.7650	15,822,458	0.7679	0.7679	16,159,018	0.7679	0.7679
		Parks & Recreation	15,721,514	0.1632	0.1632	15,822,458	0.1638	0.1638	16,159,018	0.1638	0.1638
		Library	15,721,514	0.1632	0.1632	15,822,458	0.1638	0.1638	16,159,018	0.1638	0.1638
	Village of Commerce	General Revenue	584,649	0.5000	0.5000	565,759	0.5000	0.5000	615,605	0.5000	0.5000
	Village of Diehlstadt	General Revenue	464,300	0.3411	0.3100	463,980	0.3425	0.3300	482,724	0.3439	0.3439
	Village of Haywood City	General Revenue	455,576	0.4754	0.2900	450,836	0.4839	0.2900	383,993	0.5000	0.2900
	Village of Kelso	General Revenue	4,536,018	0.5000	0.5000	4,725,995	0.5000	0.5000	4,794,805	0.5000	0.5000
		Fire	4,536,018	0.1300	0.1300 A	4,725,995	0.1300	0.1300	4,794,805	0.1300	0.1300

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Scott	City of Miner	General Revenue	18,956,265	0.2939	0.1900	19,347,831	0.2967	0.1900	20,116,242	0.2967	0.1900
	City of Morley	General Revenue	3,305,764	0.6075	0.6075	3,359,408	0.6079	0.6079	3,497,009	0.6079	0.6079
	City of Oran	General Revenue	6,612,577	0.6241	0.6241	6,643,862	0.6270	0.6270	6,927,784	0.6270	0.6270
		Parks & Recreation	6,612,577	0.1873	0.1873	6,643,862	0.1882	0.1882	6,927,784	0.1882	0.1882
	City of Scott City	General Revenue	34,146,792	0.4475	0.4475	37,015,229	0.4500	0.4500	35,846,400	0.4706	0.4706
		Parks & Recreation	34,146,792	0.1599	0.1599	37,015,229	0.1608	0.1608	35,846,400	0.1681	0.1681
		Cemetery	34,146,792	0.0500	0.0500	37,015,229	0.0500	0.0500	35,846,400	0.0500	0.0500
		Debt Service	34,146,792	0.4900	0.4900	37,015,229	0.2886	0.2886	35,846,400	0.4180	0.4180
	Village of Vanduser	General Revenue	1,071,755	0.3331	0.3331	1,026,316	0.3478	0.3331	1,055,540	0.3478	0.3478
		Fire	1,071,755	0.1000	0.1000	1,026,316	0.1000	0.1000	1,055,540	0.1000	0.1000
	City of Sikeston	General Revenue	163,740,872	0.5503	0.5503	164,764,029	0.5530	0.5530	167,727,437	0.5530	0.3693
		Parks & Recreation	163,740,872	0.1601	0.1601	164,764,029	0.1609	0.1609	167,727,437	0.1609	0.1609
		Library	163,740,872	0.1601	0.1601	164,764,029	0.1609	0.1609	167,727,437	0.1609	0.1609
	Scott County Library	General Revenue	216,883,985	0.0965	0.0965	221,211,815	0.0968	0.0968	228,816,568	0.0968	0.0968
	Sikeston Fire Protection District	General Revenue	38,096,353	0.3000	0.1100	38,176,981	0.3000	0.1100	40,602,917	0.3000	0.1100
	NBC Fire Protection District	General Revenue	33,408,516	0.3000	0.3000	33,734,468	0.3000	0.3000	35,292,998	0.3000	0.3000
	Scott County Rural Fire Prot Dist	General Revenue	30,461,316	0.3000	0.3000	31,425,499	0.3000	0.3000	32,553,009	0.3000	0.3000
	Oran Fire Protection District	General Revenue	12,269,551	0.3000	0.3000	12,484,103	0.4019	0.4019	12,956,996	0.4019	0.4019
	Scott City R-I School District	Operating Funds-Schools	43,004,865	2.8081	2.7500	44,351,415	2.8961	2.7500	43,132,990	3.0223	2.7500
		Debt Service	43,004,865	0.4900	0.4900	44,351,415	0.4900	0.4900	43,132,990	0.6068	0.4900
	Chaffee R-II School District	Operating Funds-Schools	19,760,965	2.8494	2.8494	20,205,273	2.8706	2.8494	20,642,830	2.8771	2.8771
		Debt Service	19,760,965	0.8500	0.8500	20,205,273	0.8500	0.8500	20,642,830	1.9038	0.8500
	Scott Co R-IV School District	Operating Funds-Schools	39,077,060	2.7500	2.7500	40,218,940	2.7500	2.7500	41,988,330	2.7500	2.7500
		Debt Service	39,077,060	0.4200	0.4200	40,218,940	0.4200	0.4200	41,988,330	0.4204	0.4200
	Scott Co R-V School District	Operating Funds-Schools	12,374,870	3.1723	2.8500	12,598,660	3.1734	3.1700	12,755,570	3.1993	2.7900
		Debt Service	12,374,870	1.1900	1.1900	12,598,660	0.7200	0.7200	12,755,570	2.1831	1.1000
	Sikeston R-VI School District	Operating Funds-Schools	185,721,278	3.3619	3.0250	187,420,363	3.3983	3.0750	191,695,379	3.4085	3.2500
		Debt Service	185,721,278	0.2250	0.2250	187,420,363	0.1750	0.1750	**	**	**
	Kelso C-7 School District	Operating Funds-Schools	17,875,840	2.8038	2.8038	18,310,150	2.8259	2.8259	18,887,170	2.8328	2.8328
	Oran R-III School District	Operating Funds-Schools	15,218,010	3.5361	3.3200	15,636,810	3.5509	3.3200	16,448,340	3.5800	3.3200
		Debt Service	15,218,010	0.1800	0.1800	15,636,810	0.1800	0.1800	16,448,340	0.8257	0.1800
	Scott County	General Revenue	344,094,316	0.3751	0.1000	348,475,717	0.3760	0.1000	355,903,302	0.3760	0.1000
		Johnson Grass	344,094,316	0.0100	0.0100	348,475,717	0.0100	0.0100	355,903,302	0.0100	0.0100
		Common Road District	124,594,447	0.2989	0.2989	126,554,455	0.2992	0.2992	131,712,326	0.2992	0.2992
		Health	344,094,316	0.1000	0.1000	348,475,717	0.1000	0.1000	355,903,302	0.1000	0.1000
		Senate Bill 40	344,094,316	0.1000	0.0400	348,475,717	0.1000	0.0400	355,903,302	0.1000	0.0400
Shannon	Shannon County Ambulance District	General Revenue	44,519,434	0.1281	0.1281	44,889,618	0.1281	0.1281	45,994,138	0.1281	0.1281

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Shannon	City of Birch Tree	General Revenue	3,364,248	0.3722	0.3722	3,284,199	0.3883	0.3883	3,215,963	0.3984	0.3984
	City of Winona	General Revenue	6,101,807	0.0000	0.0000	6,031,118	0.0000	0.0000	6,145,200	0.0000	0.0000
	Timber Community Fire Prot Dist	General Revenue	2,730,560	0.3000	0.3000	2,813,600	0.3000	0.3000	2,837,965	0.3000	0.3000
	Winona R-III School District	Operating Funds-Schools	12,973,962	2.7500	2.7500	13,159,112	2.7500	2.7500	13,523,574	2.7500	2.7500
	Eminence R-I School District	Operating Funds-Schools	14,921,575	2.7500	2.7500	15,213,475	2.7500	2.7500	15,621,290	2.7500	2.7500
		Debt Service	14,921,575	0.6900	0.6900	15,213,475	0.6900	0.6900	15,621,290	0.6900	0.6900
	Shannon County	General Revenue	56,250,724	0.3046	0.0500	56,968,890	0.3046	0.1100	58,326,416	0.3053	0.1100
		Road & Bridge	56,250,724	0.2358	0.2358	56,968,890	0.2358	0.2358	58,326,416	0.2363	0.2358
		Health	56,250,724	0.0975	0.0975	56,968,890	0.0975	0.0975	58,326,416	0.0977	0.0977
		Senate Bill 40	56,250,724	0.0975	0.0975	56,968,890	0.0975	0.0975	58,326,416	0.0977	0.0975
		Senior Services	56,250,724	0.0487	0.0487	56,968,890	0.0487	0.0487	58,326,416	0.0488	0.0488
Shelby	Salt River Ambulance District	General Revenue	67,960,723	0.2500	0.2500	68,779,151	0.2500	0.2500	68,389,955	0.2500	0.2500
	Clarence Nursing Home District	General Revenue	18,428,320	0.2200	0.2200	18,711,604	0.2200	0.2200	19,044,539	0.2200	0.2200
	Salt River Nursing Home District	General Revenue	59,163,175	0.1500	0.1500	59,910,054	0.1500	0.1500	59,143,104	0.1500	0.1500
	Shelbina Special Rd Dist Shelby Co	Road & Bridge	20,018,771	0.4700	0.4700	19,864,524	0.4700	0.4700	19,462,581	0.4700	0.4700
	Village of Bethel	General Revenue	522,412	0.7500	0.7500	537,512	0.7500	0.7500	500,940	0.7500	0.7500
		Lights	522,412	0.2500	0.2500	537,512	0.2500	0.2500	500,940	0.2500	0.2500
	City of Clarence	General Revenue	4,647,998	0.9435	0.9435	4,617,202	0.9578	0.9578	4,601,347	1.0000	1.0000
		Library	4,647,998	0.1000	0.1000	4,617,202	0.1000	0.1000	4,601,347	0.1000	0.1000
		Streets	4,647,998	0.2000	0.2000	4,617,202	0.2000	0.2000	4,601,347	0.2000	0.2000
	City of Hunnewell	General Revenue	869,621	0.8586	0.8000	898,225	0.8683	0.8000	896,583	0.8752	0.8500
	Village of Leonard	General Revenue	539,139	0.5000	0.4600	534,860	0.5000	0.4600	543,496	0.4999	0.4600
	City of Shelbina	General Revenue	15,385,621	0.7619	0.7600	15,207,676	0.7877	0.7800	14,863,195	0.8111	0.8100
		Library	15,385,621	0.2235	0.2200	15,207,676	0.2311	0.2200	14,863,195	0.2380	0.2300
	City of Shelbyville	General Revenue	3,104,469	0.8430	0.8430	3,098,841	0.8473	0.8473	3,205,646	0.8488	0.8488
		Gen Rev-Temp	3,104,469	0.3000	0.3000 A	3,098,841	0.3000	0.3000	3,205,646	0.3000	0.3000
	Shelbina Fire Protection District	General Revenue	34,058,729	0.2128	0.2128	34,212,971	0.2158	0.2158	33,894,479	0.2193	0.2193
	North Shelby School District	Operating Funds-Schools	22,712,514	3.9550	3.4700	23,647,459	3.9484	3.4900	23,478,719	4.0890	3.5200
		Debt Service	22,712,514	0.3300	0.3300	23,647,459	0.3300	0.3300	23,478,719	0.6027	0.3300
	Shelby Co R-IV School District	Operating Funds-Schools	45,326,153	3.3700	3.3700	45,896,174	3.3700	3.3700	45,795,112	3.3700	3.3700
		Operating Funds-Temp	45,326,153	0.3800	0.3800	45,896,174	0.3800	0.3800	45,795,112	0.3800	0.3800
	Shelby County	General Revenue	71,824,374	0.4613	0.3000	72,663,804	0.4660	0.3000	72,312,649	0.4757	0.3600
		Road & Bridge	51,806,388	0.3500	0.3500	50,282,029	0.3500	0.3500	50,331,001	0.3500	0.3500
		Health	71,824,374	0.2500	0.2500	72,663,804	0.2500	0.2500	72,312,649	0.2500	0.2500
Stoddard	Stoddard County Ambulance District	General Revenue	309,902,112	0.2002	0.2002	313,280,837	0.2004	0.2004	325,692,889	0.2004	0.2004
	Bluff Spec Rd Dist Stoddard Co	Johnson Grass	8,361,495	0.0500	0.0500	8,573,857	0.0500	0.0500	9,005,555	0.0500	0.0500
		Road & Bridge	8,361,495	0.1460	0.1460	8,573,857	0.1460	0.1460	9,005,555	0.1460	0.1460

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Stoddard	Bluff Spec Rd Dist Stoddard Co	Special Road and Bridge	8,361,495	0.3500	0.3500 ^A	8,573,857	0.3500	0.3500	9,005,555	0.3500	0.3500
	Crowder Zeta Sp Rd Dist Stoddard Co	Johnson Grass	2,757,252	0.0500	0.0500	2,762,489	0.0500	0.0500	2,755,411	0.0500	0.0500
		Road & Bridge	2,757,252	0.2763	0.2763	2,762,489	0.2763	0.2763	2,755,411	0.2788	0.2788
	Dudley Spec Rd Dist Stoddard Co	Johnson Grass	10,089,388	0.0500	0.0500	11,104,805	0.0500	0.0500	11,947,708	0.0500	0.0500
		Road & Bridge	10,089,388	0.2608	0.2608	11,104,805	0.2618	0.2618	11,947,708	0.2618	0.2618
		Special Road and Bridge	10,089,388	0.2500	0.2500	11,104,805	0.2500	0.2500 ^A	11,947,708	0.2500	0.2500
	Essex Spec Rd Dist Stoddard Co	Johnson Grass	12,274,702	0.0500	0.0500	12,470,285	0.0500	0.0500	12,959,675	0.0500	0.0500
		Road & Bridge	12,274,702	0.2416	0.2400	12,470,285	0.2416	0.2416	12,959,675	0.2416	0.2416
		Special Road and Bridge	12,274,702	0.3500	0.3500	12,470,285	0.3500	0.3500	12,959,675	0.3500	0.3500
	Gray Ridge Spec Rd Dist Stoddard Co	Road & Bridge	8,278,057	0.2946	0.2946	7,926,289	0.3079	0.3079	8,163,665	0.3067	0.3067
	Lavalle Spec Road Dist Stoddard Co	Road & Bridge	2,273,547	0.3499	0.3499	2,320,160	0.3500	0.3500	2,343,083	0.3500	0.3500
	City of Bell City	General Revenue	1,874,804	0.6828	0.6828	1,931,386	0.6828	0.6828	1,943,648	0.6828	0.6828
	City of Bernie	General Revenue	12,261,164	0.4842	0.4842	12,231,732	0.4897	0.4897	12,261,601	0.4960	0.4960
		Parks & Recreation	12,261,164	0.0900	0.0900	12,231,732	0.0900	0.0900	12,261,601	0.0900	0.0900
	City of Bloomfield	General Revenue	9,380,498	0.4800	0.4800	9,459,454	0.4804	0.4800	9,659,987	0.4835	0.4835
		Library	9,380,498	0.1400	0.1400	9,459,454	0.1401	0.1400	9,659,987	0.1410	0.1410
		Debt Service	9,380,498	0.2115	0.2115	9,459,454	0.1853	0.1853	9,659,987	0.2652	0.2652
	City of Dexter	General Revenue	75,002,183	0.4972	0.4972	77,232,112	0.4972	0.4972	80,165,837	0.4972	0.4972
		Parks & Recreation	75,002,183	0.1392	0.0000	**	**	**	**	**	**
		Library	75,002,183	0.1392	0.1392	77,232,112	0.1392	0.1392	80,165,837	0.1392	0.1392
	City of Dudley	General Revenue	3,333,503	0.5376	0.5376	4,279,885	0.5376	0.5376	4,844,477	0.5376	0.5376
	City of Essex	General Revenue	2,681,690	0.3923	0.3923	2,844,126	0.3940	0.3940	2,906,539	0.3940	0.3940
		Debt Service	2,681,690	0.0000	0.0000	**	**	**	**	**	**
	City of Puxico	General Revenue	5,345,889	0.4852	0.4852	5,531,818	0.4873	0.4873	5,497,786	0.4948	0.4948
		Parks & Recreation	5,345,889	0.2079	0.2079	5,531,818	0.2088	0.2088	5,497,786	0.2120	0.2120
		Library	5,345,889	0.0693	0.0693	5,531,818	0.0696	0.0696	5,497,786	0.0707	0.0707
		Health	5,345,889	0.0990	0.0990	5,531,818	0.0994	0.0994	5,497,786	0.1009	0.1009
		Cemetery	5,345,889	0.0990	0.0990	5,531,818	0.0994	0.0994	5,497,786	0.1009	0.1009
	Village of Pendermon	General Revenue	144,629	0.3879	0.3879	140,586	0.3990	0.3990	141,199	0.3990	0.3990
	Castor Township of Stoddard Co	General Revenue	43,198,904	0.0700	0.0700	43,858,391	0.0700	0.0700	45,341,593	0.0700	0.0700
		Road & Bridge	34,837,409	0.2200	0.2200	35,284,534	0.2210	0.2200	36,336,038	0.2210	0.2210
	Duck Creek Township of Stoddard Co	General Revenue	31,793,417	0.1000	0.1000	33,082,827	0.1000	0.1000	34,686,410	0.1000	0.1000
		Johnson Grass	21,704,029	0.0500	0.0500	21,978,022	0.0500	0.0500	34,686,410	0.0376	0.0376
		Road & Bridge	21,704,029	0.2500	0.2500	21,978,022	0.2518	0.2500	22,738,702	0.2518	0.2518
		Special Road and Bridge	21,704,029	0.3500	0.3500	21,978,022	0.3500	0.3500	22,738,702	0.3500	0.3500 ^A
	Elk Township of Stoddard Co	General Revenue	11,706,303	0.1000	0.1000	11,619,807	0.1000	0.1000	12,093,578	0.1000	0.1000
		Road & Bridge	9,432,757	0.3054	0.3054	9,299,647	0.3102	0.3102	9,750,495	0.3102	0.3102

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Stoddard	Elk Township of Stoddard Co	Special Road and Bridge	**	**	**	9,299,647	0.3500	0.3500 A	9,750,495	0.3500	0.3500
	Liberty Township of Stoddard Co	General Revenue	151,783,302	0.0800	0.0700	153,228,687	0.0800	0.0700	158,482,425	0.0800	0.0700
		Johnson Grass	151,783,302	0.0500	0.0500	153,228,687	0.0500	0.0500	158,482,425	0.0500	0.0500
		Road & Bridge	151,783,302	0.3500	0.0800	153,228,687	0.3500	0.0800	158,482,425	0.3500	0.0800
		Special Road and Bridge	151,783,302	0.3500	0.3500	153,228,687	0.3500	0.3500	158,482,425	0.3500	0.3500 A
	New Lisbon Township of Stoddard Co	General Revenue	8,395,449	0.0800	0.0800	8,435,124	0.0809	0.0809	8,889,548	0.0809	0.0809
		Johnson Grass	8,395,449	0.0500	0.0500	8,435,124	0.0500	0.0500	8,889,548	0.0500	0.0500
		Road & Bridge	8,395,449	0.2300	0.2300	8,435,124	0.2325	0.2325	8,889,548	0.2325	0.2325
		Special Road and Bridge	8,395,449	0.3500	0.3500	8,435,124	0.3500	0.3500	8,889,548	0.3500	0.3500
	Pike Township of Stoddard Co	General Revenue	40,806,304	0.0900	0.0900	40,989,842	0.0905	0.0905	43,441,394	0.0905	0.0905
		Johnson Grass	38,049,052	0.0426	0.0400	38,227,353	0.0429	0.0429	43,441,394	0.0407	0.0407
		Road & Bridge	38,049,052	0.2300	0.2300	38,227,353	0.2314	0.2314	40,685,983	0.2314	0.2314
	Richland Township of Stoddard Co	General Revenue	22,218,431	0.0805	0.0805	22,066,159	0.0813	0.0813	22,757,943	0.0813	0.0813
		Road & Bridge	1,665,672	0.3500	0.3500	1,669,585	0.3500	0.3500	1,634,603	0.3500	0.3500
	Richland R-I School District	Operating Funds-Schools	19,269,318	4.0121	3.1500	19,148,139	4.0874	3.1000	19,648,482	4.1978	3.5700
		Debt Service	19,269,318	0.3300	0.3300	19,148,139	0.3300	0.3300	19,648,482	0.3464	0.3300
	Bell City R-II School District	Operating Funds-Schools	17,933,057	3.2780	2.7500	17,862,183	3.3409	3.1500	19,258,188	3.3347	3.1500
		Debt Service	17,933,057	0.3975	0.3975	**	**	**	**	**	**
	Advance R-IV School District	Operating Funds-Schools	23,777,406	2.7500	2.7500	24,373,764	2.7500	2.7500	24,977,540	2.7862	2.7500
		Debt Service	23,777,406	0.4300	0.4300	24,373,764	0.4300	0.4300	24,977,540	0.6190	0.4300
	Puxico R-VIII School District	Operating Funds-Schools	30,652,627	2.7500	2.7500	31,645,954	2.7500	2.7500	63,914,342	2.7500	2.7500
	Bloomfield R-XIV School District	Operating Funds-Schools	33,031,240	2.7785	2.7500	33,665,071	2.7932	2.7500	34,563,120	2.7928	2.7500
	Dexter R-XI School District	Operating Funds-Schools	127,422,352	2.7500	2.7500	130,237,379	2.7500	2.7500	134,412,362	2.7500	2.7500
		Debt Service	127,422,352	0.5700	0.5700	130,237,379	0.5700	0.5700	134,412,362	0.8819	0.5700
	Bernie R-XIII School District	Operating Funds-Schools	27,000,183	2.7787	2.7787	26,853,320	2.8213	2.8213	27,229,774	2.8743	2.8641
		Debt Service	27,000,183	0.3000	0.3000	26,853,320	0.3000	0.3000	27,229,774	0.4183	0.3000
	Stoddard County	General Revenue	309,902,112	0.2502	0.0700	313,280,837	0.2505	0.0000	325,692,889	0.2505	0.0000
		Johnson Grass	309,902,112	0.0500	0.0000	313,280,837	0.0500	0.0000	325,692,889	0.0500	0.0000
		Health	309,902,112	0.1000	0.1000	313,280,837	0.1000	0.1000	325,692,889	0.1000	0.1000
		Senate Bill 40	309,902,112	0.0801	0.0800	313,280,837	0.0802	0.0800	325,692,889	0.0802	0.0800
Stone	City of Crane	General Revenue	5,662,434	0.5335	0.5335	5,771,922	0.5335	0.5335	5,880,614	0.8335	0.8335
		Parks & Recreation	5,662,434	0.1310	0.1310	5,771,922	0.1310	0.1310	5,880,614	0.1316	0.1316
		Library	5,662,434	0.1310	0.0000	5,771,922	0.1310	0.0000	5,880,614	0.1316	0.0000
		Debt Service	5,662,434	0.2977	0.2977	5,771,922	0.3630	0.3630	**	**	**
	City of Galena	General Revenue	2,152,828	0.5061	0.5061	2,115,531	0.5174	0.5174	2,241,463	0.5174	0.5174
	City of Hurley	General Revenue	571,081	0.6035	0.6035	542,893	0.6434	0.6434	594,351	0.6435	0.6435
	City of Kimberling City	General Revenue	31,638,473	0.4547	0.4547	32,681,557	0.4553	0.4553	32,251,127	0.4664	0.4664

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Stone	City of Reeds Spring	General Revenue	2,696,070	0.6779	0.6779	2,844,915	0.6666	0.6666	3,621,494	0.6666	0.6666
	Village of McCord Bend	General Revenue	872,558	0.5000	0.5000	835,820	0.5000	0.5000	852,391	0.5000	0.5000
	Stone County Library	General Revenue	337,141,134	0.0702	0.0702	351,143,618	0.0702	0.0702	363,424,924	0.0702	0.0702
	Southern Stone Co Fire Prot Dist	General Revenue	266,675,068	0.2713	0.2713	277,887,081	0.2713	0.1900	287,280,622	0.2713	0.0000
	Hurley Fire Protection District	General Revenue	9,527,085	0.3286	0.3286	10,554,286	0.3204	0.3204	10,863,626	0.3243	0.3243
	North Stone-Northeast Barry FPD	General Revenue	20,717,515	0.2925	0.2925	21,491,840	0.2925	0.2925	22,011,048	0.2929	0.2929
	Hurley R-I School District	Operating Funds-Schools	7,020,757	3.5419	3.5419	7,279,065	3.9700	3.9700	7,681,725	3.9700	3.9700
		Debt Service	7,020,757	0.3204	0.3204	7,279,065	0.5802	0.5802	7,681,725	0.5893	0.5802
	Galena R-II School District	Operating Funds-Schools	19,642,853	3.2417	3.2417	20,076,846	3.2142	3.2142	20,499,327	3.2248	3.2248
		Debt Service	19,642,853	0.5248	0.5248	20,076,846	0.5322	0.5322	20,499,327	0.5601	0.5601
	Crane R-III School District	Operating Funds-Schools	17,118,099	3.2030	3.2030	17,783,721	3.1794	3.1794	15,800,517	3.2210	3.2210
	Reeds Spring R-IV School District	Operating Funds-Schools	205,451,581	2.7500	2.7500	214,205,514	2.7500	2.7500	222,510,782	2.9500	2.9500
		Debt Service	205,451,581	0.7100	0.7100	214,205,514	0.7100	0.7100	222,510,782	1.3848	0.7100
	Blue Eye R-V School District	Operating Funds-Schools	58,417,873	3.1243	3.1000	61,102,374	3.1183	3.1000	63,037,466	3.3500	3.2000
		Debt Service	58,417,873	0.8000	0.8000	61,102,374	0.8000	0.8000	63,037,466	1.1222	0.8000
	Stone County	General Revenue	337,141,134	0.2912	0.1300	351,143,618	0.2912	0.1300	363,424,924	0.2912	0.1300
		Road & Bridge	337,141,134	0.2109	0.0000	351,143,618	0.2109	0.0000	363,424,924	0.2109	0.0000
		Health	337,141,134	0.0803	0.0803	351,143,618	0.0803	0.0803	363,424,924	0.0803	0.0803
		Senior Services	337,141,134	0.0494	0.0494	351,143,618	0.0494	0.0494	363,424,924	0.0494	0.0494
Sullivan	Sullivan County Ambulance District	General Revenue	66,050,455	0.5013	0.5013	67,232,594	0.5013	0.5013	66,333,065	0.5013	0.5013
	Locust Creek Watershed Subdistrict	General Revenue	19,583,795	0.3835	0.3835	19,801,267	0.3858	0.3858	20,166,478	0.3858	0.3858
	Harris Spec Rd Dist Sullivan Co	Road & Bridge	412,640	0.3500	0.3500	414,639	0.3500	0.3500	427,992	0.3498	0.3498
	Milan Special Road Dist Sullivan Co	Road & Bridge	11,166,670	0.2892	0.2892	11,195,805	0.2927	0.2927	10,488,392	0.3134	0.3134
	West Buchanan Road Dist Sullivan Co	Road & Bridge	2,072,398	0.3500	0.3500	2,203,297	0.3500	0.3500	2,302,720	0.3500	0.3500
		Special Road and Bridge	2,072,398	0.3500	0.3500	2,203,297	0.3500	0.3500	2,302,720	0.3500	0.3500
	City of Green Castle	General Revenue	896,521	0.5414	0.5414	895,784	0.5451	0.5141	879,240	0.5557	0.5557
		Debt Service	896,521	1.2345	1.2345	895,784	1.2802	1.2802	**	**	**
	City of Green City	General Revenue	3,979,395	0.4665	0.4665	3,930,268	0.5035	0.5035	3,933,684	0.5039	0.5000
		Lights	3,979,395	0.1724	0.1724	3,930,268	0.1800	0.1800	3,933,684	0.1800	0.1800
		Fire	3,979,395	0.2839	0.2839	3,930,268	0.3064	0.3064	3,933,684	0.3066	0.3000
	City of Harris	General Revenue	167,264	0.9000	0.9000	166,485	0.9000	0.9000	151,024	0.9000	0.9000
	Village of Humphreys	General Revenue	253,921	0.6712	0.6712	232,980	0.7500	0.7500	306,312	0.7349	0.7300
		Parks & Recreation	253,921	0.4979	0.4979	232,980	0.5000	0.5000	306,312	0.4902	0.4900
		Lights	253,921	1.2989	0.1000	232,980	1.4524	0.0100	306,312	1.4238	0.0100
		Streets	253,921	0.8662	0.0100	232,980	0.9684	0.0100	306,312	0.9492	0.0100
	City of Milan	General Revenue	11,130,804	0.6710	0.6700	11,135,554	0.6807	0.6800	10,376,507	0.7329	0.6800
		Park	11,130,804	0.1000	0.1000	11,135,554	0.1000	0.1000	10,376,507	0.1000	0.1000

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Sullivan	City of Milan	Recreation	11,130,804	0.0500	0.0500	11,135,554	0.0500	0.0500	10,376,507	0.0500	0.0500
	Village of Newtown	General Revenue	732,621	2.2754	1.7000	689,551	2.4475	1.7320	685,206	2.4667	1.9120
		Debt Service	732,621	0.4163	0.4163	689,551	0.3843	0.3843	685,206	0.2036	0.2036
	Village of Osgood	General Revenue	83,371	1.2354	1.2300	95,336	1.2453	1.2300	95,672	1.2449	1.2300
		General Revenue-temp	83,371	0.3000	0.3000	95,336	0.3000	0.3000	95,672	0.3000	0.3000
	Sullivan County Library	General Revenue	66,050,455	0.1000	0.1000	67,232,594	0.1000	0.1000	66,333,065	0.1000	0.1000
	Bowman Township of Sullivan Co	General Revenue	5,503,926	0.1000	0.1000	5,474,113	0.1000	0.1000	5,463,877	0.1000	0.1000
		Road & Bridge	5,503,926	0.5000	0.5000	5,474,113	0.5000	0.5000	5,463,877	0.5000	0.5000
		Special Road and Bridge	5,503,926	0.3500	0.3500	5,474,113	0.3500	0.3500	5,463,877	0.3500	0.3500
	Buchanan Township of Sullivan Co	General Revenue	3,149,101	0.1000	0.1000	3,282,695	0.1000	0.1000	3,422,874	0.1000	0.1000
		Road & Bridge	3,149,101	0.5000	0.5000	3,282,695	0.5000	0.5000	3,422,874	0.5000	0.5000
		Special Road and Bridge	3,149,101	0.3500	0.3500	3,282,695	0.3500	0.3500	3,422,874	0.3500	0.3500
	Clay Township of Sullivan Co	General Revenue	4,928,119	0.1000	0.1000	4,985,465	0.1000	0.1000	5,194,377	0.0983	0.0983
		Road & Bridge	4,928,119	0.5000	0.5000	4,985,465	0.5000	0.5000	5,194,377	0.4917	0.4917
		Special Road and Bridge	4,928,119	0.3500	0.3500	4,985,465	0.3500	0.3500 A	5,194,377	0.3442	0.3442
	Duncan Township of Sullivan Co	General Revenue	3,410,520	0.1000	0.1000	3,339,730	0.1000	0.1000	3,280,773	0.1000	0.1000
		Road & Bridge	3,410,520	0.4760	0.4760	3,339,730	0.4922	0.4760	3,280,773	0.5000	0.5000
		Special Road and Bridge	3,410,520	0.3500	0.3500	3,339,730	0.3500	0.3500 A	3,280,773	0.3500	0.3500
	Jackson Township of Sullivan Co	General Revenue	4,071,705	0.1000	0.1000	4,060,793	0.1000	0.1000	4,099,122	0.1000	0.1000
		Road & Bridge	4,071,705	0.4734	0.4734	4,060,793	0.4780	0.4780	4,099,122	0.4780	0.4780
		Special Road and Bridge	4,071,705	0.3500	0.3500	4,060,793	0.3500	0.3500	4,099,122	0.3500	0.3500
	Liberty Township of Sullivan Co	General Revenue	2,670,037	0.1000	0.1000	2,684,877	0.1000	0.1000	2,665,152	0.1000	0.1000
		Road & Bridge	2,670,037	0.5000	0.5000	2,684,877	0.5000	0.5000	2,665,152	0.5000	0.5000
		Special Road and Bridge	2,670,037	0.3500	0.3500	2,684,877	0.3500	0.3500	2,665,152	0.3500	0.3500 A
	Morris Township of Sullivan Co	General Revenue	2,265,846	0.1000	0.1000	2,332,440	0.1000	0.1000	2,447,850	0.1000	0.1000
		Road & Bridge	2,265,846	0.5000	0.5000	2,332,440	0.5000	0.5000	2,447,850	0.5000	0.5000
		Special Road and Bridge	2,265,846	0.3500	0.3500	2,332,440	0.3500	0.3500	2,447,850	0.3500	0.3500
	Penn Township of Sullivan Co	General Revenue	9,252,878	0.1000	0.1000	9,255,217	0.1000	0.1000	9,354,918	0.1000	0.1000
		Road & Bridge	9,252,878	0.3929	0.3929	9,255,217	0.3958	0.3958	9,354,918	0.5000	0.5000
	Pleasant Hill Township, Sullivan Co	General Revenue	3,442,188	0.1000	0.1000	3,544,949	0.1000	0.1000	3,548,216	0.1000	0.1000
		Road & Bridge	3,442,188	0.5000	0.5000	3,544,949	0.5000	0.5000	3,548,216	0.5000	0.5000
		Special Road and Bridge	3,442,188	0.3500	0.3500	3,544,949	0.3500	0.3500 A	3,548,216	0.3500	0.3500
	Polk Township of Sullivan Co	General Revenue	22,271,014	0.1000	0.1000	23,086,565	0.1000	0.1000	21,377,976	0.1000	0.1000
		Road & Bridge	22,271,014	0.5000	0.5000	23,086,565	0.5000	0.5000	21,377,976	0.5000	0.5000
		Special Road and Bridge	22,271,014	0.3500	0.3500	23,086,565	0.3500	0.3500	21,377,976	0.3500	0.3500 A
	Taylor Township of Sullivan Co	General Revenue	1,524,006	0.1000	0.1000	1,482,161	0.1000	0.1000	1,481,610	0.1000	0.1000
		Road & Bridge	1,524,006	0.5000	0.5000	1,482,161	0.5000	0.5000	1,481,610	0.5000	0.5000

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Sullivan	Taylor Township of Sullivan Co	Special Road and Bridge	1,524,006	0.3500	0.3500	1,482,161	0.3500	0.3500 A	1,481,610	0.3500	0.3500
	Union Township of Sullivan Co	General Revenue	3,593,203	0.1000	0.1000	3,717,965	0.1000	0.1000	3,928,929	0.1000	0.1000
		Road & Bridge	3,593,203	0.5000	0.5000	3,717,965	0.5000	0.5000	3,928,929	0.5000	0.5000
		Special Road and Bridge	3,593,203	0.3500	0.3500	3,717,965	0.3500	0.3500 A	3,928,929	0.3500	0.3500
	Medicine Creek Fire Protection Dist	General Revenue	20,333,337	0.3000	0.3000	20,394,335	0.3000	0.3000	20,488,403	0.3000	0.3000
	Galt Fire Protection District	General Revenue	11,216,146	0.3000	0.3000	11,513,227	0.3000	0.3000	11,431,909	0.3000	0.3000
	Green City R-I School District	Operating Funds-Schools	16,358,029	4.4361	3.8179	16,709,072	4.4626	3.8209	17,109,277	4.4969	3.8412
		Debt Service	16,358,029	0.5800	0.5800	16,709,072	0.5800	0.5800	17,109,277	0.9568	0.5800
	Milan C-2 School District	Operating Funds-Schools	32,126,682	3.6395	2.9149	33,123,592	3.6841	3.1000	31,349,876	3.7400	3.3500
	Newtown-Harris R-III School Dist	Operating Funds-Schools	8,738,893	6.6869	5.0000	8,948,912	6.7267	5.0000	9,149,667	6.7206	5.0000
	Sullivan County	General Revenue	66,050,455	0.4000	0.2300	67,232,594	0.4000	0.2575	66,333,065	0.4000	0.2707
		Health	66,050,455	0.2504	0.2504	67,232,594	0.2504	0.2504	66,333,065	0.2504	0.2504
		Hospital	66,050,455	0.4300	0.4300	67,232,594	0.4300	0.4300	66,333,065	0.4300	0.4300
Taney	Taney County Ambulance District	General Revenue	667,591,021	0.2009	0.2009	683,264,086	0.2009	0.0000	703,019,206	0.2014	0.0000
	City of Branson	General Revenue	342,750,965	0.4842	0.4842	346,522,817	0.4853	0.4851	362,056,586	0.4853	0.4853
	City of Forsyth	General Revenue	17,658,929	0.5344	0.5344	17,979,655	0.5344	0.5344	19,136,770	0.5344	0.5344
		Debt Service	17,658,929	0.3500	0.3500	17,979,655	0.3500	0.3500	19,136,770	0.4816	0.3500
	City of Hollister	General Revenue	33,233,646	0.5523	0.2700	35,016,215	0.5496	0.5400	35,213,693	0.5677	0.5677
		Debt Service	33,233,646	0.1200	0.1200	35,016,215	0.1800	0.1800	35,213,693	0.1285	0.1285
	City of Rockaway Beach	General Revenue	5,221,514	0.6830	0.6830	5,243,976	0.6837	0.6837	5,129,360	0.6857	0.6857
		Debt Service	5,221,514	0.6781	0.6781	5,243,976	0.6696	0.6696	5,129,360	0.9928	0.9928
	Village of Merriam Woods	General Revenue	5,210,866	0.4970	0.4970	5,298,320	0.4974	0.4974	5,197,198	0.5000	0.5000
		Debt Service	5,210,866	0.5382	0.5382	5,298,320	0.4730	0.4730	5,197,198	0.2703	0.2703
	Village of Bull Creek	General Revenue	465,809	0.5000	0.4945	418,100	0.5000	0.4945	469,107	0.5000	0.4945
	Western Taney Co Fire Prot Dist	General Revenue	205,947,167	0.3889	0.3889	211,010,919	0.3896	0.3896	213,112,281	0.3900	0.3900
	Central Taney County Fire Prot Dist	General Revenue	52,064,097	0.4100	0.4100	53,781,509	0.4100	0.4100	55,142,520	0.4100	0.4100
	Bradleyville R-I School District	Operating Funds-Schools	6,044,807	3.4938	3.3500	6,060,607	3.6124	3.4000	6,289,995	3.9124	3.7000 B
		Debt Service	6,044,807	0.3500	0.3500	6,060,607	0.3000	0.3000	**	**	**
	Taneyville R-II School District	Operating Funds-Schools	7,288,619	3.3802	3.3800	7,643,129	3.3429	3.3429	7,854,155	3.3208	3.3208
		Debt Service	7,288,619	0.9400	0.9400	7,643,129	0.8273	0.8273	7,854,155	1.1688	0.8494
	Forsyth R-III School District	Operating Funds-Schools	54,282,410	2.7500	2.7500	55,779,688	2.7500	2.7500	56,934,739	3.3200	3.3200 B
		Debt Service	54,282,410	0.6300	0.6300	55,779,688	0.6700	0.6700	56,934,739	0.6700	0.4200
	Branson R-IV School District	Operating Funds-Schools	458,077,085	2.7500	2.6700	463,938,621	2.7500	2.7500	474,373,969	2.7500	2.7500
		Debt Service	458,077,085	0.7000	0.7000	463,938,621	0.7000	0.7000	474,373,969	0.8214	0.7000
	Hollister R-V School District	Operating Funds-Schools	91,121,429	3.7113	3.3900	96,513,201	3.6616	3.3900	104,156,729	3.6626	3.4400
		Debt Service	91,121,429	0.6000	0.6000	96,513,201	0.8500	0.8500	104,156,729	0.8075	0.8000
	Kirbyville R-VI School District	Operating Funds-Schools	23,609,775	3.0870	3.0800	24,771,711	3.0662	3.0662	25,646,649	3.3725	3.3725 B

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Taney	Kirbyville R-VI School District	Debt Service	23,609,775	0.9000	0.9000	24,771,711	0.9000	0.9000	25,646,649	1.4445	0.9000
	Mark Twain R-VIII School District	Operating Funds-Schools	4,525,417	3.1374	3.1374	4,626,082	3.1337	3.1323	4,965,926	3.5013	3.5000
	Taney County	General Revenue	667,591,021	0.2611	0.0000	683,264,086	0.2611	0.0000	703,019,206	0.2618	0.0000
		Road & Bridge	667,591,021	0.2009	0.0000	683,264,086	0.2009	0.0000	703,019,206	0.2014	0.0000
		Health	667,591,021	0.1404	0.1400	683,264,086	0.1404	0.1404	703,019,206	0.1404	0.1404
		Developmentally Disabled	667,591,021	0.0904	0.0904	683,264,086	0.0904	0.0904	703,019,206	0.0906	0.0904
Texas	City of Cabool	General Revenue	14,299,040	0.7379	0.7379	14,140,472	0.7506	0.7506	14,123,535	0.7542	0.7542
	City of Houston	General Revenue	15,336,332	0.3381	0.3381	17,456,752	0.3409	0.3409	17,856,675	0.3409	0.3409
		Debt Service	15,336,332	0.1819	0.1819	17,456,752	0.2881	0.2881	17,856,675	0.3526	0.3526
	City of Licking	General Revenue	9,262,278	0.4025	0.4025	9,092,111	0.4198	0.4198	8,561,939	0.4489	0.4489
		Debt Service	9,262,278	0.1922	0.1922	9,092,111	0.1716	0.1716	8,561,939	0.2815	0.2311
	Village of Raymondville	General Revenue	1,664,214	0.3543	0.3543	1,686,042	0.3543	0.3543	1,667,947	0.3582	0.3582
	City of Summersville	General Revenue	2,274,041	0.6365	0.6365	2,340,659	0.6365	0.6365	2,491,170	0.6365	0.6365
		Debt Service	2,274,041	0.9935	0.9935	2,340,659	0.9225	0.9225	2,491,170	0.8869	0.8869
	Texas County Library District	General Revenue	141,663,427	0.1000	0.1000	146,654,992	0.1000	0.1000	146,875,074	0.1000	0.1000
	Boone Township of Texas Co	General Revenue	1,325,595	0.1000	0.0500	1,442,156	0.1000	0.0750	1,505,357	0.1000	0.0750
		Road & Bridge	1,325,595	0.2836	0.2103	1,442,156	0.2835	0.2469	1,505,357	0.2835	0.2469
	Burdine Township of Texas Co	General Revenue	22,618,070	0.0913	0.0913	22,911,874	0.0913	0.0913	22,575,871	0.0932	0.0932
		Road & Bridge	22,618,070	0.3045	0.3045	22,911,874	0.3045	0.3045	22,575,871	0.3108	0.3108
	Carroll Township of Texas Co	General Revenue	5,594,820	0.1000	0.1000	5,886,461	0.0991	0.0991	5,860,278	0.1000	0.1000
		Road & Bridge	5,594,820	0.3480	0.3480	5,886,461	0.3448	0.3448	5,860,278	0.3530	0.3530
	Cass Township of Texas Co	General Revenue	7,144,686	0.1000	0.1000	7,434,231	0.1000	0.1000	7,491,884	0.1000	0.1000
		Road & Bridge	7,144,686	0.3336	0.3336	7,434,231	0.3336	0.3336	7,491,884	0.3352	0.3352
	Clinton Township of Texas Co	General Revenue	11,307,905	0.1000	0.1000	11,341,548	0.1000	0.1000	11,014,121	0.1000	0.1000
		Road & Bridge	11,307,905	0.5000	0.5000	11,341,548	0.5000	0.5000	11,014,121	0.5000	0.5000
	Current Township of Texas Co	General Revenue	1,416,220	0.0986	0.0986	1,524,528	0.0956	0.0956	1,466,459	0.0994	0.0994
		Road & Bridge	1,416,220	0.2993	0.2993	1,524,528	0.2903	0.2903	1,466,459	0.3018	0.3018
	Date Township of Texas Co	General Revenue	2,730,169	0.0914	0.0914	2,902,161	0.0892	0.0892	2,820,771	0.0920	0.0920
		Road & Bridge	2,730,169	0.2845	0.2845	2,902,161	0.2777	0.2777	2,820,771	0.2864	0.2864
	Jackson Township of Texas Co	General Revenue	6,345,656	0.1000	0.1000	6,640,605	0.1000	0.1000	6,609,392	0.1000	0.1000
		Road & Bridge	6,345,656	0.3553	0.3553	6,640,605	0.3553	0.3553	6,609,392	0.3598	0.3598
	Lynch Township of Texas Co	General Revenue	7,412,769	0.1000	0.1000	7,765,792	0.1000	0.1000	7,974,071	0.1000	0.1000
		Road & Bridge	7,412,769	0.3058	0.3058	7,765,792	0.3058	0.3058	7,974,071	0.3058	0.3058
	Morris Township of Texas Co	General Revenue	5,177,901	0.1000	0.1000	5,436,210	0.1000	0.1000	5,385,710	0.1000	0.1000
		Road & Bridge	5,177,901	0.3193	0.3193	5,436,210	0.3193	0.3193	5,385,710	0.3237	0.3237
	Ozark Township of Texas Co	General Revenue	3,496,878	0.0993	0.0993	3,294,396	0.1000	0.1000	3,372,648	0.1000	0.1000
		Road & Bridge	3,496,878	0.3232	0.3232	3,294,396	0.3431	0.3431	3,372,648	0.3460	0.3460

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Texas	Pierce Township of Texas Co	General Revenue	2,830,755	0.0984	0.0984	2,943,377	0.0981	0.0981	2,881,420	0.1000	0.1000
		Road & Bridge	2,830,755	0.3175	0.3175	2,943,377	0.3167	0.3167	2,881,420	0.3257	0.3257
	Piney Township of Texas Co	General Revenue	29,429,139	0.1000	0.1000	31,816,391	0.1000	0.1000	32,775,637	0.1000	0.1000
		Road & Bridge	29,429,139	0.3112	0.3112	31,816,391	0.3116	0.3116	32,775,637	0.3116	0.3116
	Roubidoux Township of Texas Co	General Revenue	8,490,831	0.1000	0.1000	8,694,331	0.1000	0.1000	8,959,290	0.1000	0.1000
		Road & Bridge	8,490,831	0.2987	0.2987	8,694,331	0.2987	0.2987	8,959,290	0.2987	0.2987
	Sargent Township of Texas Co	General Revenue	2,266,497	0.0700	0.0700	2,357,393	0.0700	0.0700	2,383,910	0.0700	0.0700
		Road & Bridge	2,266,497	0.2800	0.2800	2,357,393	0.2800	0.2800	2,383,910	0.2800	0.2800
	Sherrill Township of Texas Co	General Revenue	20,386,782	0.1000	0.1000	20,459,017	0.1000	0.1000	20,066,198	0.1000	0.1000
		Road & Bridge	20,386,782	0.3392	0.3392	20,459,017	0.3437	0.3437	20,066,198	0.3528	0.3528
	Upton Township of Texas Co	General Revenue	4,069,557	0.1000	0.1000	4,173,084	0.1000	0.1000	4,292,234	0.1000	0.1000
		Road & Bridge	4,069,557	0.3085	0.3085	4,173,084	0.3094	0.3094	4,292,234	0.3099	0.3099
	Success R-VI School District	Operating Funds-Schools	5,017,674	2.7500	2.7500	5,287,015	2.7500	2.7500	5,358,090	2.7500	2.7500
	Houston R-I School District	Operating Funds-Schools	35,325,695	2.8457	2.8457	38,166,265	2.8383	2.8383	39,272,363	2.8484	2.8484
		Debt Service	35,325,695	0.8512	0.8512	38,166,265	0.7929	0.7929	39,272,363	0.5568	0.5568
	Summersville R-II School District	Operating Funds-Schools	17,884,953	2.9892	2.9892	18,281,443	3.0000	3.0000	18,781,045	3.0000	3.0000
	Licking R-VIII School District	Operating Funds-Schools	24,798,284	2.7500	2.7500	25,198,863	2.7500	2.7500	25,028,295	2.7500	2.7500
	Cabool R-IV School District	Operating Funds-Schools	32,065,993	2.7500	2.7500	32,715,944	2.7500	2.7500	32,552,691	2.7500	2.7500
	Plato R-V School District	Operating Funds-Schools	17,939,324	2.9680	2.9680	18,727,676	2.9580	2.9580	19,089,427	2.9535	2.9535
	Raymondville R-VII School District	Operating Funds-Schools	5,656,067	3.0941	2.9500	5,900,471	3.1290	2.9500	5,950,827	3.1339	2.9500
		Debt Service	5,656,067	0.7200	0.7200	5,900,471	0.7200	0.7200	5,950,827	1.2141	0.7200
	Texas County	General Revenue	141,663,427	0.2753	0.0000	146,654,992	0.2753	0.0000	146,875,074	0.2776	0.0000
		Health	141,663,427	0.1000	0.1000	146,654,992	0.1000	0.1000	146,875,074	0.1000	0.1000
		Senate Bill 40	141,663,427	0.1000	0.1000	146,654,992	0.1000	0.1000	146,875,074	0.1000	0.1000
Vernon	Vernon County Ambulance District	General Revenue	200,558,412	0.1451	0.1451	201,566,512	0.1455	0.1455	200,971,351	0.1474	0.1455
	City of Bronaugh	General Revenue	873,176	0.1250	0.1200	940,360	0.1248	0.1200	908,060	0.1330	0.1300
		Streets	873,176	0.2812	0.2700	940,360	0.2809	0.2700	908,060	0.2993	0.2700
	Village of Deerfield	General Revenue	475,783	0.3500	0.3500	457,816	0.3500	0.3500	446,759	0.3500	0.3500
	Village of Harwood	General Revenue	260,917	0.9708	0.9708	263,245	0.9710	0.9710	261,750	0.9939	0.9710
	City of Metz	General Revenue	369,721	0.6000	0.6000	447,143	0.5608	0.5608	449,157	0.5610	0.5608
	Village of Milo	General Revenue	240,550	0.7500	0.7000	242,776	0.7500	0.7500	249,460	0.7500	0.7500
	Village of Moundville	General Revenue	544,105	0.3645	0.3200	518,304	0.3853	0.3853	526,697	0.3935	0.3935
		Parks & Recreation	544,105	0.2000	0.1800	518,304	0.2000	0.2000	526,697	0.2000	0.2000
	City of Nevada	General Revenue	90,020,658	0.5742	0.5433	88,173,555	0.5875	0.5433	87,782,345	0.5963	0.5400
		Parks & Recreation	90,020,658	0.1877	0.0000	88,173,555	0.1921	0.0000	87,782,345	0.1950	0.0000
		Library	90,020,658	0.1877	0.1776	88,173,555	0.1921	0.1921	87,782,345	0.1950	0.1950
	City of Richards	General Revenue	405,337	0.4452	0.3900	370,002	0.5000	0.3900	368,482	0.5000	0.3900

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Vernon	City of Richards	Streets	405,337	0.2450	0.2000	370,002	0.2500	0.2000	368,482	0.2500	0.2000
	City of Schell City	General Revenue	1,044,097	0.6720	0.6720	1,061,846	0.6720	0.6720	994,954	0.7249	0.7249
	City of Sheldon	General Revenue	2,247,785	0.5162	0.5162	2,276,099	0.5201	0.5201	2,276,187	0.5294	0.5294
		Streets	2,247,785	0.1653	0.1653	2,276,099	0.1666	0.1666	2,276,187	0.1696	0.1696
	Village of Statesbury	General Revenue	44,049	0.3500	0.3500	41,376	0.3500	0.3500	40,640	0.3500	0.3500
		Lights	44,049	0.1000	0.1000	41,376	0.1000	0.1000	40,640	0.1000	0.1000
		Streets	44,049	0.0500	0.0500	41,376	0.0500	0.0500	40,640	0.0500	0.0500
	City of Walker	General Revenue	1,367,684	0.4677	0.4677	1,500,957	0.4614	0.4614	1,337,802	0.5182	0.4614
		Lights	1,367,684	0.0500	0.0500	1,500,957	0.0493	0.0493	1,337,802	0.0500	0.0493
		Streets	1,367,684	0.1196	0.1196	1,500,957	0.1180	0.1180	1,337,802	0.1325	0.1180
	Bacon Township of Vernon Co	General Revenue	4,317,210	0.1000	0.1000	4,556,778	0.0993	0.0993	4,444,656	0.1000	0.1000
		Road & Bridge	4,317,210	0.3633	0.3633	4,556,778	0.3607	0.3607	4,444,656	0.3733	0.3733
		Special Road and Bridge	4,317,210	0.1700	0.1700	4,556,778	0.1700	0.1700 A	4,444,656	0.1700	0.1700
	Badger Township of Vernon Co	General Revenue	4,178,948	0.0933	0.0916	4,218,760	0.0933	0.0916	4,228,503	0.0950	0.0950
		Road & Bridge	4,178,948	0.3421	0.3358	4,218,760	0.3421	0.3358	4,228,503	0.3484	0.3484
		Special Road and Bridge	4,178,948	0.3400	0.3400	4,218,760	0.3400	0.3400	4,228,503	0.3400	0.3400
	Blue Mound Township of Vernon Co	General Revenue	3,036,012	0.0997	0.0997	3,216,188	0.0979	0.0979	3,155,893	0.1000	0.0979
		Road & Bridge	3,036,012	0.2593	0.2593	3,216,188	0.2545	0.2545	3,155,893	0.2610	0.2545
		Special Road and Bridge	3,036,012	0.1895	0.1895	3,216,188	0.1860	0.1860	3,155,893	0.1900	0.1860
	Center Township of Vernon Co	General Revenue	103,142,422	0.0964	0.0964	103,584,793	0.0964	0.0964	103,569,341	0.0975	0.0975
		Road & Bridge	103,142,422	0.2999	0.2999	103,584,793	0.2999	0.2999	103,569,341	0.3034	0.3034
	Clear Creek Township of Vernon Co	General Revenue	4,380,690	0.0908	0.0908	4,848,846	0.0908	0.0908	4,557,639	0.0982	0.0820
		Road & Bridge	4,380,690	0.3229	0.3229	4,848,846	0.3229	0.3229	4,557,639	0.3493	0.3493
	Coal Township of Vernon Co	General Revenue	3,527,438	0.1000	0.1000	3,259,150	0.1000	0.1000	3,321,949	0.1000	0.1000
		Road & Bridge	3,527,438	0.3342	0.3342	3,259,150	0.3500	0.3500	3,321,949	0.3500	0.3500
	Deerfield Township of Vernon Co	General Revenue	7,652,802	0.0916	0.0916	7,676,789	0.0925	0.0925	7,863,280	0.0925	0.0925
		Road & Bridge	7,652,802	0.3500	0.3500	7,676,789	0.3500	0.3500	7,863,280	0.3500	0.3500
		Special Road and Bridge	7,652,802	0.3500	0.3500	7,676,789	0.3500	0.3500	7,863,280	0.3500	0.3500
	Dover Township of Vernon Co	General Revenue	3,931,128	0.1000	0.1000	4,113,066	0.0996	0.0996	4,306,989	0.0996	0.0996
		Road & Bridge	3,931,128	0.3500	0.2700	4,113,066	0.3487	0.3487	4,306,989	0.3487	0.3487
		Special Road and Bridge	3,931,128	0.3500	0.3500 A	4,113,066	0.3487	0.3487	4,306,989	0.3487	0.3487
	Drywood Township of Vernon Co	General Revenue	8,621,429	0.1000	0.1000	9,225,577	0.0999	0.0999	9,036,105	0.1000	0.1000
		Road & Bridge	8,621,429	0.2772	0.2772	9,225,577	0.2769	0.2769	9,036,105	0.2860	0.2860
		Special Road and Bridge	8,621,429	0.2400	0.2400	9,225,577	0.2400	0.2400 A	9,036,105	0.2400	0.2400
	Harrison Township of Vernon Co	General Revenue	3,686,642	0.1000	0.1000	3,647,767	0.1000	0.1000	3,755,852	0.1000	0.1000
		Road & Bridge	3,686,642	0.3500	0.3500	3,647,767	0.3500	0.3500	3,755,852	0.3500	0.3500
		Special Road and Bridge	3,686,642	0.3500	0.3500	3,647,767	0.3500	0.3500	3,755,852	0.3500	0.3500

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Vernon	Henry Township of Vernon Co	General Revenue	3,201,216	0.1000	0.1000	3,143,558	0.1000	0.1000	3,206,787	0.1000	0.1000
		Road & Bridge	3,201,216	0.3500	0.3500	3,143,558	0.3500	0.3500	3,206,787	0.3500	0.3500
		Special Road and Bridge	3,201,216	0.3500	0.3500	3,143,558	0.3500	0.3500	3,206,787	0.3500	0.3500
	Lake Township of Vernon Co	General Revenue	2,414,645	0.1000	0.1000	2,440,327	0.1000	0.1000	2,420,553	0.1000	0.1000
		Road & Bridge	2,414,645	0.5000	0.5000	2,440,327	0.5000	0.5000	2,420,553	0.5000	0.5000
		Special Road and Bridge	2,414,645	0.3500	0.3500 A	2,440,327	0.3500	0.3500 A	2,420,553	0.3500	0.3500
	Metz Township of Vernon Co	General Revenue	3,482,470	0.1000	0.1000	3,682,848	0.0991	0.0991	3,676,015	0.1000	0.1000
		Road & Bridge	3,482,470	0.3250	0.3250	3,682,848	0.3220	0.3220	3,676,015	0.3250	0.3250
		Special Road and Bridge	3,482,470	0.3500	0.3500	3,682,848	0.3500	0.3500 A	3,676,015	0.3500	0.3500
	Montevallo Township of Vernon Co	General Revenue	4,296,760	0.1000	0.1000	3,575,682	0.1000	0.1000	3,645,068	0.1000	0.1000
		Road & Bridge	4,296,760	0.3500	0.3500	3,575,682	0.3500	0.3500	3,645,068	0.3500	0.3500
		Special Road and Bridge	4,296,760	0.2500	0.2500	3,575,682	0.2500	0.2500 A	3,645,068	0.2500	0.2500
	Moundville Township of Vernon Co	General Revenue	5,595,302	0.1000	0.1000	5,634,750	0.1000	0.1000	5,658,453	0.1000	0.1000
		Road & Bridge	5,595,302	0.3465	0.3465	5,634,750	0.3490	0.3490	5,658,453	0.3500	0.3500
		Special Road and Bridge	5,595,302	0.2400	0.2400	5,634,750	0.2400	0.2400	5,658,453	0.2400	0.2400
	Osage Township of Vernon Co	General Revenue	3,700,498	0.1000	0.1000	4,035,148	0.0989	0.0989	3,749,821	0.1000	0.1000
		Road & Bridge	3,700,498	0.3500	0.3500	4,035,148	0.3461	0.3461	3,749,821	0.3500	0.3461
		Special Road and Bridge	3,700,498	0.2500	0.2500	4,035,148	0.2472	0.2472	3,749,821	0.2500	0.2500 A
	Richland Township of Vernon Co	General Revenue	2,823,313	0.1000	0.1000	2,645,391	0.1000	0.1000	2,764,442	0.1000	0.1000
		Road & Bridge	2,823,313	0.3500	0.3500	2,645,391	0.3500	0.3500	2,764,442	0.3500	0.3500
		Special Road and Bridge	2,823,313	0.3500	0.3500	2,645,391	0.3500	0.3500	2,764,442	0.3500	0.3500
	Virgil Township of Vernon Co	General Revenue	2,972,767	0.0808	0.0808	3,172,475	0.0808	0.0808	3,209,026	0.0809	0.0809
		Road & Bridge	2,972,767	0.2929	0.2929	3,172,475	0.2929	0.2929	3,209,026	0.2934	0.2934
	Walker Township of Vernon Co	General Revenue	5,005,687	0.0931	0.0931	5,519,688	0.0921	0.0921	5,168,742	0.0985	0.0985
		Road & Bridge	5,005,687	0.3101	0.3101	5,519,688	0.3067	0.3067	5,168,742	0.3280	0.3280
		Special Road and Bridge	5,005,687	0.3500	0.3500	5,519,688	0.3461	0.3461	5,168,742	0.3500	0.3500
	Washington Township of Vernon Co	General Revenue	20,591,033	0.1000	0.1000	19,368,931	0.1000	0.1000	19,232,237	0.1000	0.1000
		Road & Bridge	20,591,033	0.3500	0.3500	19,368,931	0.3500	0.3500	19,232,237	0.3500	0.3500
		Special Road and Bridge	20,591,033	0.3000	0.3000	19,368,931	0.3000	0.3000	19,232,237	0.3000	0.3000
	Nevada R-V School District	Operating Funds-Schools	142,610,680	3.0896	3.0500	142,085,118	3.1729	3.1700	142,824,480	3.1847	3.1800
		Operating Funds-Temp	142,610,680	0.1400	0.1400	142,085,118	0.1400	0.1400	142,824,480	0.1400	0.1400
		Debt Service	142,610,680	0.1800	0.1800	142,085,118	0.1600	0.1600	142,824,480	0.2091	0.1500
	Bronaugh R-VII School District	Operating Funds-Schools	9,710,333	3.4374	3.4374	9,989,592	3.5478	3.5478	10,130,724	3.5350	3.5350
		Debt Service	9,710,333	0.3086	0.3086	9,989,592	0.0310	0.0310	**	**	**
	Sheldon R-VIII School District	Operating Funds-Schools	8,089,418	4.1440	3.1800	8,466,278	4.1272	3.2800	8,502,198	4.1390	3.2800
		Debt Service	8,089,418	0.4900	0.4900	8,466,278	0.3900	0.3900	8,502,198	0.8706	0.6400
	Northeast Vernon County R-I	Operating Funds-Schools	13,873,687	3.9378	3.3100	14,285,419	4.0920	3.3500	14,095,895	4.1856	3.3500

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Vernon	Northeast Vernon County R-I	Debt Service	13,873,687	0.0400	0.0400	**	**	**	**	**	**
	Vernon County	General Revenue	200,558,412	0.3421	0.1330	201,566,512	0.3430	0.1633	200,971,351	0.3474	0.1281
		Health	200,558,412	0.1000	0.1000	201,566,512	0.1000	0.1000	200,971,351	0.1000	0.1000
Warren	Marthasville Community Amb Dist	General Revenue	63,055,649	0.1586	0.1586	67,545,317	0.1564	0.1564	68,417,504	0.1583	0.1583
		Ambulance	63,055,649	0.1387	0.1387	67,545,317	0.1368	0.1368	68,417,504	0.1385	0.1385
	Warren County Ambulance District	General Revenue	273,603,258	0.3500	0.3500	291,523,456	0.3475	0.3475	300,610,256	0.3480	0.3480
	City of Marthasville	General Revenue	7,453,091	0.5687	0.5687	7,836,437	0.5669	0.5669	8,139,492	0.5669	0.5669
		Lights	7,453,091	0.1297	0.1297	7,836,437	0.1293	0.1293	8,139,492	0.1293	0.1293
	City of Truesdale	General Revenue	14,506,678	0.4928	0.4928	13,776,883	0.5203	0.5203	10,565,800	0.6876	0.6876
		Debt Service	14,506,678	0.2582	0.2582	13,776,883	0.1980	0.1980	10,565,800	0.1934	0.1934
	City of Warrenton	General Revenue	63,430,778	0.2695	0.2695	67,528,027	0.2690	0.2690	69,664,353	0.2690	0.2690
		Parks & Recreation	63,430,778	0.1597	0.1597	67,528,027	0.1594	0.1594	69,664,353	0.1594	0.1594
	City of Wright City	General Revenue	20,800,336	0.5388	0.5388	23,932,827	0.5192	0.5192	26,430,642	0.5197	0.5197
		Parks & Recreation	20,800,336	0.1000	0.1000	23,932,827	0.0964	0.0964	26,430,642	0.0965	0.0965
		Lights	20,800,336	0.2000	0.2000	23,932,827	0.1927	0.1927	26,430,642	0.1929	0.1929
		Debt Service	20,800,336	0.2578	0.2578	23,932,827	0.1456	0.1456	26,430,642	0.0545	0.0545
	Village of Innsbrook	General Revenue	28,844,356	0.1500	0.1500	31,498,312	0.1465	0.1465	33,575,912	0.1461	0.1461
	Village of Pendleton	General Revenue	313,328	0.5000	0.5000 ^A	291,315	0.5000	0.5000	321,904	0.5000	0.5000
	Warren County Library District	General Revenue	340,911,699	0.0698	0.0698	363,355,231	0.0691	0.0691	373,039,558	0.0694	0.0694
		Library	340,911,699	0.0398	0.0398	363,355,231	0.0394	0.0394	373,039,558	0.0396	0.0396
	Wright City Fire Protection Dist	General Revenue	113,766,934	0.2800	0.2800	123,057,179	0.4258	0.4258	128,919,552	0.4258	0.4258
	Marthasville Fire Protection Dist	General Revenue	48,766,919	0.4160	0.4160	51,151,720	0.4144	0.4082	51,581,519	0.4160	0.4149
	Warrenton Fire Protection District	General Revenue	158,534,915	0.4497	0.4497	168,085,074	0.4474	0.4474	170,509,065	0.4500	0.4500
	Wright City R-II School District	Operating Funds-Schools	106,529,970	3.2697	3.2697	115,583,010	3.2436	3.2436	121,251,869	3.2420	3.2420
		Debt Service	106,529,970	0.6800	0.6800	115,583,010	0.6800	0.6800	121,251,869	1.4049	0.6800
	Warren Co R-III School District	Operating Funds-Schools	167,868,994	2.9808	2.9808	179,289,324	2.9714	2.9714	182,362,813	3.4414	3.2914 ^B
		Debt Service	167,868,994	0.4595	0.4595	179,289,324	0.4689	0.4689	182,362,813	0.4689	0.4689
	Warren County	General Revenue	340,911,699	0.2491	0.0734	363,355,231	0.2466	0.1035	373,039,558	0.2477	0.0873
		Road & Bridge	340,911,699	0.1794	0.1794	363,355,231	0.1776	0.1776	373,039,558	0.1784	0.1784
		Developmentally Disabled	340,911,699	0.1893	0.1200	363,355,231	0.1874	0.1600	373,039,558	0.1882	0.1600
Washington	Washington County Ambulance Dist	General Revenue	155,532,849	0.2499	0.2499	159,651,829	0.2500	0.2500	167,934,425	0.2500	0.2500
	Village of Caledonia	General Revenue	960,255	0.1515	0.1515	955,485	0.1532	0.1532	973,075	0.1532	0.1532
	City of Irondale	General Revenue	1,600,645	0.4844	0.4840	1,557,952	0.5122	0.5122	1,653,717	0.4989	0.4989
	Village of Mineral Point	General Revenue	834,456	0.2761	0.2761	825,244	0.2818	0.2818	852,357	0.2791	0.2791
	City of Potosi	General Revenue	17,738,147	0.6080	0.6009	19,718,899	0.6080	0.6080	21,824,186	0.5870	0.5870
	Washington County Library District	General Revenue	155,532,849	0.1978	0.1978	159,651,829	0.2000	0.2000	167,934,425	0.2000	0.2000
	Potosi Fire Protection District	General Revenue	101,544,613	0.3000	0.3000	105,700,376	0.3000	0.3000	91,491,509	0.3000	0.3000

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Washington	Richwoods Fire Protection District	General Revenue	8,467,345	0.3000	0.3000	9,113,038	0.2957	0.2957	9,910,872	0.2957	0.2957
	Irondale Fire Protection District	General Revenue	6,669,310	0.5000	0.5000	6,927,292	0.5000	0.5000	7,021,863	0.5000	0.5000
	Caledonia Fire Protection District	General Revenue	**	**	**	3,356,238	0.4000	0.4000 A	3,939,959	0.3664	0.3664
	Kingston K-14 School District	Operating Funds-Schools	18,104,819	3.0832	2.7500	18,963,510	3.2557	2.9000	19,603,080	3.0294	3.0294
		Debt Service	18,104,819	0.8400	0.8400	18,963,510	0.8400	0.8400	19,603,080	2.1043	0.9100
	Potosi R-III School District	Operating Funds-Schools	57,854,873	2.7500	2.7500	60,369,314	2.7500	2.7500	62,855,777	2.7500	2.7500
		Debt Service	57,854,873	0.5000	0.5000	60,369,314	0.5000	0.5000	62,855,777	0.9119	0.5000
	Richwoods R-VII School District	Operating Funds-Schools	6,430,652	3.8348	3.2500	7,180,579	3.7916	3.2500	7,545,532	3.8403	3.2500
	Valley R-VI School District	Operating Funds-Schools	15,812,550	3.9906	3.9900	16,007,390	4.1600	4.1600	15,508,312	4.1600	4.1600
	Washington County	General Revenue	155,532,849	0.3854	0.1800	159,651,829	0.3901	0.1900	167,934,425	0.3901	0.1900
		Road & Bridge	155,532,849	0.2708	0.2685	159,651,829	0.2741	0.2741	167,934,425	0.2741	0.2741
		Health	155,532,849	0.1500	0.1500	159,651,829	0.1500	0.1500	167,934,425	0.1500	0.1500
		Hospital	155,532,849	0.1978	0.1962	159,651,829	0.2000	0.2000	167,934,425	0.2000	0.2000
		Senate Bill 40	155,532,849	0.1978	0.1700	159,651,829	0.2000	0.1700	167,934,425	0.2000	0.2000
		Senior Services	155,532,849	0.0500	0.0500	159,651,829	0.0500	0.0500	167,934,425	0.0500	0.0500
Wayne	East Wayne County Ambulance Dist	General Revenue	43,959,567	0.3000	0.3000	44,970,440	0.3000	0.3000	45,348,487	0.3000	0.3000
	Clearwater Ambulance District	General Revenue	51,693,481	0.3000	0.3000 A	51,940,863	0.3000	0.3000	52,162,614	0.3000	0.3000
	Village of Mill Spring	General Revenue	437,791	0.6107	0.4500	431,235	0.6204	0.4500	638,178	0.4459	0.4459
	City of Piedmont	General Revenue	14,826,938	0.2643	0.2200	14,776,120	0.2674	0.2200	14,895,737	0.2674	0.2200
		Lights	14,826,938	0.1729	0.1300	14,776,120	0.1749	0.1300	14,895,737	0.1749	0.1300
		Library	14,826,938	0.1119	0.1000	14,776,120	0.1132	0.1000	14,895,737	0.1132	0.1000
		Cemetery	14,826,938	0.0500	0.0300	14,776,120	0.0500	0.0300	14,895,737	0.0500	0.0300
	Clearwater Fire Protection District	General Revenue	36,372,153	0.3000	0.3000	36,952,635	0.3000	0.3000	37,059,273	0.3000	0.3000
	Greenville R-II School District	Operating Funds-Schools	29,507,098	2.7500	2.7500	30,384,245	2.7500	2.7500	30,597,684	2.7500	2.7500
		Debt Service	29,507,098	0.3600	0.3600	30,384,245	0.3600	0.3600	30,597,684	0.4079	0.3600
	Clearwater R-I School District	Operating Funds-Schools	51,186,274	2.7500	2.7500	51,868,882	2.7500	2.7500	51,445,292	2.7500	2.7500
		Debt Service	51,186,274	0.3642	0.3642	51,868,882	0.3423	0.3423	51,445,292	0.4778	0.3423
	Wayne County	General Revenue	98,235,077	0.3003	0.1600	99,771,164	0.3003	0.1600	100,457,362	0.3015	0.1500
		Road & Bridge	98,235,077	0.2302	0.1100	99,771,164	0.2302	0.1100	100,457,362	0.2311	0.1100
		Health	98,235,077	0.1000	0.1000	99,771,164	0.1000	0.1000	100,457,362	0.1000	0.1000
		Senate Bill 40	98,235,077	0.0901	0.0800	99,771,164	0.0901	0.0800	100,457,362	0.0905	0.0800
Webster	Village of Diggins	General Revenue	1,591,554	0.2100	0.2100	1,625,319	0.2100	0.2100	1,691,233	0.2100	0.2100
	City of Fordland	General Revenue	3,640,233	0.3928	0.3928	3,628,686	0.4038	0.4038	3,751,395	0.4038	0.4038
	City of Marshfield	Parks & Recreation	50,495,626	0.1108	0.1000	50,509,671	0.1143	0.1000	55,116,703	0.1140	0.1000
		Cemetery	50,495,626	0.1310	0.1000	50,509,671	0.1351	0.1000	55,116,703	0.1348	0.1000
		Debt Service	**	**	**	50,509,671	0.2500	0.2500	55,116,703	0.3753	0.3753
	City of Niangua	General Revenue	1,465,000	0.2608	0.2608	1,482,007	0.2645	0.2645	1,535,504	0.2645	0.2645

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Webster	City of Rogersville	General Revenue	12,294,569	0.3300	0.3300	13,632,763	0.3300	0.3220	14,539,747	0.3332	0.3332
		Debt Service	12,294,569	0.9900	0.9900	13,632,763	0.5400	0.5400	14,539,747	0.9433	0.4588
	City of Seymour	General Revenue	12,154,969	0.3630	0.3600	12,124,434	0.3650	0.3600	12,417,350	0.3650	0.3600
		Parks & Recreation	12,154,969	0.0807	0.0800	12,124,434	0.0811	0.0800	12,417,350	0.0811	0.0800
		Library	12,154,969	0.0605	0.0600	12,124,434	0.0608	0.0600	12,417,350	0.0608	0.0600
		Cemetery Fund	12,154,969	0.0504	0.0500	12,124,434	0.0507	0.0500	12,417,350	0.0507	0.0500
	Webster County Library District	General Revenue	222,069,741	0.1200	0.1200	231,927,871	0.1200	0.1200	242,343,192	0.1200	0.1200
	Southern Webster Co Fire Prot Dist	General Revenue	47,615,701	0.2833	0.2833	49,789,056	0.2833	0.2833	47,703,207	0.3000	0.3000
	Niangua R-V School District	Operating Funds-Schools	10,462,076	2.7500	2.7500	10,541,077	3.1000	3.1000 B	10,890,367	3.0386	3.0386
	Fordland R-III School District	Operating Funds-Schools	21,305,669	2.7500	2.7500	23,160,429	2.7500	2.7500	24,047,871	2.7500	2.7500
		Debt Service	21,305,669	0.7900	0.7900	23,160,429	0.7900	0.7900	24,047,871	1.5155	0.7900
	Marshfield R-I School District	Operating Funds-Schools	116,797,126	2.4000	2.4000	123,513,699	2.6500	2.6500	129,508,574	2.7000	2.7000
		Debt Service	116,797,126	0.5500	0.5500	123,513,699	0.4000	0.4000	129,508,574	1.1591	0.4000
	Seymour R-II School District	Operating Funds-Schools	31,108,756	2.7500	2.7500	31,536,714	2.7500	2.7500	32,763,032	2.7500	2.7500
	Webster County	General Revenue	234,317,280	0.2700	0.0522	244,133,225	0.2700	0.0477	254,859,842	0.2700	0.0425
		Road & Bridge	234,317,280	0.1900	0.1900	244,133,225	0.1900	0.1900	254,859,842	0.1900	0.1900
		Health	234,317,280	0.1400	0.1400	244,133,225	0.1400	0.1400	254,859,842	0.1400	0.1400
		Senate Bill 40	234,317,280	0.0800	0.0800	244,133,225	0.0800	0.0800	254,859,842	0.0800	0.0800
Worth	Worth County Ambulance District	General Revenue	22,252,980	0.3000	0.1500	22,540,790	0.3000	0.1500	22,605,879	0.3000	0.1500
	Platte River Tributaries Sub Dist	General Revenue	577,830	0.3999	0.3999	577,840	0.3999	0.3999	577,840	0.3999	0.3999
	East Fork of Grand River Watershed	General Revenue	**	**	**	**	**	**	1,894,620	0.2000	0.2000 A
	Village of Allendale	General Revenue	462,650	0.3598	0.3598	442,670	0.3783	0.3783	426,350	0.3965	0.3965
		Gen Revenue-Temp	462,650	0.2000	0.0000 A	442,670	0.2000	0.2000	426,350	0.2000	0.2000
		General Revenue-Temp	462,650	0.2000	0.2000	**	**	**	**	**	**
	Village of Denver	General Revenue	200,050	0.4474	0.4474	188,972	0.4747	0.4474	191,297	0.4860	0.4860
	City of Grant City	General Revenue	4,056,260	0.9934	0.9934	4,139,790	0.9934	0.9934	4,347,291	1.0000	1.0000
		Health	4,056,260	0.1800	0.1800	4,139,790	0.1800	0.1800	4,347,291	0.1800	0.1800
		Special Fund	4,056,260	0.3000	0.3000	4,139,790	0.3000	0.3000	4,347,291	0.3000	0.3000
	City of Sheridan	General Revenue	778,980	0.9900	0.9900	814,755	0.9906	0.9906	818,154	0.9979	0.9979
		Fire	778,980	0.2000	0.2000	**	**	**	**	**	**
		Fire-Temp	778,980	0.2000	0.2000 A	814,755	0.2000	0.2000	818,154	0.2000	0.0000
	Village of Worth	General Revenue	191,820	0.5000	0.5000	208,290	0.5000	0.5000	197,523	0.5000	0.5000
	Sheridan Fire Protection District	General Revenue	**	**	**	**	**	**	3,301,630	0.2000	0.2000 A
	Worth County Fire Protection Dist	General Revenue	**	**	**	**	**	**	9,967,800	0.2000	0.2000 A
	Worth Co R-III School District	Operating Funds-Schools	19,491,550	3.4491	3.4491	19,714,520	3.4536	3.4536	19,909,730	3.4338	3.4338
	Worth County	General Revenue	22,252,980	0.5000	0.5000	22,540,790	0.5000	0.5000	22,605,879	0.5000	0.5000
		Library	22,252,980	0.1000	0.1000	22,540,790	0.1000	0.1000	22,605,879	0.1000	0.1000

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Worth	Worth County	Road & Bridge	22,252,980	0.5000	0.5000	22,540,790	0.5000	0.5000	22,605,879	0.5000	0.5000
		Special Road and Bridge	22,252,980	0.3300	0.3300	**	**	**	**	**	**
		Senior Services	22,252,980	0.0500	0.0500	22,540,790	0.0500	0.0500	22,605,879	0.0500	0.0500
		General Revenue - Temp	22,252,980	0.3500	0.2200	**	**	**	**	**	**
		General Revenue-Temp	**	**	**	22,540,790	0.3500	0.3500	22,605,879	0.3500	0.3500
		Spec Rd & Bridge-Temp	22,252,980	0.3300	0.0000	22,540,790	0.3300	0.3300	22,605,879	0.3300	0.3300
Wright	City of Hartville	General Revenue	3,476,070	0.4986	0.4986	3,450,294	0.5045	0.5045	3,530,542	0.5045	0.5045
		General Revenue	8,195,702	0.4719	0.4719	8,170,647	0.4778	0.4778	8,111,965	0.4831	0.4831
	City of Mansfield	Streets	8,195,702	0.1436	0.1436	8,170,647	0.1454	0.1454	8,111,965	0.1470	0.1470
		Cemetery	8,195,702	0.1000	0.1000	8,170,647	0.1000	0.1000	8,111,965	0.1000	0.1000
		General Revenue	33,149,249	0.4500	0.4500	33,633,733	0.4516	0.4516	33,710,113	0.4583	0.4583
	City of Mountain Grove	Parks & Recreation	33,149,249	0.0600	0.0600	33,633,733	0.0602	0.0602	33,710,113	0.0611	0.0611
		General Revenue	2,380,811	0.4040	0.4040	2,453,642	0.4040	0.4040	2,411,033	0.4160	0.4160
		Water	2,380,811	0.6443	0.6443	2,453,642	0.6443	0.6443	2,411,033	0.6634	0.6634
	Wright County Library	General Revenue	120,374,053	0.1417	0.1417	121,115,876	0.1431	0.1431	122,641,225	0.1437	0.1437
	Norwood R-I School District	Operating Funds-Schools	10,665,750	3.3051	3.3051	10,935,989	3.3051	3.3051	11,213,650	3.3263	3.3263
	Hartville R-II School District	Operating Funds-Schools	24,815,172	2.7500	2.7500	24,878,055	2.7500	2.7500	25,473,446	2.7500	2.7500
		Debt Service	24,815,172	0.4800	0.4800	24,878,055	0.4800	0.4800	25,473,446	1.1180	0.4800
	Mountain Grove R-III School Dist	Operating Funds-Schools	63,821,929	2.7500	2.7500	64,925,982	2.7500	2.7500	65,000,241	2.7500	2.7500
	Mansfield R-IV School District	Operating Funds-Schools	23,686,387	2.7500	2.7500	23,773,274	2.7500	2.7500	24,364,202	2.7500	2.7500
		Debt Service	23,686,387	0.8000	0.8000	23,773,274	0.8000	0.8000	24,364,202	1.3064	0.8000
	Manes R-V School District	Operating Funds-Schools	3,552,053	3.0143	3.0000	3,665,274	3.0566	3.0566	3,714,975	3.5566	3.5566
	Wright County	General Revenue	120,374,053	0.3137	0.0415	121,115,876	0.3169	0.0280	122,641,225	0.3182	0.0047
		Health	120,374,053	0.0810	0.0810	121,115,876	0.0818	0.0818	122,641,225	0.0821	0.0821
		Developmentally Disabled	120,374,053	0.0810	0.0810	121,115,876	0.0818	0.0818	122,641,225	0.0821	0.0821
St. Louis City	St Louis Public Libraries	General Revenue	3,236,780,276	0.5600	0.5600	3,433,205,486	0.5446	0.5446	3,392,622,339	0.5561	0.5561
	Baden Market Centre Spec Bus Dist	General Revenue	1,074,550	0.8500	0.8500	1,207,570	0.7730	0.7730	1,081,110	0.8500	0.8500
	Cherokee Station Special Bus Dist	General Revenue	1,947,400	0.8500	0.8500	2,128,500	0.7948	0.7948	2,268,080	0.7948	0.7948
	St. Louis Downtown Business Dist	General Revenue	5,861,300	0.4000	0.4000	6,265,400	0.3939	0.3939	6,893,300	0.3939	0.3939
	Kingsway Center Special Bus Dist	General Revenue	1,327,890	0.8500	0.8500	1,355,490	0.8500	0.8500	1,268,700	0.8500	0.8500
	Locust Central Business District	General Revenue	18,668,120	0.8500	0.7900	31,295,080	0.6052	0.6052	31,719,740	0.6052	0.6052
	South Grand Square Spec Bus Dist	General Revenue	2,072,510	0.5867	0.0000	0	0.0000	0.0000	0	0.0000	0.0000
	Central West End South SBD	General Revenue	10,622,500	0.8500	0.8500	11,423,950	0.8078	0.8078	12,223,080	0.8078	0.8078
	Central West End North SBD	General Revenue	30,254,710	0.8500	0.8500	33,933,700	0.7808	0.7808	33,953,750	0.7808	0.7808
	Soulard Special Business District	General Revenue	22,715,680	0.3500	0.3500	27,566,270	0.2960	0.2960	31,297,660	0.8500	0.2960
	Downtown Parks Business District	General Revenue	0	0.0000	0.0000	0	0.0000	0.0000	0	0.0000	0.0000
	Waterman/Lake Special Business Dist	General Revenue	1,970,430	0.8500	0.8500	2,199,270	0.7783	0.7783	2,306,450	0.7783	0.7783

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2002			2003			2004		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
St. Louis City	Westminister/Lake Special Bus Dist	General Revenue	4,093,650	0.8065	0.8065	5,049,250	0.6682	0.6682	5,253,810	0.6682	0.6682
	Washington Place Special Bus Dist	General Revenue	1,862,710	0.7933	0.7933	2,727,250	0.5537	0.5537	2,866,580	0.5537	0.5537
	East Loop/Parkview Gardens SBD	General Revenue	725,630	0.8500	0.8500	3,895,120	0.8500	0.8500	2,941,490	0.8500	0.8500
	Cathedral Square Special Bus Dist	General Revenue	10,218,490	0.8500	0.8500	12,404,350	0.7156	0.7156	12,290,070	0.7223	0.7223
	Central West End Southeast SBD	General Revenue	7,329,400	0.8500	0.8500	8,801,120	0.7268	0.7268	9,067,880	0.7268	0.7268
	Cherokee-Lemp Special Business Dist	General Revenue	1,212,400	0.8500	0.8500	1,469,950	0.7165	0.7165	1,476,540	0.7165	0.7165
	Gardenside Special Business Dist	General Revenue	7,307,560	0.8500	0.8500 ^A	7,950,170	0.7985	0.7985	7,824,520	0.8113	0.8113
	St. Louis Community College	General Revenue	21,444,717,930	0.2327	0.2320	22,295,596,918	0.2312	0.2312	22,086,133,226	0.2360	0.2368 ^C
	St. Louis City School District	Operating Funds-Schools	3,161,745,493	3.7500	3.7500	3,332,578,940	3.6427	3.6400	3,317,300,286	3.6540	3.6540
		Debt Service	3,161,745,493	0.5500	0.5500	3,332,578,940	0.5500	0.5500	3,317,300,286	0.7687	0.6500
	City of St. Louis	Parks & Recreation	2,931,158,517	0.0200	0.0200	3,127,845,861	0.0194	0.0194	3,095,854,283	0.0197	0.0197
		Health	2,931,158,517	0.0200	0.0200	3,127,845,861	0.0194	0.0194	3,095,854,283	0.0197	0.0197
		Hospital	2,931,158,517	0.1000	0.1000	3,127,845,861	0.0968	0.0968	3,095,854,283	0.0987	0.0987
		Developmentally Disabled	3,236,780,276	0.1500	0.1500	3,433,205,486	0.1459	0.1459	3,392,622,339	0.1490	0.1490
		Mental Health	3,236,780,276	0.0900	0.0900	3,433,205,486	0.0875	0.0875	3,392,622,339	0.0894	0.0894
		County Purposes	2,931,158,517	0.3500	0.3500	3,127,845,861	0.3386	0.3386	3,095,854,283	0.3455	0.3455
		General Revenue No. 1	3,236,780,276	0.1600	0.1600	3,433,205,486	0.1556	0.1556	3,392,622,339	0.1589	0.1589
		General Revenue No. 2	2,931,158,517	0.8074	0.8074	3,127,845,861	0.7812	0.7812	3,095,854,283	0.7970	0.7970
		Debt Service	3,236,780,276	0.1513	0.1513	3,433,205,486	0.1513	0.1513	3,392,622,339	0.2051	0.1513

LEGEND:

** Levy did not exist in the given year or was not certified due to insufficient substantiating data.

A A new voter approved tax rate, newly formed district, or a levy voted to replace an expired levy, see Appendix IX for 2004levies.

B A voter approved increase to an existing levy, see Appendix X for 2004levies.

C Levy includes a recoupment rate authorized by state law.

D Levied a tax rate in excess of the legally permissible tax levy as provided by state law, see Results - Table 1.1 for 2004levies.

E The ballot passed by Christian County Senior Services stated, ".05 cents" and was levied as 5 cents in 2001. In 2002, the tax rate ceiling was revised to reflect the amount of \$.0005 allowed by the ballot language.

F Article X, Section 11(g) of the Missouri Constitution allows the school board of the Kansas City 33 School District to set its tax levy at a rate that is lower than the court-ordered rate for the 1995 tax year (which was \$.96). The rate so established may be changed from year to year by the school board of the district.

NOTE:

All rates in the levied column represent the rate extended and certified to the State Auditor's Office by both taxing authority and the county or counties in which the tax rate is levied.

Assessed Value column presents only the assessed valuation that the property tax is levied against.

In 2003, all political subdivisions in St. Louis County were required to levy a separate tax rate for each subclass of property per section 137.073 RSMo as revised by House Bill 1150 passed in 2002. This statute and the tax rate calculation was revised again by Senate Bill 960 (SB960) passed in 2004. Due to SB960's effective date of October 1, 2004 for all political subdivisions not within St. Louis County, all political subdivisions partially in St. Louis County and partially in another county levied a single tax rate applied to all property in 2004.

LISTING OF 2004 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

Political Subdivision	Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property Real Estate		
		Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
St. Louis													
City of Bella Villa	General Revenue	5,352,680	0.2940	0.0000	0	0.0000	0.0000	290,200	0.4610	0.0000	1,180,104	0.3030	0.0000
City of Bellefontaine Neighbors	General Revenue	53,049,620	0.2480	0.1500	5,310	0.2500	0.1500	6,525,860	0.2500	0.1500	15,329,826	0.2360	0.1500
Village of Bellerive Acres	General Revenue	3,126,550	0.6190	0.6190	0	0.0000	0.0000	126,110	0.8000	0.8000	625,239	0.7670	0.7670
Village of Bel Nor	General Revenue	13,912,440	0.2850	0.2850	0	0.0000	0.0000	224,680	0.3810	0.3810	2,687,035	0.2930	0.2930
	Debt Service	13,912,440	0.5270	0.5270	0	0.5270	0.5270	224,680	0.5270	0.5270	2,687,035	0.5270	0.5270
Village of Bel Ridge	General Revenue	8,247,150	0.3500	0.3330	0	0.0000	0.0000	4,822,470	0.3500	0.3500	0	0.0000	0.0000
City of Berkeley	General Revenue	34,544,320	0.7790	0.7790	11,660	1.0000	1.0000	94,809,426	0.7870	0.7870	50,785,597	0.9080	0.9080
	Pension	34,544,320	0.1100	0.1100	11,660	0.1100	0.1100	94,809,426	0.1100	0.1100	50,785,597	0.1100	0.1100
	Debt Service	34,544,320	0.1390	0.1390	11,660	0.1390	0.1390	94,809,426	0.1390	0.1390	50,785,597	0.1390	0.1390
City of Beverly Hills	General Revenue	2,076,900	0.2200	0.2200	0	0.0000	0.0000	1,091,357	0.2290	0.2290	970,171	0.2320	0.2320
City of Black Jack	Debt Service	50,883,510	1.2250	0.5540	7,250	1.2250	0.5540	2,767,442	1.2250	0.5540	12,234,807	1.2250	0.5540
City of Breckenridge Hills	General Revenue	16,860,960	0.3500	0.2000	0	0.0000	0.0000	8,325,543	0.3000	0.2000	5,667,819	0.0000	0.0000
City of Brentwood	General Revenue	102,560,360	0.2090	0.0000	0	0.0000	0.0000	68,122,580	0.2300	0.2300	36,706,532	0.2070	0.2070
	Library	102,560,360	0.1810	0.1810	0	0.0000	0.0000	68,122,580	0.1980	0.1980	36,706,532	0.1790	0.1790
	Pension	102,560,360	0.2380	0.2380	0	0.0000	0.0000	68,122,580	0.2610	0.2610	36,706,532	0.2350	0.2350
	Debt Service	102,560,360	0.2350	0.0000	0	0.2350	0.0000	68,122,580	0.2350	0.0000	36,706,532	0.2350	0.0000
City of Bridgeton	General Revenue	95,256,440	0.2500	0.1600	124,690	0.2500	0.1600	229,759,286	0.2500	0.2500	0	0.0000	0.0000
Village of Calverton Park	General Revenue	7,591,310	0.2940	0.2150	0	0.0000	0.0000	364,393	0.3360	0.2150	1,820,091	0.2980	0.2150
City of Charlack	General Revenue	5,378,370	0.2530	0.2490	0	0.0000	0.0000	1,657,485	0.2650	0.2540	2,085,896	0.2570	0.2570
City of Clarkson Valley	General Revenue	74,112,130	0.1340	0.1340	5,650	0.1420	0.1420	4,504,800	0.1560	0.1560	10,938,156	0.1530	0.1530
City of Clayton	General Revenue	325,477,980	0.6580	0.5820	0	0.0000	0.0000	300,858,250	0.6990	0.5820	84,060,952	0.7000	0.5820
	Debt Service	325,477,980	0.1670	0.0700	0	0.1670	0.0700	300,858,250	0.1670	0.0700	84,060,952	0.1670	0.0700
City of Cool Valley	General Revenue	5,262,530	0.1610	0.1610	0	0.0000	0.0000	4,643,440	0.1650	0.1650	3,580,322	0.1650	0.1650
City of Country Club Hills	General Revenue	4,152,300	0.7140	0.7140	0	0.0000	0.0000	691,720	0.7610	0.7610	1,246,850	0.7390	0.7390
	Parks & Recreation	4,152,300	0.3260	0.3260	0	0.0000	0.0000	691,720	0.3480	0.3480	1,246,850	0.3380	0.3380
	Health	4,152,300	0.1830	0.1830	0	0.0000	0.0000	691,720	0.1970	0.1970	1,246,850	0.1900	0.1900
Village of Country Life Acres	General Revenue	5,840,960	0.3580	0.3580	0	0.0000	0.0000	53,950	0.5320	0.5320	490,416	0.4280	0.4280
City of Crestwood	General Revenue	134,616,360	0.2610	0.2500	150	0.0000	0.0000	76,173,120	0.2800	0.2500	33,705,606	0.2790	0.2500
City of Creve Coeur	General Revenue	353,380,350	0.0920	0.0700	8,410	0.0950	0.0700	272,264,589	0.0930	0.0700	0	0.0000	0.0000
City of Crystal Lake Park	General Revenue	10,896,480	0.7870	0.7740	0	0.0000	0.0000	48,440	0.7890	0.7740	1,344,255	0.8080	0.7740
City of Dellwood	General Revenue	22,536,070	0.2210	0.2210	0	0.0000	0.0000	6,041,270	0.2550	0.2550	8,000,279	0.2350	0.0000
City of Des Peres	General Revenue	160,033,220	0.2420	0.0000	159,810	0.3690	0.0000	76,354,160	0.2410	0.0000	0	0.0000	0.0000
	Debt Service	160,033,220	1.1750	0.0000	159,810	1.1750	0.0000	76,354,160	1.1750	0.0000	0	1.1750	0.0000
City of Edmundson	General Revenue	3,077,500	0.3890	0.3890	0	0.0000	0.0000	19,415,620	0.3890	0.3890	0	0.0000	0.0000
City of Ellisville	General Revenue	107,715,850	0.4030	0.1500	44,690	0.6490	0.1500	69,006,601	0.4290	0.1500	32,326,810	0.4170	0.0000
City of Eureka	General Revenue	104,515,060	0.4650	0.3730	215,240	0.6500	0.3730	31,341,208	0.5110	0.3900	33,093,472	0.4910	0.3900

LISTING OF 2004 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

Political Subdivision	Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property Real Estate		
		Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
City of Ferguson	General Revenue	96,667,480	0.4480	0.4470	7,220	0.4500	0.4500	39,306,370	0.4500	0.4500	39,158,219	0.4500	0.4500
	Parks & Recreation	96,667,480	0.1870	0.1870	7,220	0.1940	0.1940	39,306,370	0.1920	0.1920	39,158,219	0.1980	0.1980
City of Flordell Hills	General Revenue	2,732,340	0.5150	0.5150	0	0.0000	0.0000	625,351	0.7190	0.7190	0	0.0000	0.0000
City of Florissant	General Revenue	288,728,010	0.1200	0.0000	33,550	0.1300	0.0000	95,457,964	0.1280	0.0000	92,307,589	0.1200	0.0000
City of Frontenac	General Revenue	131,735,790	0.5330	0.5330	0	0.0000	0.0000	29,447,487	0.5750	0.5750	19,197,880	0.5530	0.5530
Village of Glen Echo Park	General Revenue	947,063	0.5000	0.5000	A 0	0.5000	0.5000	A 0	0.5000	0.5000	A 237,377	0.5000	0.5000
City of Glendale	General Revenue	98,247,720	0.5040	0.5040	0	0.0000	0.0000	4,044,598	0.5270	0.5270	14,997,190	0.5190	0.5190
	Pension	98,247,720	0.0970	0.0970	0	0.0000	0.0000	4,044,598	0.1030	0.1030	14,997,190	0.1000	0.1000
Town of Grantwood Village	General Revenue	16,720,620	0.2460	0.2460	92,080	0.2470	0.2470	1,213,457	0.1660	0.1660	2,949,235	0.2610	0.2610
City of Greendale	General Revenue	4,279,100	0.5940	0.5940	0	0.0000	0.0000	173,210	0.5950	0.5950	0	0.0000	0.0000
Village of Hanley Hills	General Revenue	7,361,290	0.3970	0.3880	0	0.0000	0.0000	207,730	0.4750	0.4700	2,282,396	0.4500	0.4500
City of Hazelwood	General Revenue	153,841,170	0.7780	0.7890	C 214,100	0.7040	0.7160	C 168,156,809	0.7760	0.7870	C 113,731,001	0.7550	0.7660
Village of Hillsdale	General Revenue	1,575,870	0.5000	0.5000	0	0.0000	0.0000	2,169,050	0.5000	0.5000	3,718,306	0.5000	0.5000
City of Huntleigh	General Revenue	25,521,390	0.3250	0.2050	9,640	0.1860	0.1860	293,947	0.4420	0.2900	2,227,904	0.3280	0.2050
City of Jennings	General Revenue	53,067,740	1.0000	0.9700	0	0.0000	0.0000	13,123,908	1.0000	1.0000	15,817,457	1.0000	1.0000
	Pension	53,067,740	0.1850	0.1800	0	0.0000	0.0000	13,123,908	0.1850	0.1800	15,817,457	0.1850	0.1800
City of Kinloch	General Revenue	833,070	1.0000	1.0000	0	0.0000	0.0000	1,114,827	1.0000	1.0000	624,455	1.0000	1.0000
City of Kirkwood	Parks & Recreation	371,951,950	0.1990	0.1360	0	0.0000	0.0000	63,467,770	0.1700	0.1360	72,158,960	0.2000	0.1360
	Library	369,592,390	0.2190	0.2190	0	0.0000	0.0000	61,914,460	0.2340	0.2340	68,747,810	0.2350	0.2350
	Pension	371,951,950	0.1700	0.1600	0	0.0000	0.0000	63,467,770	0.1870	0.1390	72,158,960	0.1820	0.1700
	Debt Service	371,951,950	0.2790	0.2790	0	0.2790	0.2790	63,467,770	0.2790	0.2790	72,158,960	0.2790	0.2790
City of Ladue	General Revenue	442,474,710	0.7490	0.7490	B 1,990	1.0000	1.0000	B 36,038,288	0.7530	0.7530	B 43,388,337	0.7560	0.7560
City of Lakeshire	General Revenue	11,251,850	0.0910	0.0900	0	0.0000	0.0000	143,543	0.1000	0.0900	0	0.0000	0.0000
Village of Mackenzie	General Revenue	1,203,290	0.1720	0.1720	0	0.0000	0.0000	31,431	0.2670	0.1950	271,856	0.1850	0.1850
City of Manchester	General Revenue	190,118,820	0.3730	0.0500	400	0.5000	0.0500	36,723,624	0.3500	0.0500	42,555,562	0.3850	0.0500
	Debt Service	190,118,820	0.2620	0.2000	400	0.2620	0.2000	36,723,624	0.2620	0.2000	42,555,562	0.2620	0.2000
City of Maplewood	General Revenue	49,215,300	0.4980	0.4980	0	0.0000	0.0000	27,405,283	0.5610	0.5610	18,683,104	0.5670	0.5670
	Pension	49,215,300	0.2160	0.2160	0	0.0000	0.0000	27,405,283	0.2430	0.2430	18,683,104	0.2450	0.2450
	Solid Waste	49,215,300	0.2180	0.2180	A 0	0.2180	0.2180	A 27,405,283	0.2180	0.2180	A 18,683,104	0.2180	0.2180
Village of Marlborough	General Revenue	10,502,080	0.1060	0.1000	0	0.0000	0.0000	5,982,150	0.1230	0.1000	4,413,633	0.1110	0.1000
City of Normandy	General Revenue	15,891,200	0.4000	0.4000	0	0.0000	0.0000	2,995,080	0.4000	0.4000	4,882,890	0.4000	0.4000
City of Northwoods	General Revenue	18,602,881	0.3730	0.3600	0	0.0000	0.0000	2,595,450	0.3770	0.3600	5,562,168	0.4150	0.3600
Village of Norwood Court	General Revenue	2,963,820	0.3150	0.0000	0	0.0000	0.0000	142,080	0.3500	0.0000	941,440	0.3450	0.0000
City of Oakland	General Revenue	16,860,900	0.2250	0.2250	0	0.0000	0.0000	1,715,840	0.2300	0.2300	2,981,276	0.2370	0.2370
City of Olivette	General Revenue	105,968,540	0.7440	0.7440	0	0.0000	0.0000	47,583,518	0.7530	0.7530	29,734,862	0.7680	0.7680
	Pension	105,968,540	0.1540	0.1540	0	0.0000	0.0000	47,583,518	0.1570	0.1570	29,734,862	0.1590	0.1590
City of Overland	General Revenue	82,388,040	0.0950	0.0750	0	0.0000	0.0000	70,210,048	0.1000	0.1000	40,216,818	0.0970	0.0750

LISTING OF 2004 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

Political Subdivision	Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property Real Estate		
		Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
City of Overland	Pension	82,388,040	0.1430	0.1430	0	0.0000	0.0000	70,210,048	0.1500	0.1500	40,216,818	0.1460	0.1460
City of Pagedale	General Revenue	8,365,110	0.3010	0.3010	0	0.0000	0.0000	8,716,020	0.3290	0.3290	6,208,992	0.3500	0.3500
City of Pasadena Hills	General Revenue	9,221,890	0.3030	0.3030	0	0.0000	0.0000	0	0.0000	0.0000	1,686,339	0.3100	0.3100
	Debt Service	9,221,890	1.2320	1.2320	0	1.2320	1.2320	0	1.2320	1.2320	1,686,339	1.2320	1.2320
Village of Pasadena Park	General Revenue	3,484,467	0.3010	0.2930	0	0.0000	0.0000	17,830	0.3090	0.3090	706,490	0.3090	0.3090
City of Pine Lawn	General Revenue	9,567,270	0.2670	0.2670	0	0.0000	0.0000	2,525,110	0.2670	0.2670	3,233,990	0.2580	0.2580
City of Richmond Heights	General Revenue	135,552,610	0.5610	0.2900	0	0.0000	0.0000	99,692,128	0.6140	0.2900	33,135,043	0.6030	0.2900
	Library	135,552,610	0.1930	0.1930	0	0.0000	0.0000	99,692,128	0.2110	0.2110	33,135,043	0.2070	0.2070
	Pension	135,552,610	0.3250	0.3200	0	0.0000	0.0000	99,692,128	0.3550	0.3200	33,135,043	0.3480	0.3200
Village of Riverview	General Revenue	11,032,650	0.3000	0.2930	0	0.0000	0.0000	1,724,972	0.3120	0.2930	2,765,597	0.3120	0.2930
City of Rock Hill	General Revenue	42,478,080	0.3150	0.3150	0	0.0000	0.0000	14,319,079	0.3320	0.3320	11,377,880	0.3540	0.3540
	Library	42,476,930	0.3210	0.3210	0	0.0000	0.0000	14,189,989	0.3420	0.3420	11,399,550	0.3600	0.3600
	Debt Service	42,478,080	0.3990	0.3990	0	0.3990	0.3990	14,319,079	0.3990	0.3990	11,377,880	0.3990	0.3990
City of St Ann	General Revenue	66,693,350	0.1680	0.1600	0	0.0000	0.0000	46,487,206	0.1730	0.1600	25,184,564	0.1930	0.0000
City of St George	General Revenue	9,640,616	0.1380	0.1380	0	0.0000	0.0000	99,110	0.0000	0.0000	1,940,276	0.1390	0.1390
City of St John	General Revenue	31,470,910	0.3620	0.3620	0	0.0000	0.0000	6,927,218	0.5000	0.5000	12,315,238	0.4490	0.4490
City of Shrewsbury	General Revenue	61,564,700	0.4120	0.4120	0	0.0000	0.0000	24,340,051	0.4060	0.4060	18,189,368	0.4370	0.4120
	Debt Service	61,564,700	0.5880	0.5880	0	0.5880	0.5880	24,340,051	0.5880	0.5880	18,189,368	0.5880	0.5880
City of Sunset Hills	General Revenue	161,421,430	0.0830	0.0600	240,230	0.1000	0.0600	80,845,210	0.0890	0.0600	43,307,852	0.0900	0.0600
Village of Sycamore Hills	General Revenue	3,752,510	0.2520	0.2500	0	0.0000	0.0000	379,008	0.2700	0.2500	1,017,488	0.2530	0.2500
	Health	3,752,510	0.1170	0.1000	0	0.0000	0.0000	379,008	0.1250	0.1000	1,017,488	0.1180	0.1000
City of Town and Country	General Revenue	360,533,860	0.5390	0.0000	57,710	0.9000	0.0000	190,246,396	0.5480	0.0000	85,021,961	0.5790	0.0000
	Dispatch	360,533,860	0.0290	0.0000	57,710	0.0300	0.0000	190,246,396	0.0290	0.0000	85,021,961	0.0300	0.0000
Village of Twin Oaks	General Revenue	4,404,180	0.3900	0.0000	0	0.0000	0.0000	3,302,902	0.4210	0.2100	0	0.0000	0.0000
City of University City	General Revenue	350,601,580	0.6670	0.6670	0	0.0000	0.0000	35,358,560	0.7170	0.7170	61,109,710	0.6980	0.6980
	Library	350,601,580	0.2910	0.2910	0	0.0000	0.0000	35,358,560	0.3120	0.3120	61,109,710	0.3040	0.3040
	Pension	350,601,580	0.1880	0.0000	0	0.0000	0.0000	35,358,560	0.2020	0.0000	61,109,710	0.1970	0.0000
Village of Uplands Park	General Revenue	1,677,230	0.3970	0.3400	0	0.0000	0.0000	51,621	0.5000	0.0000	555,539	0.3910	0.3400
City of Valley Park	General Revenue	47,689,640	0.6520	0.5700	7,100	0.0000	0.0000	9,604,140	0.7770	0.5700	16,123,900	0.6850	0.5700
City of Velda City	General Revenue	4,680,906	0.3690	0.3600	0	0.0000	0.0000	158,460	0.4600	0.4600	1,378,820	0.3820	0.3800
	Debt Service	4,680,906	0.7120	0.6900	0	0.7120	0.6900	158,460	0.7120	0.6900	1,378,820	0.7120	0.6900
Village of Velda Village Hills	General Revenue	3,745,830	0.3600	0.3560	0	0.0000	0.0000	161,030	0.5000	0.3920	1,222,319	0.3780	0.3780
City of Vinita Park	General Revenue	6,002,350	0.2380	0.2380	0	0.0000	0.0000	23,657,470	0.2420	0.2420	9,122,800	0.2290	0.2290
Village of Vinita Terrace	General Revenue	1,352,550	0.0430	0.0430	0	0.0000	0.0000	681,229	0.0500	0.0500	0	0.0000	0.0000
	Health	1,352,550	0.1270	0.1270	0	0.0000	0.0000	681,229	0.1830	0.1830	0	0.0000	0.0000
City of Warson Woods	General Revenue	39,831,660	0.4270	0.4270	0	0.0000	0.0000	6,295,726	0.4600	0.4600	6,329,264	0.4470	0.0000
	Debt Service	39,831,660	1.3720	0.0000	0	1.3720	0.0000	6,295,726	1.3720	0.0000	6,329,264	1.3720	0.0000

LISTING OF 2004 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

Political Subdivision	Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property Real Estate		
		Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
City of Webster Groves	General Revenue	301,979,410	0.2740	0.2740	0	0.0000	0.0000	33,955,277	0.2860	0.2860	52,753,305	0.2800	0.2800
	Library	301,979,410	0.1760	0.1760	0	0.0000	0.0000	33,955,277	0.1830	0.1830	53,721,255	0.1790	0.1790
	Streets	301,979,410	0.1770	0.1770	0	0.0000	0.0000	33,955,277	0.1850	0.1850	52,753,305	0.1810	0.1810
	Pension	301,979,410	0.1420	0.1420	0	0.0000	0.0000	33,955,277	0.1480	0.1480	52,753,305	0.1450	0.1450
	Debt Service	301,979,410	0.5060	0.5060	0	0.5060	0.5060	33,955,277	0.5060	0.5060	52,753,305	0.5060	0.5060
City of Wellston	General Revenue	3,299,360	0.6000	0.6000	0	0.0000	0.0000	5,756,062	0.6000	0.6000	4,754,712	0.6000	0.6000
Village of Westwood	General Revenue	13,440,050	0.0610	0.0610	0	0.0000	0.0000	1,447,242	0.0730	0.0730	0	0.0000	0.0000
City of Winchester	General Revenue	12,247,320	0.2010	0.2010	0	0.0000	0.0000	1,875,200	0.2420	0.2420	2,733,878	0.2610	0.2610
City of Woodson Terrace	General Revenue	17,965,150	0.2250	0.2200	0	0.0000	0.0000	18,568,602	0.2200	0.2200	26,396,518	0.2510	0.2200
City of Chesterfield	Debt Service	830,444,800	0.0920	0.0600	1,655,570	0.0920	0.0600	215,153,950	0.0920	0.0600	230,120,840	0.0920	0.0600
Ferguson Municipal Pub Library Dist	General Revenue	96,630,720	0.2190	0.2190	7,220	0.0000	0.0000	39,565,755	0.2200	0.2200	39,389,889	0.2200	0.2200
Maplewood Public Library	General Revenue	49,215,300	0.2380	0.2380	0	0.0000	0.0000	27,405,283	0.2500	0.2500	22,562,184	0.2420	0.2420
St Louis County Library	General Revenue	8,983,259,580	0.1780	0.1500	7,324,700	0.2000	0.1500	3,937,048,141	0.1830	0.1500	3,241,339,850	0.1850	0.1500
Valley Park Community Library	General Revenue	20,379,220	0.1700	0.1700	1,510	0.1700	0.1700	6,453,260	0.1700	0.1700	1,316,847	0.1700	0.1700
Affton Fire Protection District	General Revenue	293,102,440	0.7740	0.7740	720	0.7940	0.7940	50,651,470	0.7940	0.7940	78,678,604	0.7940	0.7940
	Ambulance	293,102,440	0.1760	0.1760	720	0.1390	0.1390	50,651,470	0.1910	0.1910	78,678,604	0.1820	0.1820
	Pension	293,102,440	0.0620	0.0620	720	0.0700	0.0700	50,651,470	0.0670	0.0670	78,678,604	0.0640	0.0640
	Dispatch	293,102,440	0.0270	0.0270	720	0.0000	0.0000	50,651,470	0.0290	0.0290	78,678,604	0.0270	0.0270
	Debt Service	293,102,440	0.0270	0.0270	720	0.0000	0.0000	50,651,470	0.0290	0.0290	78,678,604	0.0270	0.0270
Metro West Fire Protection District	General Revenue	995,802,400	0.5410	0.5410	1,142,240	0.6500	0.6500	149,728,404	0.5960	0.5960	208,678,789	0.5610	0.5610
	Ambulance	995,802,400	0.2800	0.2800	1,142,240	0.3000	0.3000	149,728,404	0.3000	0.3000	208,678,789	0.2890	0.2890
	Pension	995,802,400	0.1030	0.1030	1,142,240	0.1100	0.1100	149,728,404	0.1100	0.1100	208,678,789	0.1060	0.1060
	Dispatch	995,802,400	0.0480	0.0480	1,142,240	0.0480	0.0480	149,728,404	0.0480	0.0480	208,678,789	0.0480	0.0480
	Debt Service	995,802,400	0.0940	0.0940	1,142,240	0.0940	0.0940	149,728,404	0.0940	0.0940	208,678,789	0.0940	0.0940
Black Jack Fire Protection District	General Revenue	344,330,380	0.9910	0.9910	209,750	1.0000	1.0000	42,641,360	1.0000	1.0000	91,550,355	1.0000	1.0000
	Pension	344,330,380	0.1000	0.1000	209,750	0.1000	0.1000	42,641,360	0.1000	0.1000	91,550,355	0.1000	0.1000
	NCCFA System	344,330,380	0.0500	0.0400	209,750	0.0500	0.0400	42,641,360	0.0500	0.0400	91,550,355	0.0500	0.0400
	Debt Service	344,330,380	0.1050	0.1050	209,750	0.1050	0.1050	42,641,360	0.1050	0.1050	91,550,355	0.1050	0.1050
Monarch Fire Protection District	General Revenue	1,067,546,300	0.5040	0.5040	2,266,610	0.7000	0.7000	247,108,316	0.5790	0.5790	282,139,939	0.5470	0.5470
	Ambulance	1,067,546,300	0.3150	0.3150	2,266,610	0.3300	0.3300	247,108,316	0.3300	0.3300	282,139,939	0.3300	0.3300
	Pension	1,067,546,300	0.0950	0.0950	2,266,610	0.1000	0.1000	247,108,316	0.1000	0.1000	282,139,939	0.1000	0.1000
	Dispatch	1,067,546,300	0.0490	0.0490	2,266,610	0.0500	0.0500	247,108,316	0.0500	0.0500	282,139,939	0.0500	0.0500
	Debt Service	1,067,546,300	0.0400	0.0400	2,266,610	0.0400	0.0400	247,108,316	0.0400	0.0400	282,139,939	0.0400	0.0400
Community Fire Protection District	General Revenue	212,420,790	1.0000	1.0000	0	0.0000	0.0000	133,926,220	1.0000	1.0000	130,047,233	1.0000	1.0000
	Ambulance	212,420,790	0.2500	0.2500	0	0.0000	0.0000	133,926,220	0.2500	0.2500	130,047,233	0.2500	0.2500
	Pension	212,420,790	0.1000	0.1000	0	0.0000	0.0000	133,926,220	0.1000	0.1000	130,047,233	0.1000	0.1000
	Dispatch	212,420,790	0.0300	0.0300	0	0.0000	0.0000	133,926,220	0.0300	0.0300	130,047,233	0.0300	0.0300
	Debt Service	212,420,790	0.1310	0.1310	0	0.1310	0.1310	133,926,220	0.1310	0.1310	130,047,233	0.1310	0.1310

LISTING OF 2004 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

Political Subdivision	Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property Real Estate		
		Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Creve Coeur Fire Protection Dist	General Revenue	528,898,150	0.5800	0.5800	4,180	0.6460	0.6460	369,638,648	0.6040	0.6040	205,969,063	0.6300	0.6300
	Ambulance	528,898,150	0.2060	0.2060	4,180	0.2390	0.2390	369,638,648	0.2140	0.2140	205,969,063	0.2240	0.2240
	Pension	528,898,150	0.1410	0.1410	4,180	0.1440	0.1440	369,638,648	0.1460	0.1460	205,969,063	0.1500	0.1500
	Dispatch	528,898,150	0.0470	0.0470	4,180	0.0480	0.0480	369,638,648	0.0490	0.0490	205,969,063	0.0500	0.0500
Fenton Fire Protection District	General Revenue	305,310,180	0.4470	0.4050	281,680	0.5960	0.5960	233,120,868	0.5040	0.5040	271,892,116	0.5120	0.5120
	Ambulance	305,310,180	0.3000	0.2300	281,680	0.2790	0.2790	233,120,868	0.3000	0.3000	271,892,116	0.3000	0.3000
	Pension	305,310,180	0.1000	0.1000	281,680	0.0930	0.0930	233,120,868	0.1000	0.1000	271,892,116	0.1000	0.1000
	Dispatch	305,310,180	0.0500	0.0350	281,680	0.0470	0.0350	233,120,868	0.0500	0.0350	271,892,116	0.0500	0.0350
Florissant Valley Fire Prot Dist	General Revenue	435,106,180	0.6950	0.6950	185,030	0.7500	0.7500	124,992,011	0.7410	0.7410	126,725,749	0.7170	0.7170
	Ambulance	435,106,180	0.4370	0.4370 B	185,030	0.4400	0.4400 B	124,992,011	0.4390	0.4390 B	126,725,749	0.4400	0.4400 B
	Pension	435,106,180	0.1000	0.1000	185,030	0.1000	0.1000	124,992,011	0.1000	0.1000	126,725,749	0.1000	0.1000
	Dispatch	435,106,180	0.0500	0.0500	185,030	0.0500	0.0500	124,992,011	0.0500	0.0500	126,725,749	0.0500	0.0500
	Debt Service	435,106,180	0.0450	0.0450	185,030	0.0450	0.0450	124,992,011	0.0450	0.0450	126,725,749	0.0450	0.0450
Kinloch Fire Protection District	General Revenue	833,070	0.9000	0.8600	0	0.0000	0.0000	1,108,010	0.9000	0.8600	791,432	0.9000	0.8600
	Dispatch	833,070	0.0300	0.0400 D	0	0.0000	0.0000	1,108,010	0.0300	0.0400 D	791,432	0.0300	0.0400 D
Lemay Fire Protection District	General Revenue	97,467,372	0.9690	0.9690	180	0.9900	0.9900	19,484,370	0.9900	0.9900	31,389,503	0.9900	0.9900
	Ambulance	94,767,372	0.2210	0.2170	180	0.3000	0.3000	19,484,370	0.2380	0.2380	31,389,503	0.2490	0.2490
	Pension	97,467,372	0.0980	0.0980	180	0.0000	0.0000	19,484,370	0.1000	0.1000	31,389,503	0.1000	0.1000
	Central Alarm Fund	97,467,372	0.0490	0.0490	180	0.0000	0.0000	19,484,370	0.0500	0.0500	31,389,503	0.0500	0.0500
	Debt Service	97,467,372	0.0860	0.0860	180	0.0860	0.0860	19,484,370	0.0860	0.0860	31,389,503	0.0860	0.0860
West County EMS & Fire Prot Dist	General Revenue	396,375,940	0.4580	0.4580	259,090	0.4690	0.4690	79,954,940	0.4820	0.4820	106,324,297	0.4570	0.4570
	Ambulance	396,375,940	0.1960	0.1960	259,090	0.1990	0.1990	79,954,940	0.2000	0.2000	106,324,297	0.1940	0.1940
	Pension	396,375,940	0.0980	0.0800	259,090	0.0990	0.0800	79,954,940	0.1000	0.0800	106,324,297	0.0970	0.0800
	Dispatch	396,375,940	0.0500	0.0500	259,090	0.0500	0.0500	79,954,940	0.0500	0.0500	106,324,297	0.0490	0.0490
	Debt Service	396,375,940	0.1730	0.1700	259,090	0.1730	0.1700	79,954,940	0.1730	0.1700	106,324,297	0.1730	0.1700
Maryland Heights Fire Prot Dist	General Revenue	183,677,320	0.7990	0.7990	5,730	0.8000	0.8000	234,809,210	0.7990	0.7990	142,206,560	0.8000	0.8000
	Ambulance	183,677,320	0.1130	0.1130	5,730	0.1500	0.1500	234,809,210	0.1120	0.1120	142,206,560	0.1180	0.1180
	Pension	183,677,320	0.1300	0.1300	5,730	0.1220	0.1220	234,809,210	0.1300	0.1300	142,206,560	0.1300	0.1300
	Dispatch	183,677,320	0.0500	0.0480	5,730	0.0500	0.0500	234,809,210	0.0500	0.0470	142,206,560	0.0500	0.0500
Mehlville Fire Protection District	General Revenue	1,227,632,500	0.5460	0.5460	836,750	0.7500	0.7500	311,708,823	0.5820	0.5820	316,796,606	0.5670	0.5670
	Ambulance	1,227,632,500	0.2130	0.2130	836,750	0.3000	0.3000	311,708,823	0.2270	0.2270	316,796,606	0.2210	0.2210
	Pension	1,227,632,500	0.0920	0.0920	836,750	0.1000	0.1000	311,708,823	0.0990	0.0990	316,796,606	0.0960	0.0960
	Alarm Fund	1,227,632,500	0.0460	0.0370	836,750	0.0500	0.0410	311,708,823	0.0490	0.0400	316,796,606	0.0480	0.0390
Moline Fire Protection District	General Revenue	74,363,050	1.4513	1.4513 B	2,140	0.2500	0.2500 B	14,351,980	1.4398	1.4398 B	21,735,126	1.4910	1.4910 B
	Pension	74,363,050	0.2440	0.2440 B	2,140	0.1000	0.1000 B	14,351,980	0.2430	0.2430 B	21,735,126	0.2490	0.2490 B
	Dispatch	74,363,050	0.0290	0.0290	2,140	0.0000	0.0000	14,351,890	0.0300	0.0300	21,735,126	0.0300	0.0300
	Debt Service	74,363,050	0.0540	0.0540	2,140	0.0540	0.0540	11,383,290	0.0540	0.0540	21,735,126	0.0540	0.0540

LISTING OF 2004 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

Political Subdivision	Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property Real Estate		
		Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Normandy Fire Protection District	General Revenue	108,544,740	1.5078	1.5070	12,590	1.5078	1.5070	22,001,511	1.5078	1.5070	36,268,411	1.5078	1.5070
	Ambulance	108,544,740	0.3000	0.3000	12,590	0.3000	0.3000	22,001,511	0.3000	0.3000	36,268,411	0.3000	0.3000
	Pension	108,544,740	0.1000	0.1000	12,590	0.1000	0.1000	22,001,511	0.1000	0.1000	36,268,411	0.1000	0.1000
	Dispatch	108,544,740	0.0500	0.0500	12,590	0.0500	0.0500	22,001,511	0.0500	0.0500	36,268,411	0.0500	0.0500
	Debt Service	108,544,740	0.0080	0.0080	12,590	0.0080	0.0080	22,001,511	0.0080	0.0080	36,268,411	0.0080	0.0080
Pattonville-Bridgeton Terr Fire Dis	General Revenue	106,211,740	0.9830	0.9830	350,650	0.9830	0.9830	378,511,590	0.9830	0.9830	173,984,758	0.9830	0.9830
	Ambulance	106,211,740	0.2500	0.2500	350,650	0.2500	0.2500	378,511,590	0.2500	0.2500	173,984,758	0.2500	0.2500
	Pension	106,211,740	0.1500	0.1500	350,650	0.1500	0.1500	378,511,590	0.1500	0.1500	168,422,738	0.1500	0.1500
	Dispatch	106,211,740	0.0500	0.0400	350,650	0.0500	0.0400	378,511,590	0.0500	0.0400	168,422,738	0.0500	0.0400
	Debt Service	106,211,740	0.0090	0.0090	350,650	0.0090	0.0090	378,511,590	0.0090	0.0090	168,422,738	0.0090	0.0090
Riverview Fire Protection District	General Revenue	85,372,420	1.4612	1.4612	10,040	1.4612	1.4612	14,496,661	1.4612	1.4612	25,808,560	1.4612	1.4612
	Pension	85,372,420	0.2500	0.2500	10,040	0.2490	0.2490	14,496,661	0.2500	0.2500	25,808,560	0.2500	0.2500
	Dispatch	85,372,420	0.0500	0.0400	10,040	0.0500	0.0400	14,496,661	0.0500	0.0400	25,808,560	0.0500	0.0400
	Debt Service	85,372,420	0.1350	0.1350	10,040	0.1350	0.1350	14,496,661	0.1350	0.1350	25,808,560	0.1350	0.1350
Robertson Fire Protection District	General Revenue	35,707,270	0.8900	0.8900	231,640	0.8900	0.8900	148,756,040	0.8900	0.8900	98,875,843	0.8900	0.8900
	Ambulance	35,707,270	0.5500	0.4850	231,640	0.5500	0.4850	148,756,040	0.5500	0.4850	98,875,843	0.5500	0.4850
	Pension	35,707,270	0.2000	0.2000	231,640	0.2000	0.2000	148,756,040	0.2000	0.2000	98,875,843	0.2000	0.2000
	Dispatch	35,707,270	0.0500	0.0400	231,640	0.0500	0.0400	148,756,040	0.0500	0.0400	98,875,843	0.0500	0.0400
	Debt Service	35,707,270	0.1580	0.1580	231,640	0.1580	0.1580	148,756,040	0.1580	0.1580	98,875,843	0.1580	0.1580
Spanish Lake Fire Protection Dist	General Revenue	106,073,260	1.2480	1.2480	102,740	1.2449	1.2449	21,727,623	1.1118	1.1118	30,506,370	1.2500	1.2500
	Pension	106,073,260	0.1500	0.1500	102,740	0.1500	0.1500	21,727,623	0.1330	0.1330	30,506,370	0.1500	0.1500
	Dispatch	106,073,260	0.0500	0.0500	102,740	0.0500	0.0500	21,727,623	0.0440	0.0440	30,506,370	0.0500	0.0500
	Debt Service	106,073,260	0.3610	0.1910	102,740	0.3610	0.1910	21,727,623	0.3610	0.1910	30,506,370	0.3610	0.1910
Valley Park Fire Protection Dist	General Revenue	102,962,500	0.8750	0.7700 B	110,120	0.8800	0.8800 B	33,249,070	0.8800	0.8800 B	46,576,107	0.8800	0.8800 B
	Ambulance	102,962,500	0.3000	0.3000	110,120	0.3000	0.3000	33,249,070	0.3000	0.3000	46,576,107	0.3000	0.3000
	Pension	102,962,500	0.1000	0.1000	110,120	0.1000	0.1000	33,249,070	0.1000	0.1000	46,576,107	0.1000	0.1000
	Dispatch	102,962,500	0.0300	0.0300	110,120	0.0300	0.0300	33,249,070	0.0300	0.0300	46,576,107	0.0300	0.0300
	Debt Service	102,962,500	0.0430	0.0400	110,120	0.0430	0.0400	33,249,070	0.0430	0.0400	46,576,107	0.0430	0.0400
Mid-County Fire Protection District	General Revenue	33,173,810	1.3500	1.3500	0	0.0000	0.0000	39,833,370	1.3500	1.3500	41,954,622	1.3500	1.3500
	Ambulance	33,173,810	0.1500	0.1500	0	0.0000	0.0000	39,833,370	0.1500	0.1500	41,954,622	0.1500	0.1500
	Pension	33,173,810	0.1000	0.1000	0	0.0000	0.0000	39,833,370	0.1000	0.1000	41,954,622	0.1000	0.1000
	Dispatch	33,173,810	0.0300	0.0300	0	0.0000	0.0000	39,833,370	0.0300	0.0300	41,954,622	0.0300	0.0000
	Debt Service	33,173,810	0.4880	0.4880	0	0.4880	0.4880	39,833,370	0.4880	0.4880	41,954,622	0.4880	0.4880
West Overland Fire Protection Dist	General Revenue	42,934,100	0.7100	0.7100	0	0.0000	0.0000	86,585,840	0.7100	0.7100	33,107,417	0.7100	0.7100
	Ambulance	42,934,100	0.2500	0.2500	0	0.0000	0.0000	86,585,840	0.2500	0.2500	33,107,417	0.2500	0.2500
	Pension	42,934,100	0.1500	0.1500	0	0.0000	0.0000	86,585,840	0.1500	0.1500	33,107,417	0.1500	0.1500
	Dispatch	42,934,100	0.0500	0.0500	0	0.0000	0.0000	86,585,840	0.0500	0.0500	33,107,417	0.0500	0.0500

LISTING OF 2004 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

Political Subdivision	Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property Real Estate		
		Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
West Overland Fire Protection Dist	Debt Service	42,934,100	0.3000	0.3000	0	0.3000	0.3000	86,585,840	0.3000	0.3000	33,107,417	0.3000	0.3000
Black Creek - St. Louis County	General Revenue	569,588,970	0.0940	0.0600	0	0.0000	0.0000	464,004,590	0.0970	0.0600	157,923,429	0.0950	0.0600
Black Jack-Dellwood - St. Louis Co.	General Revenue	121,195,000	0.1000	0.0600	6,450	0.0660	0.0600	50,666,089	0.1000	0.0600	40,221,588	0.0980	0.0600
Clayton Central - St. Louis County	General Revenue	18,895,370	0.0680	0.0600	0	0.0000	0.0000	255,715,719	0.0920	0.0600	43,826,889	0.0900	0.0600
Coldwater Creek - St. Louis County	General Revenue	806,823,930	0.1000	0.0700	48,990	0.1000	0.0700	459,011,097	0.1000	0.0700	530,953,283	0.1000	0.0700
Creve Coeur-Frontenac St. Louis Co	General Revenue	252,843,600	0.0750	0.0500	0	0.0000	0.0000	157,759,946	0.0750	0.0500	70,515,404	0.0760	0.0500
Deer Creek - St. Louis County	General Revenue	1,922,306,380	0.0930	0.0600	161,310	0.1000	0.0600	780,450,110	0.0940	0.0600	424,789,795	0.0930	0.0600
Fountain Creek - St. Louis County	General Revenue	74,178,810	0.1440	0.1000	0	0.0000	0.0000	17,441,300	0.1500	0.1000	21,685,597	0.1400	0.1000
Gravois Creek - St. Louis County	General Revenue	787,956,900	0.0850	0.0600	341,470	0.0860	0.0600	340,523,987	0.0860	0.0600	224,910,762	0.0860	0.0600
Loretta-Joplin - St. Louis County	General Revenue	15,196,180	0.0920	0.0600	0	0.0000	0.0000	1,406,038	0.1000	0.0600	4,403,800	0.0900	0.0600
Maline Creek - St. Louis County	General Revenue	313,163,680	0.1000	0.0700	36,890	0.1000	0.0700	117,801,029	0.1000	0.0700	129,740,259	0.1000	0.0700
Marlborough - St. Louis County	General Revenue	33,345,720	0.0580	0.0400	0	0.0000	0.0000	11,489,962	0.0600	0.0400	8,828,112	0.0580	0.0400
Meramec River Basin - St. Louis Co.	General Revenue	1,552,290,670	0.1000	0.0700	1,042,340	0.1000	0.0700	522,726,719	0.1000	0.0700	583,866,456	0.1000	0.0700
Mo. River-Bonfils - St. Louis Co.	General Revenue	117,185,480	0.1000	0.0700	144,300	0.1000	0.0700	398,343,600	0.1000	0.0700	202,754,387	0.1000	0.0700
North Affton - St. Louis County	General Revenue	49,698,470	0.0840	0.0600	0	0.0000	0.0000	3,780,851	0.0870	0.0600	9,939,125	0.0850	0.0600
Paddock Creek - St. Louis County	General Revenue	84,513,550	0.1000	0.0600	2,360	0.0850	0.0600	23,975,765	0.1000	0.0600	23,934,252	0.0990	0.0600
Seminary Branch RDP - St. Louis Co	General Revenue	181,080,540	0.0730	0.0600	0	0.0000	0.0000	39,482,440	0.0800	0.0600	50,294,704	0.0760	0.0600
Shrewsbury Branch RDP - St Louis C	General Revenue	15,401,090	0.0750	0.0600	0	0.0000	0.0000	2,944,920	0.0820	0.0600	4,468,733	0.0780	0.0600
Sugar Creek - St. Louis County	General Revenue	204,794,060	0.0630	0.0630	130	0.0000	0.0000	32,243,757	0.1000	0.0660	57,790,148	0.0690	0.0660
Univ City Branch RDP - St. Louis Co	General Revenue	373,399,450	0.0950	0.0700	0	0.0000	0.0000	223,780,878	0.0990	0.0700	167,996,856	0.0940	0.0700
Upper Paddock Creek - St. Louis Co.	General Revenue	20,062,270	0.0950	0.0600	1,170	0.0950	0.0600	4,625,659	0.0940	0.0600	5,310,169	0.0910	0.0600
Watkins Creek - St. Louis County	General Revenue	89,270,030	0.1000	0.0600	11,370	0.1000	0.0600	27,619,392	0.1000	0.0600	29,805,781	0.0990	0.0600
Wedgewood Creek - St. Louis County	General Revenue	18,711,700	0.1000	0.0600	0	0.0000	0.0000	13,067,218	0.1000	0.0600	7,408,658	0.1000	0.0600
Wellston - St. Louis County	General Revenue	11,902,040	0.1000	0.0800	0	0.0000	0.0000	9,924,898	0.1000	0.0800	13,125,987	0.1000	0.0800
Hancock Street Light Dist St Louis	General Revenue	32,063,700	0.1980	0.1700	0	0.0000	0.0000	8,655,380	0.2000	0.1700	12,853,130	0.2000	0.1700
Wheaton Cook Lyndhurst Light Dist	General Revenue	4,980,450	0.2000	0.1140	0	0.0000	0.0000	784,880	0.2000	0.1110	1,267,080	0.2000	0.1250
Castle Point Street Light District	General Revenue	6,202,770	0.1630	0.1630	0	0.0000	0.0000	164,690	0.2000	0.2000	1,493,760	0.1850	0.1850
Glasgow Village Street Light Dist	General Revenue	17,461,700	0.1600	0.1600	0	0.0000	0.0000	366,780	0.0880	0.0880	3,804,350	0.1580	0.1580
Elmwood Park Street Light District	General Revenue	1,575,730	0.4000	0.0000	0	0.0000	0.0000	95,930	0.4000	0.0000	436,330	0.4000	0.0000
Clayton Special Business District	General Revenue	10,354,970	0.0760	0.0470	0	0.0000	0.0000	251,568,560	0.1290	0.0470	0	0.0000	0.0000
Maplewood Special Business District	General Revenue	226,290	0.4790	0.4790	0	0.0000	0.0000	9,823,500	0.5020	0.5020	0	0.0000	0.0000
University City Spec Bus Dist BD57	General Revenue	624,980	0.6780	0.6780	0	0.0000	0.0000	3,596,520	0.8500	0.8500	1,769,030	0.0000	0.0000
Webster Groves-Old Webster Bus Dist	General Revenue	231,780	0.4180	0.2900	0	0.0000	0.0000	7,578,980	0.4350	0.2900	0	0.0000	0.0000
Webster Groves-Old Orchard Bus Dist	General Revenue	53,260	0.8500	0.3600	0	0.0000	0.0000	3,883,090	0.8500	0.3600	0	0.0000	0.0000
Kirkwood Special Business District	General Revenue	0	0.0000	0.0000	0	0.0000	0.0000	17,189,440	0.5710	0.5710	0	0.0000	0.0000
Jennings Special Business District	General Revenue	35,480	0.5220	0.1700	0	0.0000	0.0000	1,369,800	0.7710	0.1700	0	0.0000	0.0000
Productive Living Board	General Revenue	10,457,378,130	0.0880	0.0850	7,245,880	0.0900	0.0850	4,312,335,645	0.0900	0.0850	3,636,562,996	0.0900	0.0850

LISTING OF 2004 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

		Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property Real Estate		
Political Subdivision	Purpose	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Parkview Gardens Spec Bus Dist BD3	General Revenue	6,294,050	0.8500	0.8500	0	0.0000	0.0000	1,655,150	0.8500	0.8500	2,398,580	0.0000	0.0000
Crossroads Special Business Dist	General Revenue	0	0.0000	0.0000	0	0.0000	0.0000	2,334,750	0.8500	0.4000	0	0.0000	0.0000
Robinwood West Community Imp Dis	General Revenue	11,676,940	0.8880	0.8880	0	0.0000	0.0000	0	0.0000	0.0000	0	0.0000	0.0000
Hazelwood R-I School District	Operating Funds-Schools	771,699,410	5.2804	4.4904	728,570	5.5500	4.7600	403,497,890	5.4277	4.6377	406,053,400	5.4050	4.6150
	Debt Service	771,699,410	0.6300	0.3900	728,570	0.6300	0.3900	403,497,890	0.6300	0.3900	406,053,400	0.6300	0.3900
Ferguson-Florissant R-II Sch Dist	Operating Funds-Schools	364,389,090	4.7400	4.7400	26,770	4.7400	4.7400	255,010,570	4.7400	4.7400	265,446,920	4.7400	4.7400
	Debt Service	364,389,090	0.3010	0.3000	26,770	0.3010	0.3000	255,010,570	0.3010	0.3000	265,446,920	0.3010	0.3000
Pattonville R-III School District	Operating Funds-Schools	338,282,160	3.8117	3.5441	200,530	4.0969	3.9193	561,288,090	3.8532	3.6756	299,056,590	3.8998	3.7222
	Debt Service	338,282,160	0.4900	0.4900	200,530	0.4900	0.4900	561,288,090	0.4900	0.4900	299,056,590	0.4900	0.4900
Kirkwood R-VII School District	Operating Funds-Schools	611,333,690	3.3773	3.3773	159,450	5.1500	5.1500	153,237,550	4.0499	4.0499	149,953,320	3.4960	3.4960
	Debt Service	611,333,690	0.3630	0.3630	159,450	0.3630	0.3630	153,237,550	0.3630	0.3630	149,953,320	0.3630	0.3630
Lindbergh R-VIII School District	Operating Funds-Schools	609,747,080	2.8658	2.6996	542,570	4.0945	3.9283	234,106,020	3.0503	2.8841	162,824,360	3.0269	2.8607
	Debt Service	609,747,080	0.3800	0.3800	542,570	0.3800	0.3800	234,106,020	0.3800	0.3800	162,824,360	0.3800	0.3800
Mehlville R-IX School District	Operating Funds-Schools	929,187,800	3.5209	3.5209	488,080	3.7500	3.7500	195,354,630	3.7500	3.7500	243,884,890	3.6237	3.6237
	Debt Service	929,187,800	0.6290	0.3800	488,080	0.6290	0.3800	195,354,630	0.6290	0.3800	243,884,890	0.6290	0.3800
Parkway C-2 School District	Operating Funds-Schools	2,084,359,860	3.2702	3.2702	1,769,050	3.4467	3.4467	862,582,580	3.3293	3.3293	570,167,890	3.3517	3.3517
	Debt Service	2,084,359,860	0.3400	0.3400	1,769,050	0.3400	0.3400	862,582,580	0.3400	0.3400	570,167,890	0.3400	0.3400
Affton 101 School District	Operating Funds-Schools	218,391,590	4.0080	4.0080	0	0.0000	0.0000	54,713,950	4.2589	4.2589	64,865,330	4.1531	4.1531
Bayless School District	Operating Funds-Schools	94,060,140	3.4074	3.4074	0	0.0000	0.0000	9,674,680	3.6503	3.6503	22,213,630	3.6975	3.6975
	Debt Service	94,060,140	0.6410	0.6300	0	0.6410	0.6300	9,674,680	0.6410	0.6300	22,213,630	0.6410	0.6300
Brentwood School District	Operating Funds-Schools	107,172,420	3.4538	3.2345	0	0.0000	0.0000	70,388,950	3.7314	3.5121	44,721,370	3.3969	3.1776
	Debt Service	107,172,420	0.1940	0.1940	0	0.1940	0.1940	70,388,950	0.1940	0.1940	44,721,370	0.1940	0.1940
Clayton School District	Operating Funds-Schools	357,107,880	3.4554	3.3694	0	0.0000	0.0000	377,002,300	3.5316	3.4456	101,244,900	3.4555	3.3695
	Debt Service	357,107,880	0.4310	0.4000	0	0.4310	0.4000	377,002,300	0.4310	0.4000	101,244,900	0.4310	0.4000
Hancock Place School District	Operating Funds-Schools	31,359,980	4.3000	4.3000	0	0.0000	0.0000	8,632,880	4.3000	4.3000	12,710,100	4.3000	4.3000
	Debt Service	31,359,980	0.7740	0.7740	0	0.7740	0.7740	8,632,880	0.7740	0.7740	12,710,100	0.7740	0.7740
Jennings School District	Operating Funds-Schools	59,515,000	4.1702	4.1702	0	0.0000	0.0000	11,466,230	5.3093	5.3093	22,845,030	4.8034	4.8034
	Debt Service	59,515,000	0.9960	0.9960	0	0.9960	0.9960	11,466,230	0.9960	0.9960	22,845,030	0.9960	0.9960
Ladue School District	Operating Funds-Schools	842,453,870	2.7500	2.7500	1,990	2.7500	2.7500	175,429,660	2.7500	2.7500	140,088,570	2.7500	2.7500
	Debt Service	842,453,870	0.4500	0.4500	1,990	0.4500	0.4500	175,429,660	0.4500	0.4500	140,088,570	0.4500	0.4500
Maplewood-Richmond Heights Sch D	Operating Funds-Schools	117,817,330	4.1573	4.3690	0	0.0000	0.0000	31,724,450	4.3500	4.5617	33,628,150	4.2408	4.4525
	Debt Service	117,817,330	1.2870	1.0300	0	1.2870	1.0300	31,724,450	1.2870	1.0300	33,628,150	1.2870	1.0300
Normandy School District	Operating Funds-Schools	132,976,580	4.6600	4.3147	12,590	4.6600	4.3147	27,779,480	4.6600	4.3147	52,832,050	4.6600	4.3147
	Debt Service	132,976,580	1.8380	1.2140	12,590	1.8380	1.2140	27,779,480	1.8380	1.2140	52,832,050	1.8380	1.2140
Ritenour School District	Operating Funds-Schools	205,385,470	3.6647	3.6647	0	0.0000	0.0000	150,042,180	3.8673	3.8673	135,127,080	3.8692	3.8692
	Debt Service	205,385,470	0.9800	0.8900	0	0.9800	0.8900	150,042,180	0.9800	0.8900	135,127,080	0.9800	0.8900
Riverview Gardens School District	Operating Funds-Schools	158,741,450	4.3500	4.3500	10,790	3.2835	3.2835	18,424,450	4.3500	4.3500	43,784,370	4.1177	4.1177

LISTING OF 2004 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

Political Subdivision	Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property Real Estate		
		Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Riverview Gardens School District	Debt Service	158,741,450	2.1880	1.5537	10,790	2.1880	1.5537	18,424,450	2.1880	1.5537	43,784,370	2.1880	1.5537
University City School District	Operating Funds-Schools	351,913,060	4.8596	4.2565	0	0.0000	0.0000	37,520,130	5.2086	4.5627	68,028,580	5.1824	4.5371
	Debt Service	351,913,060	1.1180	0.7380	0	1.1180	0.7380	37,520,130	1.1180	0.7380	68,028,580	1.1180	0.7380
Valley Park School District	Operating Funds-Schools	65,104,040	4.6500	4.6500	7,740	4.6500	4.6500	23,270,570	4.6500	4.6500	32,389,060	4.6500	4.6500
	Debt Service	65,104,040	0.3040	0.3040	7,740	0.3040	0.3040	23,270,570	0.3040	0.3040	32,389,060	0.3040	0.3040
Webster Groves School District	Operating Funds-Schools	411,088,370	3.9845	3.9845	0	0.0000	0.0000	52,730,410	4.3058	4.3058	79,044,420	4.2089	4.2089
	Debt Service	411,088,370	0.5670	0.5670	0	0.5670	0.5670	52,730,410	0.5670	0.5670	79,044,420	0.5670	0.5670
Wellston School District	Operating Funds-Schools	3,748,270	5.6700	5.6700	0	0.0000	0.0000	5,142,080	5.6700	5.6700	8,720,700	5.6700	5.6700
St. Louis County	General Revenue	10,457,378,130	0.2740	0.2550	7,245,880	0.3500	0.2550	4,312,335,645	0.2870	0.2550	3,636,562,996	0.2810	0.2550
	Parks & Recreation	10,457,378,130	0.0690	0.0450	7,245,880	0.0700	0.0450	4,312,335,645	0.0700	0.0450	3,636,562,996	0.0700	0.0450
	Road & Bridge	10,457,378,130	0.1760	0.1050	7,245,880	0.1800	0.1050	4,312,335,645	0.1800	0.1050	3,636,562,996	0.1800	0.1050
	Health	10,457,378,130	0.2350	0.1750	7,245,880	0.3000	0.1750	4,312,335,645	0.2450	0.1750	3,636,562,996	0.2410	0.1750
	Debt Service	10,457,378,130	0.0420	0.0000	7,245,880	0.0420	0.0000	4,312,335,645	0.0420	0.0000	3,636,562,996	0.0420	0.0000

LEGEND:

- A A new voter approved tax rate, newly formed district, or a levy voted to replace an expired levy, see Appendix IX.
 B A voter approved increase to an existing levy, see Appendix X.
 C Levy includes a recoupment rate authorized by state law.
 D Levied a tax rate in excess of the legally permissible tax levy as provided by state law, see Results - Table 1.1.

NOTE:

All rates in the levied column represent the rate extended and certified to the State Auditor's Office by both taxing authority and the county or counties in which the tax rate is levied.

Assessed Value column presents only the assessed valuation that the property tax is levied against.

LISTING OF 2003 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

Political Subdivision	Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property Real Estate		
		Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
St. Louis													
City of Bella Villa	General Revenue	5,352,680	0.2960	0.0000	0	0.0000	0.0000	464,463	0.3040	0.0000	1,189,466	0.3080	0.0000
City of Bellefontaine Neighbors	General Revenue	53,085,750	0.2290	0.1500	5,310	0.2450	0.1500	9,639,594	0.2480	0.1500	16,213,317	0.2360	0.1500
Village of Bellerive Acres	General Revenue	3,130,650	0.6180	0.6180	0	0.0000	0.0000	150,180	0.7090	0.7090	592,709	0.7670	0.7670
Village of Bel Nor	General Revenue	13,900,718	0.2810	0.2810	0	0.0000	0.0000	291,930	0.2930	0.2930	2,854,950	0.2930	0.2930
	Debt Service	13,900,718	0.5270	0.5270	0	0.5270	0.5270	291,930	0.5270	0.5270	2,854,950	0.5270	0.5270
Village of Bel Ridge	General Revenue	8,312,520	0.3300	0.3300	0	0.0000	0.0000	6,777,514	0.3300	0.3300	0	0.0000	0.0000
City of Berkeley	General Revenue	34,591,600	0.7780	0.7780	11,660	1.0000	1.0000	94,918,911	0.7700	0.7700	50,639,843	0.9080	0.9080
	Pension	34,591,600	0.1100	0.1100	11,660	0.1100	0.1100	94,918,911	0.1100	0.1100	50,639,843	0.1100	0.1100
	Debt Service	34,591,600	0.1490	0.1490	11,660	0.1490	0.1490	94,918,911	0.1490	0.1490	50,639,843	0.1490	0.1490
City of Beverly Hills	General Revenue	2,095,370	0.2200	0.2160	0	0.0000	0.0000	1,069,834	0.2290	0.2250	955,180	0.2320	0.2280
City of Breckenridge Hills	General Revenue	16,900,200	0.2830	0.2000	0	0.0000	0.0000	8,582,015	0.2840	0.2000	0	0.0000	0.0000
City of Brentwood	General Revenue	102,368,890	0.2030	0.0000	0	0.0000	0.0000	69,967,760	0.2130	0.2130	40,458,316	0.2070	0.2070
	Library	102,368,890	0.1750	0.1750	0	0.0000	0.0000	69,967,760	0.1840	0.1840	40,458,316	0.1790	0.1790
	Pension	102,368,890	0.2310	0.2310	0	0.0000	0.0000	69,967,760	0.2420	0.2420	40,458,316	0.2350	0.2350
	Debt Service	102,368,890	0.0000	0.0000	0	0.0000	0.0000	69,967,760	0.0000	0.0000	40,458,316	0.0000	0.0000
City of Bridgeton	General Revenue	98,327,050	0.2470	0.1600	124,630	0.2500	0.1600	241,047,785	0.2410	0.2330	0	0.0000	0.0000
Village of Calverton Park	General Revenue	7,526,030	0.2860	0.2000	0	0.0000	0.0000	417,253	0.2930	0.2000	2,012,311	0.2980	0.2000
City of Charlack	General Revenue	5,384,370	0.2490	0.2490	0	0.0000	0.0000	1,708,123	0.2570	0.2540	2,163,858	0.2570	0.2570
City of Clarkson Valley	General Revenue	74,197,980	0.1340	0.1340	5,640	0.1420	0.1420	5,069,160	0.1390	0.1390	11,040,094	0.1530	0.1530
City of Clayton	General Revenue	316,609,430	0.6620	0.5810	0	0.0000	0.0000	303,760,131	0.6870	0.5810	83,255,192	0.7000	0.5810
	Debt Service	316,609,430	0.1650	0.0710	0	0.1650	0.0710	303,760,131	0.1650	0.0710	83,255,192	0.1650	0.0710
City of Cool Valley	General Revenue	5,286,560	0.1610	0.1610	0	0.0000	0.0000	4,341,029	0.1650	0.1650	3,467,380	0.1650	0.1650
City of Country Club Hills	General Revenue	4,155,530	0.7050	0.6830	0	0.0000	0.0000	782,260	0.6730	0.6730	1,294,198	0.7390	0.6830
	Parks & Recreation	4,155,530	0.3220	0.3120	0	0.0000	0.0000	782,260	0.3080	0.3080	1,294,198	0.3380	0.3120
	Health	4,155,530	0.1810	0.1750	0	0.0000	0.0000	782,260	0.1740	0.1740	1,294,198	0.1900	0.1750
Village of Country Life Acres	General Revenue	5,835,620	0.3590	0.3590	0	0.0000	0.0000	64,743	0.4430	0.4430	427,358	0.4280	0.4280
City of Crestwood	General Revenue	133,883,830	0.2610	0.2500	150	0.0000	0.0000	78,259,695	0.2700	0.2500	34,587,938	0.2790	0.2500
City of Creve Coeur	General Revenue	352,307,330	0.0900	0.0700	8,410	0.0950	0.0700	268,356,680	0.0930	0.0700	0	0.0000	0.0000
City of Crystal Lake Park	General Revenue	10,905,170	0.7790	0.7700	0	0.0000	0.0000	48,440	0.7820	0.7700	1,442,395	0.8080	0.7700
City of Dellwood	General Revenue	22,539,370	0.2210	0.2200	0	0.0000	0.0000	6,190,700	0.2490	0.2400	8,025,581	0.2350	0.0000
City of Des Peres	General Revenue	158,538,480	0.2390	0.0000	157,180	0.3690	0.0000	70,040,080	0.2500	0.0000	0	0.0000	0.0000
	Debt Service	158,538,480	1.2210	0.0000	157,180	1.2210	0.0000	70,040,080	1.2210	0.0000	0	1.2210	0.0000
City of Edmundson	General Revenue	3,079,570	0.3880	0.3400	0	0.0000	0.0000	19,456,500	0.3880	0.3400	0	0.0000	0.0000
City of Ellisville	General Revenue	103,666,730	0.4030	0.1500	44,690	0.6500	0.1500	69,805,565	0.4170	0.1500	33,904,382	0.4170	0.0000
City of Eureka	General Revenue	98,621,470	0.4690	0.3730	213,880	0.6500	0.3730	32,318,279	0.4910	0.3900	33,372,348	0.4910	0.3900
City of Ferguson	General Revenue	96,765,640	0.4370	0.4370	7,220	0.4500	0.4410	39,681,524	0.4460	0.4460	41,681,723	0.4500	0.4500

LISTING OF 2003 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

Political Subdivision	Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property Real Estate		
		Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
City of Ferguson	Parks & Recreation	96,765,640	0.1830	0.1830	7,220	0.2000	0.1870	39,681,524	0.1900	0.1890	41,681,723	0.1980	0.1970
City of Flordell Hills	General Revenue	2,737,600	0.5140	0.5140	0	0.0000	0.0000	832,981	0.5400	0.5400	0	0.0000	0.0000
City of Florissant	General Revenue	289,049,560	0.1140	0.0000	29,150	0.1300	0.0000	98,238,957	0.1190	0.0000	96,596,250	0.1200	0.0000
City of Frontenac	General Revenue	129,508,400	0.5340	0.5340	0	0.0000	0.0000	29,454,974	0.5700	0.5700	19,123,320	0.5530	0.5530
City of Glendale	General Revenue	97,623,620	0.5030	0.5030	0	0.0000	0.0000	4,636,478	0.4600	0.4600	15,283,036	0.5190	0.5190
	Pension	97,623,620	0.0970	0.0970	0	0.0000	0.0000	4,636,478	0.0900	0.0900	15,283,036	0.1000	0.1000
Town of Grantwood Village	General Revenue	16,690,010	0.2410	0.2390	92,080	0.2460	0.2450	847,391	0.2260	0.2220	2,770,966	0.2610	0.2590
City of Greendale	General Revenue	4,277,350	0.5940	0.5940	0	0.0000	0.0000	186,170	0.5530	0.5530	0	0.0000	0.0000
Village of Hanley Hills	General Revenue	7,362,890	0.3880	0.3880	0	0.0000	0.0000	591,061	0.1670	0.1670	2,441,768	0.4500	0.4500
City of Hazelwood	General Revenue	153,226,230	0.7670	0.7500 B	188,360	0.7780	0.7500 B	179,840,148	0.7700	0.7500 B	120,137,917	0.7780	0.7500 B
Village of Hillsdale	General Revenue	1,451,370	0.5000	0.5000	0	0.0000	0.0000	2,336,291	0.5000	0.5000	3,713,573	0.5000	0.5000
City of Huntleigh	General Revenue	25,362,640	0.3250	0.2000	9,640	0.1900	0.1900	385,041	0.3370	0.2000	1,980,670	0.3280	0.2000
City of Jennings	General Revenue	52,216,080	0.9700	0.9700	0	0.0000	0.0000	14,464,782	1.0000	1.0000	16,532,658	1.0000	1.0000
	Pension	52,216,080	0.1800	0.1800	0	0.0000	0.0000	14,464,782	0.1850	0.1800	16,532,658	0.1850	0.1800
City of Kinloch	General Revenue	936,400	1.0000	0.7500	0	0.0000	0.0000	1,177,151	1.0000	0.7500	686,589	1.0000	0.7500
City of Kirkwood	Parks & Recreation	370,160,990	0.1860	0.1330	130	0.0000	0.0000	68,302,073	0.1890	0.1330	75,532,170	0.2000	0.1330
	Library	367,831,920	0.2150	0.2150	130	0.0000	0.0000	66,795,123	0.2120	0.2120	73,166,900	0.2350	0.2350
	Pension	370,160,990	0.1670	0.1610	130	0.0000	0.0000	68,302,073	0.1680	0.1580	75,532,170	0.1820	0.1790
	Debt Service	370,160,990	0.2800	0.2800	130	0.2800	0.2800	68,302,073	0.2800	0.2800	75,532,170	0.2800	0.2800
City of Ladue	General Revenue	437,922,270	0.4490	0.4490	1,990	1.0000	1.0000	36,034,477	0.4530	0.4530	52,185,885	0.4560	0.4560
City of Lakeshire	General Revenue	11,250,830	0.0900	0.0900	0	0.0000	0.0000	171,231	0.0980	0.0900	0	0.0000	0.0000
Village of Mackenzie	General Revenue	1,203,290	0.1720	0.1720	0	0.0000	0.0000	43,189	0.1950	0.1950	268,334	0.1850	0.1850
City of Manchester	General Revenue	189,939,350	0.3720	0.0500	400	0.6100	0.0500	37,213,918	0.3140	0.0500	43,267,790	0.4100	0.0500
	Debt Service	189,939,350	0.2830	0.2000	400	0.2830	0.2000	37,213,918	0.2830	0.2000	43,267,790	0.2830	0.2000
City of Maplewood	General Revenue	50,607,520	0.4830	0.4830	0	0.0000	0.0000	28,607,360	0.5310	0.5310	18,874,773	0.5670	0.5670
	Pension	50,607,520	0.2090	0.2090	0	0.0000	0.0000	28,607,360	0.2300	0.2300	18,874,773	0.2450	0.2450
	Capital Projects-Temp	50,607,520	0.2280	0.2280	0	0.0000	0.0000	28,607,360	0.2510	0.2510	18,874,773	0.2680	0.2680
Village of Marlborough	General Revenue	10,819,110	0.1030	0.1000	0	0.0000	0.0000	6,683,010	0.1100	0.1000	4,450,594	0.1110	0.1000
City of Normandy	General Revenue	16,067,560	0.4000	0.4000	0	0.0000	0.0000	3,259,000	0.4000	0.4000	5,535,725	0.4000	0.4000
City of Northwoods	General Revenue	17,898,750	0.3700	0.3600	0	0.0000	0.0000	2,442,893	0.3830	0.3600	6,155,649	0.4150	0.3600
Village of Norwood Court	General Revenue	2,963,820	0.3040	0.0000	0	0.0000	0.0000	211,080	0.3500	0.0000	967,565	0.3450	0.0000
City of Oakland	General Revenue	17,019,060	0.2230	0.2230	0	0.0000	0.0000	1,612,960	0.2390	0.2390	3,031,337	0.2370	0.2370
City of Olivette	General Revenue	105,111,970	0.7190	0.7190	0	0.0000	0.0000	47,888,013	0.7340	0.7340	32,713,683	0.7790	0.7790
	Pension	105,111,970	0.1490	0.1490	0	0.0000	0.0000	47,888,013	0.1520	0.1520	32,713,683	0.1620	0.1620
City of Overland	General Revenue	82,384,090	0.0930	0.0750	0	0.0000	0.0000	71,747,652	0.0970	0.0970	41,226,608	0.0970	0.0750
	Pension	82,384,090	0.1400	0.1400	0	0.0000	0.0000	71,747,652	0.1450	0.1450	41,226,608	0.1460	0.1460
City of Pagedale	General Revenue	8,290,180	0.2890	0.2890	0	0.0000	0.0000	10,395,619	0.2760	0.2760	6,404,875	0.3500	0.3500

LISTING OF 2003 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

Political Subdivision	Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property Real Estate		
		Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
City of Pasadena Hills	General Revenue	9,220,800	0.2950	0.2950	0	0.0000	0.0000	45,040	0.3800	0.3800	1,875,740	0.3100	0.3100
Village of Pasadena Park	General Revenue	3,460,650	0.2930	0.2930	0	0.0000	0.0000	17,830	0.3090	0.3090	802,748	0.3090	0.3090
City of Pine Lawn	General Revenue	9,610,870	0.2580	0.2580	0	0.0000	0.0000	2,616,640	0.2580	0.2580	3,523,926	0.2580	0.2580
City of Richmond Heights	General Revenue	135,341,680	0.5520	0.2900	0	0.0000	0.0000	103,689,220	0.5900	0.2900	34,123,513	0.6030	0.2900
	Library	135,341,680	0.1900	0.1900	0	0.0000	0.0000	103,689,220	0.2030	0.2030	34,123,513	0.2070	0.2070
	Pension	135,341,680	0.3190	0.3190	0	0.0000	0.0000	103,689,220	0.3410	0.3200	34,123,513	0.3480	0.3200
Village of Riverview	General Revenue	11,051,790	0.2930	0.2930	0	0.0000	0.0000	1,801,241	0.2990	0.2930	3,000,471	0.3120	0.2930
City of Rock Hill	General Revenue	42,435,510	0.3100	0.3100	0	0.0000	0.0000	15,440,171	0.3060	0.3060	11,797,140	0.3540	0.3540
	Library	42,435,510	0.3170	0.3170	0	0.0000	0.0000	15,440,171	0.3130	0.3130	11,797,140	0.3600	0.3600
	Debt Service	42,435,510	0.5110	0.5110	0	0.5110	0.5110	15,440,171	0.5110	0.5110	11,797,140	0.5110	0.5110
City of St Ann	General Revenue	67,591,310	0.1660	0.1600	0	0.0000	0.0000	46,226,630	0.1730	0.1600	24,251,721	0.1930	0.0000
City of St George	General Revenue	9,627,185	0.1350	0.1350	0	0.0000	0.0000	147,500	0.0000	0.0000	2,121,714	0.1390	0.1390
City of St John	General Revenue	31,154,140	0.3660	0.3660	0	0.0000	0.0000	7,908,280	0.3580	0.3580	11,729,827	0.4490	0.4490
City of Shrewsbury	General Revenue	61,396,810	0.4100	0.3900	0	0.0000	0.0000	25,053,767	0.3930	0.3900	18,576,107	0.4370	0.3900
	Debt Service	61,396,810	0.6140	0.6100	0	0.6140	0.6100	25,053,767	0.6140	0.6100	18,576,107	0.6140	0.6100
City of Sunset Hills	General Revenue	155,150,510	0.0840	0.0600	234,620	0.1000	0.0600	84,274,020	0.0850	0.0600	43,130,612	0.0900	0.0600
Village of Sycamore Hills	General Revenue	3,749,510	0.2490	0.2490	0	0.0000	0.0000	393,994	0.2170	0.2170	1,036,014	0.2560	0.2560
	Health	3,749,510	0.1160	0.1160	0	0.0000	0.0000	393,994	0.1010	0.1010	1,036,014	0.1190	0.1190
City of Town and Country	General Revenue	344,305,470	0.5370	0.0000	60,270	0.9000	0.0000	185,830,255	0.5480	0.0000	97,975,516	0.5790	0.0000
	Dispatch	344,305,470	0.0290	0.0000	60,270	0.0300	0.0000	185,830,255	0.0290	0.0000	97,975,516	0.0300	0.0000
Village of Twin Oaks	General Revenue	4,309,160	0.3990	0.0000	0	0.0000	0.0000	3,414,082	0.4000	0.2000	0	0.0000	0.0000
City of University City	General Revenue	348,636,070	0.6590	0.6480	0	0.0000	0.0000	37,574,270	0.6710	0.6590	63,785,416	0.6980	0.6860
	Library	348,636,070	0.2870	0.2810	0	0.0000	0.0000	37,574,270	0.2920	0.2850	63,785,416	0.3040	0.2990
	Pension	348,636,070	0.1860	0.0000	0	0.0000	0.0000	37,574,270	0.1890	0.0000	63,785,416	0.1970	0.0000
Village of Uplands Park	General Revenue	1,677,970	0.3820	0.3200	0	0.0000	0.0000	60,034	0.5000	0.3200	609,271	0.3910	0.3200
City of Valley Park	General Revenue	47,970,440	0.6310	0.5700	7,100	0.0000	0.0000	10,267,660	0.6890	0.5700	16,997,580	0.6850	0.5700
City of Velda City	General Revenue	4,530,470	0.3700	0.3400	0	0.0000	0.0000	180,520	0.4040	0.3400	1,459,393	0.3820	0.3400
	Debt Service	4,530,470	0.9380	0.6900	0	0.9380	0.6900	180,520	0.9380	0.6900	1,459,393	0.9380	0.6900
Village of Velda Village Hills	General Revenue	3,745,590	0.3520	0.3560	0	0.0000	0.0000	209,061	0.3870	0.3920	1,296,847	0.3780	0.3830
City of Vinita Park	General Revenue	6,275,920	0.2190	0.2190	0	0.0000	0.0000	23,513,470	0.2320	0.2320	10,221,686	0.2290	0.2290
Village of Vinita Terrace	General Revenue	1,352,640	0.0400	0.0400	0	0.0000	0.0000	829,565	0.0470	0.0470	0	0.0000	0.0000
	Health	1,352,640	0.1270	0.1270	0	0.0000	0.0000	829,565	0.1500	0.1320	0	0.0000	0.0000
City of Warson Woods	General Revenue	39,738,460	0.4270	0.4270	0	0.0000	0.0000	6,476,629	0.4470	0.4470	6,253,822	0.4470	0.4470
	Debt Service	39,738,460	1.4060	0.0000	0	1.4060	0.0000	6,476,629	1.4060	0.0000	6,253,822	1.4060	0.0000
City of Webster Groves	General Revenue	302,800,100	0.2700	0.2700	0	0.0000	0.0000	34,286,314	0.2790	0.2790	54,319,778	0.2800	0.2800
	Library	302,800,100	0.1740	0.1740	0	0.0000	0.0000	34,286,314	0.1790	0.1790	55,374,878	0.1790	0.1790
	Streets	302,800,100	0.1740	0.1740	0	0.0000	0.0000	34,286,314	0.1800	0.1800	54,319,778	0.1810	0.1810

LISTING OF 2003 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

Political Subdivision	Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property Real Estate		
		Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
City of Webster Groves	Pension	302,800,100	0.1400	0.1400	0	0.0000	0.0000	34,286,314	0.1440	0.1440	54,319,778	0.1450	0.1450
	Debt Service	302,800,100	0.6570	0.6570	0	0.6570	0.6570	34,286,314	0.6570	0.6570	54,319,778	0.6570	0.6570
City of Wellston	General Revenue	3,753,620	0.6000	0.6000	0	0.0000	0.0000	6,921,225	0.5850	0.6000	5,135,611	0.6000	0.6000
Village of Westwood	General Revenue	13,377,400	0.0600	0.0600	0	0.0000	0.0000	1,478,526	0.0710	0.0710	0	0.0000	0.0000
City of Winchester	General Revenue	12,244,980	0.2010	0.2010	0	0.0000	0.0000	2,037,020	0.2230	0.2230	2,741,913	0.2610	0.2610
City of Woodson Terrace	General Revenue	18,554,839	0.2190	0.2200	0	0.0000	0.0000	17,423,600	0.2300	0.2200	21,159,950	0.2510	0.2200
City of Chesterfield	Debt Service	815,992,990	0.1150	0.0600	1,755,330	0.1150	0.0600	222,262,370	0.1150	0.0600	234,858,190	0.1150	0.0600
Ferguson Municipal Pub Library Dist	General Revenue	96,765,640	0.2160	0.2160	7,220	0.0000	0.0000	39,681,524	0.2190	0.2190	41,919,953	0.2200	0.2200
Maplewood Public Library	General Revenue	50,647,520	0.2190	0.2190	0	0.0000	0.0000	28,607,360	0.2260	0.2260	26,571,253	0.2420	0.2420
St Louis County Library	General Revenue	8,872,086,270	0.1730	0.1400	7,399,710	0.2000	0.1400	3,953,437,344	0.1780	0.1400	3,506,835,008	0.1850	0.1400
Valley Park Community Library	General Revenue	20,318,800	0.1700	0.1700	1,510	0.1700	0.1700	6,853,620	0.1700	0.1700	12,667,426	0.1700	0.1700
Affton Fire Protection District	General Revenue	292,759,220	0.7590	0.7590	720	0.7940	0.7940	51,326,749	0.7890	0.7890	81,648,991	0.7940	0.7940
	Ambulance	292,759,220	0.1740	0.1740	720	0.2000	0.2000	51,326,749	0.1810	0.1810	81,648,991	0.1820	0.1820
	Pension	292,759,220	0.0610	0.0610	720	0.0700	0.0700	51,326,749	0.0630	0.0630	81,648,991	0.0640	0.0640
	Dispatch	292,759,220	0.0260	0.0260	720	0.0000	0.0000	51,326,749	0.0270	0.0270	81,648,991	0.0270	0.0270
	Debt Service	292,759,220	0.0260	0.0260	720	0.0000	0.0000	51,326,749	0.0270	0.0270	81,648,991	0.0270	0.0270
Metro West Fire Protection District	General Revenue	981,783,520	0.5390	0.5390	1,228,890	0.6500	0.6500	153,237,993	0.5740	0.5740	218,002,781	0.5610	0.5610
	Ambulance	981,783,520	0.2780	0.2780	1,228,890	0.3000	0.3000	153,237,993	0.2960	0.2960	218,002,781	0.2890	0.2890
	Pension	981,783,520	0.1020	0.1020	1,228,890	0.1100	0.1100	153,237,993	0.1090	0.1090	218,002,781	0.1060	0.1060
	Dispatch	981,783,520	0.0470	0.0470	1,228,890	0.0480	0.0480	153,237,993	0.0480	0.0480	218,002,781	0.0480	0.0480
	Debt Service	981,783,520	0.1010	0.1010	1,228,890	0.1010	0.1010	153,237,993	0.1010	0.1010	218,002,781	0.1010	0.1010
Black Jack Fire Protection District	General Revenue	337,906,670	0.7410	0.7410	220,370	0.7500	0.7500	45,243,250	0.7500	0.7500	95,734,157	0.7500	0.7500
	Pension	337,906,670	0.0990	0.0990	220,370	0.1000	0.1000	45,243,250	0.1000	0.1000	95,734,157	0.1000	0.1000
	NCCFA System	337,906,670	0.0490	0.0400	220,370	0.0500	0.0400	45,243,250	0.0500	0.0400	95,734,157	0.0500	0.0400
	Debt Service	337,906,670	0.2400	0.2250	220,370	0.2400	0.2250	45,243,250	0.2400	0.2250	95,734,157	0.2400	0.2250
Monarch Fire Protection District	General Revenue	1,044,698,480	0.5030	0.5030	2,222,710	0.7000	0.7000	257,032,000	0.5390	0.5390	288,197,590	0.5470	0.5470
	Ambulance	1,044,698,480	0.3090	0.3090	2,222,710	0.3300	0.3300	257,032,000	0.3290	0.3290	288,197,590	0.3300	0.3300
	Pension	1,044,698,480	0.0940	0.0940	2,222,710	0.1000	0.1000	257,032,000	0.1000	0.1000	288,197,590	0.1000	0.1000
	Dispatch	1,044,698,480	0.0480	0.0480	2,222,710	0.0500	0.0500	257,032,000	0.0500	0.0500	288,197,590	0.0500	0.0500
	Debt Service	1,044,698,480	0.0970	0.0970	2,222,710	0.0970	0.0970	257,032,000	0.0970	0.0970	288,197,590	0.0970	0.0970
Community Fire Protection District	General Revenue	212,377,170	1.0000	1.0000	0	0.0000	0.0000	139,960,820	1.0000	1.0000	128,334,830	1.0000	1.0000
	Ambulance	212,377,170	0.2500	0.2500	0	0.0000	0.0000	139,960,820	0.2500	0.2500	128,334,830	0.2500	0.2500
	Pension	212,377,170	0.1000	0.1000	0	0.0000	0.0000	139,960,820	0.1000	0.1000	128,334,830	0.1000	0.1000
	Dispatch	212,377,170	0.0300	0.0300	0	0.0000	0.0000	139,960,820	0.0300	0.0300	128,334,830	0.0300	0.0300
	Debt Service	212,377,170	0.3340	0.2500	0	0.3340	0.2500	139,960,820	0.3340	0.2500	128,334,830	0.3340	0.2500
Creve Coeur Fire Protection Dist	General Revenue	527,033,400	0.5670	0.5670	4,180	0.6460	0.6460	362,632,893	0.6040	0.6040	221,947,743	0.6300	0.6300
	Ambulance	527,033,400	0.2010	0.2010	4,180	0.2390	0.2390	362,632,893	0.2140	0.2140	221,947,743	0.2240	0.2240
	Pension	527,033,400	0.1380	0.1380	4,180	0.1500	0.1500	362,632,893	0.1460	0.1460	221,947,743	0.1500	0.1500

LISTING OF 2003 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

Political Subdivision	Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property Real Estate		
		Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Creve Coeur Fire Protection Dist	Dispatch	527,033,400	0.0460	0.0460	4,180	0.0480	0.0480	362,632,893	0.0490	0.0490	221,947,743	0.0500	0.0500
Eureka Fire Protection District	General Revenue	160,828,300	0.6860	0.6860	1,338,890	0.7500	0.7500	42,351,287	0.7170	0.7170	52,410,982	0.7170	0.7170
	Ambulance	160,828,300	0.2760	0.2760	1,338,890	0.3000	0.3000	42,351,287	0.2890	0.2890	52,410,982	0.2890	0.2890
	Pension	160,828,300	0.0920	0.0920	1,338,890	0.1000	0.1000	42,351,287	0.0960	0.0960	52,410,982	0.0960	0.0960
	Dispatch	160,828,300	0.0280	0.0280	1,338,890	0.0300	0.0300	42,351,287	0.0290	0.0290	52,410,982	0.0290	0.0290
	Debt Service	160,828,300	0.1500	0.1500	1,338,890	0.1500	0.1500	42,351,287	0.1500	0.1500	52,410,982	0.1500	0.1500
Fenton Fire Protection District	General Revenue	293,743,340	0.4050	0.4050	252,650	0.6500	0.4050	236,339,140	0.4430	0.4430	327,054,645	0.5120	0.5120
	Ambulance	293,743,340	0.3000	0.2300	252,650	0.3000	0.2300	236,339,140	0.3000	0.2800	327,054,645	0.3000	0.3000
	Pension	293,743,340	0.1000	0.1000	252,650	0.1000	0.1000	236,339,140	0.1000	0.1000	327,054,645	0.1000	0.1000
	Dispatch	293,743,340	0.0500	0.0350	252,650	0.0500	0.0350	236,339,140	0.0500	0.0350	327,054,645	0.0500	0.0350
Florissant Valley Fire Prot Dist	General Revenue	433,923,150	0.6770	0.6770	182,900	0.7500	0.7500	128,779,944	0.6940	0.6940	139,257,520	0.7170	0.7170
	Ambulance	433,923,150	0.1470	0.1470	182,900	0.1500	0.1500	128,779,944	0.1490	0.1490	139,257,520	0.1500	0.1500
	Pension	433,923,150	0.0980	0.0980	182,900	0.1000	0.1000	128,779,944	0.0990	0.0990	139,257,520	0.1000	0.1000
	Dispatch	433,923,150	0.0490	0.0490	182,900	0.0500	0.0500	128,779,944	0.0500	0.0500	139,257,520	0.0500	0.0500
	Debt Service	433,923,150	0.0770	0.0770	182,900	0.0770	0.0770	128,779,944	0.0770	0.0770	139,257,520	0.0770	0.0770
Kinloch Fire Protection District	General Revenue	936,400	0.9000	0.8600	0	0.0000	0.0000	1,170,735	0.9000	0.8600	778,751	0.9000	0.8600
	Dispatch	936,400	0.0300	0.0400	0	0.0000	0.0000	1,170,735	0.0300	0.0400	778,751	0.0300	0.0400
Lemay Fire Protection District	General Revenue	94,703,760	0.9680	0.9680	180	0.9900	0.9900	20,544,140	0.9900	0.9900	31,857,351	0.9900	0.9900
	Ambulance	94,703,760	0.2200	0.2200	180	0.3000	0.3000	20,544,140	0.2240	0.2240	31,857,351	0.2490	0.2490
	Pension	94,703,760	0.0980	0.0980	180	0.1000	0.1000	20,544,140	0.1000	0.1000	31,857,351	0.1000	0.1000
	Central Alarm Fund	94,703,760	0.0490	0.0490	180	0.0500	0.0500	20,544,140	0.0500	0.0500	31,857,351	0.0500	0.0500
	Debt Service	94,703,760	0.1120	0.1120	180	0.1120	0.1120	20,544,140	0.1120	0.1120	31,857,351	0.1120	0.1120
West County EMS & Fire Prot Dist	General Revenue	403,282,290	0.4420	0.4420	259,500	0.4680	0.4680	82,363,060	0.4560	0.4560	112,452,527	0.4570	0.4570
	Ambulance	403,282,290	0.1880	0.1880	259,500	0.1990	0.1990	82,363,060	0.1940	0.1940	112,452,527	0.1940	0.1940
	Pension	403,282,290	0.0940	0.0800	259,500	0.0990	0.0800	82,363,060	0.0970	0.0800	112,452,527	0.0970	0.0800
	Dispatch	403,282,290	0.0480	0.0480	259,500	0.0500	0.0500	82,363,060	0.0490	0.0490	112,452,527	0.0490	0.0490
	Debt Service	403,282,290	0.1850	0.1700	259,500	0.1850	0.1700	82,363,060	0.1850	0.1700	112,452,527	0.1850	0.1700
Maryland Heights Fire Prot Dist	General Revenue	182,836,940	0.7840	0.7840	5,730	0.8000	0.8000	236,777,421	0.7770	0.7770	151,131,557	0.8000	0.8000
	Ambulance	182,836,940	0.1110	0.1090	5,730	0.1500	0.1500	236,777,421	0.1090	0.1070	151,131,557	0.1180	0.1160
	Pension	182,836,940	0.1270	0.1270	5,730	0.1300	0.1300	236,777,421	0.1260	0.1260	151,131,557	0.1300	0.1300
	Dispatch	182,836,940	0.0490	0.0490	5,730	0.0500	0.0500	236,777,421	0.0490	0.0490	151,131,557	0.0500	0.0500
Mehlville Fire Protection District	General Revenue	1,201,223,310	0.5440	0.5440	873,740	0.7500	0.7500	314,202,526	0.5650	0.5650	325,632,952	0.5670	0.5670
	Ambulance	1,201,223,310	0.2120	0.2120	873,740	0.3000	0.3000	314,202,526	0.2200	0.2200	325,632,952	0.2210	0.2210
	Pension	1,201,223,310	0.0920	0.0920	873,740	0.1000	0.1000	314,202,526	0.0960	0.0960	325,632,952	0.0960	0.0960
	Alarm Fund	1,201,223,310	0.0460	0.0460	873,740	0.0500	0.0500	314,202,526	0.0480	0.0480	325,632,952	0.0480	0.0480
Moline Fire Protection District	General Revenue	74,418,160	1.2013	1.2012	0	0.0000	0.0000	14,817,789	1.1898	1.1883	22,949,235	1.2410	1.2410
	Pension	74,418,160	0.1440	0.1440	0	0.0000	0.0000	14,817,789	0.1430	0.1430	22,949,235	0.1490	0.1490

LISTING OF 2003 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

Political Subdivision	Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property Real Estate		
		Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Moline Fire Protection District	Dispatch	74,418,160	0.0290	0.0290	0	0.0000	0.0000	14,817,789	0.0290	0.0290	22,949,235	0.0300	0.0300
	Debt Service	74,418,160	0.0570	0.0500	0	0.0570	0.0500	14,817,789	0.0570	0.0500	22,949,235	0.0570	0.0500
Normandy Fire Protection District	General Revenue	107,979,800	1.5078	1.5000	12,590	1.5078	1.5000	22,523,691	1.5078	1.5000	37,974,427	1.5078	1.5000
	Ambulance	107,979,800	0.3000	0.3000	12,590	0.3000	0.3000	22,523,691	0.3000	0.3000	37,974,427	0.3000	0.3000
	Pension	107,979,800	0.1000	0.1000	12,590	0.1000	0.1000	22,523,691	0.1000	0.1000	37,974,427	0.1000	0.1000
	Dispatch	107,979,800	0.0500	0.0400	12,590	0.0500	0.0400	22,523,691	0.0500	0.0400	37,974,427	0.0500	0.0400
	Debt Service	107,979,800	0.0470	0.0400	12,590	0.0470	0.0400	22,523,691	0.0470	0.0400	37,974,427	0.0470	0.0400
Pattonville-Bridgeton Terr Fire Dis	General Revenue	104,706,200	0.9830	0.9830	345,140	0.9830	0.9830	379,198,610	0.9830	0.9830	183,838,441	0.9830	0.9830
	Ambulance	104,706,200	0.2390	0.2390	345,140	0.2500	0.2500	379,198,610	0.2490	0.2490	183,838,441	0.2500	0.2500
	Pension	104,706,200	0.1500	0.1500	345,140	0.1500	0.1500	379,198,610	0.1500	0.1500	183,838,441	0.1500	0.1500
	Dispatch	104,706,200	0.0500	0.0400	345,140	0.0500	0.0400	379,198,610	0.0500	0.0400	183,838,441	0.0500	0.0400
	Debt Service	104,706,200	0.0000	0.0000	345,140	0.0000	0.0000	379,198,610	0.0000	0.0000	183,838,441	0.0000	0.0000
Riverview Fire Protection District	General Revenue	85,425,140	1.4612	1.4612	10,040	1.4612	1.4612	14,850,654	1.4612	1.4612	27,907,159	1.4612	1.4612
	Pension	85,425,140	0.2500	0.2500	10,040	0.2500	0.2500	14,850,654	0.2500	0.2500	27,907,159	0.2500	0.2500
	Dispatch	85,425,140	0.0490	0.0400	10,040	0.0500	0.0400	14,850,654	0.0500	0.0400	27,907,159	0.0500	0.0400
	Debt Service	85,425,140	0.1520	0.1520	10,040	0.1520	0.1520	14,850,654	0.1520	0.1520	27,907,159	0.1520	0.1520
Robertson Fire Protection District	General Revenue	39,417,750	0.8900	0.8900	205,840	0.8900	0.8900	146,624,050	0.8900	0.8900	99,590,989	0.8900	0.8900
	Ambulance	39,417,750	0.5500	0.4250	205,840	0.5500	0.4250	146,624,050	0.5500	0.4250	99,590,989	0.5500	0.4250
	Pension	39,417,750	0.2000	0.2000	205,840	0.2000	0.2000	146,624,050	0.2000	0.2000	99,590,989	0.2000	0.2000
	Dispatch	39,417,750	0.0500	0.0400	205,840	0.0500	0.0400	146,624,050	0.0500	0.0400	99,590,989	0.0500	0.0400
	Debt Service	39,417,750	0.1510	0.1000	205,840	0.1510	0.1000	146,624,050	0.1510	0.1000	99,590,989	0.1510	0.1000
Spanish Lake Fire Protection Dist	General Revenue	108,456,650	1.2206	1.2206	103,790	1.2323	1.2323	16,320,920	1.2500	1.2500	32,021,858	1.2500	1.2500
	Pension	108,456,650	0.1470	0.1470	103,790	0.1500	0.1500	16,320,920	0.1500	0.1500	32,021,858	0.1500	0.1500
	Dispatch	108,456,650	0.0490	0.0490	103,790	0.0500	0.0500	16,320,920	0.0500	0.0500	32,021,858	0.0500	0.0500
	Debt Service	108,456,650	0.3460	0.3460	103,790	0.3460	0.3460	16,320,920	0.3460	0.3460	32,021,858	0.3460	0.3460
Valley Park Fire Protection Dist	General Revenue	108,802,280	0.6550	0.6550	110,120	0.6600	0.6550	30,819,800	0.6600	0.6550	47,813,296	0.6600	0.6550
	Ambulance	108,802,280	0.2980	0.2977	110,120	0.3000	0.2977	30,819,800	0.3000	0.2977	47,813,296	0.3000	0.2977
	Pension	108,802,280	0.0990	0.0990	110,120	0.1000	0.0990	30,819,800	0.1000	0.0990	47,813,296	0.1000	0.0990
	Dispatch	108,802,280	0.0300	0.0300	110,120	0.0300	0.0300	30,819,800	0.0300	0.0300	47,813,296	0.0300	0.0300
	Debt Service	108,802,280	0.0390	0.0390	110,120	0.0390	0.0390	30,819,800	0.0390	0.0390	47,813,296	0.0390	0.0390
Mid-County Fire Protection District	General Revenue	33,655,050	1.3500	1.3500	0	0.0000	0.0000	40,112,370	1.3500	1.3500	44,353,484	1.3500	1.3500
	Ambulance	33,655,050	0.1500	0.1500	0	0.0000	0.0000	40,112,370	0.1500	0.1500	44,353,484	0.1500	0.1500
	Pension	33,655,050	0.1000	0.1000	0	0.0000	0.0000	40,112,370	0.1000	0.1000	44,353,484	0.1000	0.1000
	Dispatch	33,655,050	0.0300	0.0300	0	0.0000	0.0000	40,112,370	0.0300	0.0300	44,353,484	0.0300	0.0300
	Debt Service	33,655,050	0.3730	0.3730	0	0.3730	0.3730	40,112,370	0.3730	0.3730	44,353,484	0.3730	0.3730
West Overland Fire Protection Dist	General Revenue	42,936,290	0.7100	0.7100	0	0.0000	0.0000	87,014,348	0.7100	0.7100	37,030,459	0.7100	0.7100
	Ambulance	42,936,290	0.2500	0.2500	0	0.0000	0.0000	87,014,348	0.2500	0.2500	37,030,459	0.2500	0.2500

LISTING OF 2003 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

Political Subdivision	Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property Real Estate		
		Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
West Overland Fire Protection Dist	Pension	42,936,290	0.1500	0.1500	0	0.0000	0.0000	87,014,348	0.1500	0.1500	37,030,459	0.1500	0.1500
	Dispatch	42,936,290	0.0500	0.0500	0	0.0000	0.0000	87,014,348	0.0500	0.0500	37,030,459	0.0500	0.0500
	Debt Service	42,936,290	0.2730	0.2700	0	0.2730	0.2700	87,014,348	0.2730	0.2700	37,030,459	0.2730	0.2700
Metropolitan Sewer Dist St Louis Co	General Revenue -Gen.	11,250,065,080	0.0190	0.0190	5,113,690	0.0200	0.0190	5,391,110,670	0.0190	0.0190	5,130,217,034	0.0190	0.0190
	General Revenue -Storm	6,416,687,280	0.0650	0.0500	617,410	0.0700	0.0500	3,315,843,744	0.0680	0.0500	3,154,690,470	0.0680	0.0500
Black Creek - St. Louis County	General Revenue	562,659,760	0.0920	0.0600	0	0.0000	0.0000	470,380,421	0.0950	0.0600	170,708,475	0.0950	0.0600
Black Jack-Dellwood - St. Louis Co.	General Revenue	122,802,190	0.0970	0.0600	4,310	0.1000	0.0600	50,814,258	0.1000	0.0600	47,008,294	0.0980	0.0600
Clayton Central - St. Louis County	General Revenue	15,373,850	0.0730	0.0600	0	0.0000	0.0000	257,998,672	0.0910	0.0600	42,514,416	0.0900	0.0600
Coldwater Creek - St. Louis County	General Revenue	800,711,560	0.1000	0.0700	58,350	0.1000	0.0700	474,841,667	0.1000	0.0700	603,204,179	0.1000	0.0700
Creve Coeur-Frontenac St. Louis Co	General Revenue	249,341,750	0.0740	0.0500	0	0.0000	0.0000	148,943,809	0.0760	0.0500	75,297,976	0.0760	0.0500
Deer Creek - St. Louis County	General Revenue	1,903,824,860	0.0900	0.0600	158,680	0.1000	0.0600	781,565,671	0.0930	0.0600	465,374,149	0.0930	0.0600
Fountain Creek - St. Louis County	General Revenue	74,112,820	0.1380	0.1000	0	0.0000	0.0000	17,660,410	0.1420	0.1000	25,543,598	0.1400	0.1000
Gravois Creek - St. Louis County	General Revenue	784,126,150	0.0830	0.0600	341,470	0.0840	0.0600	338,422,102	0.0860	0.0600	249,810,602	0.0860	0.0600
Loretta-Joplin - St. Louis County	General Revenue	15,192,340	0.0870	0.0600	0	0.0000	0.0000	1,716,139	0.0880	0.0600	5,072,178	0.0900	0.0600
Maline Creek - St. Louis County	General Revenue	314,289,060	0.1000	0.0700	34,750	0.1000	0.0700	120,950,588	0.1000	0.0700	140,412,713	0.1000	0.0700
Marlborough - St. Louis County	General Revenue	33,314,050	0.0560	0.0400	0	0.0000	0.0000	11,554,355	0.0600	0.0400	9,806,194	0.0580	0.0400
Meramec River Basin - St. Louis Co.	General Revenue	1,529,770,450	0.0950	0.0700	1,026,070	0.1000	0.0700	531,894,008	0.0970	0.0700	652,923,325	0.1000	0.0700
Mo. River-Bonfils - St. Louis Co.	General Revenue	118,505,980	0.1000	0.0700	126,360	0.1000	0.0700	400,113,197	0.1000	0.0700	213,710,888	0.1000	0.0700
North Affton - St. Louis County	General Revenue	49,576,670	0.0810	0.0600	0	0.0000	0.0000	3,964,600	0.0830	0.0600	11,296,893	0.0850	0.0600
Paddock Creek - St. Louis County	General Revenue	84,445,410	0.0990	0.0600	2,360	0.1000	0.0600	23,729,149	0.1000	0.0600	26,630,746	0.0990	0.0600
Seminary Branch RDP - St. Louis Co	General Revenue	182,904,360	0.0730	0.0600	0	0.0000	0.0000	39,730,614	0.0760	0.0600	50,571,398	0.0760	0.0600
Shrewsbury Branch RDP - St Louis C	General Revenue	15,262,090	0.0750	0.0600	0	0.0000	0.0000	3,162,910	0.0760	0.0600	4,238,406	0.0780	0.0600
Sugar Creek - St. Louis County	General Revenue	203,182,540	0.0630	0.0630	130	0.0000	0.0000	32,176,175	0.1000	0.0660	53,170,556	0.0690	0.0660
Univ City Branch RDP - St. Louis Co	General Revenue	370,219,150	0.0920	0.0700	0	0.0000	0.0000	227,265,483	0.0930	0.0700	186,401,507	0.0940	0.0700
Upper Paddock Creek - St. Louis Co.	General Revenue	20,057,620	0.0890	0.0600	1,170	0.1000	0.0600	4,793,507	0.0910	0.0600	6,571,687	0.0910	0.0600
Watkins Creek - St. Louis County	General Revenue	91,846,260	0.0970	0.0600	11,610	0.1000	0.0600	27,848,287	0.1000	0.0600	36,670,239	0.0990	0.0600
Wedgewood Creek - St. Louis County	General Revenue	18,707,370	0.0970	0.0600	0	0.0000	0.0000	13,028,654	0.1000	0.0600	7,779,464	0.1000	0.0600
Wellston - St. Louis County	General Revenue	11,969,920	0.1000	0.0800	0	0.0000	0.0000	10,396,611	0.1000	0.0800	15,131,367	0.1000	0.0800
Hancock Street Light Dist St Louis	General Revenue	32,018,870	0.1940	0.1700	0	0.0000	0.0000	8,903,600	0.1960	0.1700	13,357,180	0.2000	0.1700
Wheaton Cook Lyndhurst Light Dist	General Revenue	4,993,570	0.1990	0.1140	0	0.0000	0.0000	1,013,330	0.2000	0.1110	1,316,219	0.2000	0.1250
Castle Point Street Light District	General Revenue	6,252,620	0.1610	0.1610	0	0.0000	0.0000	185,870	0.1780	0.1780	1,509,459	0.1850	0.1850
Glasgow Village Street Light Dist	General Revenue	17,458,350	0.1580	0.1580	0	0.0000	0.0000	495,820	0.0620	0.0620	4,224,605	0.1580	0.1580
Elmwood Park Street Light District	General Revenue	1,574,970	0.4000	0.0000	0	0.0000	0.0000	95,930	0.3990	0.0000	414,400	0.4000	0.0000
Metro Zoological Park & Museum Dis	Art Museum	11,498,762,690	0.0760	0.0620	7,426,490	0.0800	0.0620	5,476,728,837	0.0780	0.0620	5,030,320,338	0.0790	0.0620
	Botanical Garden	11,498,762,690	0.0380	0.0320	7,426,490	0.0400	0.0320	5,476,728,837	0.0390	0.0320	5,030,320,338	0.0400	0.0320
	Museum of Mo. History	11,498,762,690	0.0380	0.0380	7,426,490	0.0400	0.0380	5,476,728,837	0.0390	0.0380	5,030,320,338	0.0400	0.0380
	Museum of Nat. History	11,498,762,690	0.0380	0.0320	7,426,490	0.0400	0.0320	5,476,728,837	0.0390	0.0320	5,030,320,338	0.0400	0.0320

LISTING OF 2003 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

Political Subdivision	Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property Real Estate		
		Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Metro Zoological Park & Museum Dis	Zoological Park	11,498,762,690	0.0760	0.0620	7,426,490	0.0800	0.0620	5,476,728,837	0.0780	0.0620	5,030,320,338	0.0790	0.0620
Clayton Special Business District	General Revenue	6,824,290	0.0780	0.0470	0	0.0000	0.0000	253,834,640	0.1280	0.0470	0	0.0000	0.0000
Maplewood Special Business District	General Revenue	228,200	0.4930	0.4930	0	0.0000	0.0000	9,734,990	0.4890	0.4890	0	0.0000	0.0000
University City Spec Bus Dist BD57	General Revenue	624,980	0.6780	0.6780	0	0.0000	0.0000	3,596,990	0.5960	0.5960	0	0.0000	0.0000
Webster Groves-Old Webster Bus Dist	General Revenue	231,780	0.4060	0.2900	0	0.0000	0.0000	7,389,890	0.4350	0.2900	0	0.0000	0.0000
Webster Groves-Old Orchard Bus Dist	General Revenue	53,260	0.8500	0.3600	0	0.0000	0.0000	3,861,760	0.8500	0.3600	0	0.0000	0.0000
Kirkwood Special Business District	General Revenue	0	0.0000	0.0000	0	0.0000	0.0000	20,428,980	0.4800	0.4800	0	0.0000	0.0000
Jennings Special Business District	General Revenue	35,480	0.5270	0.1700	0	0.0000	0.0000	2,000,230	0.5190	0.1700	0	0.0000	0.0000
Productive Living Board	General Revenue	10,331,097,270	0.0860	0.0850	7,426,490	0.0900	0.0850	4,364,871,875	0.0880	0.0850	3,876,637,234	0.0900	0.0850
Parkview Gardens Spec Bus Dist BD3	General Revenue	6,620,210	0.8010	0.7860	0	0.0000	0.0000	1,528,640	0.8500	0.8500	0	0.0000	0.0000
Crossroads Special Business Dist	General Revenue	0	0.8500	0.0000	A 0	0.8500	0.0000	A 2,352,610	0.8500	0.0000	A 0	0.8500	0.0000
Robinwood West Community Imp Dis	General Revenue	11,659,840	0.8880	0.8500	0	0.0000	0.0000	0	0.0000	0.0000	0	0.0000	0.0000
Hazelwood R-I School District	Operating Funds-Schools	767,789,800	4.3004	4.3004	711,840	4.5700	4.5700	414,647,960	4.4477	4.4477	454,816,357	4.4250	4.4250
	Debt Service	767,789,800	0.6480	0.3900	711,840	0.6480	0.3900	414,647,960	0.6480	0.3900	454,816,357	0.6480	0.3900
Ferguson-Florissant R-II Sch Dist	Operating Funds-Schools	364,581,310	4.7400	4.7400	26,770	4.7400	4.7400	259,724,530	4.7400	4.7400	272,799,371	4.7400	4.7400
	Debt Service	364,581,310	0.3020	0.3000	26,770	0.3020	0.3000	259,724,530	0.3020	0.3000	272,799,371	0.3020	0.3000
Pattonville R-III School District	Operating Funds-Schools	339,877,760	3.5720	3.4020	195,200	4.1100	0.3940	569,849,430	3.7288	3.5588	316,184,807	3.8998	3.7298
	Debt Service	339,877,760	0.5160	0.4900	195,200	0.5160	0.4900	569,849,430	0.5160	0.4900	316,184,807	0.5160	0.4900
Rockwood R-VI School District	Operating Funds-Schools	1,567,723,400	3.5211	3.5211	3,549,710	4.1400	3.6886	356,743,450	3.7908	3.7908	638,280,191	4.0404	4.0404
	Debt Service	1,567,723,400	0.7580	0.7500	3,549,710	0.7580	0.7500	356,743,450	0.7580	0.7500	638,280,191	0.7580	0.7500
Kirkwood R-VII School District	Operating Funds-Schools	605,084,030	3.3828	3.3820	156,820	5.1500	5.1500	153,800,120	3.9780	3.9780	146,192,481	3.5032	3.5030
	Debt Service	605,084,030	0.3680	0.3680	156,820	0.3680	0.3680	153,800,120	0.3680	0.3680	146,192,481	0.3680	0.3680
Lindbergh R-VIII School District	Operating Funds-Schools	595,573,270	2.8551	2.5249	517,930	4.1500	3.8831	236,845,370	2.9475	2.5842	167,470,011	3.0269	2.7062
	Debt Service	595,573,270	0.4170	0.3800	517,930	0.4170	0.3800	236,845,370	0.4170	0.3800	167,470,011	0.4170	0.3800
Mehlville R-IX School District	Operating Funds-Schools	910,444,100	3.4829	3.4829	525,070	3.7500	3.7500	198,909,400	3.6281	3.6281	250,064,092	3.6503	3.6503
	Debt Service	910,444,100	0.4630	0.3400	525,070	0.4630	0.3400	198,909,400	0.4630	0.3400	250,064,092	0.4630	0.3400
Parkway C-2 School District	Operating Funds-Schools	2,055,696,300	3.2108	3.2108	1,764,850	3.4376	3.4376	861,282,500	3.3115	3.3115	607,313,793	3.3517	3.3517
	Debt Service	2,055,696,300	0.2400	0.2400	1,764,850	0.2400	0.2400	861,282,500	0.2400	0.2400	607,313,793	0.2400	0.2400
Aftton 101 School District	Operating Funds-Schools	217,982,430	3.9552	3.9552	0	0.0000	0.0000	55,937,580	4.0147	4.0147	67,110,881	4.1531	4.1531
Bayless School District	Operating Funds-Schools	94,705,540	3.3294	3.3294	0	0.0000	0.0000	10,253,810	3.4221	3.4221	23,601,544	3.6975	3.6975
	Debt Service	94,705,540	0.6600	0.6300	0	0.6600	0.6300	10,253,810	0.6600	0.6300	23,601,544	0.6600	0.6300
Brentwood School District	Operating Funds-Schools	107,156,840	3.3456	3.3356	B 0	0.6000	0.0000	B 72,294,313	3.4730	3.4630	B 48,478,819	3.3969	3.3869
	Debt Service	107,156,840	0.2210	0.2020	0	0.2210	0.2020	72,294,313	0.2210	0.2020	48,478,819	0.2210	0.2020
Clayton School District	Operating Funds-Schools	346,522,430	3.3474	3.2615	B 0	0.6500	0.0000	B 381,578,690	3.4753	3.3894	B 101,105,071	3.4748	3.3889
	Debt Service	346,522,430	0.4150	0.3600	0	0.4150	0.3600	381,578,690	0.4150	0.3600	101,105,071	0.4150	0.3600
Hancock Place School District	Operating Funds-Schools	31,313,340	4.2139	4.1690	1,610	4.2857	4.2857	9,091,200	4.3000	4.2965	12,857,012	4.3000	4.3000
	Debt Service	31,313,340	0.9490	0.9490	1,610	0.9490	0.9490	9,091,200	0.9490	0.9490	12,857,012	0.9490	0.9490

LISTING OF 2003 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

Political Subdivision	Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property Real Estate		
		Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Jennings School District	Operating Funds-Schools	58,145,550	4.1828	4.1828	0	0.0000	0.0000	13,715,520	4.3323	4.3323	23,535,464	4.8034	4.8034
	Debt Service	58,145,550	0.6280	0.6280	0	0.6280	0.6280	13,715,520	0.6280	0.6280	23,535,464	0.6280	0.6280
Ladue School District	Operating Funds-Schools	833,581,830	2.7500	2.7500	1,990	2.7500	2.7500	177,172,340	2.7500	2.7500	155,268,963	2.7500	2.7500
	Debt Service	833,581,830	0.4540	0.4500	1,990	0.4540	0.4500	177,172,340	0.4540	0.4500	155,268,963	0.4540	0.4500
Maplewood-Richmond Heights Sch D	Operating Funds-Schools	119,732,570	3.5543	3.5543	0	0.0000	0.0000	32,584,130	3.8715	3.8715	38,205,137	3.8636	3.8636
	Debt Service	119,732,570	0.8280	0.8280	0	0.8280	0.8280	32,584,130	0.8280	0.8280	38,205,137	0.8280	0.8280
Normandy School District	Operating Funds-Schools	133,412,910	4.6600	4.2854	12,590	4.6600	4.2854	30,115,010	4.6600	4.2854	54,084,941	4.6600	4.2854
	Debt Service	133,412,910	1.2280	0.8240	12,590	1.2280	0.8240	30,115,010	1.2280	0.8240	54,084,941	1.2280	0.8240
Ritenour School District	Operating Funds-Schools	205,086,790	3.6560	3.6560	0	0.0000	0.0000	152,957,090	3.6812	3.6812	134,701,971	3.8692	3.8692
	Debt Service	205,086,790	1.0210	0.8900	0	1.0210	0.8900	152,957,090	1.0210	0.8900	134,701,971	1.0210	0.8900
Riverview Gardens School District	Operating Funds-Schools	158,835,430	4.1562	4.1562	8,650	4.3500	4.3500	19,913,700	4.0885	4.0885	47,164,044	4.3500	4.3500
	Debt Service	158,835,430	2.0790	1.5493	8,650	2.0790	1.5493	19,913,700	2.0790	1.5493	47,164,044	2.0790	1.5493
University City School District	Operating Funds-Schools	350,198,260	4.1864	4.1864	0	0.0000	0.0000	39,772,340	4.2709	4.2709	71,286,170	4.5371	4.5371
	Debt Service	350,198,260	0.7380	0.7380	0	0.7380	0.7380	39,772,340	0.7380	0.7380	71,286,170	0.7380	0.7380
Valley Park School District	Operating Funds-Schools	64,597,740	4.5371	4.5371	7,740	4.6500	4.6500	24,315,920	4.6500	4.6500	32,997,901	4.6500	4.6500
	Debt Service	64,597,740	0.4270	0.4270	7,740	0.4270	0.4270	24,315,920	0.4270	0.4270	32,997,901	0.4270	0.4270
Webster Groves School District	Operating Funds-Schools	411,503,210	3.9403	3.9403	0	0.0000	0.0000	55,301,590	4.0593	4.0593	81,094,364	4.2089	4.2089
	Debt Service	411,503,210	0.5600	0.5600	0	0.5600	0.5600	55,301,590	0.5600	0.5600	81,094,364	0.5600	0.5600
Wellston School District	Operating Funds-Schools	3,908,220	5.6700	5.6700	0	0.0000	0.0000	4,854,190	5.6700	5.6700	9,530,206	5.6700	5.6700
Special Sch Dist of St. Louis Co	Operating Funds-Schools	10,348,038,070	0.8330	0.8330	7,600,590	0.8640	0.8640	4,366,415,602	0.8530	0.8530	3,881,465,336	0.8640	0.8640
St. Louis County	General Revenue	10,331,097,270	0.2670	0.1900	7,426,490	0.3500	0.1900	4,364,830,815	0.2760	0.1900	3,876,637,234	0.2840	0.1900
	Parks & Recreation	10,331,097,270	0.0670	0.0350	7,426,490	0.0700	0.0350	4,364,830,815	0.0690	0.0350	3,876,637,234	0.0700	0.0350
	Road & Bridge	10,331,097,270	0.1710	0.1050	7,426,490	0.1800	0.1050	4,364,830,815	0.1760	0.1050	3,876,637,234	0.1800	0.1050
	Health	10,331,097,270	0.2290	0.1650	7,426,490	0.3000	0.1650	4,364,830,815	0.2360	0.1650	3,876,637,234	0.2430	0.1650
	Debt Service	10,331,097,270	0.0850	0.0850	7,426,490	0.0850	0.0850	4,364,830,815	0.0850	0.0850	3,876,637,234	0.0850	0.0850

LEGEND:

- A A new voter approved tax rate, newly formed district, or a levy voted to replace an expired levy, see Report No. 2003-124.
 B A voter approved increase to an existing levy, see Report No. 2003-124.
 C Levy includes a recoupment rate authorized by state law.
 D Levied a tax rate in excess of the legally permissible tax levy as provided by state law, see Report No. 2003-124.

NOTE:

All rates in the levied column represent the rate extended and certified to the State Auditor's Office by both taxing authority and the county or counties in which the tax rate is levied.

Assessed Value column presents only the assessed valuation that the property tax is levied against.

LISTING OF DEBT SERVICE LEVIES

County	Name of Political Subdivision	Assessed	Actual Rate	
		Valuation	Levied	Revenue
Adair	City of Kirksville	133,300,901	0.1653	220,346
	Adair Co. R-I School District	11,124,330	0.2815	31,315
	Kirksville R-III School District	166,815,546	0.8100	1,351,206
	Adair Co. R-II School District	9,667,247	0.5900	57,037
Andrew	City of Fillmore	722,532	0.5225	3,775
	City of Savannah	38,499,749	0.1652	63,602
	Avenue City R-IX School District	12,271,277	0.9500	116,577
Atchison	City of Tarkio	11,392,342	0.8346	95,080
	City of Westboro	762,759	2.1291	16,240
	Fairfax R-III School District	13,017,738	0.5166	67,250
Audrain	Community R-VI School District	23,311,695	0.4500	104,903
	Mexico 59 School District	148,222,180	0.5000	741,111
Barry	Wheaton R-III School District	14,184,262	0.5300	75,177
	Southwest Barry Co R-V School Dis	24,766,041	0.5115	126,678
	Cassville R-IV School District	114,654,183	0.5200	596,202
	Purdy R-II School District	20,135,239	0.6855	138,027
	Shell Knob 78 School District	40,613,101	0.3600	146,207
	Monett R-I School District	120,627,965	0.5600	675,517
Barton	City of Mindenmines	1,052,452	1.2363	13,011
	Liberal R-II School District	24,049,300	0.3849	92,566
	Golden City R-III School District	14,892,140	0.2297	34,207
	Lamar R-I School District	86,508,850	0.5000	432,544
Bates	Ballard R-II School District	7,656,439	0.7500	57,423
	Adrian R-III School District	28,566,923	0.3461	98,870
	Rich Hill R-IV School District	18,679,690	0.7618	142,302
	Hume R-VIII School District	6,594,001	1.0000	65,940
Benton	Lincoln R-II School District	30,058,331	0.5000	150,292
	Warsaw R-IX School District	101,980,111	0.4500	458,910
	Cole Camp R-I School District	37,071,282	0.4930	182,761
Bollinger	Meadow Heights R-II School Distric	25,469,170	0.3500	89,142
Boone	City of Ashland	25,154,058	0.3900	98,101
	City of Centralia	33,829,354	0.0900	30,446
	City of Hallsville	8,261,248	0.2900	23,958
	City of Sturgeon	5,522,946	0.3061	16,906
	Columbia Public Library	567,051,206	0.3141	1,781,108
	Boone County Fire Prot Dist	399,633,461	0.1936	773,690
	Southern Boone Co Fire Prot Dist	81,921,782	0.1967	161,140
	Southern Boone Co. R-I School Dist	68,327,806	1.5985	1,092,220
	Boone Co. R-IV School District	47,848,804	0.7536	360,589
	Sturgeon R-V School District	24,319,969	1.2700	308,864
	Centralia R-VI School District	68,164,906	0.4900	334,008
	Harrisburg R-VIII School District	24,705,394	1.1500	284,112
	Columbia 93 School District	1,434,004,449	0.8019	11,499,282
	Mid-Buchanan Co R-V School Dist	42,588,397	0.9000	383,296
	Buchanan County R-IV School Dist	14,557,683	0.5500	80,067
	St. Joseph School District	804,133,162	0.2990	2,404,358
Butler	Poplar Bluff R-I School District	296,817,411	0.1600	474,908
	Twin Rivers R-X School District	44,997,693	0.1839	82,751
Caldwell	City of Hamilton	10,702,817	0.5516	59,037
	City of Kidder	1,636,655	0.0000	0
	City of Polo	3,427,195	0.3081	10,559
	Hamilton R-II School District	26,682,588	0.5125	136,748

LISTING OF DEBT SERVICE LEVIES

County	Name of Political Subdivision	Assessed	Actual Rate	Revenue
		Valuation	Levied	
Caldwell	Polo R-VII School District	17,046,073	0.5644	96,208
	Mirabile C-1 School District	3,291,566	0.6750	22,218
	Braymer C-4 School District	14,297,706	0.2674	38,232
Callaway	City of New Bloomfield	4,003,375	1.1756	47,064
	North Callaway Co R-I School Dist	66,410,591	0.5300	351,976
	New Bloomfield R-III School Dist	32,277,877	1.0200	329,234
	Fulton 58 School District	131,483,556	0.5800	762,605
Camden	Osage Beach Fire Protection Dist	317,862,697	0.1022	324,856
	Sunrise Beach Fire Protection Dist	196,999,785	0.0911	179,467
	Mid County Fire Protection District	182,726,851	0.2572	469,973
	Camdenton R-III School District	711,519,547	0.1500	1,067,279
Cape Girardeau	Macks Creek R-V School District	20,889,492	0.8000	167,116
	Jackson R-II School District	281,798,893	0.1883	530,627
	Delta R-V School District	17,095,455	0.3800	64,963
	Oak Ridge R-VI School District	17,160,136	0.9000	154,441
	Cape Girardeau 63 School District	441,123,279	0.5600	2,470,290
Carroll	City of Hale	1,915,119	0.4054	7,764
	Hale R-I School District	6,432,430	0.3393	21,825
	Norborne R-VIII School District	11,932,740	0.2600	31,025
Carter	City of Grandin	805,377	0.1447	1,165
Cass	City of Belton	202,361,054	0.2736	553,660
	City of Drexel	8,369,923	0.3600	30,132
	City of East Lynne	1,885,833	1.2993	24,503
	City of Lake Winnebago	24,506,713	0.6129	150,202
	City of Peculiar	34,343,026	0.2700	92,726
	City of Pleasant Hill	67,153,871	0.0900	60,438
	City of Raymore	166,730,608	0.7100	1,183,787
	City of Lake Annette	809,020	2.0145	16,298
	South Metropolitan Fire Prot Dist	231,141,547	0.1525	352,491
	West Peculiar Fire Protection Dist	82,254,982	0.1579	129,881
	Cass Co R-V School District	24,690,024	0.5412	133,622
	Strasburg C-3 School District	9,541,271	1.0553	100,689
	Raymore-Peculiar R-II School Dist	320,374,775	1.2900	4,132,835
	Sherwood Cass R-VIII School Dist	42,938,910	1.0000	429,389
	East Lynne 40 School District	11,245,027	0.3356	37,738
	Pleasant Hill R-III School District	107,913,774	1.0481	1,131,044
	Harrisonville R-IX School District	164,660,362	0.8700	1,432,545
	Drexel R-IV School District	15,786,802	0.9000	142,081
	Midway R-I School District	34,620,781	0.3600	124,635
	Belton 124 School District	251,599,785	1.1800	2,968,877
Cedar	El Dorado Springs R-II School Dist	67,132,524	0.4900	328,949
Chariton	Northwestern R-I School District	11,210,945	0.9900	110,988
	Brunswick R-II School District	13,718,401	0.3900	53,502
Christian	City of Ozark	127,293,386	0.0165	21,003
	City of Fremont Hills	12,761,238	0.3717	47,434
	Nixa Fire Protection District	233,598,357	0.0746	174,264
	Chadwick R-I School District	8,109,426	1.7792	144,283
	Nixa R-II School District	233,382,753	1.0666	2,489,260
	Sparta R-III School District	23,200,350	0.7069	164,003
	Billings R-IV School District	20,635,741	0.4400	90,797
	Clever R-V School District	30,738,016	0.6776	208,281
	Ozark R-VI School District	226,991,578	0.9000	2,042,924

LISTING OF DEBT SERVICE LEVIES

County	Name of Political Subdivision	Assessed	Actual Rate	Revenue
		Valuation	Levied	
Christian	Spokane R-VII School District	32,037,295	0.8968	287,310
Clark	Clark Co. R-I School District	48,170,738	0.6500	313,110
Clay	City of Avondale	4,011,628	0.6661	26,721
	City of Kearney	94,520,225	0.0500	47,260
	Kearney R-I School District	236,592,781	1.1500	2,720,817
	Smithville R-II School District	146,118,309	0.9600	1,402,736
	Excelsior Springs 40 School Dist	176,532,212	0.6200	1,094,500
	Liberty 53 School District	536,945,850	0.9900	5,315,764
	North Kansas City 74 School Dist	1,861,292,743	0.8400	15,634,859
	City of Lathrop	16,596,439	0.4174	69,274
Clinton	City of Trimble	4,937,513	0.7599	37,520
	Cameron R-I School District	87,040,077	0.4800	417,792
	Lathrop R-II School District	45,572,987	0.3000	136,719
	Clinton County R-III School Dist	57,481,208	1.0000	574,812
	City of Lohman	1,819,681	0.3572	6,500
Cole	Cole Co R-I School District	38,820,883	0.8800	341,624
	Cole Co R-II School District	63,166,542	0.6100	385,316
	Cole Co. R-V School District	46,176,066	0.7000	323,232
	Jefferson City School District	953,235,365	0.2470	2,354,491
	City of Blackwater	1,021,791	0.4916	5,023
Cooper	Cooper Co. R-IV School District	6,917,451	0.6054	41,878
	Prairie Home R-V School District	9,037,525	0.4683	42,323
	Otterville R-VI School District	10,021,997	0.5800	58,128
	Pilot Grove C-4 School District	13,194,958	0.6300	83,128
	Boonville R-I School District	99,558,905	0.4200	418,147
	Crawford Co R-I School District	44,482,546	0.7900	351,412
	Crawford Co R-II School District	81,063,059	0.6100	494,485
	Good Shepherd Nursing Home Dist	20,674,889	0.3800	78,565
Dade	Lockwood R-I School District	21,234,685	0.5500	116,791
	Everton R-III School District	7,102,162	0.7000	49,715
	Greenfield R-IV School District	26,751,970	0.9000	240,768
	Daviess County Special Rd Dist #1	10,463,981	0.2356	24,653
Daviess	Monroe Township of Daviess Co	2,222,678	0.6500	14,447
	Pattonburg R-II School District	9,979,058	0.3272	32,651
	Winston R-VI School District	12,554,455	0.1279	16,057
	City of Clarksdale	1,368,428	0.0000	0
De Kalb	Osborn R-O School District	7,418,960	0.4600	34,127
	Stewartsville C-2 School District	10,586,940	0.4214	44,613
	Salem R-80 School District	52,192,010	0.6800	354,906
Dent	City of Cardwell	2,841,546	1.0948	31,109
Dunklin	Campbell R-II School District	54,774,373	0.6200	339,601
	Holcomb R-III School District	18,434,860	0.4900	90,331
	Kennett 39 School District	81,558,675	0.3773	307,721
	City of St Clair	48,539,170	0.3516	170,664
Franklin	Boles Fire Protection District	207,469,584	0.1386	287,553
	Pacific Fire Protection District	174,703,221	0.0911	159,155
	East Central College	1,198,393,105	0.0574	687,878
	Franklin Co R-II School District	17,376,882	0.5506	95,677
	Meramec Valley R-III School Dist	237,440,628	0.6900	1,638,340
	Union R-XI School District	205,593,239	0.6800	1,398,034
	Lonedell R-XIV School District	27,019,859	0.2740	74,034
	Spring Bluff R-XV School District	16,659,768	0.6600	109,954

LISTING OF DEBT SERVICE LEVIES

County	Name of Political Subdivision	Assessed	Actual Rate	Revenue
		Valuation	Levied	
Franklin	St. Clair R-XIII School District	109,572,753	0.6200	679,351
	Sullivan C-2 School District	115,166,436	0.9530	1,097,536
	Washington School District	525,037,517	0.2050	1,076,327
Gasconade	City of Bland	2,999,853	0.0000	0
	Gasconade Co R-II School District	115,991,682	0.8700	1,009,128
	Gasconade County R-I School Dist	84,307,958	0.7500	632,310
Gentry	Gentry County Library Dist	51,378,060	0.1000	51,378
	King City R-I School District	19,555,619	0.5100	99,734
	Stanberry R-II School District	17,557,847	0.1000	17,558
Greene	City of Battlefield	29,561,090	0.3018	89,215
	City of Fair Grove	10,302,119	0.4888	50,357
	Ash Grove Fire Protection District	20,115,598	0.0671	13,498
	Willard R-II School District	216,251,140	0.9400	2,032,761
	Republic R-III School District	180,801,093	0.6500	1,175,207
	Ash Grove R-IV School District	39,871,850	0.5000	199,359
	Strafford R-VI School District	109,553,882	0.7000	766,877
	Greene Co R-VIII School District	138,047,831	0.7900	1,090,578
	Springfield R-XII School District	2,416,478,030	0.3300	7,974,377
	Fair Grove R-X School District	45,211,171	0.4100	185,366
	City of Spickard	968,722	1.1562	11,200
	Marion Township of Grundy Co	3,461,958	0.0220	762
Grundy	Grundy Co R-V School District	10,358,263	1.2100	125,335
	Spickard R-II School District	3,309,940	0.1647	5,451
	Trenton R-IX School District	60,291,085	0.9000	542,620
	City of Cainsville	1,444,216	0.3540	5,113
Harrison	City of Montrose	2,535,949	0.6101	15,472
Henry	Henry County R-I School District	36,267,827	0.5000	181,339
	Shawnee R-III School District	7,103,235	0.3000	21,310
	Hickory Co. R-I School District	29,165,766	0.6466	188,586
Hickory	Wheatland R-II School District	22,410,004	0.4379	98,133
	Weaubleau R-III School District	16,556,903	0.4982	82,486
	Hermitage R-IV School District	27,024,297	0.5076	137,175
	City of Craig	1,167,314	1.2927	15,090
Holt	City of Forest City	1,982,272	0.1748	3,465
	City of Oregon	5,637,806	0.8900	50,176
	South Holt Co R-I School District	22,430,420	0.3713	83,284
Howard	New Franklin R-I School District	19,262,701	0.5000	96,314
	Fayette R-III School District	37,567,430	0.7200	270,485
Howell	Glenwood R-VIII School District	15,928,760	0.1800	28,672
Iron	City of Viburnum	8,579,051	0.8700	74,638
	Arcadia Valley R-II School District	34,989,064	0.4800	167,948
Jackson	City of Blue Springs	624,599,073	0.1500	936,899
	City of Grain Valley	102,106,171	0.9335	953,161
	City of Grandview	244,663,141	0.3800	929,720
	City of Kansas City	5,915,554,836	0.1400	8,281,777
	City of Lake Tapawingo	13,442,894	0.4463	59,996
	City of Lone Jack	8,374,821	0.6250	52,343
	City of Oak Grove	69,657,429	0.2300	160,212
	City of Lee's Summit	1,283,251,447	0.4800	6,159,607
	Central Jackson Co Fire Prot Dist	781,823,415	0.0900	703,641
	Fort Osage Fire Protection District	131,939,349	0.2200	290,267
	Fort Osage R-I School District	230,997,603	0.7500	1,732,482

LISTING OF DEBT SERVICE LEVIES

County	Name of Political Subdivision	Assessed	Actual Rate	Revenue
		Valuation	Levied	
Jackson	Blue Springs R-IV School District	1,046,552,892	0.9874	10,333,663
	Grain Valley R-V School District	163,279,709	1.2662	2,067,448
	Oak Grove R-VI School District	102,497,866	1.0060	1,031,129
	Lee's Summit R-VII School District	1,246,294,514	1.0700	13,335,351
	Hickman Mills C-1 School District	399,630,753	0.6800	2,717,489
	Raytown C-2 School District	598,606,176	0.9600	5,746,619
	Grandview C-4 School District	390,347,914	0.5000	1,951,740
	Lone Jack C-6 School District	33,885,696	1.3675	463,387
	Independence 30 School District	714,086,438	0.7600	5,427,057
	Center 58 School District	369,774,342	0.8600	3,180,059
Jasper	City of Carl Junction	54,045,922	0.2455	132,683
	Carl Junction R-I School District	172,189,550	0.6100	1,050,356
	Sarcozie R-II School District	29,186,210	0.5500	160,524
	Carthage R-IX School District	240,755,960	0.4900	1,179,704
	Webb City R-VII School District	150,094,140	0.4200	630,395
	Joplin R-VIII School District	745,336,060	0.2100	1,565,206
	City of Olympian Village	3,419,508	1.5000	51,293
Jefferson	Antonia Fire Protection District	134,172,734	0.2300	308,597
	Cedar Hill Fire Protection District	125,089,822	0.0762	95,318
	High Ridge Fire Protection District	310,113,391	0.1246	386,401
	Springdale Fire Protection District	112,488,076	0.3923	441,291
	Jefferson College	2,193,618,042	0.0500	1,096,809
	Northwest R-I School District	424,057,041	0.4500	1,908,257
	Grandview R-II School District	37,213,219	1.3500	502,378
	Hillsboro R-III School District	175,839,921	0.6897	1,212,768
	Dunklin R-V School District	115,186,940	0.6700	771,752
	Festus R-VI School District	172,466,083	0.8000	1,379,729
	Jefferson Co R-VII School District	122,259,224	0.3943	482,068
	Sunrise R-IX School District	23,908,512	0.6500	155,405
	Windsor C-1 School District	161,441,165	1.0000	1,614,412
	Fox C-6 School District	624,442,671	0.2800	1,748,439
	Crystal City 47 School District	48,264,220	0.8000	386,114
	DeSoto 73 School District	139,269,831	0.3800	529,225
	City of Holden	15,574,995	0.1186	18,472
	Kingsville R-I School District	18,707,142	0.9433	176,464
	Holden R-III School District	67,847,822	0.3000	203,543
Johnson	Chilhowee R-IV School District	7,306,402	0.2305	16,841
	Johnson Co R-VII School District	26,853,448	0.8000	214,828
	Leeton R-X School District	12,314,804	0.5100	62,806
	Warrensburg R-VI School District	195,146,794	0.6600	1,287,969
Knox	City of Hurdland	748,895	0.9613	7,199
	Knox Co R-I School District	44,606,187	0.0100	4,461
Laclede	Lebanon R-III School District	227,057,973	0.4700	1,067,172
Lafayette	City of Lexington	35,909,661	0.0441	15,836
	Sni Valley Fire Protection District	138,858,535	0.0553	76,789
	Concordia R-II School District	38,734,783	0.4629	179,303
	Lafayette Co C-1 School District	52,956,302	1.0000	529,563
	Odessa R-VII School District	103,537,281	0.6600	683,346
	Santa Fe R-X School District	22,740,291	0.1800	40,933
	Wellington-Napoleon R-IX Sch Dist	21,194,112	0.7500	158,956
	Lexington R-V School District	46,312,671	0.7300	338,082
Lawrence	City of Aurora	58,490,548	0.1147	67,089

LISTING OF DEBT SERVICE LEVIES

County	Name of Political Subdivision	Assessed	Actual Rate	Revenue
		Valuation	Levied	
Lawrence	Pierce City R-VI School District	26,734,466	0.6300	168,427
	Marionville R-IX School District	26,416,949	0.5000	132,085
	Mt. Vernon R-V School District	77,574,200	0.5700	442,173
	Aurora R-VIII School District	81,840,736	0.8300	679,278
	Verona R-VII School District	16,008,233	0.7000	112,058
Lewis	City of Lewistown	3,040,000	0.4145	12,601
	Canton R-V Fire Protection District	24,114,690	0.0584	14,083
	Canton R-V School District	25,695,332	0.5500	141,324
Lincoln	Silex R-I School District	22,086,888	0.6600	145,773
	Elsberry R-II School District	33,111,037	1.0000	331,110
	Troy R-III School District	290,420,223	0.7400	2,149,110
	Winfield R-IV School District	65,972,754	0.8000	527,782
Linn	Lincoln County	464,322,625	0.2000	928,645
	City of Marceline	18,898,551	0.0000	0
	Jackson Township of Linn Co	2,728,723	0.6661	18,176
	Meadville R-IV School District	11,808,675	0.9600	113,363
	Marceline R-V School District	30,121,910	0.7525	226,667
	Brookfield R-III School District	52,367,725	0.3900	204,234
	Chillicothe R-II School District	109,246,672	0.4500	491,610
Livingston	City of Callao	962,238	1.8140	17,455
Macon	La Plata R-II School District	17,330,738	1.2300	213,168
	Marquand-Zion R-VI School District	8,720,290	0.6500	56,682
Madison	Marion Co R-II School District	9,948,220	0.3100	30,839
Marion	Palmyra R-I School District	99,043,300	0.5800	574,451
	Hannibal 60 School District	223,043,071	0.4600	1,025,998
	City of Southwest City	13,036,453	0.1863	24,287
Mc Donald	McDonald Co R-I School District	146,649,207	0.2500	366,623
	North Mercer Co R-III School Dist	11,764,877	0.5300	62,354
Mercer	Miller County Nursing Home Distric	278,056,606	0.0600	166,834
Miller	Lake Ozark Fire Protection District	290,025,633	0.0778	225,640
	Eldon R-I School District	128,332,311	0.5100	654,495
	Miller Co R-III School District	8,423,420	0.1800	15,162
	St. Elizabeth R-IV School District	10,413,135	0.1800	18,744
Mississippi	School of the Osage R-II Sch Dist	348,239,839	0.2200	766,128
	East Prairie R-II School District	42,126,615	0.3500	147,443
Moniteau	City of Tipton	22,526,657	0.4458	100,424
	Moniteau Co R-I School District	65,962,802	0.8200	540,895
	Moniteau Co R-VI School District	37,790,541	0.8861	334,862
	Moniteau Co C-1 School District	10,903,481	0.7706	84,022
Monroe	Monroe County Library	75,370,658	0.1105	83,285
	Madison C-3 School District	9,985,700	0.7701	76,900
	Paris R-II School District	30,292,412	0.4900	148,433
Montgomery	City of Jonesburg	7,634,486	0.3976	30,355
	Wellsville-Middletown R-I Sch Dist	22,777,657	0.4600	104,777
Morgan	Morgan Co R-I School District	55,794,049	0.3800	212,017
New Madrid	City of Lilbourn	6,530,813	0.2294	14,982
	Portageville School District	41,168,758	0.2500	102,922
	New Madrid Co R-I School District	261,804,834	0.1100	287,985
Newton	Redings Mill Area Fire Prot Dist	124,898,140	0.1085	135,514
	East Newton Co R-VI School Distric	51,447,238	0.6250	321,545
	Diamond R-IV School District	45,032,747	0.9900	445,824
	Westview C-6 School District	5,764,559	0.1845	10,636

LISTING OF DEBT SERVICE LEVIES

County	Name of Political Subdivision	Assessed	Actual Rate	Revenue
		Valuation	Levied	
Nodaway	City of Maryville	108,727,984	0.1392	151,349
	City of Skidmore	1,161,108	0.0000	0
	Green Township of Nodaway Co	4,245,418	1.5198	64,522
	Hughes Township of Nodaway Co	7,130,048	0.0931	6,638
	Independence Township of Nodaway	3,389,404	2.3323	79,051
	Jackson Township of Nodaway Co	9,628,935	0.8558	82,404
	Monroe Township of Nodaway Co	4,141,468	1.6371	67,800
	Nodaway Township of Nodaway Co	7,245,231	1.2536	90,826
	Union Township of Nodaway Co	4,868,077	1.0338	50,326
	White Cloud Township of Nodaway	6,545,419	1.5125	98,999
	West Nodaway Co R-I School Distri	17,414,480	0.7000	121,901
	North Nodaway Co R-VI School Dis	11,839,020	0.3800	44,988
	Maryville R-II School District	162,478,170	0.4643	754,386
	South Nodaway Co R-IV School Dis	8,937,460	0.6282	56,145
Oregon	Couch R-I School District	7,821,082	0.6100	47,709
	Thayer R-II School District	22,821,111	0.9200	209,954
	Oregon-Howell R-III School District	9,837,458	0.7590	74,666
Osage	City of Linn	13,929,185	0.2424	33,764
	Osage Co R-II School District	44,604,385	0.3900	173,957
	Osage Co R-III School District	61,173,544	0.4200	256,929
Ozark	Thornfield R-I School District	4,787,285	0.5397	25,837
	Bakersfield R-IV School District	9,175,972	0.3500	32,116
	Gainesville R-V School District	33,815,206	0.4952	167,453
	Dora R-III School District	10,812,596	0.1930	20,868
	Lutie R-VI School District	14,060,486	0.5200	73,115
Pemiscot	Caruthersville 18 School District	40,088,152	0.2400	96,212
	Pemiscot Co Special School District	154,807,914	0.0100	15,481
Perry	City of Altenburg	3,740,473	0.3068	11,476
	City of Frohna	4,376,732	0.1414	6,189
	City of Perryville	110,736,949	0.2425	268,537
Pettis	City of Green Ridge	2,143,951	0.3748	8,036
	Pettis Co R-V School District	18,305,166	0.4303	78,767
	La Monte R-IV School District	14,344,498	0.7500	107,584
	Smithton R-VI School District	28,077,358	0.3516	98,720
	Green Ridge R-VIII School District	16,444,279	0.3779	62,143
Phelps	City of Edgar Springs	785,975	0.3924	3,084
	St. James R-I School District	67,305,438	0.5300	356,719
	Newburg R-II School District	15,358,170	0.3954	60,726
	Rolla 31 School District	234,494,632	0.3299	773,598
	Phelps Co R-III School District	9,700,362	0.3740	36,279
Pike	City of Clarksville	2,785,896	0.2700	7,522
	Pike Co R-III School District	33,523,905	0.6900	231,315
	Louisiana R-II School District	40,172,636	0.5700	228,984
Platte	City of Platte City	47,703,971	0.5000	238,520
	City of Tracy	1,585,215	1.3776	21,838
	City of Weatherby Lake	32,689,609	0.6297	205,846
	City of Parkville	125,240,568	0.0832	104,200
	Central Platte Fire Protection Dist	122,493,611	0.1650	202,114
	Southern Platte Fire Prot Dist	289,849,224	0.0923	267,531
	West Platte Co R-II School District	60,867,513	0.8560	521,026
	Platte Co R-III School District	299,842,698	0.9600	2,878,490
	Park Hill R-V School District	995,448,172	0.6562	6,532,131

LISTING OF DEBT SERVICE LEVIES

County	Name of Political Subdivision	Assessed	Actual Rate	Revenue
		Valuation	Levied	
Platte	Platte County	1,453,911,645	0.0000	0
Polk	Bolivar R-I School District	115,670,500	0.4500	520,517
	Fair Play R-II School District	13,415,010	0.5066	67,960
	Humansville R-IV School District	16,366,145	0.4821	78,901
	Marion C. Early R-V School District	23,515,510	0.5000	117,578
	Pleasant Hope R-VI School District	29,279,620	0.6000	175,678
	City of Dixon	9,365,360	0.5800	54,319
Pulaski	Laquey R-V School District	18,627,510	0.1649	30,717
	Dixon R-I School District	37,999,594	0.2700	102,599
	Crocker R-II School District	17,638,090	0.8900	156,979
	York Township of Putnam Co	3,156,784	0.4189	13,224
Putnam	Putnam Co R-I School District	50,249,051	0.3700	185,921
Ralls	Ralls Co R-II School District	53,462,328	0.7100	379,583
Randolph	City of Higbee	2,087,557	0.7185	14,999
	Northeast Randolph Co R-IV Sch Di	14,885,797	0.8700	129,506
	Higbee R-VIII School District	7,472,514	1.0000	74,725
	Moberly School District	123,503,429	0.5800	716,320
Ray	City of Orrick	5,810,665	0.1536	8,925
	City of Richmond	51,673,961	0.4253	219,769
	City of Wood Heights	6,911,863	0.5573	38,520
	City of Lawson	21,330,964	0.9700	206,910
	Lawson R-XIV School District	56,528,534	0.9500	537,021
	Orrick R-XI School District	18,675,499	0.2500	46,689
	Richmond R-XVI School District	91,433,783	0.3000	274,301
	City of Centerville	869,391	0.0000	0
Reynolds	Southern Reynolds Co R-II Sch Dist	24,967,338	0.7800	194,745
Ripley	Doniphan-Ripley County Library	70,597,276	0.0300	21,179
Saline	Blackburn Elmwood Sp Rd Saline C	5,270,597	0.5218	27,502
	City of Sweet Springs	9,064,591	0.2000	18,129
	Orearville R-IV School District	4,785,967	0.8500	40,681
	Malta Bend R-V School District	7,818,916	0.7754	60,628
	Hardeman R-X School District	5,635,593	1.0336	58,249
	Slater School District	15,628,892	0.5400	84,396
	Sweet Springs R-VII School District	20,978,092	0.6400	134,260
	Village of Glenwood	975,282	0.4100	3,999
	Schuyler Co R-I School District	30,297,040	0.7700	233,287
	City of Scott City	35,846,400	0.4180	149,838
Scott	Scott City R-I School District	43,132,990	0.4900	211,352
	Chaffee R-II School District	20,642,830	0.8500	175,464
	Scott Co R-IV School District	41,988,330	0.4200	176,351
	Scott Co R-V School District	12,755,570	1.1000	140,311
	Oran R-III School District	16,448,340	0.1800	29,607
	Eminence R-I School District	15,621,290	0.6900	107,787
Shannon	North Shelby School District	23,478,719	0.3300	77,480
St. Charles	St Charles County Ambulance Dist	5,287,724,216	0.0200	1,057,545
	City of Lake St Louis	206,423,137	0.3994	824,454
	City of O'Fallon	1,067,501,244	0.3100	3,309,254
	City of Portage Des Sioux	3,799,100	0.4609	17,510
	City of St Charles	954,153,023	0.1500	1,431,230
	City of St Peters	858,143,527	0.2610	2,239,755
	Cottleville Com Fire Prot District	871,324,779	0.0785	683,990
	Central County Fire and Rescue	1,274,092,847	0.0474	603,920

LISTING OF DEBT SERVICE LEVIES

County	Name of Political Subdivision	Assessed	Actual Rate	Revenue
		Valuation	Levied	
St. Charles	St. Charles Co. Community College	5,258,015,521	0.0600	3,154,809
	Fort Zumwalt R-II School District	1,591,292,409	0.7000	11,139,047
	Francis Howell R-III School Dist	1,695,455,377	0.6713	11,381,592
	Wentzville R-IV School District	902,955,629	0.6200	5,598,325
	St Charles R-VI School District	756,840,448	1.1251	8,515,212
	St Charles Co R-V School District	172,369,557	0.7020	1,210,034
St. Clair	Roscoe C-1 School District	5,414,710	0.4807	26,029
	Lakeland R-III School District	23,196,760	0.6200	143,820
St. Francois	City of Desloge	27,739,652	0.0435	12,067
	City of Farmington	136,701,641	0.0600	82,021
	City of Leadwood	3,960,848	1.0734	42,516
	City of Iron Mountain Lake	2,397,111	2.0200	48,422
	Mineral Area College	625,196,661	0.1300	812,756
	Bismarck R-V School District	19,319,325	0.6500	125,576
	Farmington R-VII School District	230,852,779	0.6200	1,431,287
	North St. Francois Co R-I Sch Dist	123,414,178	0.7500	925,606
	Central R-III School District	68,595,815	0.7583	520,162
	West St Francois Co R-IV Sch Dist	30,984,199	0.9300	288,153
St. Louis	Village of Bel Nor	16,824,155	0.5270	88,663
	City of Berkeley	180,151,003	0.1390	250,410
	City of Black Jack	65,893,009	0.5540	365,047
	City of Brentwood	207,389,472	0.0000	0
	City of Clayton	710,397,182	0.0700	497,278
	City of Des Peres	236,547,190	0.0000	0
	City of Kirkwood	507,578,685	0.2790	1,416,145
	City of Manchester	269,398,406	0.2000	538,797
	City of Pasadena Hills	10,908,229	1.2320	134,389
	City of Rock Hill	68,175,039	0.3990	272,018
	City of Shrewsbury	104,094,119	0.5880	612,073
	City of Velda City	6,218,186	0.6900	42,905
	City of Warson Woods	52,456,650	0.0000	0
	City of Webster Groves	388,687,992	0.5060	1,966,761
	City of Chesterfield	1,277,375,160	0.0600	766,425
	Metro West Fire Protection District	1,355,351,833	0.0940	1,274,031
	Black Jack Fire Protection District	478,731,845	0.1050	502,668
	Monarch Fire Protection District	1,599,061,165	0.0400	639,624
	Community Fire Protection District	476,394,243	0.1310	624,076
	Eureka Fire Protection District	264,539,478	0.1500	396,809
	Florissant Valley Fire Prot Dist	687,008,970	0.0450	309,154
	Lemay Fire Protection District	148,341,425	0.0860	127,574
	West County EMS & Fire Prot Dist	582,914,267	0.1700	990,954
	Moline Fire Protection District	107,483,606	0.0540	58,041
	Normandy Fire Protection District	166,827,252	0.0080	13,346
	Pattonville-Bridgeton Terr Fire Dis	653,496,718	0.0090	58,815
	Riverview Fire Protection District	125,687,681	0.1350	169,678
	Robertson Fire Protection District	283,570,793	0.1580	448,042
	Spanish Lake Fire Protection Dist	158,409,993	0.1910	302,563
	Valley Park Fire Protection Dist	182,897,797	0.0400	73,159
	Mid-County Fire Protection District	114,961,802	0.4880	561,014
	West Overland Fire Protection Dist	162,627,357	0.3000	487,882
	Hazelwood R-I School District	1,581,979,270	0.3900	6,169,719
	Ferguson-Florissant R-II Sch Dist	884,873,350	0.3000	2,654,620

LISTING OF DEBT SERVICE LEVIES

County	Name of Political Subdivision	Assessed	Actual Rate	Revenue
		Valuation	Levied	
St. Louis	Pattonville R-III School District	1,198,827,370	0.4900	5,874,254
	Rockwood R-VI School District	2,519,395,500	0.7500	18,895,466
	Kirkwood R-VII School District	914,684,010	0.3630	3,320,303
	Lindbergh R-VIII School District	1,007,220,030	0.3800	3,827,436
	Mehlville R-IX School District	1,368,915,400	0.3800	5,201,879
	Parkway C-2 School District	3,518,879,380	0.3400	11,964,190
	Bayless School District	125,948,450	0.6300	793,475
	Brentwood School District	222,282,740	0.1940	431,229
	Clayton School District	835,355,080	0.4000	3,341,420
	Hancock Place School District	52,702,960	0.7740	407,921
	Jennings School District	93,826,260	0.9960	934,510
	Ladue School District	1,157,974,090	0.4500	5,210,883
	Maplewood-Richmond Heights Sch	183,169,930	1.0300	1,886,650
	Normandy School District	213,600,700	1.2140	2,593,112
	Ritenour School District	490,554,730	0.8900	4,365,937
	Riverview Gardens School District	220,961,060	1.5537	3,433,072
	University City School District	457,461,770	0.7380	3,376,068
	Valley Park School District	120,771,410	0.3040	367,145
	Webster Groves School District	542,863,200	0.5670	3,078,034
	St. Louis County	18,413,522,651	0.0000	0
St. Louis City	St. Louis City School District	3,317,300,286	0.6500	21,562,452
	City of St. Louis	3,392,622,339	0.1513	5,133,038
Ste. Genevieve	Ste. Genevieve Co R-II School Dist	222,267,680	0.2600	577,896
Stoddard	City of Bloomfield	9,659,987	0.2652	25,618
	Richland R-I School District	19,648,482	0.3300	64,840
	Advance R-IV School District	24,977,540	0.4300	107,403
	Dexter R-XI School District	134,412,362	0.5700	766,150
	Bernie R-XIII School District	27,229,774	0.3000	81,689
	Hurley R-I School District	7,681,725	0.5802	44,569
Stone	Galena R-II School District	20,499,327	0.5601	114,817
	Reeds Spring R-IV School District	222,510,782	0.7100	1,579,827
	Blue Eye R-V School District	63,037,466	0.8000	504,300
	Village of Newtown	685,206	0.2036	1,395
Sullivan	Green City R-I School District	17,109,277	0.5800	99,234
	City of Forsyth	19,136,770	0.3500	66,979
Taney	City of Hollister	35,213,693	0.1285	45,250
	City of Rockaway Beach	5,129,360	0.9928	50,924
	Village of Merriam Woods	5,197,198	0.2703	14,048
	Taneyville R-II School District	7,854,155	0.8494	66,713
	Forsyth R-III School District	56,934,739	0.4200	239,126
	Branson R-IV School District	474,373,969	0.7000	3,320,618
	Hollister R-V School District	104,156,729	0.8000	833,254
	Kirbyville R-VI School District	25,646,649	0.9000	230,820
	City of Houston	17,856,675	0.3526	62,963
	City of Licking	8,561,939	0.2311	19,787
Texas	City of Summersville	2,491,170	0.8869	22,094
	Houston R-I School District	39,272,363	0.5568	218,669
	Raymondville R-VII School District	5,950,827	0.7200	42,846
	Nevada R-V School District	142,824,480	0.1500	214,237
	Sheldon R-VIII School District	8,502,198	0.6400	54,414
Warren	City of Truesdale	10,565,800	0.1934	20,434
	City of Wright City	26,430,642	0.0545	14,405

LISTING OF DEBT SERVICE LEVIES

County	Name of Political Subdivision	Assessed	Actual Rate	Revenue
		Valuation	Levied	
Warren	Wright City R-II School District	121,251,869	0.6800	824,513
	Warren Co R-III School District	182,362,813	0.4689	855,099
Washington	Kingston K-14 School District	19,603,080	0.9100	178,388
	Potosi R-III School District	62,855,777	0.5000	314,279
Wayne	Greenville R-II School District	30,597,684	0.3600	110,152
	Clearwater R-I School District	51,445,292	0.3423	176,097
Webster	City of Marshfield	55,116,703	0.3753	206,853
	City of Rogersville	14,539,747	0.4588	66,708
	Fordland R-III School District	24,047,871	0.7900	189,978
	Marshfield R-I School District	129,508,574	0.4000	518,034
Wright	Hartville R-II School District	25,473,446	0.4800	122,273
	Mansfield R-IV School District	24,364,202	0.8000	194,914
Total Revenue Generated from Debt Service Levies				<u>\$436,607,684</u>

NOTE:

Assessed value column presents only the assessed valuation that the property tax is levied against.

The revenue generated is computed by multiplying the tax rate by the assessed valuation and dividing by 100.

LISTING OF RECENT VOTER APPROVED LEVIES

County	Subdivision	Purpose	Assessed	Actual Rate		Expiration
			Valuation	Levied	Revenue	
Adair	City of Brashear	General Revenue-Temp	1,151,299	1.3800	15,888	2007
	City of Novinger	General Revenue-Temp	1,685,429	0.3500	5,899	2007
Atchison	Fairfax R-III School District	Operating Funds-Temp	13,017,738	0.6500	84,615	2006
Audrain	Vandalia Special Rd Dist Audrain Co	Special Road and Bridge	6,183,815	0.3500	21,643	2007
Barry	Ash Special Road Dist Barry Co	Special Road and Bridge	3,485,041	0.1300	4,531	2007
	Butterfield Sp Rd Dist Barry Co	Special Road and Bridge	11,522,747	0.1300	14,980	2007
	Corsicana Special Rd Dist Barry Co	Special Road and Bridge	3,257,029	0.1300	4,234	2007
	Flat Creek Spec Rd Dist Barry Co	Special Road and Bridge	53,351,720	0.1300	69,357	2007
	Greasy Creek Sp Rd Dist 35 Barry Co	Special Road and Bridge	1,655,733	0.3500	5,795	2007
	Kings Prairie Sp Rd Dist Barry Co	Special Road and Bridge	7,287,281	0.1300	9,473	2007
	Mineral Spgs Sp Rd Dist 10 Barry Co	Special Road and Bridge	6,124,804	0.1300	7,962	2007
	Ozark Special Road Dist Barry Co	Special Road and Bridge	5,998,757	0.1300	7,798	2007
	Pioneer Special Rd Dist 31 Barry Co	Special Road and Bridge	1,507,962	0.1300	1,960	2007
	Pleasant Ridge Sp Rd 25 Barry Co	Special Road and Bridge	4,009,110	0.1300	5,212	2007
	Purdy Spec Rd Dist 28 Barry Co	Special Road and Bridge	15,038,159	0.1300	19,550	2007
	Wheaton Sp Rd Dist 29 Barry Co	Special Road and Bridge	9,951,556	0.1300	12,937	2007
Barton	Leroy Township of Barton County	Special Road and Bridge	3,885,070	0.3500	13,598	2007
Bates	Cornland Sp Rd Dist Bates Co	Special Road and Bridge	730,700	0.1764	1,289	2007
	Howard Township of Bates County	Special Road and Bridge	4,548,518	0.3500	15,920	2007
	Walnut Township of Bates County	Special Road and Bridge	4,258,269	0.1900	8,091	2007
	Prairie Township of Bates County	Special Road and Bridge	1,597,765	0.2300	3,675	2007
Buchanan	Village of Lewis & Clark	General Revenue-Temp	762,610	0.3000	2,288	2007
	City of St. Joseph	Special Business District	6,037,080	0.8500	51,315	
	St. Joseph School District	Operating Funds-Temp	804,133,162	0.6300	5,066,039	2008
Caldwell	Davis Township of Caldwell Co	Special Road and Bridge	8,902,027	0.1700	15,133	2007
Carroll	Fairfield Township of Carroll Co	Special Road and Bridge	2,610,606	0.3500	9,137	2007
Cedar	Dogwood Special Road District	Common Road District	624,165	0.3500	2,185	2007
Chariton	City of Sumner	Streets	737,060	0.2500	1,843	2006
Clay	Eastern Clay County Ambulance Dist	General Revenue	19,350,040	0.3000	58,050	
	Village of Oaks	Fire	2,380,571	0.3000	7,142	2005
	Village of Oakview	Fire & Amb Temp	5,688,813	0.3000	17,066	2007
	Village of Oakwood	Fire	4,183,166	0.3000	12,549	2005
	Village of Oakwood	General Revenue-Temp	4,183,166	0.2300	9,621	2005
	Clay County	Senior Services	3,054,066,349	0.0500	1,527,033	
Dade	Birchwood Special Road District	Special Road and Bridge	680,280	0.2500	1,701	2007
Daviess	Daviess County Special Rd Dist #1	Special Road and Bridge	10,463,981	0.3500	36,624	2007
De Kalb	Grant Township of DeKalb Co	Special Road & Bridge	3,851,031	0.3500	13,479	2007
	Sherman Township of DeKalb Co	Special Road and Bridge	5,912,308	0.3500	20,693	2007
Gentry	Athens Township of Gentry Co	Special Road and Bridge	18,963,167	0.2500	47,408	2007
	Bogle Township of Gentry Co	Special Road and Bridge	4,500,807	0.3200	14,403	2007
	Bogle Township of Gentry Co	Gravel	4,500,807	0.3500	15,753	2007
	Cooper Township of Gentry Co	Special Road and Bridge	13,827,320	0.1500	20,741	2007
	Howard Township of Gentry Co	Special Road and Bridge	1,830,351	0.3500	6,406	2007
	Huggins Township of Gentry Co	Special Road and Bridge	2,291,838	0.3300	7,563	2007
	Jackson Township of Gentry Co	Special Road and Bridge	11,817,391	0.1200	14,181	2007
	Wilson Township of Gentry Co	Gravel	3,488,568	0.3000	10,466	2005
Grundy	City of Laredo	Streets	672,869	0.3000	2,019	
	Grundy Co R-V School District	Operating Funds-Temp	10,358,263	0.4500	46,612	2008
	Laredo R-VII School District	Operating Funds-Temp	3,776,500	1.4000	52,871	2008
Harrison	Adams Township of Harrison Co	Special Road and Bridge	1,970,928	0.3500	6,898	2007
	Butler Township of Harrison Co	Special Road and Bridge	1,743,140	0.3500	6,101	2007
	Clay Township of Harrison Co	Special Road and Bridge	2,384,341	0.3500	8,345	2007

LISTING OF RECENT VOTER APPROVED LEVIES

County	Subdivision	Purpose	Assessed	Actual Rate		Expiration
			Valuation	Levied	Revenue	
Harrison	Colfax Township of Harrison Co	Special Road and Bridge	4,966,294	0.3500	17,382	2007
	Cypress Township of Harrison Co	Special Road and Bridge	1,821,499	0.3500	6,375	2007
	Dallas Township of Harrison Co	Special Road and Bridge	1,710,554	0.3500	5,987	2007
	Fox Creek Township of Harrison Co	Special Road and Bridge	1,572,575	0.3500	5,504	2007
	Grant Township of Harrison Co	Special Road and Bridge	3,095,042	0.3500	10,833	2007
	Hamilton Township of Harrison Co	Special Road and Bridge	2,254,601	0.3500	7,891	2007
	Jefferson Township of Harrison Co	Special Road and Bridge	3,128,085	0.3500	10,948	2007
	Lincoln Township of Harrison Co	Special Road and Bridge	1,694,847	0.3500	5,932	2007
	Madison Township of Harrison Co	Special Road and Bridge	3,818,483	0.3500	13,365	2007
	Marion Township of Harrison Co	Special Road and Bridge	4,318,249	0.3500	15,114	2007
	Sherman Township of Harrison Co	Special Road and Bridge	2,614,080	0.3500	9,149	2007
	Trail Creek Township of Harrison Co	Special Road and Bridge	3,345,667	0.3500	11,710	2007
	Union Township of Harrison Co	Special Road and Bridge	3,538,128	0.3500	12,383	2007
	Washington Township of Harrison Co	Special Road and Bridge	2,029,427	0.3500	7,103	2007
	White Oak Township of Harrison Co	Special Road and Bridge	3,408,618	0.3500	11,930	2007
Henry	City of Blainstown	Streets	578,055	0.5000	2,890	2006
Holt	Village of Big Lake	General Revenue-Temp	3,328,502	0.3000	9,986	2007
Howell	Junction Hill C-12 School District	Operating Funds-Temp	11,770,550	0.3000	35,312	2005
Jackson	City of Greenwood	GR-Fire Temp	50,238,376	0.6300	316,502	2007
	City of Greenwood	GR-Hydrant Temp	50,238,376	0.0200	10,048	2007
Jasper	Carthage R-IX School District	Operating Funds-Temp	240,755,960	0.4237	1,020,083	2007
	Webb City R-VII School District	Operating Funds-Temp	150,094,140	0.4000	600,377	2006
Johnson	Chilhowee R-IV School District	Operating Funds-Temp	7,306,402	0.2500	18,266	2005
Knox	City of Knox City	Streets	1,202,694	0.1500	1,804	2005
	Knox County	Special Road and Bridge	54,066,288	0.3500	189,232	2005
Laclede	Conway Spec Road Dist #2 Laclede Co	Special Road and Bridge	8,893,506	0.3500	31,127	2007
Lafayette	Corder Spec Rd Dist Lafayette Co	Special Road and Bridge	7,388,649	0.3000	22,166	2006
	Dover Spec Rd Dist Lafayette Co	Special Road and Bridge	4,786,750	0.3500	16,754	2007
	Higginsville Road Dist Lafayette Co	Special Road and Bridge	33,910,622	0.1500	50,866	2007
	Lafayette County	I-E Common Road Dist	11,029,106	0.3500	38,602	2007
Lawrence	Aurora R-VIII School District	Operating Funds-Temp	81,840,736	0.4111	336,447	2024
Lincoln	Clarence Cannon Memorial Sub Dist	General Revenue	6,732,600	0.2000	13,465	
Livingston	Rich Hill Township of Livingston Co	Special Road and Bridge	5,805,171	0.3400	19,738	2006
Macon	La Plata Spec Rd Dist Macon Co	Special Road District	11,004,314	0.3500	38,515	2007
Moniteau	Moniteau Co Lib Subdist-California	General Revenue	38,461,778	0.1000	38,462	
Monroe	Madison Special Road Dist Monroe Co	Special Road and Bridge	7,596,585	0.3500	26,588	2007
New Madrid	Portageville School District	Operating Funds-Temp	41,168,758	0.0315	12,968	2008
Newton	Diamond Special Road Dist Newton Co	Special Road and Bridge	24,438,939	0.1700	41,546	2007
	Fairview Special Rd Dist Newton Co	Special Road and Bridge	8,417,674	0.1540	12,963	2007
	Midway Special Rd Dist Newton Co	Special Road and Bridge	9,345,059	0.1647	15,391	2007
	Neosho Special Rd Dist Newton Co	Special Road and Bridge	141,971,230	0.1500	212,957	2007
	Seneca Special Rd Dist Newton Co	Special Road and Bridge	46,784,701	0.1498	70,083	2007
	Stella Special Road Dist Newton Co	Special Road and Bridge	5,612,936	0.1352	7,589	2007
	City of Granby	Cemetery	7,875,060	0.0800	6,300	2007
	City of Elmo	General Revenue-Temp	535,820	0.0000	0	2007
Nodaway	City of Elmo	Streets	535,820	0.0000	0	2007
	City of Hopkins	General Revenue-Temp	2,511,600	0.2000	5,023	2007
	Village of Pickering	Streets Temp	605,885	1.0000	6,059	2006
	Polk Township of Nodaway Co	Special Road and Bridge	166,279,742	0.3500	581,979	
	Village of Hughesville	General Revenue-Temp	836,991	0.3000	2,511	2007
	Smithton R-VI School District	Operating Funds-Temp	28,077,358	0.6000	168,464	2011
Phelps	Doolittle Rural Fire Protection Dis	General Revenue	10,366,726	0.3000	31,100	

LISTING OF RECENT VOTER APPROVED LEVIES

County	Subdivision	Purpose	Assessed	Actual Rate		Expiration
			Valuation	Levied	Revenue	
Phelps	Rolla Rural Fire Protection Dist	General Revenue	61,930,812	0.3000	185,792	
Platte	Weston Spec Rd Dist Platte Co	Special Road and Bridge	41,208,960	0.3500	144,231	2007
	City of Parkville	General Revenue-Temp	125,240,568	0.0827	103,574	2024
Randolph	Moberly Spec Rd Dist Randolph Co	Special Road and Bridge	138,280,639	0.0900	124,453	2007
	Village of Cairo	General Revenue-Temp	1,270,441	0.2100	2,668	2007
Ray	Camden Special Road Dist Ray Co	Special Road and Bridge	7,691,251	0.2400	18,459	
	Lawson Special Road Dist Ray Co	Special Road and Bridge	28,905,531	0.3000	86,717	2007
	City of Camden	Streets	1,159,369	1.3906	16,122	2007
	City of Camden	Fire	1,159,369	0.0500	580	2007
Ripley	Naylor Spec Rd Dist Ripley Co	Special Road and Bridge	5,105,290	0.5000	25,526	2006
	Ponder Gatewood Road Dist Ripley Co	Special Road and Bridge	4,628,963	0.3399	15,734	2006
	Purman Spec Rd Dist Ripley Co	Special Road and Bridge	2,061,875	0.3000	6,186	2006
	Wolfe Creek Spec Rd Dist Ripley Co	Special Road and Bridge	678,167	0.1000	678	2006
St. Charles	Fort Zumwalt R-II School District	Operating Funds-Temp	1,591,292,409	0.1000	1,591,292	2008
	Francis Howell R-III School Dist	Operating Funds-Temp	1,695,455,377	0.2000	3,390,911	2008
St. Clair	Vista Spec Rd Dist St Clair Co	Special Road and Bridge	2,700,028	0.5500	14,850	2007
	Sac Osage Fire Protection District	General Revenue	36,466,636	0.2500	91,167	
St. Francois	St. Francois County	Senior Services	509,502,382	0.0500	254,751	
St. Louis	Village of Glen Echo Park	General Revenue	1,184,440	0.5000	5,922	2004
	City of Maplewood	Solid Waste	95,303,687	0.2180	207,762	
Saline	Village of Arrow Rock	General Revenue-Temp	819,799	0.3000	2,459	2007
	Saline County	Health	225,033,032	0.1400	315,046	
Schuyler	Glenwood Chariton SRD 4 Schuyler Co	Special Road and Bridge	4,782,905	0.3600	17,218	2006
	Schuyler County	Special Road and Bridge	30,850,434	0.2600	80,211	2007
Scotland	Scotland County	Special Road and Bridge	46,935,647	0.3100	145,501	2007
Stoddard	Duck Creek Township of Stoddard Co	Special Road and Bridge	22,738,702	0.3500	79,585	2007
	Liberty Township of Stoddard Co	Special Road and Bridge	158,482,425	0.3500	554,688	2006
Sullivan	Liberty Township of Sullivan Co	Special Road and Bridge	2,665,152	0.3500	9,328	2007
	Polk Township of Sullivan Co	Special Road and Bridge	21,377,976	0.3500	74,823	2007
Vernon	Osage Township of Vernon Co	Special Road and Bridge	3,749,821	0.2500	9,375	2007
Worth	East Fork of Grand River Watershed	General Revenue	1,894,620	0.2000	3,789	
	Sheridan Fire Protection District	General Revenue	3,301,630	0.2000	6,603	
	Worth County Fire Protection Dist	General Revenue	9,967,800	0.2000	19,936	
St. Louis City	Soulard Special Business District	General Revenue	31,297,660	0.2960	92,641	
Total Revenue Generated from New Levies					<u>\$19,308,419</u>	

NOTE:

The tax rates listed above were approved by voters at an election held after 2003. Tax cut rates were set and, thus, 2004 was the first year the additional voter approved increases were levied. Assessed valuation column presents only the assessed valuation that the property is levied against.

The revenue generated is computed by multiplying the tax rate by the assessed valuation and dividing by 100.

LISTING OF VOTERS APPROVED INCREASES TO EXISTING LEVIES

County	Subdivision	Purpose	Assessed Valuation	Actual Rate Increase	Revenue
Andrew	North Andrew Co. R-VI School Dist	Operating Funds-Schools	15,173,040	0.4000	60,692
Atchison	Atchison County Library	General Revenue	78,785,269	0.1000	78,785
Barry	Monett R-I School District	Operating Funds-Schools	120,627,965	0.3100	373,947
Benton	Lincoln Community Nursing Home Dis	Maintenance	39,069,877	0.1500	58,605
Bollinger	Leopold R-III School District	Operating Funds-Schools	6,237,590	0.2830	17,652
Buchanan	East Buchanan Co. C-1 School Dist	Operating Funds-Schools	39,740,910	0.9300	369,590
Carroll	Tina-Avalon R-II School District	Operating Funds-Schools	7,429,083	0.5215	38,743
Cass	Belton 124 School District	Operating Funds-Schools	251,599,785	0.6000	1,509,599
Chariton	Brunswick R-II School District	Operating Funds-Schools	13,718,401	0.2500	34,296
	Keytesville R-III School District	Operating Funds-Schools	11,210,602	0.6000	67,264
Christian	Ozark Rural Fire Protection Dist	General Revenue	245,256,323	(0.0067)	-16,432
	Nixa Fire Protection District	General Revenue	233,598,357	0.3500	817,594
	Clever Fire Protection District	General Revenue	34,084,408	0.1300	44,310
	Nixa R-II School District	Operating Funds-Schools	232,473,267	0.4100	953,140
	Spokane R-VII School District	Operating Funds-Schools	32,037,295	0.2451	78,523
Clay	Village of Oakview	General Revenue	5,688,813	0.1300	7,395
	Kearney Fire Protection District	General Revenue	202,881,479	0.2500	507,204
	Excelsior Springs 40 School Dist	Operating Funds-Schools	176,532,212	0.1553	274,155
Clinton	Tri-County Ambulance District	General Revenue	144,659,916	0.0966	139,741
	Lathrop R-II School District	Operating Funds-Schools	45,572,987	0.7500	341,797
	Clinton County R-III School Dist	Operating Funds-Schools	57,481,208	0.4785	275,048
Cooper	Prairie Home R-V School District	Operating Funds-Schools	9,037,525	0.6000	54,225
De Kalb	Stewartsville Fire Protection Dist	General Revenue	14,540,868	0.1500	21,811
Franklin	Pacific Fire Protection District	General Revenue	174,703,221	0.2000	349,406
	Meramec Valley R-III School Dist	Operating Funds-Schools	237,440,628	0.4138	982,529
	Washington School District	Operating Funds-Schools	525,037,517	0.0377	197,939
Greene	Battlefield Fire Protection Dist	General Revenue	357,689,322	0.1000	357,689
	Willard R-II School District	Operating Funds-Schools	216,251,140	0.2736	591,663
	Republic R-III School District	Operating Funds-Schools	180,801,093	0.2900	524,323
	Greene Co R-VIII School District	Operating Funds-Schools	138,047,831	0.4000	552,191
	Springfield R-XII School District	Operating Funds-Schools	2,416,478,030	0.1499	3,622,301
Henry	Shawnee R-III School District	Operating Funds-Schools	7,103,235	0.3480	24,719
Hickory	Hickory Co. R-I School District	Operating Funds-Schools	29,165,766	0.1500	43,749
Holt	Craig R-III School District	Operating Funds-Schools	12,293,950	0.7500	92,205
Howell	Glenwood R-VIII School District	Operating Funds-Schools	15,928,760	0.3630	57,821
	Fairview R-XI School District	Operating Funds-Schools	29,242,930	0.3000	87,729
Iron	Quad County Fire Protection Dist	General Revenue	56,723,097	0.2000	113,446
Jackson	Lone Jack Community Fire Prot Dist	General Revenue	49,646,296	0.3000	148,939
	Fort Osage R-I School District	Operating Funds-Schools	229,582,154	0.2946	676,349
	Grain Valley R-V School District	Operating Funds-Schools	163,279,709	0.5000	816,399
	Lee's Summit R-VII School District	Operating Funds-Schools	1,246,294,514	0.5900	7,353,138

LISTING OF VOTERS APPROVED INCREASES TO EXISTING LEVIES

County	Subdivision	Purpose	Assessed Valuation	Actual Rate Increase	Revenue
Jackson	Grandview C-4 School District	Operating Funds-Schools	390,347,914	0.4500	1,756,566
Jefferson	Valle Ambulance District	General Revenue	273,133,245	0.0500	136,567
	Goldman Fire Protection District	General Revenue	45,178,770	0.0500	22,589
	Hillsboro Fire Protection District	General Revenue	87,721,960	0.0500	43,861
	Rock Community Fire Prot Dist	Pension	549,530,733	0.0100	54,953
	De Soto Rural Fire Protection Dist	General Revenue	146,318,678	0.1786	261,325
	Northwest R-I School District	Operating Funds-Schools	424,057,041	0.6000	2,544,342
	Hillsboro R-III School District	Operating Funds-Schools	175,839,921	0.5400	949,536
	Jefferson Co R-VII School District	Operating Funds-Schools	122,259,224	0.7500	916,944
	Windsor C-1 School District	Operating Funds-Schools	161,441,165	0.5000	807,206
	Fox C-6 School District	Operating Funds-Schools	624,442,671	1.2207	7,622,572
Knox	Knox County Nursing Home District	General Revenue	53,358,397	0.1500	80,038
Lincoln	Lincoln County Fire Protection Dist	General Revenue	272,597,695	0.2500	681,494
Linn	Bucklin R-II School District	Operating Funds-Schools	8,891,307	0.6500	57,793
Marion	Palmyra R-I School District	Operating Funds-Schools	99,043,300	3.0000	2,971,299
Monroe	Middle Grove C-1 School District	Operating Funds-Schools	3,205,805	1.8500	59,307
Nodaway	City of Graham	Streets	737,007	0.0000	0
	Northeast Nodaway Co R-V Sch Dist	Operating Funds-Schools	11,065,970	0.6000	66,396
Ozark	Dora R-III School District	Operating Funds-Schools	10,812,596	0.6000	64,876
Platte	Southern Platte Fire Prot Dist	General Revenue	289,849,224	0.3000	869,548
	North Platte Co R-I School District	Operating Funds-Schools	40,661,244	0.4700	191,108
	West Platte Co R-II School District	Operating Funds-Schools	60,867,513	0.7162	435,933
Polk	Bolivar R-I School District	Operating Funds-Schools	115,670,500	0.6292	727,799
Randolph	Moberly School District	Operating Funds-Schools	123,503,429	0.3900	481,663
Saline	Miami R-I School District	Operating Funds-Schools	7,473,958	0.5000	37,370
	Marshall School District	Operating Funds-Schools	116,490,120	0.2942	342,714
Schuyler	Schuyler County	Health	35,633,339	0.1500	53,450
St. Charles	St. Charles Co. Community College	General Revenue	5,258,015,521	0.0200	1,051,603
	Fort Zumwalt R-II School District	Operating Funds-Schools	1,591,292,409	0.6000	9,547,754
	Francis Howell R-III School Dist	Operating Funds-Schools	1,695,455,377	0.6900	11,698,642
	Wentzville R-IV School District	Operating Funds-Schools	902,955,629	0.3900	3,521,527
	St Charles Co R-V School District	Operating Funds-Schools	172,369,557	0.5200	896,322
St. Louis	City of Ladue	General Revenue	521,903,325	0.3000	1,565,710
	Black Jack Fire Protection District	General Revenue	478,731,845	0.2500	1,196,830
	Florissant Valley Fire Prot Dist	Ambulance	687,008,970	0.2900	1,992,326
	Moline Fire Protection District	Pension	107,483,606	0.1000	107,484
	Moline Fire Protection District	General Revenue	107,483,606	0.2500	268,709
	Valley Park Fire Protection Dist	General Revenue	182,897,797	0.2200	402,375
	Hazelwood R-I School District	Operating Funds-Schools	1,581,979,270	0.9800	15,503,397
Stone	City of Crane	General Revenue	5,880,614	0.3000	17,642
	Reeds Spring R-IV School District	Operating Funds-Schools	222,510,782	0.2000	445,022

LISTING OF VOTERS APPROVED INCREASES TO EXISTING LEVIES

County	Subdivision	Purpose	Assessed Valuation	Actual Rate Increase	Revenue
Stone	Blue Eye R-V School District	Operating Funds-Schools	63,037,466	0.2317	146,058
Sullivan	Penn Township of Sullivan Co	Road & Bridge	9,354,918	0.1042	9,748
Taney	Bradleyville R-I School District	Operating Funds-Schools	6,289,995	0.3000	18,870
	Forsyth R-III School District	Operating Funds-Schools	56,934,739	0.5700	324,528
	Kirbyville R-VI School District	Operating Funds-Schools	25,646,649	0.3000	76,940
	Mark Twain R-VIII School District	Operating Funds-Schools	4,965,926	0.3600	17,877
Warren	Warren Co R-III School District	Operating Funds-Schools	182,362,813	0.4700	857,105
Wright	Manes R-V School District	Operating Funds-Schools	3,714,975	0.5000	18,575
Total Revenue Generated from Voter Approved Increases					<u>\$94,622,512</u>

NOTE:

The tax rates listed above were approved by voters at an election held after 2003 tax cut rate were set and, thus 2004 was the first year the additional voter approved increases to an existing tax were levied.

Assessed value column presents only the assessed valuation that the property tax is levied against.

The revenue generated is computed by multiplying the tax rate by the assessed valuation and dividing by 100.

LISTING OF SCHOOLS WITH FULL OR PARTIAL SALES TAX ROLLBACK WAIVERS

County	Political Subdivision	Waiver Type	Election Date	Comments
Adair	Adair Co. R-I School District	Full	04 / 1994	
	Kirksville R-III School District	Full	08 / 1993	
	Adair Co. R-II School District	Full	04 / 1994	
Andrew	North Andrew Co. R-VI School Dist	Full	10 / 1993	
	Avenue City R-IX School District	Full	04 / 1996	
	Savannah R-III School District	Full	02 / 2000	
Atchison	Tarkio R-I School District	Full	04 / 2004	
	Rock Port R-II School District	Full	06 / 1995	
	Fairfax R-III School District	Full	08 / 1994	
Audrain	Community R-VI School District	Full	04 / 1994	
	Van-Far R-I School District	Full	04 / 1997	
Barry	Wheaton R-III School District	Partial	02 / 1994	Waived to allow \$2.7500
	Southwest Barry Co R-V School Dist	Partial	02 / 1994	Waived to allow \$2.7500
	Exeter R-VI School District	Full	08 / 2001	
	Cassville R-IV School District	Partial	02 / 1994	Waived to allow \$2.7500
	Purdy R-II School District	Full	08 / 1993	
	Monett R-I School District	Full	06 / 2004	
Barton	Liberal R-II School District	Full	04 / 1996	
	Golden City R-III School District	Full	02 / 1994	
	Lamar R-I School District	Full	04 / 2001	
Bates	Miami R-I School District	Full	04 / 1996	
	Ballard R-II School District	Full	04 / 1998	
	Adrian R-III School District	Full	02 / 1994	
	Hume R-VIII School District	Full	04 / 1995	
	Hudson R-IX School District	Full	08 / 1993	
	Butler R-V School District	Full	02 / 1994	
Benton	Lincoln R-II School District	Full	02 / 1994	
	Warsaw R-IX School District	Full	02 / 1994	
	Cole Camp R-I School District	Partial	02 / 1994	Waived to allow \$2.7500
Bollinger	Meadow Heights R-II School District	Full	10 / 1993	
	Leopold R-III School District	Full	04 / 2004	
	Zalma R-V School District	Partial	04 / 1994	Waived to allow \$2.7500
	Woodland R-IV School District	Full	10 / 1993	
Boone	Southern Boone Co. R-I School Dist	Full	04 / 1995	
	Boone Co. R-IV School District	Full	04 / 1995	
	Sturgeon R-V School District	Partial	04 / 2004	Waived \$0.6800 of rollback
	Centralia R-VI School District	Full	04 / 2002	
	Harrisburg R-VIII School District	Partial	04 / 1997	Waived \$0.6500 of rollback
Buchanan	East Buchanan Co. C-1 School Dist	Full	04 / 2001	
	Mid-Buchanan Co R-V School Dist	Full	04 / 1997	
	Buchanan County R-IV School Dist	Full	04 / 1997	
Butler	Neelyville R-IV School District	Full	10 / 1993	
	Poplar Bluff R-I School District	Full	02 / 1994	
	Twin Rivers R-X School District	Full	10 / 1993	
Caldwell	Hamilton R-II School District	Full	04 / 1995	
	Cowgill R-VI School District	Full	08 / 1994	
	Polo R-VII School District	Full	04 / 1997	
	Mirabile C-1 School District	Full	08 / 1994	

LISTING OF SCHOOLS WITH FULL OR PARTIAL SALES TAX ROLLBACK WAIVERS

County	Political Subdivision	Waiver Type	Election Date	Comments
Caldwell	Kingston 42 School District	Full	06 / 1995	
Callaway	North Callaway Co R-I School Dist	Full	04 / 2003	
	New Bloomfield R-III School Dist	Full	08 / 1993	
	Fulton 58 School District	Full	06 / 1996	
Camden	Camden Co. R-II School District	Partial	04 / 1994	Waived to allow \$2.7500
	Camdenton R-III School District	Full	04 / 1999	
	Macks Creek R-V School District	Full	04 / 2002	
Cape Girardeau	Jackson R-II School District	Full	11 / 2003	
	Delta R-V School District	Full	04 / 2000	
	Oak Ridge R-VI School District	Full	08 / 2004	
	Cape Girardeau 63 School District	Full	04 / 1997	
Carroll	Tina-Avalon R-II School District	Full	08 / 1998	
	Bosworth R-V School District	Full	04 / 1997	
	Carrollton R-VII School District	Full	04 / 1998	
	Norborne R-VIII School District	Full	06 / 1995	
Carter	East Carter Co R-II School District	Full	10 / 1993	
	Van Buren R-I School District	Partial	10 / 1993	Waived to allow \$2.7500
Cass	Cass Co R-V School District	Full	04 / 1998	
	Strasburg C-3 School District	Full	04 / 1996	
	Raymore-Peculiar R-II School Dist	Full	04 / 1995	
	Sherwood Cass R-VIII School Dist	Full	08 / 2004	
	Pleasant Hill R-III School District	Full	06 / 1994	
	Harrisonville R-IX School District	Full	11 / 2001	
	Drexel R-IV School District	Full	04 / 1996	
	Belton 124 School District	Full	04 / 2000	
Cedar	Stockton R-I School District	Full	02 / 1994	
	El Dorado Springs R-II School Dist	Partial	04 / 1994	Waived to allow \$2.7500
Chariton	Northwestern R-I School District	Full	02 / 1997	
	Brunswick R-II School District	Full	04 / 2004	
	Keytesville R-III School District	Full	04 / 1994	
	Salisbury R-IV School District	Full	11 / 2003	
Christian	Chadwick R-I School District	Full	08 / 1993	
	Nixa R-II School District	Full	08 / 1998	
	Sparta R-III School District	Full	08 / 1993	
	Billings R-IV School District	Full	08 / 1999	
	Clever R-V School District	Full	04 / 1997	
	Ozark R-VI School District	Full	08 / 1993	
	Spokane R-VII School District	Full	02 / 1994	
Clark	Wyaconda C-1 School District	Full	04 / 1995	
	Revere C-3 School District	Full	04 / 1997	
	Luray 33 School District	Full	08 / 1999	
	Clark Co. R-I School District	Partial	04 / 1994	Waived to allow \$2.7500
Clay	Kearney R-I School District	Full	04 / 2004	
	Smithville R-II School District	Full	04 / 1997	
	Excelsior Springs 40 School Dist	Full	08 / 2002	
	Liberty 53 School District	Full	10 / 1994	
	North Kansas City 74 School Dist	Full	04 / 1994	
Clinton	Cameron R-I School District	Full	08 / 1997	

LISTING OF SCHOOLS WITH FULL OR PARTIAL SALES TAX ROLLBACK WAIVERS

County	Political Subdivision	Waiver Type	Election Date	Comments
Clinton	Lathrop R-II School District	Full	08 / 2002	
	Clinton County R-III School Dist	Full	04 / 2004	
Cole	Cole Co R-I School District	Full	04 / 2004	
	Cole Co R-II School District	Full	04 / 1996	
Cooper	Cole Co. R-V School District	Partial	08 / 2000	Waived to allow \$2.9500
	Blackwater R-II School District	Full	04 / 1996	
	Cooper Co. R-IV School District	Full	04 / 1996	
	Prairie Home R-V School District	Full	04 / 1996	
	Otterville R-VI School District	Full	08 / 1995	
	Pilot Grove C-4 School District	Full	08 / 1995	
	Boonville R-I School District	Full	08 / 1996	
	Crawford Co R-I School District	Full	04 / 2003	
	Crawford Co R-II School District	Partial	02 / 1994	
	Steelville R-III School District	Full	06 / 1996	
Dade	Lockwood R-I School District	Full	11 / 1995	Waived to allow \$2.7500
	Everton R-III School District	Full	11 / 1994	
	Greenfield R-IV School District	Full	11 / 1993	
Dallas	Dallas Co R-I School District	Full	04 / 1994	
Daviess	Pattonsburg R-II School District	Full	03 / 1996	
	Winston R-VI School District	Full	04 / 1996	
	North Daviess R-III School District	Full	04 / 1998	
	Gallatin R-V School District	Full	04 / 1996	
	Tri-County R-VII School District	Full	08 / 1996	
De Kalb	Osborn R-O School District	Full	08 / 1997	
	Maysville R-I School District	Full	04 / 1994	
	Union Star R-II School District	Full	04 / 2003	
Dent	Salem R-80 School District	Full	02 / 1994	
	Oak Hill R-I School District	Full	08 / 1993	
	Green Forest R-II School District	Full	11 / 1993	
	Dent-Phelps R-III School District	Full	08 / 1993	
	North Wood R-IV School District	Full	08 / 1993	
Douglas	Skyline R-II School District	Partial	08 / 1993	Waived to allow \$2.7500
	Plainview R-VIII School District	Full	11 / 1993	
	Ava R-I School District	Full	11 / 1993	
Dunklin	Malden R-I School District	Full	04 / 1995	
	Campbell R-II School District	Full	08 / 1993	
	Holcomb R-III School District	Full	08 / 1993	
	Clarkton C-4 School District	Full	08 / 1993	
	Senath-Hornersville C-8 School Dist	Full	08 / 1993	
	Southland C-9 School District	Full	08 / 1993	
	Kennett 39 School District	Full	10 / 1993	
	Franklin Co R-II School District	Full	11 / 1999	
Franklin	Meramec Valley R-III School Dist	Partial	02 / 1994	Waived to allow \$2.7500
	Union R-XI School District	Partial	04 / 2003	Waived to allow \$2.7900
	Lonedell R-XIV School District	Full	02 / 1994	
	Spring Bluff R-XV School District	Full	11 / 1993	
	Franklin County R-XVI School Dist	Full	04 / 1994	
	St. Clair R-XIII School District	Full	02 / 1994	

LISTING OF SCHOOLS WITH FULL OR PARTIAL SALES TAX ROLLBACK WAIVERS

County	Political Subdivision	Waiver Type	Election Date	Comments
Franklin	Sullivan C-2 School District	Full	11 / 1993	
	New Haven School District	Full	04 / 1995	
	Washington School District	Full	11 / 1995	
Gasconade	Gasconade Co R-II School District	Partial	04 / 2001	Waived to allow \$2.9800
	Gasconade County R-I School Dist	Full	08 / 1995	
Gentry	Stanberry R-II School District	Full	06 / 1997	
	Albany R-III School District	Full	02 / 1994	
Greene	Willard R-II School District	Partial	02 / 1994	Waived to allow \$2.7500
	Republic R-III School District	Full	04 / 2004	
	Ash Grove R-IV School District	Partial	02 / 1994	Waived to allow \$2.7500
	Walnut Grove R-V School District	Full	02 / 1994	
	Strafford R-VI School District	Partial	02 / 1994	Waived to allow \$2.7500
	Greene Co R-VIII School District	Full	08 / 1993	
	Springfield R-XII School District	Full	04 / 1996	
	Fair Grove R-X School District	Partial	02 / 1994	Waived to allow \$2.7500
	Grundy Co R-V School District	Full	08 / 2001	
Grundy	Spickard R-II School District	Full	04 / 1999	
	Pleasant View R-VI School District	Full	11 / 1997	
	Laredo R-VII School District	Full	06 / 2000	
	Trenton R-IX School District	Full	02 / 2004	
	Cainsville R-I School District	Full	08 / 2003	
Harrison	South Harrison Co R-II School Dist	Full	08 / 1998	
	North Harrison Co R-III School Dist	Full	02 / 1994	
	Gilman City R-IV School District	Full	08 / 1999	
Henry	Henry County R-I School District	Partial	02 / 1994	Waived to allow \$2.7500
	Shawnee R-III School District	Full	04 / 1994	
	Calhoun R-VIII School District	Full	06 / 1995	
	Leesville R-IX School District	Full	08 / 1993	
	Davis R-XII School District	Full	04 / 1995	
	Montrose R-XIV School District	Full	08 / 2004	
	Clinton School District	Full	11 / 1993	
Hickory	Hickory Co. R-I School District	Full	02 / 1994	
	Wheatland R-II School District	Full	11 / 1993	
	Weaubleau R-III School District	Full	02 / 1994	
	Hermitage R-IV School District	Full	04 / 1994	
Holt	Craig R-III School District	Full	04 / 1996	
	Mound City R-2 School District	Full	04 / 1998	
	South Holt Co R-I School District	Full	04 / 2001	
Howard	New Franklin R-I School District	Full	06 / 1995	
	Fayette R-III School District	Full	08 / 1999	
	Howard Co R-II School District	Partial	08 / 2000	Waived \$0.2500 of rollback
Howell	Howell Valley R-I School District	Full	11 / 1995	
	Mountain View-Birch Tree R-III SD	Partial	04 / 1994	Waived to allow \$2.7500
	Willow Springs R-IV School District	Full	04 / 1994	
	Richards R-V School District	Partial	08 / 1993	Waived to allow \$2.7500
	West Plains R-VII School District	Full	04 / 2004	
	Glenwood R-VIII School District	Full	04 / 2004	
	Junction Hill C-12 School District	Full	02 / 2001	

LISTING OF SCHOOLS WITH FULL OR PARTIAL SALES TAX ROLLBACK WAIVERS

County	Political Subdivision	Waiver Type	Election Date	Comments
Howell	Fairview R-XI School District	Full	04 / 2004	
Iron	South Iron Co R-I School District	Full	08 / 2004	
	Arcadia Valley R-II School District	Partial	10 / 1993	Waived to allow \$2.7500
	Bellevue R-III School District	Full	10 / 1993	
	Iron Co C-4 School District	Full	04 / 1995	
Jackson	Fort Osage R-I School District	Full	02 / 2004	
	Grain Valley R-V School District	Full	04 / 1994	
	Oak Grove R-VI School District	Full	08 / 2004	
	Lee's Summit R-VII School District	Partial	04 / 1996	Waived \$0.2000 of rollback (voted for 13 years through 6-30-09)
	Hickman Mills C-1 School District	Full	04 / 1995	
	Raytown C-2 School District	Full	06 / 1994	
	Grandview C-4 School District	Full	08 / 1999	
	Lone Jack C-6 School District	Full	04 / 1996	
	Independence 30 School District	Full	10 / 1994	
	Center 58 School District	Full	08 / 2000	
Jasper	Carl Junction R-I School District	Full	04 / 1997	
	Avilla R-XIII School District	Partial	04 / 1994	Waived to allow \$2.7500
	Jasper County R-V School District	Partial	04 / 1995	Waived to allow \$3.2100
	Sarcoie R-II School District	Partial	02 / 1994	Waived to allow \$2.7500
	Carthage R-IX School District	Full	04 / 2004	
	Webb City R-VII School District	Full	02 / 1994	
	Joplin R-VIII School District	Full	06 / 1998	
Jefferson	Northwest R-I School District	Full	04 / 1995	Waived through 6-30-15
	Grandview R-II School District	Full	11 / 1993	
	Hillsboro R-III School District	Full	04 / 1998	Expires 2017
	Dunklin R-V School District	Full	04 / 2003	
	Festus R-VI School District	Full	11 / 1998	
	Jefferson Co R-VII School District	Full	08 / 1998	
	Sunrise R-IX School District	Full	8 / 2003	
	Windsor C-1 School District	Full	04 / 1997	
	Fox C-6 School District	Full	02 / 1995	
	Crystal City 47 School District	Full	04 / 2001	
	DeSoto 73 School District	Full	11 / 2002	
Johnson	Kingsville R-I School District	Full	04 / 1994	
	Holden R-III School District	Full	02 / 1996	
	Chilhowee R-IV School District	Full	04 / 1996	
	Johnson Co R-VII School District	Full	04 / 1994	
	Knob Noster R-VIII School District	Full	02 / 1994	
	Leeton R-X School District	Full	04 / 1997	
	Warrensburg R-VI School District	Full	04 / 1999	
Knox	Knox Co R-I School District	Full	08 / 1995	
Laclede	Laclede Co. R-I School District	Partial	08 / 1993	Waived to allow \$2.7500
	Gasconade C-4 School District	Full	08 / 1993	
	Lebanon R-III School District	Partial	08 / 1993	Waived to allow \$2.7500
	Laclede Co C-5 School District	Full	04 / 1994	
Lafayette	Concordia R-II School District	Full	06 / 1996	
	Lafayette Co C-1 School District	Full	02 / 1998	

LISTING OF SCHOOLS WITH FULL OR PARTIAL SALES TAX ROLLBACK WAIVERS

County	Political Subdivision	Waiver Type	Election Date	Comments
Lafayette	Odessa R-VII School District	Full	11 / 1993	
	Santa Fe R-X School District	Full	04 / 2001	
	Wellington-Napoleon R-IX Sch Dist	Full	11 / 2002	
	Lexington R-V School District	Full	08 / 2003	
Lawrence	Miller R-II School District	Full	04 / 2004	
	Pierce City R-VI School District	Partial	02 / 1994	Waived to allow \$2.7500
	Marionville R-IX School District	Partial	02 / 1994	Waived to allow \$2.7500
	Mt. Vernon R-V School District	Full	02 / 1995	
	Aurora R-VIII School District	Partial	02 / 1994	Waived to allow \$2.7500
Lewis	Verona R-VII School District	Full	06 / 2004	
	Canton R-V School District	Full	04 / 1994	
	Lewis Co C-1 School District	Full	02 / 1994	
Lincoln	Silex R-I School District	Full	04 / 1994	
	Elsberry R-II School District	Full	04 / 1994	
	Winfield R-IV School District	Full	04 / 1998	
Linn	Bucklin R-II School District	Full	08 / 1993	
	Brookfield R-III School District	Partial	02 / 1990	Waived \$0.3500 of rollback
Livingston	Southwest Livingston Co R-I Sch Dis	Full	11 / 1999	
	Chillicothe R-II School District	Full	04 / 1998	
Mc Donald	McDonald Co R-I School District	Partial	02 / 1994	Waived to allow \$2.7500
Macon	La Plata R-II School District	Full	08 / 1996	
	Macon Co R-I School District	Full	04 / 2004	
Madison	Marquand-Zion R-VI School District	Full	06 / 2003	
	Fredericktown R-I School District	Full	10 / 1993	
Maries	Maries Co R-I School District	Full	06 / 1995	
	Maries Co R-II School District	Full	04 / 1999	
Marion	Marion Co R-II School District	Full	04 / 1995	
	Palmyra R-I School District	Full	04 / 2004	
Mercer	Princeton R-V School District	Partial	04 / 2001	Waived \$0.2500 of rollback
Miller	Eldon R-I School District	Partial	04 / 1994	Waived to allow \$2.7500
	Miller Co R-III School District	Full	04 / 1995	
	St. Elizabeth R-IV School District	Full	08 / 1993	
	Iberia R-V School District	Full	02 / 2001	
Mississippi	East Prairie R-II School District	Partial	10 / 1993	Waived to allow \$2.7500
	Charleston R-I School District	Full	10 / 1993	
Moniteau	Moniteau Co R-I School District	Full	02 / 1994	
	High Point R-III School District	Full	04 / 1994	
	Moniteau Co R-V School District	Full	06 / 2002	
	Moniteau Co R-VI School District	Full	04 / 1994	
	Moniteau Co C-1 School District	Full	04 / 1997	
	Clarksburg C-2 School District	Full	08 / 1996	
Monroe	Middle Grove C-1 School District	Full	08 / 2002	
	Monroe City R-I School District	Full	11 / 1994	
	Holliday C-2 School District	Full	08 / 1993	
	Madison C-3 School District	Full	08 / 1996	
	Paris R-II School District	Full	04 / 1998	
Montgomery	Wellsville-Middletown R-I Sch Dist	Full	04 / 1996	
	Montgomery Co R-II School District	Full	04 / 1999	

LISTING OF SCHOOLS WITH FULL OR PARTIAL SALES TAX ROLLBACK WAIVERS

County	Political Subdivision	Waiver Type	Election Date	Comments
Morgan	Morgan Co R-I School District	Full	02 / 1994	
	Morgan Co R-II School District	Full	11 / 1993	
New Madrid	Risco R-II School District	Full	08 / 1996	
	Portageville School District	Full	08 / 2004	
	Gideon 37 School District	Full	04 / 1996	
	New Madrid Co R-I School District	Full	11 / 1996	
	East Newton Co R-VI School District	Full	02 / 1994	
Newton	Diamond R-IV School District	Full	02 / 1994	
	Westview C-6 School District	Partial	02 / 1994	Waived to allow \$2.7500
	Seneca R-VII School District	Partial	02 / 1994	Waived to allow \$2.7500
	Neosho R-V School District	Partial	02 / 1994	Waived to allow \$2.7500
Nodaway	Nodaway-Holt R-VII School District	Full	04 / 1998	
	West Nodaway Co R-I School District	Full	04 / 2004	
	Northeast Nodaway Co R-V Sch Dist	Full	10 / 1995	
	North Nodaway Co R-VI School Dist	Full	04 / 1998	
	South Nodaway Co R-IV School Dist	Full	08 / 2003	
Oregon	Couch R-I School District	Full	08 / 1993	
	Thayer R-II School District	Full	10 / 1993	
	Oregon-Howell R-III School District	Partial	04 / 1994	Waived to allow \$2.7500
	Alton R-IV School District	Full	10 / 1993	
Osage	Osage Co R-I School District	Full	04 / 2003	
	Osage Co R-II School District	Full	02 / 1994	
	Osage Co R-III School District	Full	02 / 1994	
Ozark	Thornfield R-I School District	Full	02 / 1994	
	Bakersfield R-IV School District	Full	04 / 1998	
	Gainesville R-V School District	Full	04 / 1994	
	Dora R-III School District	Full	04 / 2004	
	Lutie R-VI School District	Full	04 / 1995	
Pemiscot	North Pemiscot Co R-I School Dist	Full	08 / 1996	
	Hayti R-II School District	Full	10 / 1993	
	Pemiscot Co R-III School District	Full	08 / 1996	
	Cooter R-IV School District	Full	08 / 1993	
	South Pemiscot Co R-V School Dist	Full	10 / 1993	
	Pemiscot Co C-7 School District	Full	08 / 1996	
	Caruthersville 18 School District	Full	08 / 1993	
Perry	Perry Co 32 School District	Full	11 / 2001	
	Altenburg 48 School District	Full	04 / 1996	
Pettis	Pettis Co R-V School District	Full	04 / 1996	
	La Monte R-IV School District	Full	04 / 1996	
	Smithton R-VI School District	Full	04 / 2000	
	Green Ridge R-VIII School District	Full	08 / 1996	
	Pettis Co R-XII School District	Full	04 / 1994	
	Sedalia 200 School District	Full	04 / 2003	
Phelps	St. James R-I School District	Full	04 / 2004	
	Newburg R-II School District	Full	08 / 1993	
	Phelps Co R-III School District	Full	08 / 1993	
Pike	Bowling Green R-I School District	Full	06 / 1995	
	Pike Co R-III School District	Full	04 / 1994	

LISTING OF SCHOOLS WITH FULL OR PARTIAL SALES TAX ROLLBACK WAIVERS

County	Political Subdivision	Waiver Type	Election Date	Comments
Pike	Louisiana R-II School District	Full	08 / 1995	
Platte	North Platte Co R-I School District	Full	06 / 1996	Expires in 2012
	West Platte Co R-II School District	Full	08 / 2000	
	Park Hill R-V School District	Full	06 / 1994	
Polk	Bolivar R-I School District	Full	04 / 2004	
	Fair Play R-II School District	Full	08 / 1994	
	Halfway R-III School District	Full	06 / 1999	
	Humansville R-IV School District	Full	08 / 1993	
	Marion C. Early R-V School District	Partial	08 / 1993	Waived to allow \$2.8100
	Pleasant Hope R-VI School District	Full	04 / 1994	
Pulaski	Swedeborg R-III School District	Full	10 / 1993	
	Pulaski Co R-IV School District	Full	08 / 1993	
	Laquey R-V School District	Full	08 / 1993	
	Waynesville R-VI School District	Full	06 / 1994	
	Dixon R-I School District	Full	11 / 1993	
	Crocker R-II School District	Full	08 / 1993	
Putnam	Putnam Co R-I School District	Full	02 / 1994	
Ralls	Ralls Co R-II School District	Partial	04 / 1994	Waived to allow \$2.7500
Randolph	Northeast Randolph Co R-IV Sch Dist	Full	06 / 2000	
	Renick R-V School District	Full	04 / 2003	
	Higbee R-VIII School District	Full	04 / 1998	
	Moberly School District	Full	04 / 1999	
Ray	Stet R-XV School District	Full	04 / 2004	
	Lawson R-XIV School District	Full	04 / 1998	
	Orrick R-XI School District	Full	04 / 2004	
	Hardin-Central C-2 School District	Full	04 / 2003	
	Richmond R-XVI School District	Full	08 / 2001	
Reynolds	Centerville R-I School District	Full	11 / 2001	
	Lesterville R-IV School District	Full	08 / 1993	
Ripley	Naylor R-II School District	Full	10 / 1993	
	Doniphan R-I School District	Full	04 / 1994	
	Ripley Co R-IV School District	Partial	04 / 1994	Waived to allow \$2.7500
	Ripley Co R-III School District	Full	04 / 1994	
St. Charles	Fort Zumwalt R-II School District	Full	04 / 2001	
	Francis Howell R-III School Dist	Full	04 / 1995	
	Wentzville R-IV School District	Full	04 / 1997	
	St Charles R-VI School District	Full	08 / 1998	
St. Clair	Appleton City R-II School District	Full	10 / 1993	
	Roscoe C-1 School District	Full	02 / 1994	
	Lakeland R-III School District	Full	02 / 1994	
	Osceola School District	Full	02 / 1994	
St. Francois	Bismarck R-V School District	Full	04 / 2000	
	Farmington R-VII School District	Full	06 / 1995	
	North St. Francois Co R-I Sch Dist	Full	08 / 2000	
	Central R-III School District	Full	11 / 1995	
	West St Francois Co R-IV Sch Dist	Full	11 / 1998	
Ste. Genevieve	Ste. Genevieve Co R-II School Dist	Full	04 / 1999	
St. Louis	Hazelwood R-I School District	Full	11 / 1997	

LISTING OF SCHOOLS WITH FULL OR PARTIAL SALES TAX ROLLBACK WAIVERS

County	Political Subdivision	Waiver Type	Election Date	Comments
St. Louis	Ferguson-Florissant R-II Sch Dist	Full	02 / 1997	
	Rockwood R-VI School District	Full	02 / 1994	
	Kirkwood R-VII School District	Full	06 / 1998	
	Mehlville R-IX School District	Full	04 / 1998	
	Parkway C-2 School District	Full	11 / 1995	
	Aftton 101 School District	Full	04 / 1998	
	Bayless School District	Full	04 / 1994	
	Hancock Place School District	Full	06 / 2002	
	Jennings School District	Full	02 / 1998	
	Maplewood-Richmond Heights Sch Dist	Full	04 / 1998	
	Normandy School District	Partial	06 / 1991	Waived \$0.6000 of rollback
	Ritenour School District	Full	11 / 1998	
	Riverview Gardens School District	Full	04 / 1994	
	University City School District	Full	04 / 1996	
	Valley Park School District	Full	11 / 1994	
	Webster Groves School District	Full	06 / 1994	
	Wellston School District	Full	08 / 1997	
Saline	Miami R-I School District	Full	08 / 1995	
	Oreanville R-IV School District	Full	04 / 1997	
	Malta Bend R-V School District	Full	04 / 1997	
	Hardeman R-X School District	Full	04 / 1998	
	Gilliam C-4 School District	Full	04 / 1995	
	Marshall School District	Full	04 / 1996	
	Slater School District	Full	04 / 1995	
	Sweet Springs R-VII School District	Full	04 / 1996	
Schuyler	Schuyler Co R-I School District	Partial	04 / 1994	Waived to allow \$2.7500
Scotland	Scotland Co R-I School District	Full	04 / 2002	
Scott	Scott City R-I School District	Full	10 / 1993	
	Chaffee R-II School District	Full	10 / 1993	
	Scott Co R-IV School District	Full	10 / 1993	
	Scott Co R-V School District	Full	10 / 1993	
	Sikeston R-VI School District	Full	10 / 1993	
	Kelso C-7 School District	Full	10 / 1993	
	Oran R-III School District	Full	10 / 1993	
Shannon	Winona R-III School District	Partial	04 / 1994	Waived to allow \$2.7500
	Eminence R-I School District	Full	04 / 1994	
Shelby	North Shelby School District	Full	04 / 1995	
	Shelby Co R-IV School District	Full	06 / 2001	
Stoddard	Bell City R-II School District	Full	08 / 2003	
	Advance R-IV School District	Partial	10 / 1993	Waived to allow \$2.7500
	Puxico R-VIII School District	Full	10 / 1993	
	Bloomfield R-XIV School District	Partial	10 / 1993	Waived to allow \$2.7500
	Dexter R-XI School District	Full	10 / 1993	
	Bernie R-XIII School District	Full	10 / 1993	
Stone	Hurley R-I School District	Full	02 / 1994	
	Galena R-II School District	Full	08 / 1993	
	Crane R-III School District	Full	02 / 1994	
	Reeds Spring R-IV School District	Full	04 / 2004	

LISTING OF SCHOOLS WITH FULL OR PARTIAL SALES TAX ROLLBACK WAIVERS

County	Political Subdivision	Waiver Type	Election Date	Comments
Stone	Blue Eye R-V School District	Full	04 / 2001	
Sullivan	Milan C-2 School District	Full	04 / 2003	
Taney	Bradleyville R-I School District	Full	02 / 1994	
	Taneyville R-II School District	Full	02 / 1994	
	Forsyth R-III School District	Full	02 / 1994	
	Hollister R-V School District	Full	02 / 1998	
	Kirbyville R-VI School District	Full	02 / 1994	
	Mark Twain R-VIII School District	Full	02 / 1994	
	Success R-VI School District	Full	11 / 1993	
Texas	Houston R-I School District	Full	11 / 1993	
	Summersville R-II School District	Full	11 / 1993	
	Licking R-VIII School District	Full	11 / 1993	
	Cabool R-IV School District	Full	11 / 1993	
	Plato R-V School District	Full	10 / 1993	
	Raymondville R-VII School District	Full	11 / 1993	
	Nevada R-V School District	Full	06 / 1999	Expires in 2009
Vernon	Bronaugh R-VII School District	Full	04 / 1998	
	Sheldon R-VIII School District	Full	04 / 1997	
	Northeast Vernon County R-I	Full	03 / 1996	
Warren	Wright City R-II School District	Full	04 / 1998	Expires in 2005
	Warren Co R-III School District	Full	04 / 1995	
Washington	Kingston K-14 School District	Full	04 / 1998	
	Potosi R-III School District	Partial	10 / 1993	Waived to allow \$2.7500
	Richwoods R-VII School District	Partial	06 / 2002	Waived to allow \$3.2500
	Valley R-VI School District	Full	08 / 1997	
Wayne	Greenville R-II School District	Full	04 / 1994	
	Clearwater R-I School District	Full	10 / 1993	
Webster	Niangua R-V School District	Full	11 / 1993	
	Fordland R-III School District	Partial	08 / 1993	Waived to allow \$2.7500
	Marshfield R-I School District	Full	08 / 1993	
	Seymour R-II School District	Partial	02 / 1994	Waived to allow \$2.7500
Worth	Worth Co R-III School District	Full	04 / 1997	
Wright	Norwood R-I School District	Full	11 / 1993	
	Hartville R-II School District	Full	11 / 1993	
	Mountain Grove R-III School Dist	Full	11 / 1993	
	Mansfield R-IV School District	Full	11 / 1993	
	Manes R-V School District	Full	11 / 1993	
St. Louis City	St. Louis City School District	Full	06 / 1994	

NOTE:

All school districts listed above have a voter approval for either a full or partial. If a school district is not included on this list, then the school district does not have a voter approved proposition C waiver.

A partial waiver allows a school district to partially waive its required proposition C (sales tax) reduction to the extent necessary to collect \$2.7500 or waive the amount stated on the ballot. A full waiver allows a school district to reduce its required proposition C reduction to \$0.0000 and levy up to its calculated tax rate ceiling.



**GENTRY COUNTY, MISSOURI
YEARS ENDED DECEMBER 31, 2003 AND 2002**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-101
December 30, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

December 2004

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Gentry, that do not have a county auditor. In addition to a financial and compliance audit of various county operating funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Gentry County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The county does not adequately track or report federal financial assistance on the schedule of expenditures of federal awards (SEFA). The county's SEFA contained several errors and omissions.
- Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide a mid-term salary increase for associate county commissioners elected in 1996, due to the fact that their terms were increased from two years to four. Based on this law, in 1999 Gentry County Associate County Commissioners' salaries were each increased approximately \$3,250 yearly, according to information from the County Clerk.

On May 15, 2001, the Missouri Supreme Court handed down an opinion that holds that all raises given pursuant to this statute section are unconstitutional. Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$6,500 for the two years ended December 31, 2000, should be repaid.

Officials' salaries were not always handled consistent with the salary commission decisions. There was some question as to whether the associate county commissioners' salaries, established at the 1999 salary commission meeting, were set at a level below the statutory amount. A 2002 Prosecuting Attorney opinion, which indicated a previous opinion addressing various salary issues was in error, made no mention of corrections to the associate county commissioners' salaries although an adjustment was made to the County Clerk's salary in 2002 for underpayments in previous years.

- Duties in the Sheriff's office are not adequately segregated and there is no independent oversight. Numerous weaknesses related to receipt procedures were noted, including receipt slips not being issued for some monies received, the numerical sequence of receipt slips not being accounted for, receipts not being

(over)

YELLOW SHEET

deposited intact, monthly bank reconciliations not always being performed, and open items listings not being prepared. In addition, adequate control over seized property has not been established.

- County Aid Road Trust (CART) monies were distributed to townships during the two years ended December 31, 2003 without written contracts. The County Clerk does not ensure the township boards' financial statements are prepared and published and some township collectors bonds were insufficient.
- The County Commission does not maintain minutes of their closed sessions and minutes of applicable open meetings did not always indicate the decisions made and votes taken in closed session.

The audit also suggested improvements to procedures over capital assets and fuel and vehicle records. In addition, the audit included recommendations to the Emergency Dispatch Board and Tri-County Health Center Board.

All reports are available on our website: www.auditor.mo.gov

GENTRY COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Gentry County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Gentry County, Missouri, as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Gentry County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2003 and 2002, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated September 30, 2004, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Gentry County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.



Claire McCaskill
State Auditor

September 30, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Todd M. Schuler, CPA
In-Charge Auditor:	George M. Atkinson, CPA
Audit Staff:	Gek Mui Melinda Tan
	Naima Ramlatchman
	Julie Vollmer
	Tania Williams



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission
and
Officeholders of Gentry County, Missouri

We have audited the financial statements of various funds of Gentry County, Missouri, as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated September 30, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of various funds of Gentry County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Gentry County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all

matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Gentry County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

September 30, 2004 (fieldwork completion date)

Financial Statements

Exhibit A-1

GENTRY COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2003

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 51,287	1,019,151	1,046,301	24,137
Special Road and Bridge	45,864	870,286	796,465	119,685
Assessment	4,175	98,010	95,113	7,072
Special Election	0	9,837	9,837	0
Law Enforcement Training	201	1,217	1,178	240
Prosecuting Attorney Training	645	284	0	929
Prosecuting Attorney Bad Check	10,395	6,884	4,734	12,545
Emergency Preparedness	27,592	17,557	14,404	30,745
Children's Trust	2,555	245	0	2,800
Prosecuting Attorney Tax Collection	4,537	1,028	0	5,565
POST Commission	2,393	0	0	2,393
Emergency	500	30,000	27,265	3,235
Sheriff's Civil Fees	10,583	11,512	5,644	16,451
Recorder User Fees	15,490	4,487	0	19,977
Victims Advocate	(2,333)	26,541	24,698	(490)
Tax Maintenance	0	5,782	75	5,707
Recorder Technology Fund	2,959	2,439	0	5,398
County Clerk Election	934	1,602	0	2,536
Law Library	2,466	1,020	0	3,486
Circuit Clerk Interest	649	86	708	27
Tri-County Health Center	188,758	331,472	328,294	191,936
Emergency Dispatch	256,029	203,561	210,932	248,658
Community Development Block Grant	5	0	0	5
Associate Circuit Division Interest	2,289	277	36	2,530
Total	\$ 627,973	2,643,278	2,565,684	705,567

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

GENTRY COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 29,772	1,115,072	1,093,557	51,287
Special Road and Bridge	(10,436)	1,052,809	996,509	45,864
Assessment	8,109	106,807	110,741	4,175
Special Election	(1)	9,699	9,698	0
Law Enforcement Training	188	1,314	1,301	201
Prosecuting Attorney Training	554	329	238	645
Prosecuting Attorney Bad Check	13,421	7,562	10,588	10,395
Emergency Preparedness	25,031	13,369	10,808	27,592
Children's Trust	2,310	245	0	2,555
Prosecuting Attorney Tax Collection	4,677	160	300	4,537
POST Commission	2,011	682	300	2,393
Emergency	89,500	30,000	119,000	500
Sheriff's Civil Fees	1,985	9,704	1,106	10,583
Recorder User Fees	12,449	4,307	1,266	15,490
Victims Advocate	3,551	26,076	31,960	(2,333)
Recorder Technology Fund	813	2,146	0	2,959
County Clerk Election	685	249	0	934
Law Library	1,208	1,470	212	2,466
Circuit Clerk Interest	1,018	209	578	649
Tri-County Health Center	211,714	344,826	367,782	188,758
Emergency Dispatch	240,288	211,762	196,021	256,029
Community Development Block Grant	5	0	0	5
Associate Circuit Division Interest	1,900	404	15	2,289
Total	\$ 640,752	2,939,201	2,951,980	627,973

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

GENTRY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 2,885,964	2,641,981	(243,983)	2,902,259	2,938,797	36,538
DISBURSEMENTS	2,994,119	2,565,648	428,471	2,901,921	2,951,965	(50,044)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(108,155)	76,333	184,488	338	(13,168)	(13,506)
CASH, JANUARY 1	623,213	623,213	0	638,847	638,847	0
CASH, DECEMBER 31	515,058	699,546	184,488	639,185	625,679	(13,506)
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	316,500	320,049	3,549	298,500	318,063	19,563
Sales and use taxes	229,000	230,640	1,640	235,000	228,668	(6,332)
Intergovernmental	435,030	188,505	(246,525)	197,984	246,873	48,889
Charges for services	139,170	144,237	5,067	177,500	112,322	(65,178)
Interest	3,000	1,504	(1,496)	18,000	4,657	(13,343)
Other	10,910	14,216	3,306	11,245	30,489	19,244
Transfers in	120,000	120,000	0	174,000	174,000	0
Total Receipts	1,253,610	1,019,151	(234,459)	1,112,229	1,115,072	2,843
DISBURSEMENTS						
County Commissior	65,710	65,285	425	49,650	49,117	533
County Clerk	76,240	73,327	2,913	85,225	85,352	(127)
Elections	3,300	2,380	920	27,350	22,222	5,128
Buildings and grounds	317,325	53,089	264,236	73,325	60,398	12,927
Employee fringe benefit	94,930	91,844	3,086	71,500	70,290	1,210
County Treasurer and Ex Officio County Collecto	53,523	52,642	881	52,729	50,730	1,999
Circuit Clerk and Ex Officio Recorder of Deed	10,150	11,334	(1,184)	8,550	8,823	(273)
Associate Circuit and Probate Cour	10,700	6,337	4,363	11,250	7,090	4,160
Court administration	34,900	33,424	1,476	8,200	12,694	(4,494)
Public Administrator	26,392	26,257	135	26,804	26,215	589
Sheriff	212,443	212,607	(164)	242,710	217,007	25,703
Jail	72,750	72,077	673	134,425	142,426	(8,001)
Prosecuting Attorney	62,924	62,241	683	56,825	63,362	(6,537)
Juvenile Officer	9,995	8,689	1,306	7,774	7,241	533
County Coroner	13,848	11,434	2,414	11,975	12,409	(434)
Public health and welfare service	17,400	8,181	9,219	17,400	19,064	(1,664)
Other	215,321	205,153	10,168	133,520	126,863	6,657
Transfers out	84,000	50,000	34,000	112,254	112,254	0
Total Disbursements	1,381,851	1,046,301	335,550	1,131,466	1,093,557	37,909
RECEIPTS OVER (UNDER) DISBURSEMENTS	(128,241)	(27,150)	101,091	(19,237)	21,515	40,752
CASH, JANUARY 1	51,287	51,287	0	29,772	29,772	0
CASH, DECEMBER 31	(76,954)	24,137	101,091	10,535	51,287	40,752

Exhibit B

GENTRY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	16,000	15,969	(31)	16,000	15,935	(65)
Intergovernmental	730,384	767,347	36,963	854,560	934,967	80,407
Charges for services	11,800	30,633	18,833	11,500	11,812	312
Interest	100	719	619	3,500	712	(2,788)
Other	55,610	55,618	8	13,500	29,383	15,883
Transfers in	30,000	0	(30,000)	60,000	60,000	0
Total Receipts	843,894	870,286	26,392	959,060	1,052,809	93,749
DISBURSEMENTS						
Salaries	153,400	129,139	24,261	167,892	156,215	11,677
Employee fringe benefit	12,280	9,622	2,658	12,000	11,726	274
Supplies	8,000	14,795	(6,795)	8,000	7,598	402
Insurance	24,855	25,515	(660)	27,800	16,841	10,959
Road and bridge materials	228,500	199,902	28,598	261,500	245,232	16,268
Equipment repairs	15,000	1,340	13,660	15,000	12,868	2,132
Rentals	0	0	0	5,000	0	5,000
Equipment purchases	48,400	30,800	17,600	500	5,821	(5,321)
Construction, repair, and maintenance	211,384	254,943	(43,559)	390,000	452,934	(62,934)
Other	5,384	10,409	(5,025)	4,784	32,274	(27,490)
Transfers out	120,000	120,000	0	55,000	55,000	0
Total Disbursements	827,203	796,465	30,738	947,476	996,509	(49,033)
RECEIPTS OVER (UNDER) DISBURSEMENTS	16,691	73,821	57,130	11,584	56,300	44,716
CASH, JANUARY 1	45,864	45,864	0	(10,436)	(10,436)	0
CASH, DECEMBER 31	62,555	119,685	57,130	1,148	45,864	44,716
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	79,847	77,702	(2,145)	83,528	84,056	528
Charges for services	250	229	(21)	0	247	247
Interest	0	79	79	0	240	240
Other	0	0	0	250	10	(240)
Transfers in	24,000	20,000	(4,000)	23,107	22,254	(853)
Total Receipts	104,097	98,010	(6,087)	106,885	106,807	(78)
DISBURSEMENTS						
Assessor	104,051	95,113	8,938	114,160	110,741	3,419
Total Disbursements	104,051	95,113	8,938	114,160	110,741	3,419
RECEIPTS OVER (UNDER) DISBURSEMENTS	46	2,897	2,851	(7,275)	(3,934)	3,341
CASH, JANUARY 1	4,175	4,175	0	8,109	8,109	0
CASH, DECEMBER 31	4,221	7,072	2,851	834	4,175	3,341
<u>SPECIAL ELECTION FUND</u>						
RECEIPTS						
Intergovernmental	12,300	9,837	(2,463)	17,378	9,699	(7,679)
Total Receipts	12,300	9,837	(2,463)	17,378	9,699	(7,679)
DISBURSEMENTS						
County Clerk	12,250	9,837	2,413	17,377	9,698	7,679
Total Disbursements	12,250	9,837	2,413	17,377	9,698	7,679
RECEIPTS OVER (UNDER) DISBURSEMENTS	50	0	(50)	1	1	0
CASH, JANUARY 1	0	0	0	(1)	(1)	0
CASH, DECEMBER 31	50	0	(50)	0	0	0

Exhibit B

GENTRY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Charges for service:	1,400	1,217	(183)	1,200	1,314	114
Total Receipts	1,400	1,217	(183)	1,200	1,314	114
DISBURSEMENTS						
Sheriff	1,400	1,178	222	1,250	1,301	(51)
Total Disbursements	1,400	1,178	222	1,250	1,301	(51)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	39	39	(50)	13	63
CASH, JANUARY 1	201	201	0	188	188	0
CASH, DECEMBER 31	201	240	39	138	201	63
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for service:	300	284	(16)	300	329	29
Total Receipts	300	284	(16)	300	329	29
DISBURSEMENTS						
Prosecuting Attorney	0	0	0	250	238	12
Total Disbursements	0	0	0	250	238	12
RECEIPTS OVER (UNDER) DISBURSEMENTS	300	284	(16)	50	91	41
CASH, JANUARY 1	645	645	0	554	554	0
CASH, DECEMBER 31	945	929	(16)	604	645	41
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for service:	6,000	6,884	884	8,000	5,402	(2,598)
Intergovernmental	0	0	0	0	2,160	2,160
Total Receipts	6,000	6,884	884	8,000	7,562	(438)
DISBURSEMENTS						
Prosecuting Attorney	4,525	4,734	(209)	5,730	10,588	(4,858)
Total Disbursements	4,525	4,734	(209)	5,730	10,588	(4,858)
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,475	2,150	675	2,270	(3,026)	(5,296)
CASH, JANUARY 1	10,395	10,395	0	13,421	13,421	0
CASH, DECEMBER 31	11,870	12,545	675	15,691	10,395	(5,296)
<u>EMERGENCY PREPAREDNESS FUND</u>						
RECEIPTS						
Intergovernmental	13,480	17,557	4,077	13,896	13,369	(527)
Total Receipts	13,480	17,557	4,077	13,896	13,369	(527)
DISBURSEMENTS						
Salaries	8,106	8,081	25	7,850	7,806	44
Office expenditure:	1,036	617	419	1,002	1,303	(301)
Equipment	65	0	65	0	70	(70)
Mileage and training	700	754	(54)	1,400	721	679
Other	930	4,952	(4,022)	1,020	908	112
Total Disbursements	10,837	14,404	(3,567)	11,272	10,808	464
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,643	3,153	510	2,624	2,561	(63)
CASH, JANUARY 1	27,592	27,592	0	25,031	25,031	0
CASH, DECEMBER 31	30,235	30,745	510	27,655	27,592	(63)

Exhibit B

GENTRY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CHILDREN'S TRUST FUND</u>						
RECEIPTS						
Charges for service:	250	245	(5)	200	245	45
Total Receipts	250	245	(5)	200	245	45
DISBURSEMENTS						
Shelter services	0	0	0	0	0	0
Total Disbursements	0	0	0	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	250	245	(5)	200	245	45
CASH, JANUARY 1	2,555	2,555	0	2,310	2,310	0
CASH, DECEMBER 31	2,805	2,800	(5)	2,510	2,555	45
<u>PROSECUTING ATTORNEY TAX COLLECTION FUND</u>						
RECEIPTS						
Intergovernmental	200	1,028	828	550	160	(390)
Total Receipts	200	1,028	828	550	160	(390)
DISBURSEMENTS						
Prosecuting Attorney	0	0	0	0	300	(300)
Total Disbursements	0	0	0	0	300	(300)
RECEIPTS OVER (UNDER) DISBURSEMENTS	200	1,028	828	550	(140)	(690)
CASH, JANUARY 1	4,537	4,537	0	4,677	4,677	0
CASH, DECEMBER 31	4,737	5,565	828	5,227	4,537	(690)
<u>POST COMMISSION FUND</u>						
RECEIPTS						
Intergovernmental	682	0	(682)	700	682	(18)
Total Receipts	682	0	(682)	700	682	(18)
DISBURSEMENTS						
Sheriff	500	0	500	1,000	300	700
Total Disbursements	500	0	500	1,000	300	700
RECEIPTS OVER (UNDER) DISBURSEMENTS	182	0	(182)	(300)	382	682
CASH, JANUARY 1	2,393	2,393	0	2,011	2,011	0
CASH, DECEMBER 31	2,575	2,393	(182)	1,711	2,393	682
<u>EMERGENCY FUND</u>						
RECEIPTS						
Transfers in	30,000	30,000	0	30,000	30,000	0
Total Receipts	30,000	30,000	0	30,000	30,000	0
DISBURSEMENTS						
Equipment purchases	0	27,265	(27,265)	0	0	0
Transfers out	0	0	0	0	119,000	(119,000)
Total Disbursements	0	27,265	(27,265)	0	119,000	(119,000)
RECEIPTS OVER (UNDER) DISBURSEMENTS	30,000	2,735	(27,265)	30,000	(89,000)	(119,000)
CASH, JANUARY 1	500	500	0	89,500	89,500	0
CASH, DECEMBER 31	30,500	3,235	(27,265)	119,500	500	(119,000)

Exhibit B

GENTRY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SHERIFF'S CIVIL FEES FUND</u>						
RECEIPTS						
Charges for service:	10,000	11,512	1,512	14,000	9,704	(4,296)
Total Receipts	10,000	11,512	1,512	14,000	9,704	(4,296)
DISBURSEMENTS						
Sheriff	5,000	5,644	(644)	14,000	1,106	12,894
Total Disbursements	5,000	5,644	(644)	14,000	1,106	12,894
RECEIPTS OVER (UNDER) DISBURSEMENTS	5,000	5,868	868	0	8,598	8,598
CASH, JANUARY 1	10,583	10,583	0	1,985	1,985	0
CASH, DECEMBER 31	15,583	16,451	868	1,985	10,583	8,598
<u>RECORDER USER FEES FUND</u>						
RECEIPTS						
Charges for service:	4,000	4,487	487	3,200	4,307	1,107
Total Receipts	4,000	4,487	487	3,200	4,307	1,107
DISBURSEMENTS						
Recorder of Deeds	1,000	0	1,000	2,300	1,266	1,034
Total Disbursements	1,000	0	1,000	2,300	1,266	1,034
RECEIPTS OVER (UNDER) DISBURSEMENTS	3,000	4,487	1,487	900	3,041	2,141
CASH, JANUARY 1	15,490	15,490	0	12,449	12,449	0
CASH, DECEMBER 31	18,490	19,977	1,487	13,349	15,490	2,141
<u>VICTIMS ADVOCATE FUND</u>						
RECEIPTS						
Intergovernmental	28,753	26,541	(2,212)	30,000	26,076	(3,924)
Total Receipts	28,753	26,541	(2,212)	30,000	26,076	(3,924)
DISBURSEMENTS						
Salaries	24,277	20,625	3,652	21,690	24,589	(2,899)
Mileage and training	8,479	2,308	6,171	4,150	4,944	(794)
Office expenditures:	0	1,765	(1,765)	0	2,427	(2,427)
Total Disbursements	32,756	24,698	8,058	25,840	31,960	(6,120)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,003)	1,843	5,846	4,160	(5,884)	(10,044)
CASH, JANUARY 1	(2,333)	(2,333)	0	3,551	3,551	0
CASH, DECEMBER 31	(6,336)	(490)	5,846	7,711	(2,333)	(10,044)
<u>TAX MAINTENANCE FUND</u>						
RECEIPTS						
Charges for service:	5,000	5,782	782			
Total Receipts	5,000	5,782	782			
DISBURSEMENTS						
Ex Officio Collector	4,500	75	4,425			
Total Disbursements	4,500	75	4,425			
RECEIPTS OVER (UNDER) DISBURSEMENTS	500	5,707	5,207			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	500	5,707	5,207			

Exhibit B

GENTRY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>RECORDER TECHNOLOGY FUND</u>						
RECEIPTS						
Charges for service:	2,000	2,439	439	1,600	2,146	546
Total Receipts	2,000	2,439	439	1,600	2,146	546
DISBURSEMENTS						
Ex Officio Recorder of Deed	0	0	0	0	0	0
Total Disbursements	0	0	0	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,000	2,439	439	1,600	2,146	546
CASH, JANUARY 1	2,959	2,959	0	813	813	0
CASH, DECEMBER 31	4,959	5,398	439	2,413	2,959	546
<u>COUNTY CLERK ELECTION FUND</u>						
RECEIPTS						
Charges for service:	200	1,602	1,402	1,000	249	(751)
Total Receipts	200	1,602	1,402	1,000	249	(751)
DISBURSEMENTS						
County Clerk	0	0	0	0	0	0
Total Disbursements	0	0	0	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	200	1,602	1,402	1,000	249	(751)
CASH, JANUARY 1	934	934	0	685	685	0
CASH, DECEMBER 31	1,134	2,536	1,402	1,685	934	(751)
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for service:				0	1,470	1,470
Total Receipts				0	1,470	1,470
DISBURSEMENTS						
Prosecuting Attorney				0	212	(212)
Total Disbursements				0	212	(212)
RECEIPTS OVER (UNDER) DISBURSEMENTS				0	1,258	1,258
CASH, JANUARY 1				1,208	1,208	0
CASH, DECEMBER 31				1,208	2,466	1,258
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest	200	86	(114)	550	209	(341)
Total Receipts	200	86	(114)	550	209	(341)
DISBURSEMENTS						
Circuit Clerk	200	708	(508)	200	578	(378)
Total Disbursements	200	708	(508)	200	578	(378)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(622)	(622)	350	(369)	(719)
CASH, JANUARY 1	649	649	0	1,018	1,018	0
CASH, DECEMBER 31	649	27	(622)	1,368	649	(719)

Exhibit B

GENTRY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TRI-COUNTY HEALTH CENTER FUND</u>						
RECEIPTS						
Intergovernmental	337,948	316,211	(21,737)	372,663	324,522	(48,141)
Interest	9,000	2,346	(6,654)	10,000	6,128	(3,872)
Other	15,650	12,915	(2,735)	15,100	14,176	(924)
Total Receipts	362,598	331,472	(31,126)	397,763	344,826	(52,937)
DISBURSEMENTS						
Salaries	265,900	243,919	21,981	297,575	265,237	32,338
Office expenditures	42,500	32,619	9,881	36,750	41,970	(5,220)
Equipment	2,750	5,158	(2,408)	3,750	3,665	85
Mileage and training	20,000	14,541	5,459	21,000	15,892	5,108
Education	16,500	10,254	6,246	17,000	16,502	498
Other	36,500	21,803	14,697	32,200	24,516	7,684
Total Disbursements	384,150	328,294	55,856	408,275	367,782	40,493
RECEIPTS OVER (UNDER) DISBURSEMENTS	(21,552)	3,178	24,730	(10,512)	(22,956)	(12,444)
CASH, JANUARY 1	188,758	188,758	0	211,714	211,714	0
CASH, DECEMBER 31	167,206	191,936	24,730	201,202	188,758	(12,444)
<u>EMERGENCY DISPATCH FUND</u>						
RECEIPTS						
Sales tax	200,000	197,769	(2,231)	190,000	203,533	13,533
Charges for services	0	0	0	3,648	1,824	(1,824)
Interest	7,000	5,789	(1,211)	10,000	6,388	(3,612)
Other	0	3	3	100	17	(83)
Total Receipts	207,000	203,561	(3,439)	203,748	211,762	8,014
DISBURSEMENTS						
Salaries and benefits	106,923	108,993	(2,070)	103,876	100,972	2,904
Office expenditures	33,872	22,888	10,984	30,345	24,523	5,822
Equipment repairs	9,619	10,442	(823)	39,854	29,445	10,409
Equipment	900	1,445	(545)	3,400	3,369	31
Mileage and training	4,750	1,206	3,544	4,150	2,842	1,308
Contracted services	43,997	42,067	1,930	39,700	34,870	4,830
Capital expenditures	23,835	23,891	(56)	0	0	0
Total Disbursements	223,896	210,932	12,964	221,325	196,021	25,304
RECEIPTS OVER (UNDER) DISBURSEMENTS	(16,896)	(7,371)	9,525	(17,577)	15,741	33,318
CASH, JANUARY 1	256,029	256,029	0	240,288	240,288	0
CASH, DECEMBER 31	239,133	248,658	9,525	222,711	256,029	33,318

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

GENTRY COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Gentry County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Tri-County Health Center Board, or the Emergency Dispatch Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Law Library Fund	2003
Community Development Block Grant Fund	2003 and 2002
Associate Circuit Division Interest Fund	2003 and 2002

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Special Road and Bridge	2002
Law Enforcement Training	2002
Prosecuting Attorney Bad Check	2003 and 2002
Emergency Preparedness	2003
Prosecuting Attorney Tax Collection	2002
Emergency	2003 and 2002
Sheriff's Civil Fees	2003
Victims Advocate	2002
Law Library	2002
Circuit Clerk Interest	2003 and 2002

A deficit budget balance is presented for the General Revenue Fund for the year ended December 31, 2003. However, the budget of that fund also included other resources available to finance current or future year disbursements. Generally, other available net resources represented current year property taxes not received before December 31. Such resources were sufficient to offset the deficit budget balance presented.

Although Section 50.740, RSMo 2000, requires a balanced budget, a deficit balance was budgeted in the Victim's Advocate Fund for the year ended December 31, 2003.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Law Library Fund	2003
Emergency Dispatch Fund	2003 and 2002
Community Development Block Grant	2003 and 2002
Associate Circuit Division Interest	2003 and 2002

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's and the Tri-County Health Center Board's deposits at December 31, 2003 and 2002, were entirely covered by federal depositary insurance or by collateral securities held by the county's or the board's custodial bank in the county's or the board's name.

The Emergency Dispatch Board's deposits at December 31, 2003 and 2002 were entirely covered by federal depositary insurance.

Supplementary Schedule

Schedule

GENTRY COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2003	2002
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state:				
Department of Health and Senior Services -				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-4137	\$ 43,919	0
	Program Total	ERSO45-2137	0	42,708
			43,919	42,708
10.559	Summer Food Service Program for Children	ERS14631371	130	0
	Program Total	ERS146-2137I	0	120
			130	120
U.S. DEPARTMENT OF JUSTICE				
Direct program:				
16.710	Public Safety Partnership and Community Policing Grants	98UMWX2417	0	40,342
Passed through state:				
Department of Public Safety -				
16.575	Crime Victim Assistance	2002-VOCA-0035	21,048	31,097
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state:				
Highway and Transportation Commission -				
20.205	Highway Planning and Construction	BRO-038(11)	420	0
		BRO-038(12)	3,510	206,414
		BRO-038(13)	230,982	8,009
	Program Total	BRO-038(14)	7,523	204,507
			242,435	418,930
Department of Public Safety -				
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	N/A	2,986	0
GENERAL SERVICES ADMINISTRATION				
Passed through state:				
Office of Administration -				
39.003	Donation of Federal Surplus Personal Property	N/A	44,049	373

Schedule

GENTRY COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2003	2002
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Passed through state:				
Department of Public Safety:				
83.552	Emergency Management Performance Grants	EMK-2002-GR-2523	4,401	0
		EMK-2003-GR-3003	0	3,253
		N/A	2,130	2,119
		N/A	0	2,136
	Program Total		<u>6,531</u>	<u>7,508</u>
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state:				
Department of Health and Senior Services -				
93.197	Childhood Lead Poisoning Prevention Projects	ERS146-3137L	9,353	0
	State and Local Childhood Lead Poisoning Prevention	ERS146-3137T	0	16,363
	and Surveillance of Blood Lead Levels in Children		<u>9,353</u>	<u>16,363</u>
	Program Total			
93.268	Immunization Grants	PGA064-2137A	18,157	16,631
		PGA064-3137A	4,450	0
		PGA064-3137A	0	3,415
	Program Total		<u>22,607</u>	<u>20,046</u>
93.283	Centers for Disease Control and Prevention -	N/A	6,700	12,999
	Investigations and Technical Assistance			
93.575	Child Care and Development Block Grant	PGA067-3137C	1,190	0
		PGA067-4137C	0	935
		PGA067-2137S	775	0
		PGA067-4137S	0	3,045
	Program Total		<u>1,965</u>	<u>3,980</u>
93.991	Preventive Health and Health Services Block Grant	AOC02380048	11,458	0
		DH030027001	0	26,160
	Program Total		<u>11,458</u>	<u>26,160</u>
93.994	Maternal and Child Health Services Block Grant	N/A	176	162
	to the States	DHO20027075	0	65
		ERS1462137M	37,538	50,735
		ERS1463137M		
		ERS1464137M		
		ERO175-9137FP		
		ERS175-1137FP		
	Program Total		<u>37,714</u>	<u>50,962</u>
	Total Expenditures of Federal Awards		<u>\$ 450,895</u>	<u>671,588</u>

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

Notes to the Supplementary Schedule

GENTRY COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Gentry County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals. . .

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for Donation of Federal Surplus Personal Property (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt.

Amounts for Immunization Grants (CFDA number 93.268) and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2003 and 2002.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of Gentry County, Missouri

Compliance

We have audited the compliance of Gentry County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2003 and 2002. The county's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Gentry County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 2003 and 2002. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with

OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 03-1.

Internal Control Over Compliance

The management of Gentry County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 03-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

This report is intended for the information and use of the management of Gentry County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

September 30, 2004 (fieldwork completion date)

Schedule

GENTRY COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2003 AND 2002

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness identified? yes x no

Reportable condition identified that is
not considered to be material weakness? yes x none reported

Noncompliance material to the financial statements
noted? yes x no

Federal Awards

Internal control over major program:

Material weakness identified? yes x no

Reportable condition identified that is
not considered to be material weakness? x yes none reported

Type of auditor's report issued on compliance for
major program: Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of OMB
Circular A-133? x yes no

Identification of major program:

CFDA or Other Identifying Number	<u>Program Title</u>
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes the audit finding that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

03-1.	Schedule of Expenditures of Federal Awards
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Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Numbers:	BRO-038(11), BRO-038(12), BRO-038(13), and BRO-038(14)
Award Years:	2003 and 2002
Questioned Costs:	Not applicable

The county does not adequately track or report federal assistance on the schedule of expenditures of federal awards (SEFA) which could result in the loss of federal funds. Section .310(b) of Circular A-133, *Audits of State and Local Governments, and Non-Profit Organizations*, requires the auditee to prepare a SEFA for the period covered by the auditee's financial statements. The county is required to submit the SEFA to the State Auditor's Office as part of the annual budget. For the SEFA to adequately reflect the county's federal expenditures, it is necessary that all federal expenditures be properly reported. Compilation of the SEFA requires consulting county financial records and requesting information from other departments and/or officials.

The overall incompleteness and inaccuracies contained in the SEFA indicates that the County Clerk's efforts were inadequate. Although expenditures reported for Highway Planning and Construction were materially correct, the county's SEFA schedule contained several errors and omissions. The 2003 and 2002 SEFA schedules prepared by the County Clerk understated total expenditures by \$33,096 and \$25,227, respectively.

Without an accurate SEFA, federal financial activity can not be properly audited and reported in accordance with federal audit requirements.

A similar condition was noted in the two prior reports.

WE AGAIN RECOMMEND the County Clerk prepare a complete and accurate schedule of expenditures of federal awards.

AUDITEE'S RESPONSE

I agree and I will ensure the 2004 SEFA schedule is accurately reported.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

GENTRY COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 2001, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

GENTRY COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

This section represents the Summary Schedule of Prior Audit Findings, which was prepared by the county's management.

01-1. Schedule of Expenditures of Federal Awards

Federal Grantor:	U.S. Department of Transportation
Pass-through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-through Entity	
Identifying Numbers:	BRO-038
Award Years:	2000 and 2001
Questioned Costs:	Not Applicable
Federal Grantor:	U.S. Department of Agriculture
Pass-through Grantor:	State Department of Health
Federal CFDA Number:	10.557
Program Title:	Special Supplemental Nutrition Program for Women, Infants and Children
Pass-through Entity	
Identifying Numbers:	ER0045-0137, ERSO45-2137, and ERSO451B7W
Award Years:	2000 and 2001
Questioned Costs:	Not Applicable

The county did not have procedures in place to adequately identify federal assistance for preparation of the SEFA. For the years ended December 31, 2001 and 2000, the county's SEFA did not always agree with the county's expenditure records.

Recommendation:

The county prepare a complete and accurate schedule of expenditures of federal awards to submit to the State Auditor's Office as part of the annual budget.

Status:

Not implemented. See finding number 03-1.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

GENTRY COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Gentry County, Missouri, as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated September 30, 2004. We also have audited the compliance of Gentry County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2003 and 2002, and have issued our report thereon dated September 30, 2004.

In addition, we have audited the operations of elected officials with funds other than those presented in the financial statements to comply with the State Auditor's responsibility under Section 29.230, RSMo 2000, to audit county officials at least once every 4 years. The objectives of this audit were to:

1. Review the internal controls over the transactions of the various county officials.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents; interviewing various personnel of the county officials, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials referred to above. In addition, this report includes any findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These MAR findings resulted from our audit of the financial statements of Gentry County or of its compliance with the types of compliance requirements applicable to its major federal program but do

not meet the criteria for inclusion in the written reports on compliance and on internal control over financial reporting or compliance that are required for audits performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

1. Officials' Salaries

The county has not taken action on mid-term salary increases given to the Associate County Commissioners in 1999 and some officials' salaries were not always handled consistent with the salary commission decisions.

- A. Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioners' terms had been increased from two years to four years. Based on this statute, in 1999 Gentry County's Associate County Commissioners' salaries were each increased approximately \$3,250 yearly, according to information from the County Clerk.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of that statute. The Supreme Court held that this section of the statute violated Article VII, Section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county and municipal officers during the term in office. This case, *Laclede County v. Douglass et al.*, holds that all raises given pursuant to this statute section are unconstitutional. On June 5, 2001, the State Auditor notified all third class counties of the Supreme Court decision and recommended that each county document its review of the impact of the opinion, as well as plans to seek repayment.

The 1997 Gentry County Salary Commission minutes did not address the issue of mid-term raises for the associate county commissioners.

Based upon the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$6,500 for the two years ended December 31, 2000 should be repaid. The County Commission has not reviewed the impact of this decision and has not developed a plan for obtaining repayment of the salary overpayments.

- B. Officials' salaries were not always handled consistent with the salary commission decisions. There was some question as to whether the associate county commissioners' salaries, established at the 1999 salary commission meeting, were set at a level below the statutory amount. In November 1999, the county obtained a written legal opinion from the Prosecuting Attorney regarding various salary issues, including the associate county commissioners' salaries, and based on this opinion the

salaries were established. A subsequent opinion from the Prosecuting Attorney issued in 2002 indicated his previous opinion was in error, but made no mention of corrections to the associate county commissioners' salaries, although an adjustment was made to the County Clerk's salary in 2002 for underpayments in previous years.

Based on the various opinions and actions taken, it appears the County Commission needs to review the entire situation and request a legal opinion from the Prosecuting Attorney regarding the salaries paid to associate county commissioners.

WE RECOMMEND the County Commission:

- A. Review the impact of this decision and develop a plan for obtaining repayment of the salary overpayments.
- B. Consult with legal counsel and review the situation to ensure the actions taken were in accordance with state law.

AUDITEE'S RESPONSE

A&B. At all times the Gentry County Commissioners and the salary commission of Gentry County have made an earnest attempt to comply with the state law regarding salaries of elected officials. When questions arose, there was no court interpretation of the statutes in question. Only after the Supreme Court considered the matter was there any clear cut resolution of a certain problem. There remain other problems for which there is no court mandated clear cut resolution. In regard to the audit contention that associate county commissioners were overpaid over two years ending December 31, 2000, the present commission takes no action. The matter will be presented to the new commission after January 1, 2005 for review and possible action.

We disagree with the statement in the audit report that officers' salaries were not always consistent with the salary commission decisions. We agree that the entire situation should be reviewed by the new County Commission and we will obtain such legal opinions as we believe necessary to consider the entire salary situation for the period questioned by the auditor. We note that the years 2000 and prior have already been audited by the State Auditor's Office without comment as to salary matters. It is only after the decision by the Supreme Court in 2001, something that no one had the benefit of until that time, that this matter has now become an issue.

2. Sheriff's Accounting Controls and Procedures
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The Sheriff's office collects approximately \$75,000 annually. Duties are not adequately segregated and there is no independent oversight. Numerous weaknesses were noted during our review of receipts. Monthly open items listings are not prepared and monthly bank

reconciliations are not performed. Adequate controls over seized property have not been established.

- A. Duties are not adequately segregated and there is no independent oversight. The Sheriff is responsible for all accounting duties including recording, depositing, and disbursing monies, as well as reconciling the bank accounts. As a result of the Sheriff performing all accounting duties of the office without any oversight, errors can and have occurred without detection. The Sheriff should consider segregating accounting duties. If this is not possible, the Sheriff should provide for an independent review of these records.
- B. Numerous weaknesses were noted during our review of receipt procedures and bank reconciliations.
 - 1) Receipt slips are not issued for some monies received. The method of payment is also not always indicated on the receipt slips. To ensure receipts are handled properly, receipt slips should be issued for all monies received. In addition, the method of payment should be indicated on each receipt slip and the composition (cash and checks) should be reconciled to the composition of bank deposits.
 - 2) The numerical sequence of receipt slips is not accounted for, receipts are not always posted to the different cash control ledgers properly and the receipts that are posted are not always posted in numerical sequence. Therefore, the numerical sequence of receipt slips is not accounted for to ensure all monies receipted were properly recorded in the cash control ledger and deposited. Accounting for the numerical sequence of receipt slips is necessary to ensure proper recording and accountability of receipts.
 - 3) Receipts are not always deposited intact. When gun permits are collected, the Sheriff indicated the receipts are not always posted to the cash control ledger and deposited. Gun permit receipts are sometimes withheld for making change. For example, three of four January 2003 gun permit receipts were not posted to the cash control ledger and could not be traced to a deposit. The Sheriff indicated these monies were put into a change fund. During our August 2004 cash count though, the Sheriff had no change fund. To adequately safeguard cash receipts and reduce the risk of loss or misuse of funds, all receipts should be recorded immediately upon receipt. In addition, gun permit monies should be deposited with all other receipts daily or when accumulated receipts exceed \$100. If a change fund is needed, it should be established and maintained at a constant amount.
 - 4) Monthly bank reconciliations are not always performed and open items listings are not prepared. The reconciled balance for December 2003 was \$721, while the book balance was \$751 and liabilities were not identified.

The Sheriff was unable to provide an explanation for the difference and was unwilling to provide a listing of liabilities.

Preparation of monthly open items listings, in conjunction with reconciliations to book and bank balances, is necessary to ensure sufficient assets exist to cover liabilities and allow for timely correction of errors. Without preparing monthly bank reconciliations, there is little assurance that cash receipts and disbursements have been handled and recorded or that bank or book errors will be detected and corrected in a timely manner. Any differences noted should be promptly investigated and resolved.

- C. Adequate control over seized property has not been established. A complete log of seized property is not maintained and periodic inventories of the property on hand are not conducted. In August 2003, the Sheriff began recording seized property in a log, but seized property on hand has not been posted to the log. In addition, access to the seized property room is not adequately controlled. Current procedures have each deputy responsible for bringing in seized items and posting them to the log.

Considering the often sensitive nature of the seized property, adequate internal controls are essential and would significantly reduce the risk of theft or misuse of the stored items. An inventory record should include information such as description of the property, persons involved, current location, case number, and disposition of such property. Officers should be required to sign the inventory record when evidence is removed from the room and access to the room should be limited. Periodic physical inventories should be performed and the results compared to the inventory records to ensure that seized property is accounted for properly.

WE RECOMMEND the Sheriff:

- A. Segregate accounting duties to the extent possible or ensure periodic independent reviews are performed and documented.
- B.1. Ensure pre-numbered receipt slips are issued for all monies received, the method of payment is indicated on all receipt slips and the composition of receipts is reconciled to the composition of bank deposits.
2. Account for the numerical sequence of receipt slips issued.
3. Ensure all receipts are recorded immediately upon receipt. In addition, the Sheriff should deposit gun permit monies with other receipts daily or when receipts exceed \$100. If a change fund is needed, it should be established and maintained at a constant amount.

4. Prepare a listing of open items on a monthly basis and reconcile the listing to bank and book balances. In addition, require complete and accurate bank reconciliations be performed each month.
- C. Prepare and maintain complete inventory records of seized property. Periodic physical inventories should be performed and compared to the inventory records and access to the seized property room should be limited.

AUDITEE'S RESPONSE

- A. *Effective January 2005, I will ensure that an independent person reviews the bank reconciliations and reconciles receipts to deposits.*
- B.1. *I have already implemented this recommendation.*
 2. *I am now ensuring that the sequences of receipt slips are posted numerically.*
 3. *I have already stopped withholding cash for change, and will discuss establishing a change fund with the County Commission.*
 4. *I have researched the liabilities in my office, and have identified monies to be turned over to the County Treasurer. In the future, I will ensure bank reconciliations are done monthly and reconciled to open items.*
- C. *We are now maintaining a log of items seized and will ensure that physical inventories are conducted periodically. I will consider changing seized property procedures, and will discuss procedures with surrounding counties to get some ideas on their handling of seized property.*

3.	Townships
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The county distributes monies to townships without proper written contracts. The County Clerk does not ensure townships' annual financial statements are prepared and published or that township collectors' bond coverage was adequate.

- A. The County Commission distributed approximately \$195,000 of County Aid Road Trust (CART) monies during the two years ended December 31, 2003 to the townships without entering into written contracts.

To ensure CART monies are used only for road-related purposes, the County Commission should obtain written contracts with the townships which document the specific services to be provided for the use of these monies.

- B. The County Clerk does not ensure the township boards' financial statements are prepared and published. Only five of eight townships prepared a financial statement and filed it with the county. In addition, only one township provided proof of publication of their financial statement to the County Clerk.

Section 231.290, RSMo 2000, requires the County Clerk to prepare a form to be utilized by the townships to provide a detailed account of their financial activity, along with an inventory of the townships property, which should be published in a local newspaper and filed with the County Clerk. Section 231.280, RSMo 2000, requires each township to annually publish certain financial information and submit a copy of the published financial report to the County Clerk.

- C. Some township collectors bonds were insufficient by amounts ranging from approximately \$700 to \$3,600. The level of bond coverage required for each township collector is determined by the County Clerk.

Section 65.460, RSMo 2000, requires a township collector to give bond in a sum for any month equal to the average total monthly collection for the same month during the preceding four years, but not to exceed one-half the largest amount collected during any one year preceding his/her election or appointment, including school taxes. This section also requires the county commission to examine the bonds of township collectors annually for adequate coverage.

WE RECOMMEND the County Commission and the County Clerk:

- A. Obtain written agreements with the townships for any distribution of CART monies.
- B. Prepare a form to be utilized by the townships that provides a detailed account of the township's financial activity and property. In addition, the County Clerk should ensure all townships file their detailed financial statements with the county and publish in a local newspaper in accordance with state law.
- C. Require all township collectors to file bonds in amounts necessary for compliance with Section 65.460, RSMo 2000.

AUDITEE'S RESPONSE

- A. *We will get a contract for CART monies in 2005.*
- B. *We will take the steps to ensure that these are submitted and published in 2005.*
- C. *We will ensure this is done in 2005.*

4.**Emergency Dispatch**

The Emergency Dispatch Board approved some items which did not appear to be prudent uses of public funds. In addition, meeting minutes were not maintained for executive closed meetings.

- A. During the two years ended December 31, 2003, the Emergency Dispatch Board paid bonuses to eight employees, totaling \$200 per year. Each employee received \$25 per year in December and there was no indication in the payroll records that this payment was compensation for additional hours worked.

These bonuses represent additional compensation for services previously rendered and, as such, are in violation of Article III, Section 39 of the Missouri Constitution and Attorney General's Opinion No. 72, 1955 to Pray, which states "...a governmental agency deriving its power from the Constitution and laws of the state would be prohibited from granting extra compensation in the form of bonuses to public officials after the service has been rendered."

- B. Minutes of closed board meetings are not prepared and decisions made and votes taken in closed session are not disclosed in open session. The board held several closed sessions during our audit period, but without minutes, it was not determinable whether discussions held during these sessions were allowable. Disclosures of decisions or votes taken in closed session were not documented in subsequent open session minutes.

Effective August 28, 2004, Section 610.020, RSMo, provides that minutes of closed meetings should be prepared and retained.

In addition, Section 610.021, RSMo 2000, allows the board to close meetings to the extent the meetings relate to certain specified subjects, including litigation, real estate transactions, and certain personnel issues, and requires the votes taken and final decisions to be made public. Section 610.022, RSMo 2000, requires the board to vote in open session to close a meeting and to announce publicly the reasons for going into closed session. This law also provides that public governmental bodies shall not discuss, record, or vote on any other business during the closed meeting that differs from the specific reasons used to justify such meeting.

WE RECOMMEND the Emergency Dispatch Board:

- A. Discontinue the practice of paying bonuses to employees.
- B. Ensure minutes are prepared, approved, and retained for all closed meetings and that decisions or votes taken in closed session are disclosed publicly if required.

AUDITEE'S RESPONSE

- A. *We will take this recommendation under advisement.*
- B. *We agree and are now preparing the closed meeting minutes.*

5. Tri- County Health Center

Tri-County Health Center's capital asset records and procedures are in need of improvement. In addition, timesheets and expense sheets were not reviewed and signed by the Administrator.

- A. Capital asset records and procedures are in need of improvement. Tri-County Health Center maintains a master listing of capital assets which includes the purchase price or value, serial number, and acquisition dates. Our review of the capital asset records indicated the following problems:

- Physical inventories are not conducted annually. The last physical inventory was apparently conducted in 2001.
- Capital assets are not always tagged with inventory numbers.
- A comparison of capital asset purchases to additions is not performed.

Adequate capital asset records are necessary to secure better internal control over Tri-County Health Center property, meet statutory requirements, and provide a basis for determining proper insurance coverage required on Tri-County Health Center property. Annual physical inventories of property are necessary to ensure the capital asset records are accurate, identify any unrecorded additions and deletions, detect theft of assets, and identify obsolete assets. Property control tags should be affixed to all capital assets to help improve accountability and ensure assets are properly identified as belonging to the Tri-County Health Center.

- B. The Health Center Administrator indicated she reviews employees' timesheets for accuracy, but her review is not documented. In addition, a board member does not review and approve the administrator's time sheet. The Fair Labor Standards Act (FLSA) requires employers to keep accurate records of actual time worked by employees, including compensatory time earned, taken, or paid. The time sheets should be prepared by the employee, and approved by the applicable supervisor to provide additional assurance that all information recorded is accurate.

WE RECOMMEND the Tri-County Health Center Board:

- A. Establish a written policy related to the handling and accounting for capital assets. Ensure all capital asset items are properly numbered and tagged, and a physical inventory is conducted on an annual basis.
- B. Ensure supervisory review of time sheets is documented.

AUDITEE'S RESPONSE

- A. *We agree and will ensure this is done starting in 2005.*
- B. *This has been implemented.*

6. Capital Assets

Capital asset records and procedures are in need of improvement. The County Clerk maintains a master listing of capital assets which includes the purchase price or value, serial number, and acquisition dates. Each official is required to do an annual physical inventory of their assets, and submit the listing to the County Clerk for updating of the master listing. Our review of the capital asset records indicated the following problems:

- Physical inventories are not conducted annually. The last physical inventory was apparently conducted in 2001.
- Capital assets are not always tagged with inventory numbers.
- The method and date of disposition are not recorded.
- A comparison of capital asset purchases to additions is not performed.

Per Section 49.091, RSMo 2000, the County Commission or its designee is responsible for maintaining a complete detailed record of county property. In addition, Section 49.093, RSMo 2000, provides that the officer or their designee is responsible for performing periodic inventories and inspections. Adequate capital asset records are necessary to secure better internal control over county property, meet statutory requirements, and provide a basis for determining proper insurance coverage required on county property. Annual physical inventories of county property are necessary to ensure the capital asset records are accurate, identify any unrecorded additions and deletions, detect theft of assets, and identify obsolete assets. Property control tags should be affixed to all capital assets to help improve accountability and ensure assets are properly identified as belonging to the county.

Similar conditions were noted in our prior report.

WE AGAIN RECOMMEND the County Commission establish a written policy related to the handling and accounting for capital assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for the handling of asset disposition, and any other concerns associated with county property.

AUDITEE'S RESPONSE

We will take steps to ensure this is done.

7. Fuel and Vehicle Records

Monthly reconciliations of fuel purchases, usage, and inventories for fuel maintained in the county's bulk fuel tanks were not prepared. In addition, while vehicle logs are maintained and fuel usage is posted to the logs, beginning and ending odometer readings are not always recorded. During the two years ended December 31, 2003, the county spent approximately \$13,000 on fuel purchases. The Road and Bridge department should maintain a fuel inventory record, adding all fuel purchased and deducting all fuel used. In addition, fuel on hand should be measured on a periodic basis and agreed to the fuel inventory record.

Vehicle logs are necessary to document appropriate use of the vehicles and to support gasoline charges. The logs should include the purpose and destination of each trip, the daily beginning and ending odometer readings, and the operation and maintenance costs. These logs should be reviewed by a supervisor to ensure vehicles are used only for county business and help identify vehicles which should be replaced. Information on the logs should be reconciled to gasoline purchases and other maintenance charges.

A similar condition was noted in our prior report.

WE RECOMMEND the County Commission maintain an inventory record of the Road and Bridge Department fuel stored in bulk tanks and perform a physical inventory of the fuel. In addition, the County Commission should ensure beginning and ending odometer readings are recorded in the logs.

AUDITEE'S REPOSENSE

We plan to discontinue the use of bulk fuel tanks and will take steps to ensure fuel logs are complete in the future.

8.**Closed Meetings**

The County Commission regularly conducts closed sessions but does not maintain minutes for the closed sessions. Minutes of applicable open meetings did not always indicate the decisions made and votes taken in closed session.

Effective August 28, 2004, Section 610.020, RSMo, provides that minutes of closed meetings should be prepared and retained.

Section 610.021, RSMo 2000, allows the County Commission to close meetings to the extent the meetings relate to certain subjects, including litigation, real estate transactions, and personnel matters, and requires the votes taken and final decisions to be made public. Section 610.022, RSMo 2000, requires the County Commission to vote in open session to close a meeting and to announce publicly the reasons for going into closed session. This law also provides that public governmental bodies shall not discuss, record, or vote on any other business during the closed meeting that differs from the specific reasons used to justify such meeting.

WE RECOMMEND the County Commission ensure minutes are prepared, approved, and retained for all closed meetings and that decisions or votes taken in closed session are disclosed publicly if required.

AUDITEE'S RESPONSE

We will keep closed meeting minutes in the future and disclose decisions publicly in the open minutes as applicable.

Follow-Up on Prior Audit Findings

GENTRY COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Gentry County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 1999.

The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Federal Bridge Project Credits

The county had not established procedures to ensure the Missouri Department of Transportation (MoDOT) bridge project credit records were in agreement with the county's records.

Recommendation:

The County Commission periodically reconcile the county's bridge project credit records to the MoDOT's records and investigate any discrepancies.

Status:

Implemented.

2. Budgetary Practices and Published Financial Statements

- A. Formal budgets were not prepared or obtained for various county funds for the years ended December 31, 1999 and 1998.
- B. The annual published financial statements of the county did not include the financial activity of some county funds as required.
- C. The County Treasurer had not established a fund for the deposit of the Sheriff's civil fees.

Recommendation:

- A. The County Commission ensure budgets are prepared or obtained for all county funds.
- B. The County Commission ensure financial information for all county funds is properly reported in the annual published financial statements.

- C. The County Treasurer establish a Sheriff's Civil Fees fund as required by state law, and work with the Sheriff's department to ensure that the proper fees are placed in this fund. In addition, the County Commission should require the Sheriff to submit an annual budget outlining his plans for this fund.

Status:

A&B. Partially implemented. While the county showed improvement, some funds were not budgeted and included in the published financial statements. Although not repeated in the current report, our recommendations remain as stated above.

- C. Implemented.

3. Salary Payments, Personnel Policies, and Fringe Benefit Records

- A. In 1998, the county's assessed valuation increased to \$55.3 million, which increased the statutory base rate for the County Assessor's salary. The county had apparently not considered this increased in the base rate when computing the annual salary of the County Assessor, whose date of incumbency was September 1.
- B. The timesheets prepared by the Sheriff's department jailer indicated that he normally worked more than eight hours per day and more than forty hours per week. It appeared the jailer was not paid for extra hours worked or given compensatory time off. In addition, another Sheriff's department employee was paid only \$500 in October 1999, while his time sheet indicated he worked 171 hours.
- C. The county had no procedures in place to reconcile cafeteria plan contributions pledged to receipts of the fund.

Recommendation:

- A. The County Commission consult with the Prosecuting Attorney regarding the County Assessor's salary and ensure the salary is set in accordance with state law and the salary commission decisions.
- B. The County Commission review county payroll policies and ensure the county appropriately considers any policy changes needed along with FLSA requirements when handling employee payrolls. This policy review should include obtaining appropriate legal opinions and, if necessary, consultation with the U.S. Department of Labor.
- C. The County Clerk reconcile medical reimbursement plan contributions pledged to the receipts of the Medical Reimbursement Fund on a monthly basis.

Status:

- A. Partially implemented. Based on the Prosecuting Attorney's legal opinion, the county paid the Assessor for the salary underpayment. However, it appears the Assessor still may not have been paid the appropriate amount and she has filed a lawsuit against the county. Although not repeated in the current report, our recommendation remains as stated above.
- B. Not implemented. Although not repeated in the current report, our recommendation remains as stated above.
- C. Implemented.

4. Mileage, Fuel, and Vehicle Records

- A. Mileage reimbursement requests submitted by the Sheriff's deputies did not always include detailed information about the purpose of the trip and the destination.
- B. A vehicle usage log was not maintained for the Sheriff's county vehicle, and logs maintained for the eight Road and Bridge Department vehicles only indicated total miles driven during the month and total fuel and oil used during the month.
- C. The county maintained gasoline and diesel fuel in bulk tanks for use in county vehicles and equipment. Records were maintained to document the amount of fuel pumped into each vehicle and piece of equipment. A Road and Bridge Department employee indicated that he compared fuel usage to miles driven for each vehicle, but documentation of the comparisons was not retained and reviewed by the County Commission.

Recommendation:

- A. Require the Sheriff's deputies to record detailed information as to actual mileage destinations traveled, and purpose of official county business on mileage reimbursement requests.
- B. Require the Sheriff and Road and Bridge Department to maintain usage logs on all county vehicles which identify the vehicle operator, dates of use, miles driven, destination and purpose of trips, and the fuel and maintenance expenses incurred.
- C. Periodically review comparisons of fuel usage to miles driven for each county vehicle and ensure documentation of the comparisons is properly retained.

Status:

- A. Implemented.
- B. Partially implemented. While the Sheriff's Department vehicle logs included more detail, the usage logs maintained by Road and Bridge Department only indicated total miles driven and total fuel and oil usage. See MAR finding number 7.
- C. Not implemented. See MAR finding number 7.

5. General Fixed Asset Records and Procedures

The additions and deletions of general fixed assets were recorded annually on the county's general fixed asset records; however, additions were not reconciled to general fixed asset purchases. In addition, property tags were placed upon fixed asset purchases annually instead of immediately, and annual inventories were not performed.

Recommendation:

The County Commission establish a written policy related to the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for the handling of asset disposition, and any other concerns associated with county property. In addition, all general fixed asset purchases and dispositions should be recorded as they occur and purchased items should be tagged or identified as county-owned property upon receipt.

Status:

Not implemented. See MAR finding number 6.

6. Township Collector's Bonds

Various township collectors' bonds were insufficient.

Recommendation:

The County Commission require all township collectors to file bonds in amounts necessary for compliance with state law.

Status:

Not implemented. See MAR finding number 3.

7. Tri-County Health Center Board

- A. Accounting and bookkeeping duties were not adequately segregated. The Health Center Administrator did not review the bank reconciliations and did not document her review of the bookkeeper's work.
- B. Supervisory approval was not documented on time sheets and supervisory approval of expense reimbursement claim forms was not always documented.
- C. Expense reimbursement claim forms did not always indicate the destination of each trip and the employees' official domicile.
- D. The Health Center's agreement with the depository bank did not include a provision for pledging collateral securities, and as a result, collateral securities were not pledged by the Health Center Board's depository bank for deposits in excess of the Federal Deposit Insurance Corporation (FDIC) coverage. At December 31, 1999 and 1998, the board's bank balance exceeded FDIC coverage by \$151,169 and \$181,628, respectively.
- E. The administrator and all three members of the Health Center Board were authorized to sign checks; however, these individuals were not bonded.

Recommendation:

- A. Adequately segregate accounting and bookkeeping duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. Require documentation of supervisory approval on all time sheets and expense reimbursement claim forms.
- C. Require Health Center employees to document departure points and destinations on expense reimbursement claim forms.
- D. Ensure the bank depository agreement includes a provision to ensure adequate collateral securities are pledged for all deposits in excess of FDIC coverage.
- E. Obtain adequate bond coverage for all persons with access to negotiable assets.

Status:

- A, D
&E. Implemented.
- B. Not implemented. See MAR finding number 5.

C. Not implemented. Travel expenses during our audit period were minimal. Although not repeated in the current report, our recommendation remains as stated above.

8. Emergency Dispatch Board Bonding

All officers of the Emergency Dispatch Board were authorized to sign checks; however, only the board treasurer was bonded. In addition, the coordinator, who handled petty cash and was authorized to sign checks, was not bonded.

Recommendation:

The Emergency Dispatch Board obtain adequate bond coverage for all persons with access to negotiable assets.

Status:

Implemented.

STATISTICAL SECTION

History, Organization, and
Statistical Information

GENTRY COUNTY, MISSOURI HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

Organized in 1845, the county of Gentry was named after Richard Gentry, a Seminole War general. Gentry County is a township-organized, third-class county and is part of the Fourth Judicial Circuit. The county seat is Albany.

Gentry County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining 190 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens. The townships maintain approximately 580 miles of county roads.

The county's population was 7,887 in 1980 and 6,861 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,				
		2003	2002	2001	2000	1985* 1980**
		(in millions)				
Real estate	\$	38.1	36.9	35.4	35.5	32.1 20.1
Personal property		20.7	18.7	18.5	18.2	7.5 5.9
Railroad and utilities		4.7	5.1	5.2	4.8	3.6 5.0
Total	\$	63.5	60.7	59.1	58.5	43.2 31.0

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Gentry County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,			
		2003	2002	2001	2000
General Revenue Fund	\$	.5200	.5200	.5200	.5000

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county and townships bill and collect property taxes for themselves and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28 (29),			
	2004	2003	2002	2001
State of Missouri	\$ 19,281	18,327	17,968	17,751
General Revenue Fund	331,338	315,330	308,202	293,638
Assessment Fund	41,863	38,978	38,376	37,427
Townships and Roads	620,919	599,269	586,158	549,325
School districts	2,542,033	2,414,110	2,372,392	2,345,627
Library district	152,896	145,269	142,948	139,747
Ambulance district	114,360	108,657	106,644	105,337
Fire protection district	191,977	182,242	177,755	173,027
Watershed district	9	9	9	9
Cities	91,506	15,967	15,942	15,777
County Clerk	1,009	2,166	1,039	1,144
County Employees' Retirement	20,964	17,595	18,948	17,127
Tax Maintenance Fund	6,048	333	0	0
Commissions and fees:				
General Revenue Fund	26,300	26,091	26,471	24,889
Township Collectors	33,323	31,241	30,588	30,102
Total	\$ 4,193,826	3,915,584	3,843,440	3,750,927

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),				
	2003	2002	2001	2000	
Real estate	92	92	93	93	%
Personal property	88	89	89	89	
Railroad and utilities	100	99	100	100	

Gentry County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction
General	\$.0050	None	None
Central dispatching of emergency services	.0050	None	None
Use tax	.0100	None	None

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2004	2003	2002	2001	2000
County-Paid Officials:	\$				
Marshall Pile, Presiding Commissioner		23,120	17,000	17,000	17,000
Billie Rigney, Associate Commissioner		21,120	15,000	15,000	
Ronald Peterson, Associate Commissioner		19,120	15,000	15,000	14,450
Kenneth R. Hensley, Associate Commissioner					14,450
Carol Reidlinger, County Clerk		32,044			
Ronnie Mercer, County Clerk (1)			42,500	28,500	28,500
Edward M. Manning, Prosecuting Attorney		39,000	33,000	33,000	33,000
Eugene Lupfer, Sheriff		38,000	38,000	38,000	29,680
Bryan Polley, County Coroner		9,000	9,000	2,750	0
Marvin D. Combs, County Coroner				5,250	4,675
Judith Pickering, Public Administrator (2)		25,000	25,000	27,200	17,830
Sue Hopkins, Treasurer and Ex Officio County Collector, year ended March 31	32,000	32,000	32,000	26,328	
Sheryl Coburn, County Assessor (3) year ended August 31,		32,900	32,900		
Betty Boulting Dykes, County Assessor (3), year ended August 31,				28,100	29,233

(1) Includes \$10,500 one time compensation in 2002 for errors made in previous years' salary.

(2) Includes fees received from probate cases in 2000 and 2001.

(3) Includes \$900 annual compensation received from the state.

State-Paid Officials:

John Whitaker, Circuit Clerk and Ex Officio Recorder of Deeds	47,300	47,300	47,300	46,127
Roger E. Combs, Associate Circuit Judge	96,000	96,000	96,000	97,382



**DEPARTMENT OF MENTAL HEALTH
KANSAS CITY REGIONAL CENTER**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-100
December 30, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

December 2004

The following problems were discovered as a result of an audit conducted by our office of the Department of Mental Health, Kansas City Regional Center.

Kansas City Regional Center (KCRC) service coordinators provide Targeted Case Management (TCM) services to numerous clients. These clients must be eligible for the state's Medicaid program and must also meet the eligibility requirements from the Division of Mental Retardation and Developmental Disabilities (MRDD). Each time a service coordinator provides TCM services, they are required to log the duration and description of the services into the computer system. The number of TCM hours is converted to units and billed to the Medicaid program each month. Medicaid currently reimburses Department of Mental Health (DMH)\$6.46 for every unit (five minutes) spent on TCM services. During the year ended June 30, 2003, the Regional Center received approximately \$2.9 million in reimbursements from the state's Medicaid program for TCM services.

The Regional Center has not taken adequate steps to maximize Medicaid reimbursements from the TCM program. Medicaid billings are done by service coordinators, who are required by department operating regulations to log an average of 106 direct hours to the system monthly, or 1,272 hours each year. KCRC has not developed adequate procedures to ensure each service coordinator is fulfilling the hourly logging requirement. Potential reimbursements totaling over \$430,000 were lost during calendar year 2003 due to numerous service coordinators' failure to log 1,272 hours of direct services. Oversight and follow-up by KCRC management for the lack of direct hours were inadequate. Auditors found that 53 percent of service coordinators did not meet the monthly standard in 2003.

TCM billings are not adequately reviewed and approved by service coordinators' supervisors to ensure Medicaid billings include the correct number of units and are supported by adequate documentation in the case notes. Additionally, no one from KCRC reviews monthly billings before submission to Medicaid.

Incident and injury reports which involve a vendor employee are required to be reported to the Incident and Injury Tracking System (IITS) and investigated. Our office reviewed 10 incident and injury reports which were not entered into the IITS and noted none of the reports contained any evidence of follow-up or action taken by the service coordinator or quality assurance personnel. Nine of the ten files contained documents that were not signed by both the service coordinator and quality assurance personnel indicating their review of the incident. Additionally, one of the reports we reviewed appeared to meet the abuse and neglect criteria requiring entry into the IITS.

(over)

YELLOW SHEET

Incident and injury reports meeting the abuse and neglect criteria are assigned to an investigator, who is required to complete an investigative report to be submitted to the Regional Center Director within 30 working days of the complaint filing. Our review noted that abuse and neglect reports are not always filed with KCRC and recorded in the DMH database timely. Additionally, investigative reports are not always completed within 30 working days of the filing of the complaint and the decision to substantiate the charge of abuse or neglect is not always decided upon within 10 working days after receiving the final investigative report, as required.

The KCRC contracts with approximately 178 Community Placement facilities. Through the Community Placement (CP) Program, the facility purchases residential care in community-based facilities for clients who would otherwise require institutionalization. KCRC does not have adequate oversight and supervision of placement facilities. Some facilities visited did not reconcile the client ledgers to the checking account balance, or did not maintain documentation of such reconciliations, or did not maintain supporting documentation for numerous purchases made from client funds. Additionally, one facility maintained a duplicate set of accounting records which did not contain consistent information and had two different balances recorded for the same date. By maintaining a duplicate set of accounting record which are not consistent or accurate, the risk for manipulation, falsification, or alteration of records or supporting documents is increased.

The Choices for Families (CFF) program provides financial assistance to eligible families so they can better meet the special needs of any developmentally disabled individuals which reside within their home. The purpose of the program is to prevent or delay out-of-home placement of clients and to empower family members as the primary decision makers for obtaining the goods and services needed by the individual. Each client qualifying for the program is limited to \$3,600 in eligible expenditures each year.

Our audit noted KCRC does not always follow the CFF policies developed by the department. The Regional Center has implemented an unwritten maximum of \$500 for respite care, although the department policy does not limit the amount that can be spent on respite care, other than the \$3,600 maximum in eligible expenditures each year. To ensure fair and consistent treatment among MRDD clients throughout the state, KCRC should follow the department policy for CFF or request a change to the policy that would apply to all clients throughout the state. Also, Individual Habilitation Plans (IHP) are not always developed within 30 days after the client is eligible for services, as required by policy, and several families' IHPs included CFF funding in excess of the maximum amount allowed. Additionally, the number of days of respite care used by families in the CFF program was exceeded without documenting a good cause and without the approval of the Division Director.

The audit report also notes some other concerns related to capital asset procedures, vehicle logs, and non-appropriated funds system.

All reports are available on our website: www.auditor.mo.gov

STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Mental Health Commission
and
Dorn Schuffman, Director
Department of Mental Health
and
Anne Deaton, Division Director
Mental Retardation and Developmental Disabilities
and
Steve Bartlett, Director
Kansas City Regional Center
Kansas City, MO 64141

We have audited the Department of Mental Health, Kansas City Regional Center. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2003 and 2002. The objectives of this audit were to:

1. Review facility compliance with certain legal provisions, statutes, regulations, and department policies.
2. Review the efficiency and effectiveness of certain management practices and operations.
3. Review certain revenues received and certain expenditures made by the Kansas City Regional Center.

Our methodology to accomplish these objectives included reviewing the facility's revenues, expenditures, contracts, applicable legal provisions, rules, regulations, and policies, and other pertinent procedures and documents; interviewing various personnel of the facility and other state personnel; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed into operation. We also performed tests of certain controls to obtain evidence regarding the effectiveness of their design and operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, and other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the facility's management and was not subjected to the procedures applied in the audit of the facility.

The accompanying Management Advisory Report presents our findings arising from our audit of the Department of Mental Health, Kansas City Regional Center.



Claire McCaskill
State Auditor

October 6, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Todd M. Schuler, CPA
In-Charge Auditor:	Tania Williams Julie Vollmer
Audit Staff:	Danielle Parker Naima Ramlatchman Bryan Meadows Alvin Cochren

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

DEPARTMENT OF MENTAL HEALTH
KANSAS CITY REGIONAL CENTER
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1. Targeted Case Management

Kansas City Regional Center (KCRC) service coordinators provide Targeted Case Management (TCM) services to numerous clients. These clients must be eligible for the state's Medicaid program and must also meet the eligibility requirements for receiving services from the Division of Mental Retardation and Developmental Disabilities (MRDD). TCM services are defined as activities that assist individuals in gaining access to care and services; they may be provided in or out of the presence of the client. Examples of TCM services include making contacts with applicable parties, making client assessments, planning for the client, and documenting client information.

Each time a service coordinator provides TCM services they are required to log the duration and description of the services into the computer system. The number of TCM hours is converted to units and billed to the Medicaid program each month. Medicaid currently reimburses Department of Mental Health \$6.46 for every unit, or five minutes, spent on TCM services. During the year ended June 30, 2003, the Regional Center received approximately \$2.9 million in reimbursements from the state's Medicaid program for TCM services. During our review of the TCM program, we noted the following concerns:

- A. The Regional Center has not taken adequate steps to maximize Medicaid reimbursements from the TCM program. Medicaid billings are done by service coordinators who are required by department operating regulations to log an average of 106 direct hours to the system monthly, or 1,272 hours each year. KCRC has not developed adequate procedures to ensure each service coordinator is fulfilling the hourly logging requirement. Potential reimbursements totaling over \$430,000 were lost during calendar year 2003 due to numerous service coordinators' failure to log 1,272 hours of direct services. Oversight and follow-up by KCRC management as to the reasons for the lack of direct hours were inadequate.

The facility does prepare monthly reports of direct service hours for each service coordinator, but documentation of follow-up by supervisors as to the reasons for the lack of direct service hours does not always exist. We found that 37 of 70 (53 percent) service coordinators did not meet the 106 hours per month standard in 2003. The Regional Center's policy and procedures requires service coordinators' supervisors to write a plan of correction on a quarterly basis, or more frequently as needed, when service coordinators are not meeting the direct services requirement. We requested documentation of follow-up action taken on five service coordinators who did not meet the 1,272 hour standard during calendar

year 2003. Although management indicated follow-up is documented, for five service coordinators who did not log direct services of 1,272 hours during calendar year 2003, we found four did not have a quarterly plan for corrective action and adequate documentation did not exist to document the corrective action taken.

Targeted Case Management Facility Operating Regulation 4.201 states service coordination staff is required to maintain an average of 106 hours of direct service each month. To show compliance with the TCM regulations, adequate documentation needs to be maintained. To maximize potential reimbursements, management needs to ensure adequate steps are taken to ensure compliance with this regulation.

- B. TCM billings are not adequately reviewed and approved by service coordinators' supervisors to ensure Medicaid billings include the correct number of units and are supported by adequate documentation in the case notes. KCRC was reimbursed approximately \$1,100 for TCM services on four cases where adequate documentation was not kept or which included non-billable services, such as transportation. Case notes reviewed did not always identify the parties involved, the service provided, indicate the topic and what was discussed at the meeting, and why the action occurred. Regional Center management indicated billings are only reviewed to ensure the case notes support the hours billed if the number of hours logged exceeds eight hours, when supervisors select one case note quarterly per service coordinator, or when appraisals are performed. However, no one from KCRC reviews monthly billings before submitting to Medicaid.

According to the TCM manual, service coordinators sometimes provide direct support to a person such as helping the client move to a new apartment or transporting the client to a store or appointment. Any service which is "direct support" is not billable as targeted case management. Also, it states "case notes must adequately explain the service provided." The case note should tell what action occurred and why, and identify the parties involved. To support Medicaid billings and ensure billings have adequate supporting documentation, KCRC should require service coordinators to prepare detailed case notes, which are reviewed and approved by a supervisor before submitting billings to Medicaid.

WE RECOMMEND Regional Center management:

- A. Ensure that service coordinators are in compliance with the facility's policy by providing and logging at least 106 hours of direct services each month.
- B. Establish a policy requiring a review of Medicaid billings by a supervisor to ensure adequate documentation exists to support TCM billings and indirect services are not billed to Medicaid. In addition, personnel should examine other billings for overcharges and contact Medicaid officials to resolve any additional overbillings.

AUDITEE'S RESPONSE

- A. *We concur. The KCRC will update the facility policy with regard to service coordinator responsibility to log at least 106 hours/month of direct services. Each Service Coordinator/Assessment Supervisor will review direct logging totals on a monthly basis for each service coordinator supervised. Performance review and counseling will be provided to each service coordinator not meeting the established requirement. The performance review conducted with each service coordinator will include a quarterly review of logging performance and will include the specific expectation and needed corrective action in those instances the performance expectation is not reached. The Division would like to point out the potential additional reimbursement of \$430,000 included in this finding requires several significant assumptions. The assumptions include no staff turnover for twelve months, all logged services are billable to Medicaid and all consumers are Medicaid eligible.*
- B. *We concur. The KCRC will update the facility policy to include provisions for random review of service coordinator generated case notes to be conducted by a team supervisor or other team designee (CM-III/Lead staff) to ensure necessary components are present for billing purposes. The review will consist of at least one case note per service coordinator being reviewed on a quarterly basis. Guidance/training will be provided by the team supervisor or lead staff in those situations where adequate information is not present. KCRC will examine billings and contact appropriate officials to resolve any overbilling.*

2. Community Placement

The KCRC contracts with approximately 178 Community Placement facilities. Through the Community Placement (CP) Program, the facility purchases residential care in community-based facilities for clients who would otherwise require institutionalization. These placement facilities include residential care centers, group homes, foster homes, supervised apartments, and individualized supported living sites.

- A. KCRC does not have adequate oversight and supervision of placement facilities. As part of our review of the CP Program, we visited four placement facilities. A review of client funds and records being maintained at those placement facilities disclosed the following concerns:
- 1) Three of the facilities visited did not reconcile the client ledgers to the checking account balance or did not maintain documentation of such reconciliations. Periodic reconciliations of the client ledgers and the bank account will provide assurance the client ledgers are being maintained accurately and help detect errors on a timely basis.
 - 2) Two facilities did not maintain supporting documentation for numerous purchases made from client funds. At another facility, we noted instances

where expenditure vouchers were not signed by the clients and initialed by staff, as required. Placement facilities should maintain adequate documentation to support the expenditure of client monies.

- 3) Three of the facilities visited did not take steps to ensure client funds did not exceed \$200. Some client ledger balances at three facilities exceeded the \$200 maximum, sometimes for extended periods of time, and we saw no reasons documented for the excess. A facility policy indicates that a client's placement facility account balance can only exceed \$200 for a stated purpose. To ensure compliance with facility policy, KCRC should more closely monitor client's ledger balances.
 - 4) At all four facilities we noted client purchases exceeding \$100 which were not approved by KCRC prior to the transaction, as required by the MRDD Consolidated agreement. All purchases exceeding \$100 are required to be approved prior to the purchase to ensure they are necessary and for the direct benefit of the client for whom the purchase is being made.
 - 5) One facility maintained a duplicate set of accounting records which did not contain consistent information and had two different balances recorded for the same date. The facility prepares one set of accounting records for themselves and prepares a duplicate set which is submitted to KCRC. We noted that one client had a negative balance of approximately \$125 on the client ledger submitted to KCRC, but the ledger reviewed at the facility showed a negative balance of approximately \$80. By maintaining a duplicate set of accounting records which are not consistent or accurate, the risk for manipulation, falsification, or alteration of records or supporting documents is increased.
- B. Providers do not always submit personal spending reports on a quarterly basis to KCRC, and the reports that are submitted are not always reviewed by KCRC as required. There are approximately 90 active providers operating approximately 178 facilities. In 2003, we noted providers for 18 CP facilities did not submit any quarterly reports. 2 CP facilities did not submit a report in the first quarter, 26 CP facilities submitted no report in the second quarter, 45 CP facilities submitted no report in the third quarter and 77 CP facilities submitted no report in the fourth quarter. In addition, KCRC is not reviewing all personal spending quarterly reports submitted by providers. Results are as follows for 2003:

Percentage of Personal Spending Reports Reviewed				
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Reports Submitted	154	132	111	82
Reports Not Reviewed	53	61	49	39
Percentage not reviewed	34%	46%	44%	47%
Source: Personal spending reports				

Furthermore, KCRC did not visit any of the CP facilities to ensure the facilities are complying with their contracts with the Regional Center during our audit period. Such a review could include verifying documentation of purchases made with client monies and ensuring that facility personnel properly monitor client balances to ensure benefits are not jeopardized.

The CP facilities are required by the MRDD Consolidated agreement to report quarterly the account balance of each client. The purpose of reviewing the personal spending quarterly reports is to determine whether the client expenditures are proper and to monitor client balances to ensure they do not exceed \$200 or have negative balances. It appears that since the providers are not submitting the quarterly reports to KCRC in a timely manner, KCRC cannot adequately monitor nor verify the personal spending balances for clients. Steps should be taken by KCRC to ensure the MRDD Consolidated agreement is complied with for all CP facilities doing business with the state.

WE RECOMMEND Regional Center management:

- A.1. Require placement facilities to periodically reconcile the client ledgers to the client bank account and maintain documentation of such reconciliations.
2. Require placement facilities to retain adequate documentation, such as original invoices, to support expenditures made from client funds. In addition, require the clients to initial the ledger sheets when obtaining cash and ensure the clients and staff sign off on expenditure vouchers.
3. Monitor client account balances to ensure the accounts do not exceed the \$200 limit unless a specific reason is documented.
4. Ensure the placement facilities obtain prior approval from the KCRC for client purchases that exceed \$100.

5. Ensure placement facilities maintain only one set of accounting records.
- B. Ensure personal spending reports are submitted by placement facilities on a quarterly basis and reviewed on a timely basis. In addition, Regional Center personnel should periodically conduct quality control reviews at community placement facilities to adequately monitor and verify the personal spending balances for clients.

AUDITEE'S RESPONSE

- A.1. *We concur. The KCRC will monitor residential services provider agencies to assure that consumer ledgers are reconciled to consumer bank account information. The KCRC will review documentation of such reconciliation.*
2. *We partially concur. The KCRC sent correspondence dated 05-30-2002 and 04-24-2003, citing the policy for consumer accounts and Medicaid eligibility. Subsequent correspondence dated 09-22-2003, informed providers of procedural changes as directed by the Social Security Administration and addressed how agencies were to account for consumer account monies. The KCRC will monitor agencies' compliance with these directives.*
3. *We partially concur. It is very difficult to assure that a consumer's account balance will never exceed \$200. The KCRC will continue to monitor accounts and take necessary actions to keep the personal funds below a level so that Medicaid benefits would not be in jeopardy. The provider agency will be required to document the justification for exceeding the established amount.*
4. *We concur. The KCRC will continue to monitor provider agencies to assure compliance with the requirement to seek prior approval for purchases exceeding \$100.*
5. *We concur. The KCRC will monitor provider agencies to assure that if duplicate accounting ledgers are maintained they are reconcilable. If ledgers cannot be reconciled the provider agency will be instructed to take corrective action and maintain only one accounting ledger.*

Division Comment:

KCRC periodically hosts provider meetings and mails information to providers to address important issues. KCRC considers all the Community Placement recommendations to be important to review with providers and will do so. A provider meeting and training were held on September 8, 2004, and September 24, 2004, and a follow-up meeting was held on December 3, 2004, to address these issues.

- B. *We partially concur. The KCRC has informed provider agencies to submit information on a quarterly basis. The KCRC will increase monitoring to assure compliance with this requirement.*

The Choices for Families (CFF) program provides financial assistance to eligible families so they can better meet the special needs of any developmentally disabled individuals who reside within their home. The purpose of the program is to prevent or delay out-of-home placement of clients and to empower family members as the primary decision makers for obtaining the goods and services needed by the individual. These monies are allocated by the Department of Mental Health from a department-wide appropriation. Each client qualifying for the program is limited to \$3,600 in eligible expenditures each year. During our review of the CFF program, we noted the following concerns:

- A. KCRC does not always follow the CFF policies developed by the department. The Regional Center has implemented an unwritten maximum of \$500 for respite care, although the department policy does not limit the amount that can be spent on respite care, other than the \$3,600 yearly maximum in eligible expenditures. Facility personnel indicated the \$500 maximum was set at the time the law changed regarding respite care provided by county Senate Bill 40 Boards, but could not provide us with supporting documentation on how this limit was set, or whether the department's MRDD division has approved of their change to the policy.

To ensure fair and consistent treatment among MRDD clients throughout the state, KCRC should follow the department policy for CFF or request a change to the policy that would apply to all clients throughout the state.

- B. Individual Habilitation Plans (IHP) are not always developed within 30 days after the client is eligible for services, as required by policy. In addition, household income is not updated on an annual basis to determine financial eligibility. Ten client files were reviewed and an IHP was not completed within 30 days after eligibility on nine, and household income was not updated in the past year for any of the ten client files.

To ensure clients are receiving the appropriate services and are financially eligible to participate in the CFF program, IHPs need to be developed within 30 days and household income should be updated annually as required.

- C. Several families' IHPs included CFF funding in excess of the maximum amount allowed. Program guidelines clearly state that no family shall receive more than \$3,600 annually, unless approved by the District Deputy Director. Each family is required to submit an IHP which includes all needed goods and services. We reviewed all of the client files and found eleven contained IHPs exceeding the \$3,600 limit, with expected or planned annual expenditures ranging from \$3,642 to \$8,674, which were not approved by the District Deputy Director. All eleven of these clients received more than the \$3,600 in funding.

- D. The number of days of respite care used by families in the CFF program was exceeded without documenting a good cause and without the approval of the Division Director. One client had 69 days of respite care paid for and another client had 24 days.

In addition, timesheets for respite care are not always consistently filled out by providers. Therefore, due to the inconsistencies in the preparation of timesheets by providers, we were unable to determine if KCRC was in compliance with state law for three other clients. The timesheets submitted for those three clients did not document the hours for each day, but instead showed the amount of hours for a block number of days.

State law sets a limit on the number of days of respite care that can be provided to a department client. Section 633.155, RSMo 2000, states: "The division may provide or obtain respite care for a mentally retarded or developmentally disabled person for respite care of up to twenty-one days which may be extended up to an additional twenty-one days for good cause...". That section further provides "Any additional respite care beyond forty-two days within a one-year period shall be expressly approved by the director of the division."

WE RECOMMEND Regional Center management:

- A. Follow written policy or receive authorization from the Department of Mental Health to change policy to reflect current practice.
- B. Ensure that IHP's are completed on a timely basis as required by policy and household incomes are updated on an annual basis.
- C. Ensure that the maximum assistance allowed for the CFF program does not exceed \$3,600. If this occurs, Regional Center personnel should ensure that the appropriate approvals are received and documented.
- D. Ensure that the facility is in compliance with the state law regarding respite care and that timesheets for respite care are filled out consistently by providers.

AUDITEE'S RESPONSE

- A. *We concur. The KCRC has requested an exception to the Choices for Families rule regarding allowing a maximum of \$3,600 annually to be made available. The KCRC established the funding amount of \$500/year based on the amount of money recovered for respite care from area Senate Bill 40 Boards that provided such service prior to the prohibition of county funded respite care outlined in the Western District Court of Appeals decision. The KCRC has requested permission to continue to limit the amount to \$500. When requests are made to increase the amount of funding to be available for respite care through Choices for Families, the KCRC will prioritize the need for*

additional services through the Utilization Review process and increase funding as additional resources are available to meet additional needs.

- B. We concur. The KCRC will continue to utilize a database for person-centered plan implementation to assure that planning meetings are conducted and plans are updated on a timely basis. The KCRC will continue to request standard means information from families with regard to household income on an annual basis.*
- C. We concur. The KCRC will monitor Choices for Families authorizations and will request Deputy Director approval for any request that would exceed the \$3,600/year maximum.*
- D. We partially concur. The KCRC will ensure that respite care is only authorized for 21 days/year or 504 hours unless just cause is found to authorize the maximum of 42 days/year or 1,008 hours/year. The Division has converted the maximum number of days of respite care to hours to allow families the flexibility to use respite care services when they need the service. Respite care funding will be reviewed/approved by the Regional Center Director or designee (Assistant Center Director). The KCRC will require respite care providers to accurately complete timesheets specifying the hours respite care was provided.*

4. Capital Asset Procedures

Purchasing and capital asset duties are not adequately segregated. One person performs all duties relating to purchasing and accounting for capital assets, including preparing purchase orders, receiving goods, recording assets, and reconciling expenditure records to the inventory system. An independent review of purchases made and asset records is not performed.

Proper segregation of duties provides a means of establishing controls over assets, thus minimizing the risk of loss, theft, or misuse of funds. If the segregation of duties is not possible, at a minimum, there should be documented independent review of accounting records. Failure to adequately segregate duties or provide supervisory review increases the risk of improper use of assets and that errors or irregularities will not be detected in a timely manner.

WE RECOMMEND Regional Center management adequately segregate, to the extent possible, purchasing and recordkeeping duties related to capital assets. At a minimum, periodic reviews of accounting records should be performed and documented by an independent person.

AUDITEE'S RESPONSE

We concur. The facility is addressing this item and will segregate the duties immediately. The facility will review the recommendation of an independent person reviewing the accounting

records. (NOTE: We will train another staff person to input payments into the SAM II system for purchases and also train additional staff on inventory control).

5.

Vehicle Logs

As of June 30, 2003, KCRC had a small fleet consisting of approximately eight cars which are used as pool vehicles for employees and administrators. We noted the following concerns regarding vehicle logs:

- A. Monthly mileage logs are not always accurate or complete, and mileage is not always recorded correctly. In addition, mileage logs are not reviewed by a supervisor to ensure they are complete and vehicle usage is reasonable. Several mileage logs contained gaps between the ending mileage of one trip to the beginning mileage of the following trip. For the logs reviewed, unaccounted for mileage totaled over 4,000 miles.

Complete, detailed vehicle logs, reviewed periodically by a supervisor, documenting all dates traveled, destinations, and mileage for state-owned vehicles are necessary to help provide assurance that vehicles are used only for authorized purposes and that the mileage logs are accurate and reliable.

- B. A reconciliation of mileage logs to the Fiscal Year Vehicle/Equipment Cost and Use reports and the Annual Summary Vehicle Usage report is not performed before submitting the reports to the Office of Administration. We noted 35 instances in fiscal year 2003 where we could not agree the mileage logs to the Fiscal Year Vehicle/Equipment Cost and Use report.

In addition, we reconciled the Annual Summary Vehicle Usage report to the Fiscal Year Vehicle/Equipment Cost and Use Reports for 2002 and 2003. We determined the total annual mileage for all vehicles was 109,595 in 2002 and 90,468 in 2003. However, the total annual mileage KCRC reported to the Office of Administration was 111,431 in 2002 and a negative 20,786 in 2003, a difference in total annual mileage of 1,836 and 111,254, respectively. The differences noted were due to mileage data not transferred correctly from the mileage logs to the Fiscal Year Vehicle/Equipment Cost and Use Reports.

Failure to reconcile mileage logs to Fiscal Year Vehicle/Equipment Cost and Use Reports and the Annual Summary Vehicle Usage report allowed errors and discrepancies to occur and not be detected. If this reconciliation had been performed, the discrepancies previously noted could have been identified and investigated in a timely manner.

WE RECOMMEND Regional Center management:

- A. Maintain complete and accurate mileage logs for each vehicle. In addition, the Regional Center's logs should be reviewed by a supervisor periodically for completeness and reasonableness.
- B. Reconcile monthly mileage logs to the Fiscal Year Vehicle/Equipment Cost and Use report and the Annual Summary Vehicle Usage report.

AUDITEE'S RESPONSE

- A. *We concur. The KCRC Administrative Services Unit will monitor all vehicle logs and review for completion and accuracy.*
- B. *We concur. The KCRC recognizes that transcription errors occurred in completing the fiscal year Vehicle/Equipment Cost and Use Report. KCRC staff has corrected errors and the report was accurate as of May 2004.*

6. Non-Appropriated Funds System

At June 30, 2003, there was approximately \$3,260 being held by the facility in the Non-Appropriated Fund System (NAFS) Maximum Potential (MAX) holding sub-account. The facility indicated these monies have been held since 1996 pending litigation over a provider contract issue. Facility personnel indicated they assumed the provider remained in litigation and the Department of Mental Health would notify KCRC when the litigation was resolved and in turn, would instruct them on how to disburse the money. Upon our inquiry of this holding account, KCRC requested an opinion from legal counsel as to the status of this account. KCRC was notified that it was not necessary to continue holding these funds, as the statute of limitations on such issues is five years, which has expired.

KCRC should attempt to identify the proper disposition of monies in the account and disburse these funds to the proper party.

WE RECOMMEND Regional Center management ensure personnel identify the proper disposition of unidentified NAFS monies in a timely manner.

AUDITEE'S RESPONSE

We partially concur. In the identified situations, the KCRC was not informed that litigation was completed and therefore maintained the fund in a specified account. Upon notification that litigation had ended, the KCRC had those funds deposited to General Revenue as directed.

The Kansas City Regional Center (KCRC) does not have adequate oversight to ensure all clients are afforded the same safety and quality of care. KCRC contracts with approximately 356 vendors to provide residential facilities and day habilitation programs for about 4,976 individuals who are developmentally disabled. The regional center staff are responsible for providing assessment and case management services, which include coordination of each client's individualized habilitation plan, and overseeing and monitoring contractors to ensure its clients are living in safe and sanitary facilities and are free from physical, verbal, or any other type of abuse or neglect.

- A. KCRC has not established a system to track all incident and injury reports submitted. Department Operating Regulation (DOR) 2.210 requires reporting, investigating, and processing complaints/reports of abuse, neglect, and misuse of funds/property of DMH consumers in a residential facility, day program, or specialized services that have been committed by a vendor employee. Incident and injury reports that meet these criteria are required to be reported to the Incident and Injury Tracking System (IITS) and investigated.

Incidents which do not involve a vendor employee are not required to be tracked in a database. Current procedures for these type incidents are for the service coordinator to file the incident and injury report in the providers' files. Prior to July 2003, incident and injury reports not required to be entered to the IITS were not retained by KCRC staff. In addition, while a sequential number is assigned to all cases entered into the IITS, reports not required to be entered are not assigned a sequential number. As a result, there is less assurance that all incident and injury reports have been properly handled by KCRC personnel.

A tracking system, where all incident and injury reports are required to be posted, would help ensure all reports to the KCRC are properly investigated, when required. Also, a tracking system would allow the facility to perform additional analysis of incidents to help identify behavioral trends in clients or identify problem situations with clients and staff as they develop. Assigning a sequential number to each incident and injury report will provide more assurance that each incident entered into the tracking system is accounted for, as well as provide a reference number to help organize the information generated during an investigation, if required.

- B. We reviewed 10 incident and injury reports which were not entered into the IITS and noted the following concerns:
- 1) None of the incident and injury reports contained any evidence of follow-up or action taken by the service coordinator or quality assurance personnel. For example, one incident report was filed because a client injured a direct care staff and had hit another client with a closed fist. The

client's file indicated a total of twenty-four incidents reported to KCRC for aggression or injury of staff and other clients, but KCRC personnel could provide no supporting documentation of follow-up action taken by the service coordinator. The KCRC Director indicated that for cases not entered into the IITS, the service coordinator should maintain documentation of action taken by the facility in the case notes, but the facility was unable to provide documentation of actions taken by the service coordinators for any of the 10 incidents we reviewed.

It is imperative that personnel ensure the safety and well-being of each client. All incident and injuries should be thoroughly documented and reviewed.

- 2) Incident and injury reports are not always complete. Two incident and injury reports were incomplete, omitting the time and date of the incident and if it was an injury or non-injury incident. In addition, nine files contained documents that were not signed by both the service coordinator and quality assurance personnel indicating their review of the incident. As a result, we could not determine who completed and/or reviewed these documents. KCRC personnel indicated that all incident and injury reports are to be reviewed and signed by both the service coordinator and quality assurance personnel.
- 3) One of ten incident and injury reports we reviewed appeared to meet the abuse and neglect criteria requiring entry into the IITS. The incident was that a client was left unattended in a vehicle by an employee. This incident was not entered into the IITS and was not investigated.

DOR 2.210 indicates verbal abuse would be considered abuse and therefore should be investigated. Leaving a client unattended in a vehicle is indicative of neglect and should have at least been investigated.

- C. Incident and injury reports meeting the abuse and neglect criteria are assigned to an investigator, who is required to complete an investigative report. This report is to be submitted to the Regional Center Director within 30 working days of the complaint filing. The Regional Center Director makes recommendations based upon the investigative reports within 10 working days after receiving the final investigative report and is responsible for the final disposition of each case.

We reviewed ten abuse and neglect reports and noted the following concerns:

- 1) Abuse and neglect reports are not always filed with the KCRC and recorded in the DMH database timely. We noted three incident reports were not filed and/or not recorded in the DMH database timely. For example, an alleged abuse caused by a direct care staff was reported

October 24, 2003, but the incident did not get entered into IITS until November 20, 2003, 30 days later.

DMH policy states any complaint shall be reported immediately and requires an initial incident and injury report to be completed. The abuse and neglect reports are to be recorded in the DMH database within 24 hours or by the end of the next working day after the incident occurred, was discovered, or the notification was received. Without the initial report being filed timely, the quality assurance team is unable to investigate incidents such as abuse/neglect or theft on timely basis.

- 2) Investigative reports are not always completed within 30 working days of the filing of the complaint. Two investigative reports were not completed by the investigator within 30 working days following the complaint, and a preliminary report was not completed documenting the conditions for delaying the investigative report.

DOR 2.210 states "The investigative report shall be completed within 30 working days of the filing of the complaint. A preliminary report shall be completed if the investigative report cannot be completed within 30 working days due to conditions beyond control of the investigative body."

- 3) The decision to substantiate or not substantiate the charge of abuse or neglect is not always decided upon within 10 working days after receiving the final investigative report, as required. We reviewed three reports where the decision to substantiate or not substantiate the charges was not decided on within 10 working days of the final investigative report.

DOR 2.210 states, "After receiving the final investigative report, the regional administrator's office, regional center director's office or other department designee shall within 10 working days, do one of the following: (A) Decide upon appropriate disposition of the matter, or (B) Request further investigation in which case an additional 10 working days may be allowed to complete the investigation unless the regional administrator's office, regional center director's office, or other department designee allows for a longer period of time."

WE RECOMMEND Regional Center management:

- A. Continue to retain all incident and injury reports and require all reports be posted to a database. To improve accountability over reports, a sequential number should be assigned to all reports and periodically account for the numerical sequence.
- B.1 Ensure supporting documentation of actions taken regarding incident and injury reports is maintained.

2. Ensure incident and injury reports are complete and accurate.
 3. Require and ensure investigations are conducted of all alleged abuse and neglect cases.
- C.1 Ensure abuse or neglect reports are properly filed and posted to the tracking system on a timely basis.
2. Require and ensure investigative reports be completed within the required time periods.
 3. Document the decision to substantiate or not substantiate charges within the time frames established by the DOR.

AUDITEE'S RESPONSE

- A. *The Kansas City Regional Center will utilize the newly developed statewide event reporting mechanism, which includes entering of information into a database for those events not meeting the standard of entry into the IITS system. The regional center will establish a manual system for numerically sequencing event reports that are not entered into the IITS database, until such time as the Department CIMOR database system is completed which will be the warehouse for all events reported on the statewide community event report form. Current projected completion date for CIMOR is July 2005.*
- B1. *The Kansas City Regional Center has provided training to regional center staff and contracted providers with regard to the event reporting process. Five (5) staff of the Kansas City Regional Center with responsibilities for data entry, incident review, data analysis regarding DMH statewide IITS system participated in training provided by the Division's Unit on Policy, Training, and Quality. The purpose of the training was to ensure statewide compliance with regulations and data integrity of information entered in IITS. Regional center staff has received information with regard to necessary documentation of follow-up efforts. Supervisory staff will sample casenote information to provide ongoing guidance/direction to staff with regard to these requirements.*
2. *The "new" process includes three levels of review for event reports: a) initial review/signature by the service coordinator; b) subsequent review/signature by the quality assurance (QA) team representative; and c) review by the person entering the data into the applicable database. It is felt that this is sufficient to identify any event reports that are not complete. Upon identification of an incomplete report at any of these levels, the service coordinator will be asked to contact the agency who prepared the report for the additional information.*
 3. *The Kansas City Regional Center will use the multiple review process to ensure that any information suggesting abuse or neglect or misuse of funds/property will be assigned for*

formal investigation. The Director's office will be consulted for final decision in those situations that reviewing staff are unable to make this determination.

- C1. The process as noted above will be used to ensure that reports are entered into the database in a timely manner. In addition, effective December 13, 2004, the Division created an IITS report titled, "Investigation Report Listing by Creation Date", which is posted to DMH on-line and accessible to facilities. The purpose is to monitor timeliness of data entry of incidents into IITS through resolution of investigations. In addition to KCRC quality assurance staff, the statewide QA team representative of the Division Unit for Policy, Training, and Quality will also analyze this report for compliance with DOR 2.210.*
- 2. The requirements with regard to completion of investigative reports and the mechanism to request an extension has been reiterated with staff who conducts those investigations. The statewide QA team representative will also be monitoring this process and providing needed technical assistance.*
- 3. The Regional Center Director will continue to strive to meet the timelines with regard to decision-making. The statewide QA team in the Division Unit for Policy, Training, and Quality will also be monitoring this process and providing needed technical assistance.*

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

DEPARTMENT OF MENTAL HEALTH
KANSAS CITY REGIONAL CENTER
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The Kansas City Regional Center (KCRC) is one of eleven regional centers established by the Department of Mental Health. The objective of the facility is to provide, procure, or purchase comprehensive services for the mentally retarded, cerebral palsied, epileptic, autistic, and learning disabled residents of Bates County, Cass County, Clay County, Lafayette County, Jackson County, Johnson County, Platte County, and Ray County. The facility's operations began in August 1971. In July 1989, the facility moved to 821 East Admiral Boulevard.

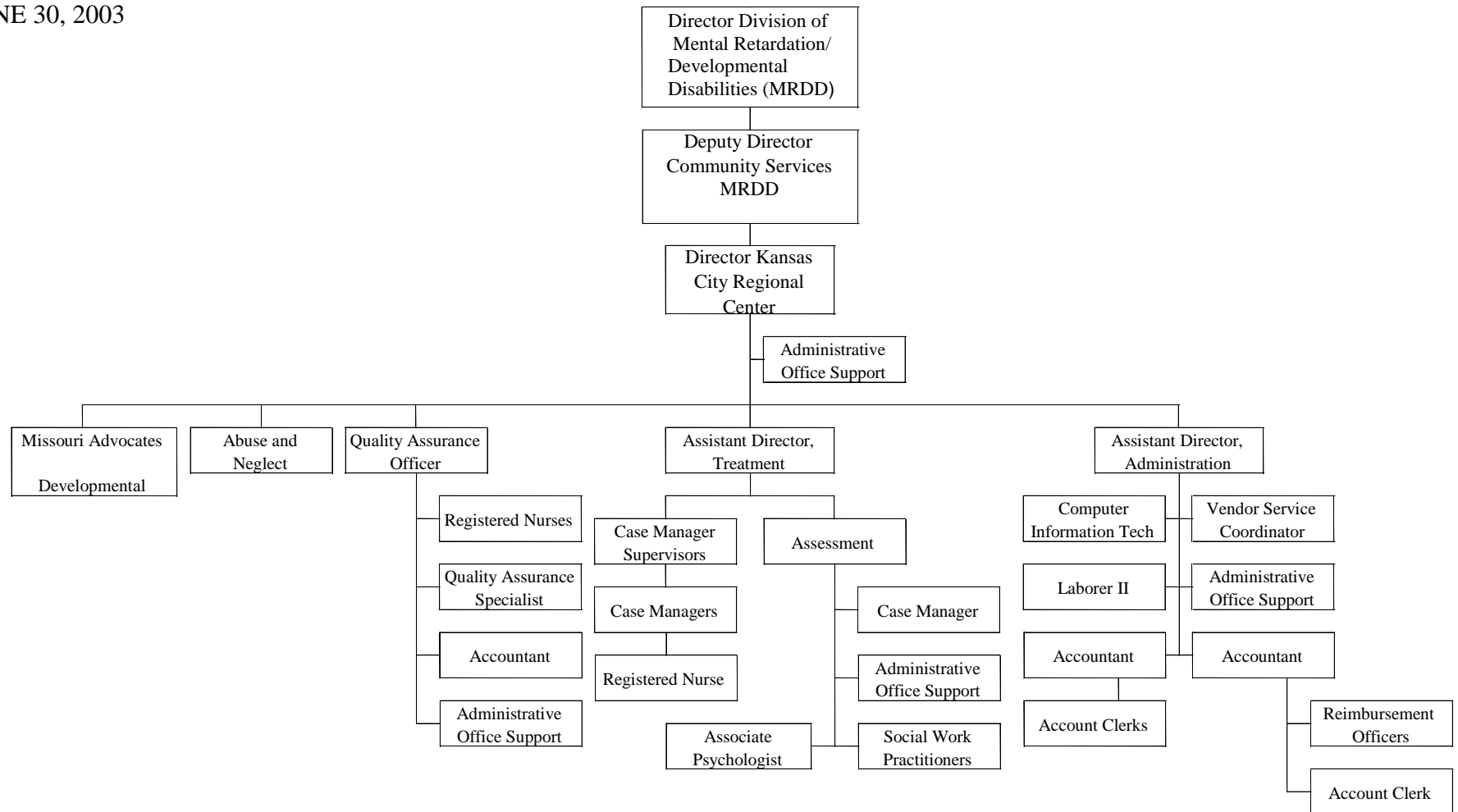
The facility serves as the entry and exit point for securing comprehensive mental retardation and developmentally disabled services for clients of the Department of Mental Health whose parents or guardians reside in the region identified above.

The facility is a focal point from which a developmentally disabled individual and family are directed to all essential services required to meet the needs of the client. The facility's staff, working in cooperation with the family, area organizations, state-operated habilitation centers, community placement facilities, and other service vendors, plans and provides for lifetime services to meet the needs of the clients. As of June 30, 2003, the facility had an active caseload of approximately 4,976 clients and employed approximately 120 personnel assigned to various administrative, service, and support sections.

In December 2000, Dr. Anne Deaton became the Director of the Division of Mental Retardation and Developmentally Disabilities. At June 30, 2003, Gale Claire serves as the Division Deputy Director, Field Services for the North District, and is responsible for supervising operations of the Kansas City Regional Center. Steven R. Bartlett serves as Kansas City Regional Center Director.

An organization chart and statistical data follow:

DEPARTMENT OF MENTAL HEALTH
KANSAS CITY REGIONAL CENTER
ORGANIZATION CHART
JUNE 30, 2003



DEPARTMENT OF MENTAL HEALTH
KANSAS CITY REGIONAL CENTER
STATISTICAL DATA

	Year Ended June 30,	
	2003	2002
Service Coordinators	68	69
Clients	4,976	4,619
Ratio of Service Coordinators		
To Clients	1:73	1:67
Providers:		
Community Placement	95	92
Purchase of Service	83	80
Medicaid Waiver	178	172
Total Providers	356	344

Appendix A

DEPARTMENT OF MENTAL HEALTH KANSAS CITY REGIONAL CENTER COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES TWO YEARS ENDED JUNE 30, 2003

Year Ended June 30,						
2003			2002			
Appropriation Authority	Expenditures	Lapsed Balances	Appropriation Authority	Expenditures	Lapsed Balances	
GENERAL REVENUE FUND						
Personal Service	\$ 2,150,645	2,073,768	76,877	2,168,475	2,140,485	27,990
Expense and Equipment	331,393	236,747	94,646	381,393	297,348	84,045
Maintenance and Repairs	155,157	20,157	135,000	162,067	6,910	155,157 *
Personal Service and/or Expense and Equipment Flex	113,192	45,255	67,937	240,942	160,897	80,045
Total General Revenue Fund	2,750,387	2,375,927	374,460	2,952,877	2,605,640	347,237
DEPARTMENT OF MENTAL HEALTH - FEDERAL						
Expense and Equipment	5,595	4,681	914	5,595	5,170	425
Total Department of Mental Health - Federal	5,595	4,681	914	5,595	5,170	425
Total All Funds	\$ 2,755,982	2,380,608	375,374	2,958,472	2,610,810	347,662

Note: The appropriations presented above are used to account for and control the facility's expenditures from amounts appropriated to the facility by the General Assembly. The facility administers transactions from the appropriations presented above. However, the State Treasurer, as fund custodian, and the Office of Administration provide administrative control over the fund resources within the authority prescribed by the General Assembly. This schedule does not represent all expenditures of the facility. Some expenditures relating to state facilities are charged to department-wide appropriations and are not identified by facility. Expenditures charged to department-wide appropriations that are identified to Kansas City Regional Center are noted in Appendix B.

*Biennial appropriations set up in fiscal year 2002 are re-appropriations to fiscal year 2003. After the fiscal year-end processing has been completed, the unexpended fiscal year 2002 appropriation balance for a biennial appropriation is established in fiscal year 2003. Therefore, there is no lapsed balance for a biennial appropriation at the end of fiscal year 2002.

The lapsed balances include the following withholdings made at the Governor's request:

Year Ended June 30,		
	2003	2002
Personal Service	\$ 74,458	26,875
Expense and Equipment	92,944	80,536
Maintenance and Repairs	135,000	0
Personal Service and/or Expense and Equipment	67,190	80,045
	\$ 369,592	187,456

Appendix B

DEPARTMENT OF MENTAL HEALTH KANSAS CITY REGIONAL CENTER COMPARATIVE STATEMENT OF EXPENDITURES (FROM APPROPRIATIONS)

	Year Ended June 30,			
	2003		2002	
	Expenditures From Facility Appropriations	Expenditures From Department-Wide Appropriations For KCRC	Expenditures From Facility Appropriations	Expenditures From Department-Wide Appropriations For KCRC
Salaries and Wages	\$ 2,073,768	1,633,380	2,277,967	1,614,376
Travel, In-State	11,755	88,612	52,111	74,655
Travel, Out-Of-State	0	0	241	249
Fuel and Utilities	0	55,842	0	54,784
Supplies	35,020	17,934	30,837	20,498
Professional Development	3,532	3,765	2,006	4,014
Communication Service and Support	26,352	25,542	27,532	29,024
Professional Services	93,149	372,613	76,568	221,918
Housekeeping and Janitorial Services	40,665	2,203	18,597	13,990
Maintenance and Repair Services	25,522	982	27,391	1,580
Computer Equipment	1,102	0	2,527	0
Office Equipment	13,099	0	3,256	0
Other Equipment	15,612	6	823	0
Property and Improvements	27,430	42,977	10,714	8,699
Debt Service	0	0	10,729	0
Building Lease Payments	13,301	0	2,360	0
Equipment Rental and Leases	0	0	66,584	0
Miscellaneous Expenses	301	77	567	0
Program Distributions	0	22,090,611	0	22,632,827
Total Expenditures	\$ 2,380,608	24,334,544	2,610,810	24,676,614

Appendix C

DEPARTMENT OF MENTAL HEALTH
KANSAS CITY REGIONAL CENTER
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CASH BALANCES – CLIENT FUNDS (FROM NON-APPROPRIATED FUNDS)

		Year Ended June 30,	
		2003	2002
CASH BALANCE, JULY 1	\$	1,065,322	989,255
RECEIPTS		8,189,014	8,188,498
DISBURSEMENTS		8,474,597	8,112,431
CASH BALANCE, JUNE 30	\$	<u>779,739</u>	<u>1,065,322</u>

Appendix D

DEPARTMENT OF MENTAL HEALTH KANSAS CITY REGIONAL CENTER COMPARATIVE STATEMENT OF MENTAL HEALTH TRUST FUND RECEIPTS DISBURSEMENTS, AND CASH BALANCES (FROM SENATE BILL 40 TAX)

		Year Ended June 30,	
		2003	2002
CASH BALANCE, JULY 1	\$	436,011	66,856
RECEIPTS		2,580,233	2,131,507
DISBURSEMENTS		2,419,359	1,762,352
CASH BALANCE, JUNE 30	\$	<u>596,884</u>	<u>436,011</u>

Note: Vendors of the Kansas City Regional Center provide services to numerous clients who are also affiliated with the surrounding counties' Senate Bill 40 Boards. The costs of these services are initially paid by the state's Medicaid program. The receipts in the schedule above represent reimbursements made by the various Senate Bill 40 Boards for a percentage of the cost. The disbursements represent the Kansas City Regional Center's match, which is paid to the state's Medicaid program.



**BATES COUNTY, MISSOURI
YEARS ENDED DECEMBER 31, 2003 AND 2002**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-99
December 30, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

December 2004

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Bates County, that do not have a county auditor. In addition to a financial and compliance audit of various county operating funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Bates County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The Sheriff's Department has not segregated accounting duties or provided for independent oversight of accounting functions, does not deposit fee account receipts intact on a timely basis, does not issue receipts slips for all monies received, and the numerical sequence of receipt slips is not reconciled to deposits. Official receipts are sometimes used for purchases, monthly fee reports are not being prepared, and bank reconciliations for the inmate account are not performed and reconciled to an open items listing. In addition, purchases of vehicles were made without bids, a patrol car was sold without advertisement to the Sheriff for \$3,100, and vehicle logs are not maintained for Sheriff's vehicles.
- The Prosecuting Attorney continues to collect a \$50 deferred prosecution fee on criminal cases which are not prosecuted, although no legal authority to collect this fee was provided. Receipts slips are not always issued for these fees and the monies collected are not deposited to the county treasury, but are used to purchase soda, snacks, and office supplies. The Prosecuting Attorney has custody of the Prosecuting Attorney Bad Check Fund and some expenditures from this fund, such as employee bonuses and employee meals within the city of Butler, appear questionable. Procedures for handling restitution monies were questioned and the Prosecuting Attorney maintains custody of the Prosecuting Attorney's Federal Forfeiture account, contrary to an Attorney General's Opinion.
- The Walnut Township Collector failed to make property tax distributions totaling over \$25,000 during the fiscal year ended February 28, 2003. These distributions were eventually made several months later after county officials were notified. Our audit further identified an additional \$2,463 which was not distributed during the fiscal year ended February 29, 2002. These monies were not paid out until April 2004, after we contacted the Walnut Township Collector. Charges of theft have been filed against the Walnut Township Collector by the Prosecuting Attorney.

(over)

YELLOW SHEET

- No evidence of advance planning, including forecasts of projected revenues and expenditures or occupancy rates for the new detention center, were provided for the detention center. The delay in housing federal prisoners has been a factor in the poor financial condition of the Law Enforcement Sales Tax Fund. Revenue and expenditure data provided to the County Commission in June 2004 contained errors and had to be revised in November 2004. Neither version of this financial data was reconciled or compared to the county's financial records. Communication problems between the County Commission and the jail staff exist as to what expenditures are attributable to the jail versus the other departments funded through the Law Enforcement Sales Tax Fund.
- Disbursements were approved in excess of budgeted amounts for various funds and several funds overspent their approved budgets. The General Fund owes \$76,000 to the Special Road and Bridge Fund, due to excessive administrative transfers during 2001-2003.
- Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide a mid-term salary increase for associate county commissioners elected in 1996, due to the fact that their terms were increased from two years to four. Based on this law, in 1999 Bates County Associate County Commissioners' salaries were each increased approximately \$8,400 yearly, according to information from the County Clerk.

On May 15, 2001, the Missouri Supreme Court handed down an opinion that holds that all raises given pursuant to this statute section are unconstitutional. Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$16,800 for the two years ended December 31, 2000, should be repaid.

County officials received raises in July 2003, due to a change in assessed valuation of the county. However, Section 50.333.8, RSMo, states elected officials' salaries shall be adjusted each year based on the official's year of incumbency. An opinion from the Prosecuting Attorney indicated the raises appeared to be allowable, but did not indicate the effective date. In addition, it appears current year's, rather than the preceding year's assessed valuation, was used when determining the maximum allowable salaries.

The audit also suggested improvements to procedures over capital assets and various expenditures. In addition, the audit included recommendations to the County Clerk, Health Center, Associate Division, Assessor, and Senate Bill 40 Board.

All reports are available on our website: www.auditor.mo.gov

BATES COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON
THE FINANCIAL STATEMENTS**

To the County Commission
and
Officeholders of Bates County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Bates County, Missouri, as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Bates County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2003 and 2002, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated June 25, 2004, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Bates County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.

A handwritten signature in black ink that reads "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

June 25, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Todd M. Schuler, CPA
In-Charge Auditor:	Lori Bryant
Audit Staff:	Gek Mui Melinda Tan



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission
and
Officeholders of Bates County, Missouri

We have audited the financial statements of various funds of Bates County, Missouri, as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated June 25, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of various funds of Bates County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Bates County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all

matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Bates County, Missouri, and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink that reads "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

June 25, 2004 (fieldwork completion date)

Financial Statements

Exhibit A-1

BATES COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2003

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 522,848	851,257	620,728	753,377
Special Road and Bridge	603,332	1,072,597	973,587	702,342
Assessment	8,208	186,955	176,431	18,732
Law Enforcement Sales Tax	115,982	784,708	1,033,954	(133,264)
Recorder's User Fees	12,446	11,797	2,785	21,458
Prosecuting Attorney Training	5,102	1,646	3,152	3,596
Law Enforcement Training	11,679	6,815	16,033	2,461
Families in Crisis	630	1,031	1,661	0
Drug Abuse Resistance and Education	1,544	4,861	5,000	1,405
Local Emergency Planning Commission	9,214	7,827	8,223	8,818
Sheriff's Civil Fees	6,590	11,437	17,200	827
Election Services	5,193	994	562	5,625
Recorder Technology	7,264	5,634	0	12,898
Jail Bond	0	526,948	526,948	0
Tax Maintenance	1,598	14,285	859	15,024
Health Center	489,777	353,422	366,864	476,335
Senate Bill 40	132,206	110,124	220,914	21,416
Law Library	669	8,692	7,736	1,625
Prosecuting Attorney Delinquent SalesTax	7	1,088	0	1,095
Sheriff's Federal Forfeiture	1,277	0	0	1,277
Prosecuting Attorney Bad Check	10,869	13,877	11,825	12,921
Prosecuting Attorney's Federal Forfeiture	3,334	5	0	3,339
Associate Circuit Division Interest	17,617	153	4,347	13,423
Circuit Clerk Interest	2,408	63	1,718	753
Children's Emergency Fund	4,694	562	483	4,773
Total	\$ 1,974,488	3,976,778	4,001,010	1,950,256

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

BATES COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
 YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 397,757	832,795	707,704	522,848
Special Road and Bridge	451,907	1,150,372	998,947	603,332
Assessment	12,070	150,438	154,300	8,208
Law Enforcement Sales Tax	137,503	710,572	732,093	115,982
Recorder's User Fees	4,596	12,707	4,857	12,446
Prosecuting Attorney Training	5,064	1,818	1,780	5,102
Law Enforcement Training	18,347	11,520	18,188	11,679
Families in Crisis	654	1,347	1,371	630
Drug Abuse Resistance and Education	1,015	2,529	2,000	1,544
Local Emergency Planning Commission	6,953	6,563	4,302	9,214
Sheriff's Civil Fees	3,088	17,502	14,000	6,590
Election Services	5,472	3,641	3,920	5,193
Recorder Technology	2,243	5,021	0	7,264
Jail Bond	0	313,841	313,841	0
Tax Maintenance	0	1,611	13	1,598
Health Center	469,372	324,217	303,812	489,777
Senate Bill 40	148,942	110,918	127,654	132,206
Law Library	10	7,232	6,573	669
Prosecuting Attorney Delinquent SalesTax	123	384	500	7
Sheriff's Federal Forfeiture	1,277	0	0	1,277
Prosecuting Attorney Bad Check	5,519	17,374	12,024	10,869
Prosecuting Attorney's Federal Forfeiture	3,328	6	0	3,334
Associate Circuit Division Interest	17,311	479	173	17,617
Circuit Clerk Interest	2,774	38	404	2,408
Children's Emergency Fund	4,324	550	180	4,694
Community Development Block Grant	10	2,602	2,612	0
Total	\$ 1,699,659	3,686,077	3,411,248	1,974,488

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

BATES COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TOTALS - VARIOUS FUNDS</u>						
RECEIPTS	\$ 3,995,320	3,850,906	(144,414)	3,422,839	3,349,192	(73,647)
DISBURSEMENTS	4,573,735	3,761,723	812,012	3,992,452	3,081,501	910,951
RECEIPTS OVER (UNDER) DISBURSEMENTS	(578,415)	89,183	667,598	(569,613)	267,691	837,304
CASH, JANUARY 1	1,802,027	1,802,076	49	1,515,990	1,664,993	149,003
CASH, DECEMBER 31	1,223,612	1,891,259	667,647	946,377	1,932,684	986,307
<u>GENERAL REVENUE FUND</u>						
RECEIPTS						
Property taxes	417,850	423,974	6,124	401,900	416,267	14,367
Intergovernmental	45,850	46,268	418	15,075	46,652	31,577
Charges for services	236,300	248,215	11,915	213,750	237,744	23,994
Interest	7,050	4,807	(2,243)	5,600	7,654	2,054
Other	95,400	87,993	(7,407)	223,361	84,478	(138,883)
Transfers in	40,000	40,000	0	40,000	40,000	0
Total Receipts	842,450	851,257	8,807	899,686	832,795	(66,891)
DISBURSEMENTS						
County Commission	87,450	89,244	(1,794)	87,283	86,960	323
County Clerk	70,250	68,769	1,481	68,050	68,535	(485)
Elections	26,660	4,036	22,624	46,150	44,315	1,835
Buildings and grounds	292,930	86,618	206,312	429,035	170,315	258,720
Employee fringe benefits	73,000	75,815	(2,815)	71,000	64,529	6,471
County Treasurer and Ex Officio Collector	72,100	70,921	1,179	71,100	62,694	8,406
Recorder of Deeds	76,108	74,478	1,630	80,239	77,758	2,481
Circuit Clerk	10,500	5,000	5,500	10,500	5,032	5,468
Associate Circuit Court	18,180	4,806	13,374	16,200	4,286	11,914
Court administration	22,032	7,982	14,050	18,646	14,750	3,896
Public Administrator	23,630	20,381	3,249	23,730	20,385	3,345
University Extension Council	35,500	35,500	0	34,500	34,500	0
Postage	15,000	10,672	4,328	15,000	10,624	4,376
Plat Books and Maps	10,000	7,486	2,514	15,000	9,199	5,801
Insurance	6,150	6,358	(208)	4,150	5,606	(1,456)
Public health and welfare services	2,000	2,000	0	2,000	2,000	0
Other	44,200	35,662	8,538	37,780	24,518	13,262
Transfers out	15,000	15,000	0	15,000	1,698	13,302
Emergency Fund	21,000	0	21,000	21,000	0	21,000
Total Disbursements	921,690	620,728	300,962	1,066,363	707,704	358,659
RECEIPTS OVER (UNDER) DISBURSEMENTS	(79,240)	230,529	309,769	(166,677)	125,091	291,768
CASH, JANUARY 1	522,848	522,848	0	397,757	397,757	0
CASH, DECEMBER 31	443,608	753,377	309,769	231,080	522,848	291,768

Exhibit B

BATES COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	45,000	46,040	1,040	44,000	44,855	855
Intergovernmental	1,183,250	993,068	(190,182)	1,143,500	1,024,373	(119,127)
Charges for services	25,000	28,542	3,542	20,000	27,924	7,924
Interest	6,500	4,302	(2,198)	4,000	7,961	3,961
Other	2,500	645	(1,855)	2,500	45,259	42,759
Total Receipts	1,262,250	1,072,597	(189,653)	1,214,000	1,150,372	(63,628)
DISBURSEMENTS						
Salaries	206,390	194,887	11,503	186,100	175,684	10,416
Employee fringe benefits	69,500	69,051	449	66,000	56,009	9,991
Supplies	13,800	11,550	2,250	8,800	7,190	1,610
Insurance	18,000	19,618	(1,618)	15,000	16,881	(1,881)
Operation and maintenance	35,500	45,282	(9,782)	33,000	27,996	5,004
Equipment purchases and maintenance	165,800	49,759	116,041	168,800	165,421	3,379
Construction, repair, and maintenance	800,000	365,554	434,446	800,000	356,769	443,231
Mileage and training	950	71	879	300	646	(346)
Distributions to road districts	175,000	175,000	0	150,000	150,000	0
Other	3,150	2,815	335	3,550	2,351	1,199
Transfers out	40,000	40,000	0	40,000	40,000	0
Total Disbursements	1,528,090	973,587	554,503	1,471,550	998,947	472,603
RECEIPTS OVER (UNDER) DISBURSEMENTS	(265,840)	99,010	364,850	(257,550)	151,425	408,975
CASH, JANUARY 1	603,332	603,332	0	451,907	451,907	0
CASH, DECEMBER 31	337,492	702,342	364,850	194,357	603,332	408,975
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	159,400	168,143	8,743	146,000	146,714	714
Charges for services	1,750	1,696	(54)	1,675	1,979	304
Interest	500	279	(221)	500	576	76
Other	1,200	1,837	637	1,300	1,169	(131)
Transfers in	15,000	15,000	0	15,000	0	(15,000)
Total Receipts	177,850	186,955	9,105	164,475	150,438	(14,037)
DISBURSEMENTS						
Assessor	181,600	176,431	5,169	166,990	154,300	12,690
Total Disbursements	181,600	176,431	5,169	166,990	154,300	12,690
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,750)	10,524	14,274	(2,515)	(3,862)	(1,347)
CASH, JANUARY 1	8,208	8,208	0	12,070	12,070	0
CASH, DECEMBER 31	4,458	18,732	14,274	9,555	8,208	(1,347)

Exhibit B

BATES COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT SALES TAX FUND</u>						
RECEIPTS						
Sales and use taxes	589,000	601,469	12,469	565,000	586,990	21,990
Intergovernmental	67,500	120,183	52,683	67,000	81,914	14,914
Charges for services	234,090	35,273	(198,817)	34,650	29,640	(5,010)
Interest	2,000	577	(1,423)	1,000	2,022	1,022
Other	6,250	22,206	15,956	7,000	7,506	506
Transfers in	2,000	5,000	3,000	2,500	2,500	0
Total Receipts	900,840	784,708	(116,132)	677,150	710,572	33,422
DISBURSEMENTS						
Sheriff	303,000	319,548	(16,548)	321,300	295,412	25,888
Jail	351,300	352,132	(832)	140,400	151,170	(10,770)
Prosecuting Attorney	128,950	124,592	4,358	122,750	115,862	6,888
Juvenile Officer	77,275	48,788	28,487	66,214	49,067	17,147
County Coroner	18,715	14,486	4,229	17,085	14,214	2,871
Employee fringe benefits	107,200	168,107	(60,907)	90,500	101,714	(11,214)
Other	5,000	5,241	(241)	5,000	4,654	346
Transfers out	0	1,060	(1,060)	0	0	0
Total Disbursements	991,440	1,033,954	(42,514)	763,249	732,093	31,156
RECEIPTS OVER (UNDER) DISBURSEMENTS	(90,600)	(249,246)	(158,646)	(86,099)	(21,521)	64,578
CASH, JANUARY 1	115,982	115,982	0	137,503	137,503	0
CASH, DECEMBER 31	25,382	(133,264)	(158,646)	51,404	115,982	64,578
<u>RECORDER'S USER FEES FUND</u>						
RECEIPTS						
Charges for services	11,700	11,683	(17)	8,700	12,597	3,897
Interest	100	114	14	0	110	110
Total Receipts	11,800	11,797	(3)	8,700	12,707	4,007
DISBURSEMENTS						
Recorder of Deeds	10,000	2,785	7,215	9,500	4,857	4,643
Total Disbursements	10,000	2,785	7,215	9,500	4,857	4,643
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,800	9,012	7,212	(800)	7,850	8,650
CASH, JANUARY 1	12,446	12,446	0	4,596	4,596	0
CASH, DECEMBER 31	14,246	21,458	7,212	3,796	12,446	8,650
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for services	1,800	1,646	(154)	1,750	1,818	68
Total Receipts	1,800	1,646	(154)	1,750	1,818	68
DISBURSEMENTS						
Prosecuting Attorney	4,250	3,152	1,098	3,750	1,780	1,970
Total Disbursements	4,250	3,152	1,098	3,750	1,780	1,970
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,450)	(1,506)	944	(2,000)	38	2,038
CASH, JANUARY 1	5,102	5,102	0	5,064	5,064	0
CASH, DECEMBER 31	2,652	3,596	944	3,064	5,102	2,038

Exhibit B

BATES COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	2,000	0	(2,000)	3,500	3,766	266
Charges for services	7,500	6,487	(1,013)	7,000	7,489	489
Interest	200	64	(136)	100	206	106
Other	500	264	(236)	200	59	(141)
Total Receipts	10,200	6,815	(3,385)	10,800	11,520	720
DISBURSEMENTS						
Sheriff	17,350	16,033	1,317	12,750	18,188	(5,438)
Total Disbursements	17,350	16,033	1,317	12,750	18,188	(5,438)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(7,150)	(9,218)	(2,068)	(1,950)	(6,668)	(4,718)
CASH, JANUARY 1	11,679	11,679	0	18,347	18,347	0
CASH, DECEMBER 31	4,529	2,461	(2,068)	16,397	11,679	(4,718)
<u>FAMILIES IN CRISIS FUND</u>						
RECEIPTS						
Charges for services	1,300	1,031	(269)	1,400	1,347	(53)
Total Receipts	1,300	1,031	(269)	1,400	1,347	(53)
DISBURSEMENTS						
Domestic violence shelter	1,500	1,661	(161)	1,500	1,371	129
Total Disbursements	1,500	1,661	(161)	1,500	1,371	129
RECEIPTS OVER (UNDER) DISBURSEMENTS	(200)	(630)	(430)	(100)	(24)	76
CASH, JANUARY 1	630	630	0	654	654	0
CASH, DECEMBER 31	430	0	(430)	554	630	76
<u>DRUG ABUSE RESISTANCE AND EDUCATION FUND</u>						
RECEIPTS						
Other	2,500	4,861	2,361	2,500	2,529	29
Total Receipts	2,500	4,861	2,361	2,500	2,529	29
DISBURSEMENTS						
Transfers out	2,000	5,000	(3,000)	2,000	2,000	0
Total Disbursements	2,000	5,000	(3,000)	2,000	2,000	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	500	(139)	(639)	500	529	29
CASH, JANUARY 1	1,544	1,544	0	1,015	1,015	0
CASH, DECEMBER 31	2,044	1,405	(639)	1,515	1,544	29
<u>LOCAL EMERGENCY PLANNING COMMISSION FUND</u>						
RECEIPTS						
Intergovernmental	3,250	7,827	4,577	8,000	6,563	(1,437)
Total Receipts	3,250	7,827	4,577	8,000	6,563	(1,437)
DISBURSEMENTS						
Other	8,000	8,223	(223)	6,000	4,302	1,698
Total Disbursements	8,000	8,223	(223)	6,000	4,302	1,698
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,750)	(396)	4,354	2,000	2,261	261
CASH, JANUARY 1	9,214	9,214	0	6,953	6,953	0
CASH, DECEMBER 31	4,464	8,818	4,354	8,953	9,214	261

Exhibit B

BATES COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SHERIFF'S CIVIL FEES FUND</u>						
RECEIPTS						
Charges for services	17,000	11,418	(5,582)	11,000	17,465	6,465
Interest	100	19	(81)	0	37	37
Total Receipts	17,100	11,437	(5,663)	11,000	17,502	6,502
DISBURSEMENTS						
Sheriff	20,000	17,200	2,800	14,000	14,000	0
Total Disbursements	20,000	17,200	2,800	14,000	14,000	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,900)	(5,763)	(2,863)	(3,000)	3,502	6,502
CASH, JANUARY 1	6,590	6,590	0	3,088	3,088	0
CASH, DECEMBER 31	3,690	827	(2,863)	88	6,590	6,502
<u>ELECTION SERVICES FUND</u>						
RECEIPTS						
Intergovernmental	2,500	994	(1,506)	3,000	1,943	(1,057)
Transfers in	0	0	0	0	1,698	1,698
Total Receipts	2,500	994	(1,506)	3,000	3,641	641
DISBURSEMENTS						
County Clerk	5,000	562	4,438	3,000	3,920	(920)
Total Disbursements	5,000	562	4,438	3,000	3,920	(920)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,500)	432	2,932	0	(279)	(279)
CASH, JANUARY 1	5,193	5,193	0	5,472	5,472	0
CASH, DECEMBER 31	2,693	5,625	2,932	5,472	5,193	(279)
<u>RECORDER TECHNOLOGY FUND</u>						
RECEIPTS						
Charges for services	7,000	5,570	(1,430)	4,000	5,016	1,016
Interest	0	64	64	0	5	5
Total Receipts	7,000	5,634	(1,366)	4,000	5,021	1,021
DISBURSEMENTS						
Recorder of Deeds	7,000	0	7,000	1,000	0	1,000
Total Disbursements	7,000	0	7,000	1,000	0	1,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	5,634	5,634	3,000	5,021	2,021
CASH, JANUARY 1	7,264	7,264	0	2,242	2,243	1
CASH, DECEMBER 31	7,264	12,898	5,634	5,242	7,264	2,022
<u>JAIL BOND FUND</u>						
RECEIPTS						
Sales taxes	420,000	526,948	106,948			
Total Receipts	420,000	526,948	106,948			
DISBURSEMENTS						
Debt service	420,000	526,948	(106,948)			
Total Disbursements	420,000	526,948	(106,948)			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	0	0	0			

Exhibit B

BATES COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TAX MAINTENANCE FUND</u>						
RECEIPTS						
Charges for services	10,600	14,237	3,637			
Interest	0	48	48			
Total Receipts	10,600	14,285	3,685			
DISBURSEMENTS						
Ex Officio Collector	10,600	859	9,741			
Total Disbursements	10,600	859	9,741			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	13,426	13,426			
CASH, JANUARY 1	1,598	1,598	0			
CASH, DECEMBER 31	1,598	15,024	13,426			
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes	107,500	124,810	17,310	110,000	107,381	(2,619)
Intergovernmental	150,000	161,803	11,803	141,098	154,030	12,932
Charges for services	38,580	44,641	6,061	34,680	41,943	7,263
Interest	15,000	7,129	(7,871)	15,000	16,188	1,188
Other	4,000	15,039	11,039	4,500	4,675	175
Total Receipts	315,080	353,422	38,342	305,278	324,217	18,939
DISBURSEMENTS						
Salaries	230,188	223,828	6,360	199,828	194,771	5,057
Employee fringe benefits	38,563	36,057	2,506	35,598	28,799	6,799
Office expenditures	52,347	48,266	4,081	49,229	37,318	11,911
Mileage and training	7,450	4,380	3,070	6,895	4,774	2,121
Contract services	16,200	13,758	2,442	17,400	12,640	4,760
Maintenance and repairs	67,500	20,498	47,002	32,500	5,923	26,577
Office equipment	7,550	2,431	5,119	6,450	6,016	434
Insurance	6,300	6,478	(178)	6,000	5,812	188
Other	9,675	11,168	(1,493)	10,900	7,759	3,141
Total Disbursements	435,773	366,864	68,909	364,800	303,812	60,988
RECEIPTS OVER (UNDER) DISBURSEMENTS	(120,693)	(13,442)	107,251	(59,522)	20,405	79,927
CASH, JANUARY 1	489,728	489,777	49	469,312	469,372	60
CASH, DECEMBER 31	369,035	476,335	107,300	409,790	489,777	79,987
<u>SENATE BILL 40 FUND</u>						
RECEIPTS						
Property taxes				105,000	106,922	1,922
Intergovernmental				0	251	251
Interest				0	3,727	3,727
Other				0	18	18
Total Receipts				105,000	110,918	5,918
DISBURSEMENTS						
Building				35,000	35,000	0
Operations				65,000	92,654	(27,654)
Total Disbursements				100,000	127,654	(27,654)
RECEIPTS OVER (UNDER) DISBURSEMENTS				5,000	(16,736)	(21,736)
CASH, JANUARY 1				0	148,942	148,942
CASH, DECEMBER 31				5,000	132,206	127,206

Exhibit B

BATES COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for services	6,500	8,592	2,092	6,100	6,532	432
Other	2,300	100	(2,200)	0	700	700
Total Receipts	8,800	8,692	(108)	6,100	7,232	1,132
DISBURSEMENTS						
Law library	9,442	7,736	1,706	6,000	6,573	(573)
Total Disbursements	9,442	7,736	1,706	6,000	6,573	(573)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(642)	956	1,598	100	659	559
CASH, JANUARY 1	669	669	0	10	10	0
CASH, DECEMBER 31	\$ 27	1,625	1,598	110	669	559

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

BATES COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Bates County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, or the Senate Bill 40 Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Jail Bond Fund	2002
Tax Maintenance Fund	2002
Senate Bill 40 Fund	2003
Sheriff's Federal Forfeiture Fund	2003 and 2002
Prosecuting Attorney Bad Check Fund	2003 and 2002

Prosecuting Attorney's Federal Forfeiture Fund	2003 and 2002
Associate Circuit Division Interest Fund	2003 and 2002
Circuit Clerk Interest Fund	2003 and 2002
Children's Emergency Fund	2003 and 2002
Community Development Block Grant Fund	2002

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Law Enforcement Sales Tax Fund	2003
Law Enforcement Training Fund	2002
Families in Crisis Fund	2003
Drug Abuse Resistance and Education Fund	2003
Local Emergency Planning Commission Fund	2003
Election Services Fund	2002
Jail Bond Fund	2003
Senate Bill 40 Fund	2002
Law Library Fund	2002

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Senate Bill 40 Fund	2003 and 2002
Law Library Fund	2003 and 2002
Prosecuting Attorney Bad Check Fund	2003 and 2002
Prosecuting Attorney Federal	

Forfeiture Fund	2003 and 2002
Associate Circuit Division	
Interest Fund	2003 and 2002
Circuit Clerk Interest Fund	2003 and 2002
Children's Emergency Fund	2003 and 2002
Community Development	
Block Grant Fund	2002

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's and the Health Center Board's deposits at December 31, 2003 and 2002, were entirely covered by federal depository insurance or by collateral securities held by the county's and the Health Center Board's custodial bank in the county's and the Health Center Board's name.

The Senate Bill 40 Board's deposits at December 31, 2003 were entirely covered by federal depository insurance.

Of the Senate Bill 40 Board's bank balance at December 31, 2002, \$100,000 was covered by federal depository insurance and \$32,206 was covered by collateral pledged by one bank and held by a correspondent bank in the name of the depository bank's customers.

3. Prior Period Adjustment

The Children's Emergency Fund's cash balance of \$4,324 at January 1, 2002, was not previously reported but has been added.

Schedule

BATES COUNTY, MISSOURI
SCHEDULE OF FINDINGS
YEARS ENDED DECEMBER 31, 2003 AND 2002

This schedule includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Follow-up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

BATES COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 2001, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

BATES COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Bates County, Missouri, as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated June 25, 2004.

In addition, we have audited the operations of elected officials with funds other than those presented in the financial statements to comply with the State Auditor's responsibility under Section 29.230, RSMo 2000, to audit county officials at least once every 4 years. The objectives of this audit were to:

1. Review the internal controls over the transactions of the various county officials.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents; interviewing various personnel of the county officials, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials referred to above. In addition, this report includes any findings other than those, if any, reported in the accompanying Schedule of Findings. These MAR findings resulted from our audit of the financial statements of Bates County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

1.**Sheriff's Accounting Controls and Procedures**

Accounting duties are not adequately segregated, deposits are not always made intact on a timely basis, receipts slips are not issued for some monies received, and the composition of receipts is not reconciled to deposits. Additionally, official fees are sometimes used for purchases, rather than being turned over to the county treasury, monthly reports of fees received are not submitted to the County Clerk, and fees received are not always disbursed on a timely basis. Furthermore, bank reconciliations are not always performed, bids are not solicited for some purchases, contracts for housing prisoners for other counties do not exist, and vehicle logs are not maintained for vehicles.

- A. Accounting duties are not adequately segregated. Two clerks are each primarily responsible for receiving monies, preparing checks and deposit slips, preparing bank reconciliations, and maintaining the accounting records for the account they maintain. One clerk maintains the fee account and the other clerk maintains the inmate account. The Sheriff does not review the various records prepared by each clerk. Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and depositing receipts from recording and reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory reviews of the records should be performed and documented.
- B. The following concerns regarding the fee account were found:
 - 1. Deposits are not always made intact on a timely basis and monies are not kept in a secure location. While cash is deposited throughout the month, checks are held until month's end. Additionally, the handling of some monies is inconsistent. Checks are sometimes taken directly to the County Treasurer instead of being deposited, and are not always recorded on the cash control ledger. In addition, checks are not always restrictively endorsed immediately upon receipt. A cash count revealed sixteen of the seventeen checks on hand were not endorsed. To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be maintained in a secure location and deposited intact daily or when accumulated receipts exceed \$100. In addition, checks and money orders should be restrictively endorsed immediately upon receipt.
 - 2. Receipt slips are not always issued for monies received, are not posted to the cash control ledger until the end of the month, and the composition of receipts is not reconciled to the composition of deposits. In addition, the numerical sequence of receipt slips is not accounted for on the cash control ledger. To ensure accounting records are complete, to assist in the reconciliation process, and to allow for consistent deposit procedures to be

developed, receipts should be written for all monies received and posted to the cash control ledger when written. In addition, the numerical sequence of receipt slips should be accounted for and the composition of monies received and recorded (i.e. cash, checks, and money orders) should be reconciled to the composition of the monies deposited.

3. The fee account is used to hold monies received each month until receipts are remitted to the County Treasurer. However, the Sheriff sometimes expends these monies for training and other miscellaneous activities and then requests reimbursement from the county. During the two years ended December 31, 2003, approximately \$6,400 was spent by the Sheriff in this manner of which \$2,100 was not reimbursed by the county. The monies in the fee account represent accountable fees which should be turned over to the County Treasurer. Section 50.370, RSMo 2000, requires every county official who receives fees for official services to pay such monies monthly to the county treasury. There is no statutory authority for the Sheriff to expend these monies except as provided for in the official county budget. Disbursements should be authorized by the Sheriff and made through the County Commission's normal disbursement process.
4. Monthly reports of fees collected by the Sheriff are not being prepared. In addition, monthly fees are not being remitted to the county treasurer on a timely basis. Fees for August and September 2003 were not remitted until November 2003 and fees for October and November 2003 were not remitted until January 2004. Furthermore, open items listings prepared for the fee account do not reconcile to the cash balance because the open items listing does not include the fees collected in previous months which have not yet been distributed. Section 50.370, RSMo 2000, requires every county official to remit fees to the County Treasurer monthly and to file monthly reports of fees with the County Commission.
5. In February 2003, approximately \$16,000 was received by the Sheriff as a partial judgment in a civil case involving the county and a former inmate of the county jail. Rather than turning these monies over to the County Treasurer, the Sheriff deposited them and held them for over a year. The monies were held until June 2004 when the Sheriff disbursed the monies to the local hospital to cover medical costs incurred by the county on behalf of the aforementioned inmate. The Sheriff indicated that the monies had been held because of continuing legal actions; however, the case had been closed and there had been no appeals filed. Monies should be distributed on a timely basis. Continuing to account for monies which could be disbursed results in an unnecessary administrative burden.

- C. Bank reconciliations are not performed and reconciled to an open items listing for the inmate account. Individual inmate account balances are maintained on the computer system, but the clerk indicated she does not normally print a summary open items listing of the individual account balances. At our request the Sheriff's office prepared an open items listing as of June 15, 2004, which included some balances for inmates who had already been refunded their money. According to the clerk, the computer system suffered several major system failures prior to the second week of January 2004 and data was lost. As a result, some checks issued to inmates upon release are no longer recorded on the system. The open items listing prepared by the clerk totaled \$14,006, after adjustment for the balances refunded, while the reconciled bank balance was only \$12,363, representing a shortage of \$1,643. Based on our review of the open items listing, it appears there are still balances shown for inmates where partial refunds of their balance have been made, but the inmate account balance was not updated.

The preparation of monthly bank reconciliations is necessary to ensure that all monies are properly deposited, bank accounts are in agreement with the accounting records, and errors or discrepancies are detected on a timely basis. In addition, the preparation of an accurate open items listing and comparison to the reconciled cash balance ensures sufficient assets exist to cover liabilities and all monies are properly recorded and handled.

- D. The Sheriff's Department purchased eight used vehicles during the audit period. Our review of these purchases noted the following concerns:

1. Seven of the eight vehicles cost over \$4,500 each, but bids were not solicited for any of the purchases. The Sheriff's Department's normal procedures are for employees to go shopping around town and in the Kansas City area looking for vehicles that meet their specifications.

Section 50.660, RSMo 2000, requires the advertisement for bids for all purchases of \$4,500 or more from any one person, firm or corporation during any period of ninety days. Bidding procedures for major purchases provide a framework for economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best bidder. In addition, competitive bidding assures all parties are given an equal opportunity to participate in county business. Documentation of bids should include, at a minimum, a listing of vendors from whom bids were requested, a copy of the request for proposal, newspaper publication notices, bids received, the basis of justification for awarding bids, and documentation of all discussions with vendors.

2. The Sheriff's Department sold a patrol car, without advertising the sale of the car or soliciting bids, to the Sheriff for \$3,100, which was \$100 more than the county had paid for the car a few months earlier when it was purchased. The

Sheriff indicated he believed this transaction was proper and beneficial to the county because they made a profit. To ensure the county receives the fair value for the sale of county-owned property and that county residents have proper opportunity to bid on the property, bids should be solicited for all sales of major county property and documentation should be retained of all decisions made.

- E. The county houses prisoners for various political subdivisions but only has a written contract with the United States Department of Justice. During 2003 and 2002, the county received approximately \$27,000 and \$18,000, respectively, in prisoner board payments from other political subdivisions without having written contracts with those entities.

Section 432.070, RSMo, states all contracts entered into by the county shall be in writing and shall be signed by each of the parties or their agents. In addition to being required by statute, written contracts are necessary to document the duties and responsibilities of each party.

- F. Vehicle logs are not maintained by the Sheriff's office. During 2003 and 2002, the county expended approximately \$36,500 and \$29,000, respectively on gasoline, oil, and maintenance.

Vehicle logs are necessary to document appropriate use of the vehicles and to support gasoline charges. The logs should include the purpose and destination of each trip, the daily beginning and ending odometer readings, and the operation and maintenance costs. These logs should be reviewed by a supervisor to ensure vehicles are used only for county business and help identify vehicles which should be replaced. Information on the logs should be reconciled to gasoline purchases and other maintenance charges.

A condition similar to E was noted in our prior report.

WE RECOMMEND the Sheriff:

- A. Segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B.1. Maintain receipts in a secure location and deposit all monies intact daily or when accumulated receipts exceed \$100. In addition, all checks and money orders should be restrictively endorsed immediately upon receipt.
- 2. Ensure receipt slips are issued for all monies received. Post all receipts to the cash control ledger on a timely basis. In addition, ensure method of payment is indicated on all receipt slips and reconcile the composition of receipts to the composition of bank deposits.

3. Remit all fees collected to the County Treasurer monthly and make all purchases through the county expenditure process.
 4. Turn over all fees monthly to the County Treasurer and prepare and file monthly reports of fees received, as required by state law.
 5. Ensure monies are distributed on a timely basis.
- C. Prepare bank reconciliations for the inmate account and reconcile the cash balance to the open items listing on a monthly basis.
- D.1. Solicit bids for all purchases in accordance with state law and maintain adequate documentation of all bids obtained and the justification for selecting the winning bid.
2. Advertise the sale of county-owned property and document all bids received and decisions made.
- E. Ensure all agreements entered into by the county are in writing.
- F. Maintain complete mileage logs which would include the beginning and ending odometer readings and the operation and maintenance costs.

AUDITEE'S RESPONSE

A, B.5,

D.2

&E I agree.

B.1. I agree. Deposits are now made at least weekly.

2. I agree and am now ensuring that this is done.

3. This is now being done.

4. I agree. Monthly reports will start being submitted in December 2004.

C. My staff is now doing this.

D.1. I agree and will do this in the future.

F. My office had maintained these but was unable to locate them when requested by the auditors.

A deferred prosecution fee continues to be collected on criminal cases that are not prosecuted. There is no apparent legal authority for this fee and the Prosecuting Attorney maintains inadequate records of the amounts received and spent from the fees. The Prosecuting Attorney retains custody of the Prosecuting Attorney Bad Check Fund and the Prosecuting Attorney's Federal Forfeiture Fund and some expenditures from the Prosecuting Attorney Bad Check Fund appear questionable. In addition, restitution payments made erroneously are not requested to be repaid.

A. A deferred prosecution fee of \$50 continues to be collected on criminal cases which are not prosecuted, with the understanding that charges will not be filed unless the defendant has other violations during the subsequent two years. These fees are used to fund a petty cash fund in the Prosecuting Attorney's office. Our office has made recommendations regarding this fee during the last two audits, yet there has been little change in procedure and there is no evidence that the Prosecuting Attorney has taken any action to establish legal authority to collect this fee. Our review of the deferred prosecution fees and petty cash fund revealed the following concerns:

- The Prosecuting Attorney could provide no legal authority for the collection of the deferred prosecution fee. The payment of a \$50 fee to the Prosecuting Attorney to defer prosecution on a case gives the appearance of a "payoff", since there is no ordinance, statute, or constitutional provision authorizing such payments.
- Receipt slips are not always issued for deferred prosecution fees received. While a deferred prosecution agreement is signed by the defendant showing the amount received, these forms are not prenumbered and are not accounted for properly. Due to inadequate record keeping and lack of supporting documentation of these monies, the total amount received for deferred prosecution fees during 2003 and 2002 could not be determined. While a manual ledger maintained by the Prosecuting Attorney indicated \$450 of deferred prosecution fees were collected during 2003 and 2002, the amount actually received could have been significantly more. To adequately account for all monies received, prenumbered receipt slips should be issued for all receipts and the numerical sequence accounted for properly.
- Deferred prosecution fees received are not deposited nor remitted to the county treasury as accountable fees; rather, they are used to purchase soda, coffee, and snacks for office employees. A ledger showing receipts, disbursements, and balances for the petty cash fund is not maintained. Invoices retained in an envelope to support the expenditure of these funds totaled over \$700 for 2003 and 2002. The Prosecuting Attorney was unable

to explain how more was spent than was recorded as received from these fees, and due to the lack of records, it was not determinable if a balance existed in the petty cash fund at the beginning of 2002. Such expenditures do not appear necessary for the operation of the office and do not appear to be a prudent use of public monies. If legal authority to collect such a fee is established, these monies would represent accountable fees. Section 50.340, RSMo 2000, requires county officials to pay into the county treasury any accountable fees collected.

If a petty cash fund is determined to be necessary, it should be funded through the county treasury and a log of petty cash transactions, including invoices for expenditures, should be maintained. The invoices would be periodically submitted to the county for reimbursement to the petty cash fund.

- Several deferred prosecution agreements we reviewed made payment of court costs a condition of the agreement to defer prosecution. The individual court files for several cases revealed that court costs of varying amounts were collected on cases where prosecution was deferred. Various state laws do not allow for the collection of court costs on cases where charges are not filed or charges are dismissed.

B. Contrary to state law, the Prosecuting Attorney has custody of the Prosecuting Attorney Bad Check Fund and some expenditures from this fund appear questionable. Section 570.120, RSMo 2000, allows the Prosecuting Attorney to charge an administrative handling fee for the collection of bad check restitutions. This section also requires the fees to be deposited by the County Treasurer into a separate interest bearing fund to be expended based on warrants issued by the Prosecuting Attorney. In previous audits, the Prosecuting Attorney indicated he maintains custody of this fund because he believes his office budget, funded by the Law Enforcement Sales Tax fund, would be reduced if the County Commission was aware of the balance of this fund. The Prosecuting Attorney responded in our most recent audit that he would address this issue with the County Commission by April 1, 2001, but we saw no evidence this was done. The Prosecuting Attorney uses the bad check fund to pay his employees a salary, in addition to the salary they receive from the county, but this additional salary is not processed through the county's payroll system. In addition to these extra salary payments, various questionable expenditures went without outside review as a result of the Prosecuting Attorney having full control and custody of these funds.

- In December 2003 and 2002, the Prosecuting Attorney authorized payments from the fund totaling \$300 each year to his employees as bonuses. These payments were not included in the county payroll records, were not subject to the proper withholdings, and were not reported on the employees' W-2 forms. Bonuses are prohibited by Article III, Section 39 of the Missouri Constitution.

- Expenditures from the Prosecuting Attorney Bad Check Fund for 2003 and 2002, included \$540 for employee meals within the city of Butler. There was no documentation that such expenditures were necessary for the operation of the office, and they do not appear to be a prudent use of public monies.
- C. During 2003 and 2002, \$352 in restitution was erroneously paid out to certain individuals, however reimbursement was not requested from these individuals. Office policy is to void restitution checks which are not cashed or are returned to the Prosecuting Attorney's Office and to add the monies to an "overage" amount. If restitution is erroneously paid out to the wrong individual, instead of requesting the individual return the money, monies are taken from the overage amount and paid to the correct individual. The Prosecuting Attorney was unable to provide legal justification for his decision to do this. The Prosecuting Attorney indicated he believed these funds were disposed of properly, since the intended payees could not be located. By disposing of these funds in this manner, the Prosecuting Attorney has established a potential liability for his office if the intended payees request these funds in the future. When the intended payee cannot be located, these monies should be disposed of in accordance with state law.
- D. The Prosecuting Attorney maintains custody of the Prosecuting Attorney's Federal Forfeiture account, which is used for law enforcement purposes. The December 31, 2003 balance of \$3,339 was composed primarily of proceeds from seizures by the U.S. Department of Justice.

Missouri Attorney General's Opinion No. 45, 1992, to Henderson states that the Prosecuting Attorney of a third class county is not authorized to maintain a bank account for law enforcement purposes separate from the county treasury. This account balance should be transferred to the County Treasurer for deposit into a separately established fund, and future receipts should be transmitted to the County Treasurer.

Similar conditions were noted in our previous reports.

WE AGAIN RECOMMEND the Prosecuting Attorney:

- A. Discontinue collecting deferred prosecution fees until legal authority for such a fee is established. If the authority to collect this fee is established, prenumbered receipt slips should be issued for all monies received and the numerical sequence of receipt slips issued should be accounted for properly. In addition, any petty cash funds on hand should be turned over to the county treasury and all fees received should either be turned over to the county treasury as received or deposited intact into the prosecuting attorney's official bank account and then subsequently turned over to the county treasury.

If a petty cash fund is maintained, it should be funded by the county and a log of petty cash fund transactions, including invoices for expenditures, should be maintained to properly document the financial activity of the fund. In addition, the Prosecuting Attorney should ensure all future expenditures represent a prudent use of public funds.

- B. Turn over custody of the Prosecuting Attorney Bad Check Fund to the County Treasurer, discontinue the practice of paying employee bonuses, and ensure all future expenditures represent a prudent use of public funds.
- C. Disburse unidentified monies in accordance with the state law.
- D. Turn over custody of the Federal Forfeiture account to the County Treasurer to be placed in a separate fund.

AUDITEE'S RESPONSE

- A. *The Prosecuting Attorney plans to stop charging Deferred Prosecution fees altogether and will keep a petty cash fund log for all sums spent out of petty cash.*
- B. *The Prosecuting Attorney will talk with the County Commission about the bad check fund and the feasibility of maintaining a reserve balance in the account from year to year without budgeting and spending the bulk of or the entire fund each year or having the general revenue budget reduced by these sums.*
- C. *The Prosecuting Attorney has more victims than restitution. The Prosecuting Attorney is going to research maintaining a "general restitution fund" to be paid for by all criminal defendants. Then, if the criminal defendant makes restitution, these funds could be available for crime victims in general, as in the nature of the crime victim's compensation fund.*
- D. *The Prosecuting Attorney will implement steps to turn the Federal Forfeiture Fund over to the County Treasurer.*

3. Walnut Township Collector

Taxes collected by the Walnut township collector are not distributed on a timely basis and monthly statements of collections are not usually signed by the township collectors.

The Walnut Township Collector is one of twenty-four township collectors who collect current real estate and personal property taxes in Bates County. Monthly statements of property tax collections and distributions are filed with county officials. In the summer of 2003, county officials were notified that various political subdivisions in the county had not received some property tax distributions from the Walnut Township for the fiscal year ended February 28, 2003. We have identified the following problems:

- A. Taxes collected by the Walnut Township Collector are not distributed on a timely basis. The Walnut township collector filed statements of collections and distributions for the months of November 2002 through February 2003 and November 2001 through February 2002. According to these statements, approximately \$306,000 in taxes, interest and penalties was collected and distributed to various political subdivisions, and the Walnut Township Collector. Based on information received from political subdivision, \$25,793 reported as collections during FYE 2/28/03 was not received until July, August, and September 2003. Our review further identified \$2,463 reported as collections during FYE 2/29/02 had not been distributed and was not paid out until April 2004, after we contacted the Walnut Township Collector.

<u>Political Subdivision</u>	<u>FYE 2/28/03</u>	<u>FYE 2/29/02</u>
Rich Hill R-4 School District	\$ 21,698	0
Hume R-8 School District	3,922	2,463
Walnut Township	173	0
	<u>\$ 25,793</u>	<u>2,463</u>

Effective November 2003, the County Clerk instituted new procedures requiring all township collectors to turn in signed receipts from the various political subdivisions to the County Clerk's Office to document that the monies were properly distributed. Charges of theft have been filed in Bates County Circuit Court against the Walnut Township Collector by the Prosecuting Attorney.

- B. Monthly statements of property tax collections are not usually signed by the township collectors. The County Clerk's Office prepares the monthly statements of property tax collections and distributions based on the paid tax statements turned in by the township collectors. After they are prepared, statements are not usually signed by the township collectors. By not signing the statements, the township collectors are not taking responsibility for the accuracy of the amounts.

WE RECOMMEND the County Commission:

- A. Work with law enforcement authorities regarding any litigation and ensure future tax distributions are made on a timely basis in the future.
- B. And County Clerk ensure township collectors sign their monthly settlements to attest to their accuracy.

AUDITEE'S RESPONSE

The County Commission responded:

- A. *We agree.*
- B. *This has been implemented.*

4. Policies and Procedures

The county did not competitively select an underwriter. In addition, prior to the opening of the detention center in late August 2003, there had been no advance planning including forecasting of projected revenues and expenditures, and occupancy rates. Numerous funds had actual expenditures in excess of budgeted amounts and excess administrative services fees were transferred from Special Road and Bridge Fund to the General Revenue Fund. In addition, the assistant prosecuting attorney is paid \$1,000 a month as an independent contractor without a written agreement regarding the compensation to be paid or the services to be provided.

- A. In November 2001, the county passed a one-half cent sales tax for the purpose of building a new detention center and contracted with an underwriter to finance the construction. In March 2002, the county issued Certificates of Participation (COPs) of \$4,755,000 to finance construction of the detention center. An additional \$835,000 in COPs was authorized in May 2003. The proceeds of the sales of the COPs are maintained by a trustee bank and are disbursed for payments of project costs upon receipt of requisition certificates signed by the Presiding Commissioner and the project architect. The county turns over the proceeds of the one-half cent sales tax to the trustee bank for the principal and interest payments due on the outstanding COPs.

- 1. The County Commission did not competitively select the underwriter. Competitive requests for proposals are necessary to provide a framework for the economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best firm. A competitive selection process ensures all interested parties are given an equal opportunity to participate in county business.
- 2. Prior to the opening of the detention center in late August 2003, there was no evidence of advance planning including forecasting of projected revenues and expenditures, and occupancy rates, which has been a factor in the poor financial condition of the Law Enforcement Sales Tax Fund. Neither the County Commission nor Sheriff could provide any planning documents related to operating costs or projected revenues of the new detention center. Part of the decision to open the entire capacity of the new detention center in

September 2003 when it was completed was the Sheriff's plans to hold federal prisoners. However, the county did not start holding significant numbers of federal prisoners until 2004.

The operating costs of the detention center are handled through the Law Enforcement Sales Tax Fund along with the operating costs of the Sheriff's Office, the Prosecuting Attorney's Office, the Juvenile Office, and the Coroner. This fund has had a negative cash balance since October 2003. During 2003, the county budgeted for a surplus in this fund of \$25,000. However, actual disbursements exceeded budgeted amounts by approximately \$42,000 and actual revenues were approximately \$116,000 below budgeted amounts, which resulted in a cash balance in the fund at year-end of (\$133,264). By the end of May 2004, the cash balance in this fund was (\$112,665). Because all county funds are maintained in one bank account, monies from other county funds (particularly the General Revenue Fund) are being borrowed to cover the costs.

The County Commission requested the Sheriff's Office provide revenue and expenditure data for the operations of the detention center. In June 2004, the Circuit Judge provided the commission with a report showing revenues and expenditures related to the detention center for the months of September 2003 through May 2004 and showed a net loss of approximately \$69,000. No comparison of the information provided in this report to the county's financial system was performed. Considering that the budgets for the Law Enforcement Sales Tax Fund are prepared and tracked based on the county's financial data, it is imperative that the information provided by the detention center system be reconciled with the county's system to ensure that the revenues generated and expenditures necessary to operate the jail are properly allocated. Due to errors in the financial data found in the report released in June, a revised version of the financial report was issued in November 2004 which showed a net loss of approximately \$212,000 for the same period. These errors were caused by improperly allocating costs and failure to include other costs, such as salaries and health insurance. We reviewed the salaries and fringe benefits shown on the revised detention center financial report and found they were \$41,000 less than the amount attributed to the jail on the county's financial records during January through May 2004. Revenues on the revised detention center report for the same period agreed to the county's financial records. It appears there is a lack of communication between the county commission and the jail staff as to what expenditures are attributable to the jail versus the other departments funded through the Law Enforcement Sales Tax Fund.

In order to improve the financial condition of the Law Enforcement Sales Tax Fund, the County Commissioners must be provided with reliable data regarding the operations of the detention center and this information should be reconciled with the data compiled by the county to ensure its accuracy.

- B. The County Commission approved disbursements in excess of budgeted amounts for various funds during the years ending December 31, 2003 and 2002. In addition, although the County Commission and County Clerk were apparently provided budget to actual amounts, no action was taken to prevent overspending.

<u>Fund</u>	<u>Year Ended December 31,</u>	
	<u>2003</u>	<u>2002</u>
Law Enforcement Sales Tax	42,514	N/A
Law Enforcement Training	N/A	5,438
Families in Crisis	161	N/A
Drug Abuse Resistance and Education	3,000	N/A
Local Emergency Planning Commission	223	N/A
Election Services	N/A	920
Jail Bond	106,948	N/A
Senate Bill 40	N/A	27,654
Law Library	N/A	573

It was ruled in State ex. rel. Strong v. Cribb, 364 Mo. 1122, 273 S.W.2d 246 (1954), that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess disbursements, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's Office. In addition, Section 50.622, RSMo 2000, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend the budget.

To allow the budgets to be used as a planning tool and to ensure compliance with state law, budget amendments should be made prior to incurring the actual expenditures, valid reasons which necessitate excess disbursements should be provided to support amendments, and public hearings should be held prior to the adoption of all budget amendments.

- C. Administrative transfers from the Special Road and Bridge Fund to the General Revenue Fund exceeded the allowable amount by approximately \$76,600 during 2001-2003. Section 50.515, RSMo 2000, authorizes the County Commission to impose an administrative service fee on the Special Road and Bridge Fund. The purpose of this fee is to recoup actual expenditures made from the General Revenue

Fund for road and bridge related administrative expenses. The fee is limited to a maximum of three percent of the budget of the Special Road and Bridge Fund.

Because estimates of expenditures for the Special Road and Bridge Fund were significantly in excess of actual expenditures, the amounts transferred to the General Revenue Fund during the years ended 2003, 2002, and 2001 were approximately \$22,700 higher than they should have been. In addition, during the same period, the county paid approximately \$53,900 for the salary and related fringe benefits for one of the County Clerk's employees from the Special Road and Bridge Fund. As a result, the county transferred \$76,600 in excess of 3 percent of actual expenditures which is due from the General Revenue Fund to the Special Road and Bridge Fund.

- D. The county did not obtain information required by state law for engineering services related to bridge project number 14. Instead, the county contracted with an engineering firm that had performed work on previous projects for the county. Section 8.289, RSMo 2000, requires that agencies or political subdivisions which utilize engineering services request annual statements of qualifications and performance data from firms. Section 8.291, RSMo 2000, further requires that when negotiating for a contract, the agency or political subdivision must list three highly qualified firms and select the firm considered best qualified and capable of performing the desired work.
- E. A written contract does not exist with the assistant prosecuting attorney and invoices were not adequately detailed. In May 2003, an assistant Prosecuting Attorney was hired as an independent contractor at \$1,000 per month from the Law Enforcement Sales Tax Fund. There is no written agreement between the county and the individual regarding the compensation to be paid or the services to be provided, and adequate supporting documentation is not submitted to support the work performed.

Adequate supporting documentation is necessary to substantiate the validity and propriety of the amounts claimed by the independent contractors. Given the lack of detail noted on the invoices, reasonableness and propriety of the amounts claimed by the contractor cannot be ensured.

Section 432.070, RSMo 2000, requires the county to have all contracts in writing. The agreements should clearly specify the arrangements between parties for the services provided and be approved by the County Commission.

WE RECOMMEND the County Commission:

- A.1. Ensure proposals are solicited for professional services.
- 2. Reevaluate the overall financial plans for the Law Enforcement Sales Tax Fund, giving consideration to the anticipated ongoing operating costs of the detention center, and the county's overall financial condition. Financial data tracked by

detention center staff should be reconciled to the county's financial system to ensure the information is accurate and reliable.

- B. Not authorize expenditures in excess of budgeted expenditures. If necessary, extenuating circumstances should be fully documented and the budgets properly amended and filed with the State Auditor's office.
- C. Base administrative transfers on actual or reasonable budgeted expenditures of the Special Road and Bridge Fund. In addition, a transfer of approximately \$76,600 should be made from the General Revenue Fund to the Special Road and Bridge Fund.
- D. Obtain a statement of qualifications and performance data from at least three engineering firms before contracting for these services.
- E. Enter into a written contract with the assistant Prosecuting Attorney and ensure adequate supporting documentation is submitted to substantiate amounts claimed.

AUDITEE'S RESPONSE

The County Commission responded:

A.1

&D. We agree and will do this in the future.

A.2. We agree with the auditor's concerns and believe when the new sheriff's administration takes office January 1, there will be a much better flow of communication and additional cooperation between the county and the Sheriff's department. Effective January 1, 2005, we will begin reconciling financial data with the Sheriff's department.

B&E. We agree.

C. We agree and we will pay back the Special Road and Bridge fund over the next three years by reducing our transfers by an appropriate amount.

5. Officials' Salaries

Raises given to associate county commissioners during 1999 and 2000 were declared unconstitutional and raises given in July 2003 to other elected officials were not handled properly.

- A. Section 50.333.13, RSMo, enacted in 1997, allowed the salary commissions meeting in 1997 to provide mid-term increases for associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioner' terms had been increased from two years to four years. Based upon this statute, in 1999 Bates County's Associate County Commissioners' salaries were each increased approximately \$8,400 yearly, according to information from the County Clerk.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of that statute. The Supreme Court held that this section of the statute violated Article VII, Section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county, and municipal officers during the term of office. This case, *Laclede County v. Douglass et al.*, holds that all raises given pursuant to this statute section are unconstitutional. On June 5, 2001, the State Auditor notified all third class counties of the Supreme Court decision and recommended that each county document its review of the impact of the opinion, as well as plans to seek repayment.

The Bates County Salary Commission did not meet in 1997. The Prosecuting Attorney issued a written legal opinion in March 1998 indicating that the increases in the associate commissioners' salary should take effect January 1, 2001. However, in March 1999, the County Commission approved mid-term raises for the associate county commissioners retroactively effective to January 1, 1999. The County Commission acted contrary to legal advice when it granted the retroactive mid-term raises to the associate commissioners.

Based upon the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling \$16,800 for the two years ended December 31, 2000, should be repaid. The County Commission has not reviewed the impact of this decision and has not developed a plan for obtaining repayment of the salary overpayments.

- B. All county officials received raises, effective July 1, 2003, due to a change in assessed valuation of the county. However, Section 50.333.8, RSMo, states that the elected officials' salaries shall be adjusted each year on the official's year of incumbency for any increase in the maximum allowable salary caused by a change in the last completed assessment. The Prosecuting Attorney issued a written opinion regarding these raises in June 2003 and indicated they appeared to be allowable, but the opinion did not indicate the effective date. In addition, the Salary Commission used the 2003 assessed valuation rather than the preceding year's assessed valuation to determine the maximum allowable salaries for all officials in 2003.

WE RECOMMEND the County Commission:

- A. Review the impact of the decision and develop a plan for obtaining repayment of the salary overpayments. In addition, county officials' compensation should only be authorized by the salary commission.
- B. Request a written opinion from the Prosecuting Attorney as to the legality of the salary increases that went into effect on July 1, 2003 and proceed accordingly.

AUDITEE'S RESPONSE

The County Commission responded:

- A. *These raises were given to the associate commissioners in good faith and based on existing state law at the time. If the courts issue a ruling that these raises need to be repaid, the commission will address this issue at that time.*
- B. *We will discuss the issue with the Prosecuting Attorney and will proceed accordingly.*

6. County Clerk

Controls over property tax additions and abatements are not adequate. The County Clerk does not ensure the township road boards' financial statements are prepared and published, and does not maintain a detailed record of compensatory time earned, taken, and accumulated for all county employees.

- A. Controls over property tax additions and abatements are not adequate. The County Assessor makes changes to the property tax system for all tax additions and abatements and prepares court orders for only the current tax abatements to be approved by the County Commission. Section 137.260, RSMo 2000, requires the tax books only be changed by the County Clerk under the order of the County Commission. Controls should be established so that the County Clerk periodically reconciles all additions and abatements to changes made to the property tax system and charge these amounts to the Ex Officio County Collector and the township collectors. Further, court orders should be approved, at least monthly, by the County Commission for all additions and abatements to the property tax system.
- B. The County Clerk does not ensure the township road boards' financial statements are prepared and published as required by state law. Section 231.290, RSMo 2000, requires the County Clerk to prepare a form to be utilized by the townships to provide a detailed account of their financial activity, along with an inventory of the townships property, which should be published in a local newspaper and filed with the County Clerk. While the townships generally prepared a financial statement and filed it with the county, many of the financial statements did not include a detailed account of the

township's receipts and disbursements, as required by Section 231.280, RSMo 2000, and were not published as required by state law.

- C. The County Clerk does not maintain detailed records of compensatory time earned, taken, and accumulated for all county employees. The County Clerk indicated compensatory records are to be maintained by each individual office, but our review noted errors in the records maintained for the Sheriff's Office.

Without centralized and complete leave records, the County Commission cannot ensure that employee's overtime records are accurate, that all employees are treated equitably, and that leave time used does not exceed leave time earned and accumulated. Centralized leave records also aid in determining final pay for employees leaving county employment.

WE RECOMMEND the County Clerk:

- A. Establish procedures requiring the tax books only be changed by the County Clerk under order of the County Commission.
- B. Prepare a form to be utilized by the townships that provides a detailed account of the township's financial activity and property. In addition, the County Clerk should ensure all townships file their detailed financial statements with the county and publish them in a local newspaper in accordance with state law.
- C. Maintain a balance of compensatory time accumulated and taken for each employee.

AUDITEE'S RESPONSE:

- A. *I agree and will discuss necessary programming changes with the software provider.*
- B&C. *I agree and will begin doing these in 2005.*

7. Health Center

Receipt slips are not issued for some monies received, the numerical sequence of receipt slips is not accounted for, and some receipts were not deposited intact on a timely basis. Additionally, cash bonuses were paid to employees in 2003, some expenditures did not appear to be prudent uses of public funds, board approval of disbursements is not documented, and state laws regarding closed board meetings were not always followed.

- A. Receipt slips are not issued for monies which are wire transferred directly to the Health Center's bank account. While receipt slips are issued for the monies received at the Health Center or from the mail, the numerical sequence of receipt slips is not accounted for. When monies are received at the Health Center, they are posted to the

cash drawer log, but the receipt slip number is not posted to this log which would enable the Health Center to account for the numerical sequence of receipt slips issued. To adequately account for all receipts, pre-numbered receipt slips should be issued for all monies received and the numerical sequence should be accounted for properly.

- B. Procedures for handling donations to the Health Center need improvement. During our cash count in April 2004, cash totaling \$1,065 was located in a file cabinet, which represented donations for a health fair to be held in August 2004. The donations were originally received in the form of checks, which were cashed and the money placed in this file cabinet, rather than being deposited. The Health Center Administrator indicated the Board did not want these monies deposited as they were restricted for the health fair later in the year. Apparently the board was concerned that depositing the donations would not allow the Health Center to ensure the monies were restricted for their intended purpose, even though a log sheet was maintained for the donations indicating who donated the monies and the amount donated. In addition, tax distribution checks received in December of 2002 and 2003 were not deposited by the Health Center until January of 2003 and 2004, apparently because the board felt those checks represented revenues of the following year.

To adequately safeguard receipts and reduce the risk of loss, or misuse of funds, all monies received should be deposited. The Health Center should develop a method of accounting for restricted monies held within their account.

- C. In November 2003, the Health Center Board paid bonuses to its employees totaling \$1,700. Health Center minutes indicated these one month "raises" would revert to regular salary payments for the next month. These payments represent additional compensation in the form of a bonus for services previously rendered and, as such, appear to violate Article III, Section 39 of the Missouri Constitution.
- D. The Health Center Board expended approximately \$701 for dinner meetings, gifts, and flowers for board members and health center employees during the two years ended December 31, 2003. These expenditures do not appear to represent a prudent use of public funds and a necessary cost of operating the board. The taxpayers have placed a fiduciary trust in the Board to expend public funds in a necessary and prudent manner.
- E. The Health Center Board does not review and approve individual invoices and a supplementary listing of all disbursements approved for payment is not prepared to accompany the minutes. Although there is an occasional reference to a specific disbursement being approved for payment, the board minutes usually only make a general reference that disbursements are approved for payment. Expenditures made from Health Center funds should be reviewed and approved by the Board before payment is made to ensure all disbursements represent valid operating costs of the Health Center. To adequately document the Board's review and approval of all

disbursements, a complete and detailed listing of bills should be prepared and signed or initialed by the Board to denote their approval prior to the checks being issued, and retained with the official minutes.

- F. The open meeting minutes did not always document the specific reasons for closing the meeting and the actions taken by the board in closed meetings. While the open meeting minutes for November 25, 2003 did not refer to a closed meeting taking place on that date, we found minutes of a closed meeting held at which the board approved the bonuses discussed above. This decision was not included in the next open meeting minutes either. Section 610.022, RSMo 2000, requires a closed meeting, record, or vote be held only for the specific reasons announced publicly at an open session. This law provides that public governmental bodies shall not discuss any other business during the closed meeting that differs from the specific reasons used to justify such meeting, record or vote. Section 610.021, RSMo 2000, allows the board to close meetings to the extent the meetings relate to certain specified subjects, including litigation, real estate transactions, and personnel issues; however, that statute requires certain matters discussed in closed meetings to be made public upon final disposition.

WE RECOMMEND the Health Center Board:

- A. Issue prenumbered receipt slips for all monies received, and periodically account for the numerical sequence of the receipt slips issued.
- B. Deposit all monies when received and develop a method of accounting for restricted funds.
- C. Discontinue the practice of paying employee bonuses.
- D. Ensure all expenditures are reasonable and necessary and a prudent use of public funds.
- E. Review and approve all expenditures of Health Center funds. In addition, the approval of disbursements should be adequately documented by including a listing of all approved disbursements in the board minutes.
- F. Ensure board minutes document the reasons for closing the meeting and publicly disclose the final disposition of applicable matters discussed in closed session.

AUDITEE'S RESPONSE

The Health Center Administrator responded:

A&E. We agree and these have been implemented.

- B. *We agree. We are now depositing donations and showing them as a restricted balance on the monthly balance sheet. Tax checks will now be deposited when received.*
- C. *This has been discussed with the board and these types of raises will not be given in the future.*
- D. *This recommendation has been discussed with the board and they indicated they have taken it under advisement.*
- F. *We will ensure this is done in the future.*

8. Associate Circuit Division Controls and Procedures
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Accounting duties in the Associate Circuit Division are not adequately segregated and checks and money orders are not restrictively endorsed immediately upon receipt. There are three old bank accounts which are no longer active which contained old outstanding checks, unclaimed bonds, and unidentified balances. In addition, a listing of accrued costs owed to the court is not maintained and monitoring procedures related to accrued costs are not adequate.

- A. Accounting and bookkeeping duties are not adequately segregated. Currently, the responsibilities of collecting, recording, and depositing receipts are performed by any of the three employees of this office, while month-end reconciliations and preparing and signing checks are assigned to one of those employees. There is no documented independent review of the accounting records and reconciliations.

Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and depositing receipts from recording and reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory reviews of the records should be performed and documented.

- B. The Associate Circuit Division has three old bank accounts (criminal, civil, and bond) that are no longer active. At December 31, 2003, the criminal and civil accounts had 30 checks totaling \$1,200 which had been outstanding for over one year and held \$1,734 of unidentified monies. The bond bank account's reconciled balance was \$524 less than the liability listing, and includes \$80 in bonds which had been held for more than four years.

The Division should attempt to identify those amounts which have remained unidentified and distribute the monies in accordance with state statute. Various statutory provisions including Section 447.500 through 447.595, RSMo 2000, provide for the disposition of unclaimed and unidentified monies.

- C. A listing of accrued costs owed to the court is not maintained by the Associate Circuit Division and monitoring procedures related to accrued costs are not adequate. Court dates are set for the collection of accrued case costs and warrants will be issued for failures to pay. The Associate Clerk should review the status of all old cases and pursue collection of outstanding costs. In addition, the Associate Clerk should establish written procedures for collecting accrued costs. By not adequately monitoring accrued costs, these costs could remain uncollected and might eventually result in lost revenue.

A complete and accurate listing of accrued costs would allow the Associate Circuit Division to more easily review the amounts due to the court and to take appropriate steps to ensure amounts owed are collected on a timely basis.

A condition similar to A was noted in our prior audit.

WE RECOMMEND the Associate Circuit Division:

- A. Segregate the duties of handling, recording, distributing, and reconciling cash. If segregation of duties is not possible, at a minimum, an independent review of the receipts and deposits and monthly bank reconciliations should be performed and documented.
- B. Reissue old outstanding checks to any payees who can be located. If the payees cannot be located, the monies should be disposed through the applicable statutory provisions. In addition, procedures to routinely review and reissue any old outstanding checks should be adopted. Furthermore, employees should attempt to identify the unidentified balances. Any monies remaining unidentified and unclaimed bonds should be disposed of in accordance with state law.
- C. Maintain a complete listing of accrued costs and establish procedures to routinely follow-up and pursue timely collection.

AUDITEE'S RESPONSE

The Associate Circuit Judge responded:

- A. *I will review the monthly bank reconciliations.*

- B. *We will send a letter to each payee of outstanding checks and we will request them to come by and collect their money. After six months, all remaining monies will be sent to the State's Unclaimed Property Section.*
- C. *We will hire someone with Interest fund monies to prepare an arrearage list by amount and person by December 2005.*

9. Assessor's Controls and Procedures
--

Receipt slips are not issued for some monies received and transmittals to the County Treasurer, totaling approximately \$3,000 annually, are not made intact. Receipt slips are not issued for some cash receipts which are placed into the petty cash fund. In March 2004, \$238 was on hand. Because these cash receipts are not recorded and transmitted to the County Treasurer, there is less assurance that all monies received are properly accounted for. In addition, employees are allowed to cash personal checks from the official receipts. Furthermore, checks and money orders received are not restrictively endorsed immediately upon receipt. Instead, the endorsement is applied by the County Treasurer when the monies are transmitted.

Prenumbered receipt slips should be issued for all monies received, and personal checks should not be cashed out of receipts, to ensure monies are properly accounted for and transmitted intact. If a petty cash fund is necessary, it should be maintained at a constant amount and replenished by requesting a check from the Assessment Fund. In addition, checks and money orders should be restrictively endorsed immediately upon receipt.

WE RECOMMEND the Assessor issue prenumbered receipt slips for all monies received and reconcile the composition of the receipts to transmittals to the County Treasurer. If a petty cash fund is needed, it should be maintained at a constant amount. In addition, the Assessor should discontinue the practice of cashing personal checks for employees. Furthermore, checks and money orders should be restrictively endorsed immediately upon receipt.

AUDITEE'S RESPONSE

We have already implemented this recommendation. I was not aware these procedures needed to be followed until the current audit.

10. Senate Bill 40 Board

The budgets filed by the Senate Bill 40 Board for 2004 and 2002 were incomplete and no budget was prepared for 2003. In addition, actual expenditures exceeded budgeted in 2002 and contracts were not entered into with the not-for-profit (NFP) organization the board provides funding to.

- A. While budgets were prepared for 2004 and 2002, no actual amounts for the previous two years were reported, and a cash reconciliation and budget summary were not included. The Board did not prepare a budget at all for 2003. The Treasurer for the board indicated they had not obtained the budget forms from the County Clerk and were thus unaware of all the various components of a budget. In addition, actual expenditures exceeded budgeted amounts by \$27,654 for 2002.

Chapter 50, RSMo 2000, requires preparation of an annual budget for all funds to present a complete financial plan for the ensuing year. A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific cost expectations for each area. A complete budget should include appropriate revenue and expenditure estimates by classification, and include the beginning available resources and reasonable estimates of the ending available resources for all funds. The budget should also include a budget message.

It was ruled in *State ex rel. Strong v. Cribb* 364 Mo. 1122, 273 SW2d 246 (1954), that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess expenditures, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's Office. In addition, Section 50.662, RSMo 2000, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend its budget.

- B. Payments to an NFP organization in 2003 and 2002 totaled \$220,773 and \$49,500 respectively. There was no contract or agreement signed between the parties indicating what services are to be provided by the NFP and the amount of funding the Senate Bill 40 Board would provide. Disbursements to the NFP were made by the board based on verbal, rather than written, requests.

Written contracts are necessary to ensure all parties are aware of their duties, rights, and responsibilities and to provide protection to all parties. In addition, without a contract or proper written documentation the Senate Bill 40 Board lacks adequate assurance that funds are being spent on their specific purpose of providing services to residents of Bates County.

WE RECOMMEND the Senate Bill 40 Board:

- A. Prepare budgets as required by state law and ensure expenditures do not exceed budgeted amounts. If additional expenditures are necessary, the budget should be amended and the circumstances adequately documented.

- B. Enter into a written contract with the NFP providing services which details the responsibilities of each party involved.

AUDITEE'S RESPONSE

The Senate Bill 40 Board responded:

- A. *We agree and will ensure the 2005 budget meets the requirements of the law.*
- B. *We agree and will enter into a contract for future payments to the NFP organization.*

11. Capital Assets

Physical inventories of county owned capital assets have not been conducted on an annual basis. The last physical inventory was conducted in April 1998. The County Commission or its designee is responsible for maintaining a complete detailed record of county property. In addition, each county official or their designee is responsible for performing periodic inventories and inspections. The Assessor, Recorder of Deeds and the Road and Bridge Department are the only offices which have filed annual inventories with the County Clerk since 1999.

Adequate capital asset records are necessary to secure better internal control over capital assets, meet statutory requirements, and to provide a basis for determining proper insurance coverage required on county property.

Section 49.093, RSMo 2000, provides the county officer of each county department shall annually inspect and inventory county property used by that department with an individual original value of \$250 or more and any property with an aggregate original value of \$1,000 or more. After the first inventory is taken, an explanation of material changes shall be attached to subsequent inventories. All remaining property not inventoried by a particular department shall be inventoried by the County Clerk. The reports required by this section shall be signed by the County Clerk.

WE RECOMMEND the County Commission establish a written policy related to handling and accounting for capital assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for handling of asset disposition, and any other concerns associated with county property.

AUDITEE'S RESPONSE

We agree and will have a written policy in place by January 1, 2005.

Follow-Up on Prior Audit Findings

BATES COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Bates County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 1999.

The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Prosecuting Attorney's Controls and Procedures

- A. The following concerns were noted with the deferred prosecution fees and petty cash fund:
 - 1) No legal authority for the deferred prosecution fee could be provided.
 - 2) Receipt slips were not issued for deferred prosecution fees received.
 - 3) The deferred prosecution fees received were not turned over to the county treasury as accountable fees; rather, they were used to purchase soda, coffee and snacks for office employees.
- B. The following concerns were noted with the Prosecuting Attorney Bad Check Fund:
 - 1) The Prosecuting Attorney had custody of the Prosecuting Attorney Bad Check Fund.
 - 2) The Prosecuting Attorney authorized payments of bonuses to his employees. These payments were not included in the county payroll records, were not subject to the proper withholdings, and were not reported on the employees' W-2 forms.
 - 3) Premiums for a professional liability policy were paid from the Prosecuting Attorney Bad Check Fund.
 - 4) The Prosecuting Attorney was reimbursed for expenses that were in excess of the amounts allowed by the county's travel expense policy.
- C. Monthly listings of open items were not reconciled to the cash balance for the restitution account and interest earned on this account was not turned over to the county treasury.

- D. Monies were paid out as restitution to individuals other than those the money was collected on behalf of.
- E. The Prosecuting Attorney had custody of the Prosecuting Attorney's Federal Forfeiture account.

Recommendation:

The Prosecuting Attorney:

- A. Discontinue collecting deferred prosecution fees until legal authority for such a fee is established. If the authority to collect this fee is established, prenumbered receipt slips should be issued for all monies received and the numerical sequence of receipt slips issued should be accounted for properly. In addition, any petty cash funds on hand should be turned over to the county treasury and all fees received should either be turned over to the county treasury as received or deposited intact into the prosecuting attorney's official bank account and then subsequently turned over to the county treasury.

If a petty cash fund is maintained, it should be funded by the county and a log of petty cash fund transactions, including invoices for expenditures, should be maintained to properly document the financial activity of the fund. In addition, the Prosecuting Attorney should ensure all future expenditures represent a prudent use of public funds.

- B.1. Turn over custody of the Prosecuting Attorney Bad Check Fund to the County Treasurer.
 - 2. Discontinue the practice of paying employee bonuses.
 - 3. Reimburse the Prosecuting Attorney Bad Check Fund for the amount of premiums paid for insurance for the Prosecuting Attorney's private practice.
 - 4. Ensure any travel expenses claimed for reimbursement are necessary, reasonable, and in accordance with the county's travel policy.
- C. Prepare monthly listings of open items and reconcile the listings to the cash balances. Interest earned monthly, along with any accumulated interest, should be turned over to the County Treasurer.
- D. Disburse unidentified monies in accordance with the state law.
- E. Turn over custody of the Federal Forfeiture account to the County Treasurer to be placed in a separate fund.

Status:

A,
B.1&2,
D&E. Not implemented. See MAR finding number 2.

B.3. Not implemented. During 2003, approximately \$1,129 was spent for liability insurance premium for a policy from the Prosecuting Attorney Bad Check Fund. The Prosecuting Attorney indicated this policy was to cover his duties as Prosecuting Attorney, which he estimated as taking up 95% of his time. The county also pays for liability insurance coverage for its employees. However, the County Clerk is not sure what is covered by the policy. The county needs to review the overall coverage of its liability insurance. Although not repeated in the current MAR, our recommendation remains as stated above.

B.4. Not implemented. There was approximately \$142 reimbursed to the Prosecutor in excess of the amounts allowed by the county's travel expense policy of \$21 per day for meals. Although not repeated in the current MAR, our recommendation remains as stated above.

C. Implemented.

2. Budgetary Practices and Published Financial Statements

A. Formal budgets were not prepared for some county funds for the years ended December 31, 1999, and 1998.

B. The annual published financial statements of the county did not include the financial activity of some county funds as required.

Recommendation:

The County Commission:

A. Ensure budgets are prepared for all county funds in accordance with state law.

B. Ensure financial information for all county funds is properly reported in the annual published financial statements.

Status:

A&B. Not implemented. Although not repeated in the current MAR, our recommendations remain as stated above.

3. Sheriff's Policies and Procedures

- A. The Sheriff's department housed prisoners for other counties and cities in the county jail. No written agreements existed with any of these entities for these services.
- B. The Sheriff had not established a written policy to govern the operation of the prisoner work release program.

Recommendation:

The Sheriff:

- A. Obtain written agreements for boarding prisoners to and for other entities.
- B. Establish policies and procedures to govern the prisoner work release program.

Status:

- A. Not implemented. See MAR finding number 1.
- B. Implemented.

4. Associate Circuit Division Records and Controls

- A. Accounting and bookkeeping duties were not adequately segregated.
- B. The Associate Circuit Division Clerk maintained three bank accounts: one for civil case fees, one for current criminal costs, fines, and bonds, and a third for old criminal cases and bonds. Monthly listings of open items were not being generated for the old bond account. In addition, the December 1999 current criminal and civil open items listings were not accurate.

Recommendation:

The Associate Circuit Division:

- A. Segregate the duties of handling, recording, distributing, and reconciling cash. If segregation of duties is not possible, at a minimum, an independent review of the receipts and deposits and monthly bank reconciliations should be performed and documented.
- B. Prepare monthly open items listings for all cash accounts and reconcile to the monthly cash records. The Division should determine reasons for all unidentified cash balances or shortages, make adjustments to the accounting records for identified differences, and investigate fluctuations in the unidentified balances in a timely

manner. Any monies remaining unidentified should be disposed of in accordance with the unclaimed property statutes. In addition, the Division should pursue collection of costs accrued on old cases. If collection of such costs cannot be made, monies held by the division should be distributed on a pro-rata basis.

Status:

Not implemented. See MAR finding number 8.

5. Health Center Accounting Controls and Procedures

- A. Accounting and bookkeeping duties were not adequately segregated.
- B. Receipt slips were not always issued for monies received.
- C. An annual inventory of all general fixed assets, and a quarterly inspection of all lands and buildings was not conducted. In addition, property records had not been updated since June 1999 and an acquisition date was not noted in the property records.

Recommendation:

The Health Center Board:

- A. Segregate the duties of handling, recording, distributing, and reconciling cash. If segregation of duties is not possible, at a minimum, an independent review of receipts and deposits and monthly bank reconciliations should be performed and documented.
- B. Issue receipt slips for all monies received and account for the numerical sequence of all receipt slips issued.
- C. Perform and document annual inventories of Health Center owned property and update the fixed asset records for unrecorded property additions and dispositions.

Status:

A&C. Implemented.

- B. Not implemented. See MAR finding number 7.

STATISTICAL SECTION

History, Organization, and
Statistical Information

BATES COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1841, the county of Bates was named after Frederick Bates, second governor of Missouri. Bates County is a township-organized, third-class county and is part of the Twenty-Seventh Judicial Circuit. The county seat is Butler.

Bates County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 200 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens. The townships maintain approximately 965 miles of county roads.

The county's population was 15,873 in 1980 and 16,653 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,				
		2003	2002	2001	2000	1985* 1980**
		(in millions)				
Real estate	\$	100.4	94.6	91.5	86.5	67.3 30.2
Personal property		42.9	42.7	40.8	40.0	21.4 13.9
Railroad and utilities		16.9	17.2	19.6	21.2	12.2 10.5
Total	\$	160.2	154.5	151.9	147.7	100.9 54.6

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Bates County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,			
		2003	2002	2001	2000
General Revenue Fund	\$	0.2607	0.2619	0.2604	0.2604
Health Center Fund		0.0802	0.0806	0.0801	0.0801
Senate Bill 40 Board Fund		0.0697	0.0700	0.0700	0.0700

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county and townships bill and collect property taxes for themselves and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28 (29),			
	2004	2003	2002	2001
State of Missouri	\$ 48,642	45,877	45,122	43,895
General Revenue Fund	427,321	406,911	398,347	380,728
Special Road and Bridge Fund	47,115	46,040	44,855	43,935
Assessment Fund	92,874	86,484	71,522	69,091
Health Center Fund	128,539	121,815	119,226	115,922
Senate Bill 40 Board Fund	111,729	105,857	104,581	100,581
School districts	6,028,299	5,625,256	5,519,917	5,288,947
Special road districts	8,686	8,156	8,468	8,264
Township	142,400	135,174	132,226	128,427
Township Road and Bridge	492,841	478,134	466,459	451,224
Tax Maintenance Fund	14,485	3,010	0	0
Surtax	58,128	55,568	58,707	57,461
Cities	14,460	14,267	17,707	16,681
Tax Sale Surplus Fund	4,420	7,113	919	29
County Clerk	1,649	1,635	1,568	1,667
County Employees' Retirement	46,126	40,836	34,141	33,081
Commissions and fees:				
General Revenue Fund	63,083	55,195	56,005	62,424
Township Commissions	67,143	62,690	61,113	58,850
Total	\$ 7,797,940	7,300,018	7,140,883	6,861,207

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),			
	2003	2002	2001	2000
Real estate	91.7	92.5	92.7	92.7
Personal property	84.4	88.2	88.7	87.5
Railroad and utilities	100.0	97.4	98.6	100.0

Bates County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	
Law Enforcement	\$.0050	None	None	%
Capital Improvements	.0050	2017	None	
Use Tax	.0100	None	None	

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2004	2003	2002	2001	2000
County-Paid Officials:	\$				
Everett Cummings, Presiding Commissioner		28,730			
Terry Wheatley, Presiding Commissioner			28,400	28,400	28,400
Randy W. Pike, Associate Commissioner		26,730	26,400	26,400	
Gloria Pyeatt, Associate Commissioner					26,400
Bob Wingate, Associate Commissioner		26,730	26,400	26,400	
Everett Cummings, Associate Commissioner					26,400
Lucille Mundy, Recorder of Deeds		40,500	40,000	40,000	40,000
Marlene Wainscott, County Clerk		40,500	40,000	40,000	40,000
Hugh Jenkins, Prosecuting Attorney		48,000	47,000	47,000	47,000
Duane Diehl, Sheriff		44,500	44,000	44,000	36,000
Gary Schowengerdt, County Coroner		12,500	12,000	12,000	6,500
June Cumpston, Public Administrator (1)		20,000	20,000	22,500	48,307
James Platt, Treasurer and Ex Officio County Collector, year ended March 31,	40,750	40,000	40,000	34,648	
Roger Pruden, County Assessor (2), year ended August 31,		41,067	40,900	40,900	40,900
W.C. Lethcho, County Surveyor		18,600	18,600	18,600	18,600

- (1) Effective January 2001, the Public Administrator elected to change from a fee basis to a salary basis.
(2) Includes \$900 annual compensation received from the state.

State-Paid Officials:

Diane Rich, Circuit Clerk	47,300	47,300	47,300	46,127
John M. O'Bannon, Associate Circuit Judge	96,000	96,000	96,000	97,232

The county entered into a lease purchase agreement with First Bank of Missouri on March 1, 2002. The terms of the agreement call for the county to lease the law enforcement and detention center to First Bank of Missouri, and for the bank to lease purchase the law enforcement and detention center back to the county with lease payments equal to the amount due to retire the indebtedness. Certificates of Participation totaling \$5,590,000 were issued by First Bank of Missouri on behalf of the county and the proceeds of those certificates were used to construct the law enforcement and detention center. The lease is scheduled to be paid off in 2017. The remaining principal and interest due on the lease at December 31, 2003 was \$5,495,000 and \$2,213,135, respectively. The Certificates of Participation are anticipated to be paid with the revenue generated from the capital improvement sales tax which was passed on November 6, 2001.



**THIRTY-NINTH JUDICIAL CIRCUIT
CITY OF KIMBERLING CITY, MISSOURI
MUNICIPAL DIVISION**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-98
December 29, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of
Missouri State Auditor
Claire McCaskill

December 2004

During our audit of the Thirty-Ninth Judicial Circuit, City of Kimberling City, Missouri, Municipal Division, we identified the following problems.

Receipts of cash totaling at least \$32,771 were collected by the city of Kimberly City and the Municipal Division from May 2003 to October 2004 but were not deposited. Checks received for payment of sewer bills, sewer deposits, and other city fees were substituted into deposits of the municipal division and other city bank accounts, and recorded cash receipts were not deposited, and apparently misappropriated. Additionally, some cash received for the payment of sewer bills, sewer deposits, and other city fees was not deposited into the city's bank accounts, and apparently misappropriated.

In most instances credit adjustments rather than payments were posted to the city's sewer accounts receivable records to conceal the shortage. Between May 2003 and October 2004, monthly credit adjustments increased five times more than those recorded in previous months, and totaled approximately \$40,913. Considering some of the city's receipt records could not be located and the large amount of credit adjustments posted to city sewer accounts, it appears likely that more monies may have been misappropriated.

Upon discovering several discrepancies in the deposit records of the municipal division, we contacted city officials and interviewed various city employees. The city allowed us access to review city records. Subsequently, on October 20, 2004, the city placed the city's accounting clerk on administrative leave with pay and then terminated the employee on November 1, 2004.

Controls over the recording of various city revenues are poor and have allowed misappropriations to go undetected. There is no oversight or adequate segregation of duties related to the city's accounting system. Adjustments made to customer sewer accounts are not always properly authorized or adequately documented, the method of payment is not reconciled to the composition of deposits, and receipts are not always deposited on a timely basis or in the order received. Our report includes specific recommendations to improve these controls. The city has already taken action to address several of the recommendations.

Also, in the report are recommendations related to court procedures including duties of receiving, recording, transmitting, and disbursing monies collected by the municipal division are not adequately segregated and monthly bank reconciliation procedures are inadequate. Furthermore, receipt slips are not obtained for court monies transmitted to the city's accounting clerk and other improvements are needed with court procedures.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

THIRTY-NINTH JUDICIAL CIRCUIT
CITY OF KIMBERLING CITY, MISSOURI
MUNICIPAL DIVISION

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

J. Edward Sweeney, Presiding Judge
Thirty-Ninth Judicial Circuit
and
Mark Rundel, Municipal Judge
and
Gary Conway, Mayor
and
Members of the Board of Alderman
Kimberling City, Missouri

We have audited certain operations of the city of Kimberling City Municipal Division of the Thirty-Ninth Judicial Circuit. The scope of this audit included, but was not necessarily limited to, the two years ended December 31, 2003. The objectives of this audit were to:

1. Review internal controls over significant financial functions.
2. Review compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and operations.
4. Investigate irregularities noted regarding cash receipts and deposits.
5. Determine to what extent funds may have been misappropriated.

Our methodology to accomplish these objectives included reviewing written policies, financial records, and other pertinent documents; interviewing various personnel of the municipal division, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the municipal division's management and was not subjected to the procedures applied in the audit of the division.

The accompanying Management Advisory Report presents our findings arising from our audit of the city of Kimberling City Municipal Division of the Thirty-Ninth Judicial Circuit.



Claire McCaskill
State Auditor

November 18, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Donna Christian, CPA, CGFM
In-Charge Auditor:	April McHaffie Lathrom, CPA
Audit Staff:	Jay Ross

EXECUTIVE SUMMARY

THIRTY-NINTH JUDICIAL CIRCUIT
CITY OF KIMBERLING CITY, MISSOURI
MUNICIPAL DIVISION
EXECUTIVE SUMMARY

Our audit identified receipts of cash totaling at least \$32,771 were collected by the city of Kimberling City and the Municipal Division from May 2003 to October 2004, but were not deposited in a city or municipal division bank account. Checks received for payment of sewer bills, sewer deposits, and other city fees were substituted into deposits of the municipal division and other city bank accounts, and recorded cash receipts were not deposited and apparently misappropriated. Additionally, some cash received for the payment of sewer bills, sewer deposits, and other city fees was not deposited into the city's bank accounts and apparently misappropriated.

Lack of internal control and little or no independent review allowed these misappropriations to occur and not be detected. Controls over numerous types of city revenues are weak as noted in the accompanying Management Advisory Report. Information regarding these missing monies has been turned over to the Stone County Prosecuting Attorney and the Missouri State Highway Patrol.

The city's accounting clerk, who was hired April 16, 2003, and left employment November 1, 2004, was responsible for recording city receipts, depositing city and court monies, processing city expenditures and payroll, compiling monthly financial statements, and preparing bank reconciliations.

The city has a blanket bond covering city employees. The bond coverage carries a \$1,000 deductible.

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

THIRTY-NINTH JUDICIAL CIRCUIT
CITY OF KIMBERLING CITY, MISSOURI
MUNICIPAL DIVISION
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Misappropriated Funds
-----------	------------------------------

Receipts of cash totaling at least \$32,771 were collected by the city of Kimberling City and the Municipal Division from May 2003 to October 2004 but were not deposited.

Checks received for payment of sewer bills, sewer deposits, and other city fees were substituted into deposits of the municipal division and other city bank accounts, and recorded cash receipts were not deposited, and apparently misappropriated. Additionally, some cash received for the payment of sewer bills, sewer deposits, and other city fees was not deposited into the city's bank accounts, and apparently misappropriated.

The following table shows by fund and period the amount of cash receipts that was not accounted for:

Fund	May 1, 2003 to December 31, 2003	January 1, 2004 to October 31, 2004	Total
Municipal Division Fund	\$ 6,930	11,117	18,047
Sewer Fund	3,255	6,261	9,516
General Fund	617	3,366	3,983
Customer Deposit Fund	350	875	1,225
Total	\$ 11,152	21,619	32,771

In most instances credit adjustments rather than payments were posted to the city's sewer accounts receivable records to conceal the shortage.

For example, in August 2004 the municipal division transmitted cash receipts totaling \$5,464 to the city; however, cash totaling only \$2,773 was deposited in the municipal division's bank account. Checks for the payment of city sewer bills totaling the difference (\$2,691) were deposited into the municipal division bank account instead of the cash, and credit adjustments were posted to the city's sewer accounts receivable records to conceal the shortage. Additionally, deposit slips prepared by the municipal division clerk and transmitted to the city with the collections were often altered to reflect an increase in the amount of checks and a decrease in the amount of cash to be deposited.

In another example, the city sold a police car for \$2,277 cash in April 2004, and checks totaling \$2,225 received for the payment of sewer bills were deposited into the city's general account, and only \$2 cash was deposited. The remaining \$50 was unaccounted for by the city.

According to the city's computerized accounting system, monthly credit adjustments between May 2003 and October 2004 increased five times more than those recorded in previous months, and totaled approximately \$40,913 during this period. In addition, some of the city's receipt records could not be located. Considering the large amount of credit adjustments posted to city sewer accounts, and the missing city receipt records, it appears likely that more monies may have been misappropriated. The city should attempt to locate all receipt records and review all credit adjustments posted during this period to determine if additional funds have been misappropriated.

Upon discovering several discrepancies in the deposit records of the municipal division, we contacted city officials and interviewed various city employees. The city allowed us access to review city records. Subsequently, on October 20, 2004, the city placed the accounting clerk on administrative leave with pay and then terminated the employee on November 1, 2004.

Additionally, our review of city accounting records was limited to available receipt reports, and did not include a review of all city records, such as payroll and expenditure records. The city should take the necessary steps to review all accounting records which could be susceptible to misappropriation.

A lack of internal control and no independent review, as discussed in the remainder of this Management Advisory Report (MAR), allowed these misappropriations to occur and not be detected. Information regarding these missing monies has been turned over to the Stone County Prosecuting Attorney and the Missouri State Highway Patrol.

WE RECOMMEND the city of Kimberling City take the necessary action to recover the missing funds and work with law enforcement officials regarding any criminal prosecution.

AUDITEE'S RESPONSE

The Board of Alderman indicated that the city will cooperate fully with law enforcement officials to recover the missing funds.

2. City Accounting Controls and Procedures

Controls over the recording of various city revenues are poor and have allowed the misappropriations noted in MAR finding number 1 above to go undetected.

The city collects various types of receipts for sewer services, property taxes, business licenses, building permits, and miscellaneous charges, such as garage sale permits, dog licenses, and rent. The municipal division and the police department collect bonds, court costs, and fines, and transmit these collections to the city. The city and court issues prenumbered receipt slips for all monies received except sewer services and property taxes. Utility billing stubs and property tax statements serve as receipts slips for sewer

services and property tax monies received. The city deposits receipts into four main bank accounts (sewer, general, customer deposits, and municipal court).

A. Adequate controls have not been established over receipts collected by the city.

Monies are collected by the city's collector and summarized on a daily balance sheet. A separate balance sheet is prepared for sewer monies, general monies, and customer deposits. These monies and the daily balance sheet are transmitted to the city's accounting clerk who is responsible for posting the payments in the utility billing system, generating a daily cash receipts journal, depositing the money, and posting entries into the city's general ledger system to track revenues in the city's financial statements. There is no documentation to indicate that anyone compares the daily balance sheets prepared by the city's collector to the amounts deposited or recorded on the daily cash receipts journal. Further, there is no documentation to indicate that anyone compares the cash receipts journal to amounts recorded in the city's general ledger.

We compared the amounts recorded on the daily balance sheets to monies deposited into the city's bank accounts and found numerous instances where it was obvious that all monies received were not deposited.

The city's failure to maintain adequate controls over monies collected represent serious control weaknesses that could have detected some of the misappropriation noted in MAR finding number 1 had these controls been in place.

The city should initiate procedures to compare the daily cash balance sheet to amounts deposited in the city's bank accounts, and amounts recorded in the city's accounting records to ensure all receipts are properly accounted for.

B. There is no oversight or adequate segregation of duties related to the city's accounting system and controls over the city's computerized accounting system are weak.

The city's accounting clerk performs all functions related to the city's sewer system and all other city funds. The accounting clerk's functions included generating monthly utility bills, recording utility payments, posting credit adjustments, monitoring sewer accounts for delinquencies, depositing all money received, reconciling all bank accounts, paying city expenditures, processing payroll, and preparing monthly financial statements. Additionally, access to various computer software functions is not limited through the use of passwords.

While the City Clerk and City Treasurer review the city's monthly summary financial statement, they do not review any other records such as detailed receipt reports or bank statements to ensure the monthly financial statement is accurate. Further, while the City Clerk is the immediate supervisor of the city's accounting clerk, she is unfamiliar with the city's computerized accounting software.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receipting and depositing monies from that of preparing bills, recording payments, and following up on delinquent accounts. If a proper segregation of duties cannot be achieved, at a minimum, there should be an independent review of the reconciliations between bank deposits and recorded payments, and an independent review of and approval for credit adjustments and delinquent account follow-up. Additionally, consideration should be given to updating the access rights to the city's current computerized accounting system to include appropriate controls.

- C. Adjustments made to customer sewer accounts are not always properly authorized or adequately documented. The accounting clerk has the ability to record adjustments to sewer accounts without any independent review or approval of the adjustment. Additionally, the city's computer system has the capability of generating a report of all adjustments made to sewer accounts; however, this report was not generated until we requested the information.

According to this report, between May 2003 and October 2004, credit adjustments totaling \$40,913 were made to customer sewer accounts. The average monthly amount of credit adjustments issued between January 2003 and April 2003 was \$381. The average monthly amount increased to \$2,046 between May 2003 and October 2004. While some of the adjustments may have been necessary to correct inaccurate billings, it appears most of the credit adjustments were posted to help conceal the cash shortage discussed in MAR finding number 1.

Further, the city's computerized accounting system has the capability of tracking the reason for making adjustments to customer accounts; however, this capability is not generally utilized.

Proper approval/authorization and adequate documentation which fully explains the reason for the adjustments are necessary to ensure only the proper accounts and amounts are adjusted and to reduce the risk of misstatement or misappropriation.

- D. The method of payment (cash, check, or money order) is not reconciled to the composition of deposits. While the method of payment is indicated on most receipt slips, we noted some instances where the method of payment was not indicated.

To ensure all receipts are accounted for properly and deposited intact, the method of payments received should be recorded on all receipt slips and the composition of receipt slips issued should be reconciled to the composition of bank deposits. Had such a comparison been performed, some of the misappropriations noted in MAR finding number 1 may have been detected.

- E. Receipts are not always deposited on a timely basis or in the order received. For example, \$470 receipted by the municipal division between January 28 and January 30, 2004, was not deposited by the city until February 12, 2004. While several other deposits were made during this time period, the city could provide no reasonable explanation regarding why these receipts were held. Our review found \$457 of this same deposit was misappropriated.

Additionally, we also noted numerous instances where sewer receipts collected on several days were held and deposited on the same day.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited intact daily or when accumulated receipts exceed \$100.

WE RECOMMEND the city of Kimberling City:

- A. Ensure someone independent of the receipt processing function reconciles the daily cash balance sheet to monies recorded in the city's accounting records and to a deposit into the city's bank accounts.
- B. Adequately segregate the duties of receiving, recording, and depositing receipts. If duties cannot be adequately segregated, at a minimum, there should be an independent review of the reconciliations between receipts and deposits and an independent review of bank statements and bank reconciliations. Also, the city should consider updating the city's current computerized accounting system to include adequate access controls.
- C. Require independent approval of all credit adjustments and monitor the adjustments made to customer accounts. Additionally, utilize the computer system's capability to track reasons for making adjustments to customer accounts.
- D. Ensure the method of payment is recorded for each receipt and the composition of receipt slips issued is reconciled to the composition of deposits.
- E. Deposit receipts intact daily or when accumulated receipts exceed \$100.

AUDITEE'S RESPONSE

The Board of Alderman indicated:

- A. *Controls have been put in place to compare the daily balance sheet to the amounts deposited. The City Clerk is now working daily with the computer system to familiarize herself with the system. We have also had our computer programmer provide software training.*

- B. *Some procedures have been put in place to segregate duties. Also, the person responsible for sewer collections will no longer have access to court monies. In addition, the Court Clerk will receive a receipt slip from the city for all money transmitted. Further, a copy of the court bank statement will be provided to the Court Clerk.*
- C. *All credit adjustments will be approved by the Mayor. A credit adjustment report will be prepared weekly and reviewed by the Mayor. We acknowledge the credit adjustments increased significantly, however, we feel a portion of the adjustments resulted from the addition of new customers. We are in the process of reviewing credit adjustments to ensure they are legitimate.*
- D. *We have implemented a policy to record the method of payment received on all receipts and reconcile the composition to deposits.*
- E. *We have implemented a policy to make deposits daily when receipts exceed \$100.*

3. Court Procedures

The duties of receiving, recording, transmitting, and disbursing monies collected by the municipal division are not adequately segregated and monthly bank reconciliation procedures are inadequate. Receipt slips are not obtained for court monies transmitted to the city's accounting clerk and other improvements are needed with court procedures.

- A. The duties of receiving, recording, transmitting, and disbursing monies collected by the municipal division are not adequately segregated. Currently, the Court Clerk performs all of these duties. Neither the Municipal Judge nor other personnel independent of the cash custody and record-keeping functions provide any supervision or review of the work performed by the Court Clerk.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls could be improved by segregating the duties of receiving, transmitting and disbursing monies from that of recording receipts and disbursements. If proper segregation of duties cannot be achieved, at a minimum, there should be a documented independent review of the bank reconciliation and a comparison of receipt slips issued to amounts transmitted and disbursed.

- B. Monthly bank reconciliation procedures are inadequate, and the court did not effectively monitor the balances in the bank account. Bank reconciliations are not always accurately prepared and a monthly listing of liabilities is not prepared and compared to the reconciled bank balance to ensure there is adequate cash to meet liabilities. For example, the August 2004 bank reconciliation was prepared using an inaccurate bank balance and did not include any of the court's deposits in transit.

Further, during April 2004 bank charges totaling \$50 were assessed against the court account for issuing checks in excess of the court's bank balance. The insufficient bank account balance appears to be the result of untimely deposits.

Accurate and complete bank reconciliations are necessary to ensure all monies are accounted for properly, accounting records are correct, and to identify errors on a timely basis. Monthly listings of open items are necessary to ensure the proper disposition of cash balances. The periodic reconciliation of liabilities with the cash balance provides assurance the records are in balance and that sufficient cash is available for payment of all liabilities. In addition, to prevent unnecessary bank charges, the court should more closely monitor check book balances.

- C. Receipt slips are not obtained for court monies transmitted to the city's accounting clerk for deposit into the court bank account. To provide assurance all monies have been transmitted, a receipt slip should be obtained from the city for each transmittal of court monies.
- D. The police department collects fines, court costs, and bond monies when the Court Clerk is not available. These collections are not maintained in a secure location prior to transmittal. Receipts are placed in a folder and kept on a shelf in the dispatch area until picked up by the Court Clerk. Further, a \$200 change fund is kept in an unlocked cabinet in the dispatch area. To adequately safeguard receipts and reduce the risk of loss or misuse of funds, any monies held by the police department should be maintained in a secure location.
- E. Voided receipt slips are not always retained. To adequately account for all receipts, all copies of voided receipt slips should be retained.
- F. The final disposition of each case is not always adequately documented in the court docket. The ultimate disposition of each case should be recorded on the docket to ensure the proper disposition has been recorded in the court records.

WE RECOMMEND the city of Kimberling City Municipal Division:

- A. Adequately segregate duties between available employees and/or establish a documented periodic review of municipal division records by an independent person.
- B. Prepare complete and accurate bank reconciliations which are compared to monthly listings of liabilities. In addition, ensure procedures are in place to eliminate bank overdraft charges.
- C. Obtain receipt slips for all monies transmitted to the city.
- D. Ensure all monies are maintained in a secure location.

- E. Retain all copies of voided receipt slips.
- F. Include the disposition of each case on the court docket.

AUDITEE'S RESPONSE

The Municipal Judge stated:

"I am pleased to note that our revenues have increased by more than \$7,500 from 2002 to 2003. I am sure it is also noted that we likewise have experienced a proportionately heavier caseload indicating the dedication and diligence of the police department, the efforts of our prosecutor, and increased demands placed on the clerk.

"In reviewing the concerns expressed in the report, I note that no indication of malfeasance is directed toward the Municipal Court Clerk. I believe we have an extremely trustworthy clerk whose tenure far exceeds that of myself or the prosecutor. It does appear the problem determined lies in the city office beyond the control of the court.

"The report has set forth various areas in which additional efforts should be made to monitor financial matters. The procedures in place were instituted before my appointment to the municipal bench, but it is now apparent modifications need to be made. I know in conferring with the Mayor, the Court Clerk, and Chief of Police, the city is examining policies and procedures to implement immediate safeguards. Since most of us are not accountants, and financial reports and records mean nothing without explanation as to their meanings and use, it would be helpful if the Auditor's Office would remain available for consultation and guidance as the city works to develop new standards and educate city officials on their applications.

"Again, I am not surprised this comprehensive review has found no substantial problem with the court system itself. The Municipal Court Clerk is a person in whom I can place complete trust and confidence to perform her job as she has done for me and those who have held the position of judge before me. I am also pleased by the support received from the Mayor and city administration to aggressively address the problems presented and provide for the immediate institution of corrective actions. I support the Auditor's position in referring the investigation of misappropriated funds to outside agencies and consideration for criminal prosecution. This betrayal of public trust is intolerable."

FOLLOW-UP ON PRIOR AUDIT FINDINGS

THIRTY-NINTH JUDICIAL CIRCUIT
CITY OF KIMBERLING CITY, MISSOURI
MUNICIPAL DIVISION
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by the city of Kimberling City Municipal Division on the applicable finding in the Management Advisory Report (MAR) of our prior audit report issued for the two years ended December 31, 1996, on the municipal divisions of the Thirty-Ninth Judicial Circuit.

The prior recommendations which have not been implemented are repeated in the current MAR.

City of Kimberling City Municipal Division

- A. Some receipt slips issued by the court did not indicate the method of payment received.
- B. Some of the bonds collected by the police department for other law enforcement agencies were not deposited into the court's bond bank account, but instead were transmitted in cash to the applicable agency.
- C. The court allowed defendants to pay fines and court costs over a period of time; however, payment information was not always properly documented and did not include defendants who had warrants issued for amounts due the court.

Recommendations:

The city of Kimberling City Municipal Division:

- A. Indicate the method of payment on all receipt slips issued and reconcile total cash, checks, and money orders received to bank deposits.
- B. Deposit all bonds in the bond bank account and make subsequent disbursements by check.
- C. Ensure the control ledger contains all applicable information for amounts due the court.

Status:

- A. Partially implemented. The method of payment is recorded; however, the composition of receipts is not reconciled to bank deposits. See MAR finding number 2.
- B&C. Implemented.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

THIRTY-NINTH JUDICIAL CIRCUIT
CITY OF KIMBERLING CITY, MISSOURI
MUNICIPAL DIVISION
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The city of Kimberling City Municipal Division is one of twenty municipal divisions within the Thirty-Ninth Judicial Circuit, which consists of Barry, Lawrence, and Stone counties. The Honorable J. Edward Sweeney serves as Presiding Judge.

The municipal division is governed by Chapter 479, RSMo 2000, and by Supreme Court Rule No. 37. Supreme Court Rule No. 37.49 provides that each municipal division may establish a violation bureau (VB) in which fines and costs are collected at times other than during court and transmitted to the city treasury.

Operating Costs

The operating costs and court salaries of the municipal division are paid by the municipality.

Organization

The court clerk is responsible for recording transactions as well as handling collections and disbursements. The court clerk transmits fines, costs, and bonds to the city's accounting clerk for deposit into the court's bank account. Fines and costs are disbursed to the city and state monthly. The city of Kimberling City police department collects fines, court costs, and bonds. The police department transmits collections to the court clerk daily. Court is held once a month. A VB has been established to receive payments of fines and court costs at times other than during court.

Personnel

Municipal Judge	Mark Rundel (1)
Court Clerk	Julianne Price
City Accounting Clerk	Tangee Lamer (2)

(1) Alan Blankenship served as Municipal Judge prior to December 2002.

(2) Tangee left employment November 1, 2004. Patty Wilson served as City Accounting Clerk prior to April 2003.

Financial and Caseload Information

	Year Ended December 31, 2003	Year Ended December 31, 2002
Receipts	\$ 59,047	51,522
Number of cases filed	511	393



**PIKE COUNTY, MISSOURI
YEARS ENDED DECEMBER 31, 2003 AND 2002**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-97
December 22, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

December 2004

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Pike, that do not have a county auditor. In addition to a financial and compliance audit of various county operating funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Pike County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The County Treasurer did not perform bank reconciliations or reconciliations between the fund ledger book balances and the related bank account balances. As a result, errors between the bank and book amounts were undetected by the County Treasurer and accumulated differences had not been identified or corrected. The lack of these reconciliations was noted in the prior three audit reports. The County Treasurer's semi-annual settlements were not complete or accurate, due to the errors noted and other missing information.
- In April 1997, the county passed a Road and Bridge Capital Improvement Sales Tax of one-half of one percent and in November 2001, passed a Hospital Capital Improvement Sales Tax of one-half of one percent. The county appears to have exceeded the statutory maximum for capital improvement sales taxes by one-half of one percent. In addition, neither of the Capital Improvement Sales Tax ballots specified the number of years the sales taxes would be in effect and the county had not adequately monitored the Hospital Capital Improvement Sales Tax to ensure the monies were spent in accordance with state law. Also, the county had not sufficiently reduced property taxes by 50 percent of the total general sales tax revenues.
- Budgets were not prepared for several county funds and many of the same funds were not included in the published financial statements. The total of the unbudgeted disbursements for these funds for the years ended December 31, 2003 and 2002, were \$683,481 and \$981,495, respectively.
- The county did not have procedures in place to adequately track federal awards for preparation of the schedule of expenditures of federal awards. Seventeen grants were omitted for one or both of the years ended December 31, 2003 and 2002 with omitted expenditures totaling \$191,991 and \$350,482, respectively. Five other grants were misstated by a total of \$49,332 and \$41,679 for the years ended December 31, 2003 and 2002, respectively and four other grants were reported

(over)

YELLOW SHEET

under the wrong program numbers. Some errors also involved grants managed by the Sheriff's Department and the Health Center. Also, the County Commission did not adequately document the review and approval of the request for funds and related invoices for some federal grant programs, or adequately document its review of three engineering firms when procuring engineering services. In addition, the County Clerk did not retain copies of all contracts, grant agreements, invoices, or other supporting documentation for the federal programs.

- Increasing costs in the county's law enforcement and 911 services could severely impact the county's financial condition if left unchecked. The Law Enforcement Sales Tax Fund (LEST) had a deficit fund balance of (\$64,005) at December 31, 2003, and the budget for 2004 estimated an increased deficit fund balance of (\$137,854) at December 31, 2004. Likewise, the financial statements of the 911 Fund reflect a decrease in cash balance from \$297,438 at January 1, 2001 to \$133,467 at December 31, 2003. The 911 Fund budget for 2004 estimates a further decrease in cash balance to \$71,865 at December 31, 2004. The declines in the cash balances of the LEST and 911 funds, along with future financial obligations, could deplete General Revenue Fund balances as the General Revenue Fund is likely to have to subsidize these operations.
- The Health Center's internal controls over cash receipts were in need of improvement. Receipt slips were not prenumbered and were not issued for some monies received, monies were not deposited intact or timely, checks were not restrictively endorsed upon receipt and duties were not adequately segregated. In addition, budgets were not accurate and complete, billings for services were not timely, and related payment activity was not adequately monitored.

Also included in the audit were recommendations related to bidding, officials' salaries and bonds, expenditures, fuel usage records, computer controls, and property tax records and procedures of the County Collector.

All reports are available on our website: www.auditor.mo.gov

PIKE COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Pike County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Pike County, Missouri, as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As more fully discussed in Note 1, the county's financial statements do not include Statements of Receipts, Disbursements, and Changes in Cash - Budget and Actual for various funds totaling \$692,599 and \$983,649 in receipts and \$683,481 and \$981,495 in disbursements for the years ended December 31, 2003 and 2002, respectively. Statements of Receipts, Disbursements, and Changes in Cash - Budget and Actual are required by the comprehensive basis of accounting discussed in Note 1.

In our opinion, except for the effects on the financial statements of the omissions discussed in the preceding paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Pike County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2003 and 2002, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated July 15, 2004, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Pike County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.



Claire McCaskill
State Auditor

July 15, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Douglas J. Porting, CPA
In-Charge Auditor:	Katherine K. Cardenas, CPA
Audit Staff:	Andrea Paul
	Julie Moore



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission
and
Officeholders of Pike County, Missouri

We have audited the financial statements of various funds of Pike County, Missouri, as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated July 15, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*; issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of various funds of Pike County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 03-1 through 03-3. We also noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Pike County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our

attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the county's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 03-1 and 03-3.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable conditions described above, finding numbers 03-1 and 03-3, to be material weaknesses. We also noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Pike County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

July 15, 2004 (fieldwork completion date)

Financial Statements

Exhibit A-1

PIKE COUNTY, MISSOURI

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS

YEAR ENDED DECEMBER 31, 2003

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 556,973	1,742,874	1,603,725	696,122
Special Road and Bridge	255,749	2,079,281	1,951,047	383,983
Assessment	33,925	242,878	222,617	54,186
Law Enforcement Training	7,638	12,011	5,533	14,116
Prosecuting Attorney Training	3,295	975	1,581	2,689
Recorder's User Fees	41,519	22,586	5,709	58,396
Law Enforcement Sales Tax	(19,675)	1,078,534	1,122,864	(64,005)
Prosecuting Attorney Bad Check	15,527	10,663	74	26,116
911	160,019	150,978	177,530	133,467
5% Election Services	9,245	854	8,952	1,147
Prosecuting Attorney Tax	731	680	1,525	(114)
County Health, Homecare, and Hospice	125,388	1,346,529	1,359,515	112,402
Circuit Interest	11,384	484	0	11,868
Law Library	20,332	11,054	18,099	13,287
Pike County Memorial Hospital				
Capital Improvement Sales Tax	0	610,847	610,847	0
Domestic Violence	4,883	1,820	5,208	1,495
Community Development Block Grants	0	66,547	66,547	0
Tax Maintenance	0	13,144	0	13,144
Associate Circuit Division Interest	919	91	566	444
Juvenile Assessment	1,231	150	313	1,068
Total	\$ 1,229,083	7,392,980	7,162,252	1,459,811

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

PIKE COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 387,628	1,532,875	1,363,530	556,973
Special Road and Bridge	296,066	1,816,379	1,856,696	255,749
Assessment	25,541	215,671	207,287	33,925
Law Enforcement Training	3,687	12,031	8,080	7,638
Prosecuting Attorney Training	2,899	871	475	3,295
Recorder's User Fees	33,883	16,345	8,709	41,519
Law Enforcement Sales Tax	9,432	1,049,377	1,078,484	(19,675)
Prosecuting Attorney Bad Check	24,647	11,813	20,933	15,527
Community Service	13,670	206	13,876	0
911	203,436	150,123	193,540	160,019
5% Election Services	6,590	3,414	759	9,245
Prosecuting Attorney Tax	750	500	519	731
County Health, Homecare, and Hospice	113,839	1,254,808	1,243,259	125,388
Circuit Interest	10,057	1,327	0	11,384
Law Library	20,808	9,672	10,148	20,332
Pike County Memorial Hospital				
Capital Improvement Sales Tax	0	358,693	358,693	0
Domestic Violence	2,560	2,323	0	4,883
Community Development Block Grants	0	622,353	622,353	0
Associate Circuit Division Interest	1,007	5	93	919
Juvenile Assessment	1,312	275	356	1,231
Total	\$ 1,157,812	7,059,061	6,987,790	1,229,083

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

PIKE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TOTALS - VARIOUS FUNDS</u>						
RECEIPTS	\$ 6,688,087	6,700,381	12,294	5,313,109	6,075,412	762,303
DISBURSEMENTS	7,687,867	6,478,771	1,209,096	7,239,034	6,006,295	1,232,739
RECEIPTS OVER (UNDER) DISBURSEMENTS	(999,780)	221,610	1,221,390	(1,925,925)	69,117	1,995,042
CASH, JANUARY 1	1,113,897	1,222,050	108,153	1,007,407	1,152,933	145,526
CASH, DECEMBER 31	114,117	1,443,660	1,329,543	(918,518)	1,222,050	2,140,568
<u>GENERAL REVENUE FUND</u>						
RECEIPTS						
Property taxes	441,069	623,866	182,797	444,684	453,367	8,683
Sales taxes	605,000	599,084	(5,916)	590,000	605,355	15,355
Intergovernmental	65,962	54,165	(11,797)	65,738	53,822	(11,916)
Charges for services	208,520	256,240	47,720	222,890	212,556	(10,334)
Interest	6,000	8,229	2,229	15,000	9,343	(5,657)
Other	123,978	133,790	9,812	132,453	119,932	(12,521)
Transfers in	60,000	67,500	7,500	82,150	78,500	(3,650)
Total Receipts	1,510,529	1,742,874	232,345	1,552,915	1,532,875	(20,040)
DISBURSEMENTS						
County Commissioner	86,180	86,479	(299)	85,980	85,331	649
County Clerk	81,801	80,284	1,517	78,884	78,213	671
Elections	67,619	34,904	32,715	83,465	77,723	5,742
Buildings and grounds	62,219	56,674	5,545	61,179	49,464	11,715
Employee fringe benefit	178,290	154,133	24,157	162,200	134,974	27,226
County Treasurer	42,394	41,286	1,108	40,886	37,379	3,507
County Collector	85,631	74,942	10,689	84,004	74,760	9,244
Ex Officio Recorder of Deed	41,910	41,233	677	40,410	38,851	1,559
Circuit Clerk	6,600	4,637	1,963	6,500	5,385	1,115
Associate Circuit Court	12,500	8,883	3,617	11,050	7,124	3,926
Court administration	42,950	30,401	12,549	43,050	22,201	20,849
Public Administrator	43,210	43,916	(706)	44,996	44,996	0
Prosecuting Attorney	180,828	172,468	8,360	184,437	141,619	42,818
Juvenile Offices	70,184	47,493	22,691	62,625	39,191	23,434
County Coroner	31,500	26,461	5,039	18,250	24,869	(6,619)
Jail lease purchase	135,753	135,753	0	133,656	133,656	0
Miscellaneous	87,149	55,891	31,258	87,121	72,516	14,605
Public health and welfare service	6,000	3,925	2,075	7,000	4,900	2,100
Capital improvements	139,247	126,839	12,408	91,344	30,893	60,451
Other	129,135	123,933	5,202	112,590	104,347	8,243
Transfers out	252,890	252,890	0	292,000	155,138	136,862
Emergency Fund	114,514	300	114,214	120,000	0	120,000
Total Disbursements	1,898,504	1,603,725	294,779	1,851,627	1,363,530	488,097
RECEIPTS OVER (UNDER) DISBURSEMENTS	(387,975)	139,149	527,124	(298,712)	169,345	468,057
CASH, JANUARY 1	551,774	556,973	5,199	382,430	387,628	5,198
CASH, DECEMBER 31	163,799	696,122	532,323	83,718	556,973	473,255

Exhibit B

PIKE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	342,022	375,639	33,617	334,232	352,705	18,473
Sales taxes	675,000	676,312	1,312	680,144	672,066	(8,078)
Intergovernmental	1,230,388	995,161	(235,227)	1,147,243	757,261	(389,982)
Interest	4,400	6,105	1,705	10,000	4,680	(5,320)
Other	34,900	26,064	(8,836)	46,301	29,667	(16,634)
Total Receipts	2,286,710	2,079,281	(207,429)	2,217,920	1,816,379	(401,541)
DISBURSEMENTS						
Salaries	485,084	475,944	9,140	462,226	461,865	361
Employee fringe benefit	165,700	151,470	14,230	157,700	152,448	5,252
Supplies	101,000	89,205	11,795	107,000	76,917	30,083
Insurance	25,000	21,809	3,191	25,000	21,148	3,852
Road and bridge materials	584,514	451,615	132,899	584,514	527,448	57,066
Equipment repairs	95,000	69,485	25,515	80,000	79,898	102
Rentals	1,500	255	1,245	2,500	890	1,610
Equipment purchases	318,558	278,273	40,285	336,500	320,065	16,435
Construction, repair, and maintenance	704,000	346,464	357,536	585,356	145,933	439,423
Other	13,000	14,527	(1,527)	15,000	11,084	3,916
Transfers out	52,000	52,000	0	59,000	59,000	0
Total Disbursements	2,545,356	1,951,047	594,309	2,414,796	1,856,696	558,100
RECEIPTS OVER (UNDER) DISBURSEMENTS	(258,646)	128,234	386,880	(196,876)	(40,317)	156,559
CASH, JANUARY 1	258,646	255,749	(2,897)	298,963	296,066	(2,897)
CASH, DECEMBER 31	0	383,983	383,983	102,087	255,749	153,662
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	151,568	176,378	24,810	154,259	157,059	2,800
Interest	565	369	(196)	1,045	565	(480)
Other	10,248	19,241	8,993	5,780	9,909	4,129
Transfers in	46,890	46,890	0	48,738	48,138	(600)
Total Receipts	209,271	242,878	33,607	209,822	215,671	5,849
DISBURSEMENTS						
Assessor	243,196	222,617	20,579	235,363	207,287	28,076
Total Disbursements	243,196	222,617	20,579	235,363	207,287	28,076
RECEIPTS OVER (UNDER) DISBURSEMENTS	(33,925)	20,261	54,186	(25,541)	8,384	33,925
CASH, JANUARY 1	33,925	33,925	0	25,541	25,541	0
CASH, DECEMBER 31	0	54,186	54,186	0	33,925	33,925

Exhibit B

PIKE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	0	1,805	1,805	0	1,543	1,543
Charges for service:	1,600	4,138	2,538	2,700	3,488	788
Interest	0	68	68	0	0	0
Transfers in	6,000	6,000	0	7,000	7,000	0
Total Receipts	7,600	12,011	4,411	9,700	12,031	2,331
DISBURSEMENTS						
Sheriff	7,600	5,533	2,067	8,400	8,080	320
Total Disbursements	7,600	5,533	2,067	8,400	8,080	320
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	6,478	6,478	1,300	3,951	2,651
CASH, JANUARY 1	7,639	7,638	(1)	3,867	3,687	(180)
CASH, DECEMBER 31	7,639	14,116	6,477	5,167	7,638	2,471
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for service:	850	961	111	800	871	71
Interest	0	14	14	0	0	0
Total Receipts	850	975	125	800	871	71
DISBURSEMENTS						
Prosecuting Attorney	3,700	1,581	2,119	3,748	475	3,273
Total Disbursements	3,700	1,581	2,119	3,748	475	3,273
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,850)	(606)	2,244	(2,948)	396	3,344
CASH, JANUARY 1	3,344	3,295	(49)	2,948	2,899	(49)
CASH, DECEMBER 31	494	2,689	2,195	0	3,295	3,295
<u>RECORDER'S USER FEES FUND</u>						
RECEIPTS						
Charges for service:	13,000	21,955	8,955	14,000	15,597	1,597
Interest	0	631	631	600	748	148
Total Receipts	13,000	22,586	9,586	14,600	16,345	1,745
DISBURSEMENTS						
Ex Officio Recorder of Deed	10,000	5,709	4,291	11,400	8,709	2,691
Total Disbursements	10,000	5,709	4,291	11,400	8,709	2,691
RECEIPTS OVER (UNDER) DISBURSEMENTS	3,000	16,877	13,877	3,200	7,636	4,436
CASH, JANUARY 1	42,206	41,519	(687)	34,570	33,883	(687)
CASH, DECEMBER 31	45,206	58,396	13,190	37,770	41,519	3,749

Exhibit B

PIKE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT SALES TAX FUND</u>						
RECEIPTS						
Sales taxes	672,360	670,208	(2,152)	684,090	672,365	(11,725)
Intergovernmental	221,650	69,456	(152,194)	82,650	131,835	49,185
Charges for services	56,000	46,096	(9,904)	58,000	55,596	(2,404)
Interest	1,500	573	(927)	1,200	1,842	642
Other	58,050	67,201	9,151	45,500	62,739	17,239
Transfers in	225,000	225,000	0	261,862	125,000	(136,862)
Total Receipts	1,234,560	1,078,534	(156,026)	1,133,302	1,049,377	(83,925)
DISBURSEMENTS						
Salaries and fringe benefit:	885,220	842,811	42,409	856,828	815,768	41,060
Office expense:	189,700	160,247	29,453	145,941	139,574	6,367
Jail	140,000	119,806	20,194	140,000	123,142	16,858
Total Disbursements	1,214,920	1,122,864	92,056	1,142,769	1,078,484	64,285
RECEIPTS OVER (UNDER) DISBURSEMENTS	19,640	(44,330)	(63,970)	(9,467)	(29,107)	(19,640)
CASH, JANUARY 1	(19,640)	(19,675)	(35)	9,467	9,432	(35)
CASH, DECEMBER 31	0	(64,005)	(64,005)	0	(19,675)	(19,675)
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for services:	13,500	10,382	(3,118)	9,500	11,343	1,843
Interest	0	281	281	500	470	(30)
Total Receipts	13,500	10,663	(2,837)	10,000	11,813	1,813
DISBURSEMENTS						
Prosecuting Attorney	13,000	74	12,926	13,000	8,933	4,067
Transfers out	0	0	0	15,650	12,000	3,650
Total Disbursements	13,000	74	12,926	28,650	20,933	7,717
RECEIPTS OVER (UNDER) DISBURSEMENTS	500	10,589	10,089	(18,650)	(9,120)	9,530
CASH, JANUARY 1	16,055	15,527	(528)	25,175	24,647	(528)
CASH, DECEMBER 31	16,555	26,116	9,561	6,525	15,527	9,002
<u>COMMUNITY SERVICE FUND</u>						
RECEIPTS						
Interest				100	206	106
Total Receipts				100	206	106
DISBURSEMENTS						
Public safety				13,770	13,876	(106)
Total Disbursements				13,770	13,876	(106)
RECEIPTS OVER (UNDER) DISBURSEMENTS				(13,670)	(13,670)	0
CASH, JANUARY 1				13,670	13,670	0
CASH, DECEMBER 31				0	0	0

Exhibit B

PIKE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>911 FUND</u>						
RECEIPTS						
E911 phone tax	150,000	149,203	(797)	145,000	145,675	675
Interest	2,300	1,775	(525)	7,000	4,448	(2,552)
Total Receipts	152,300	150,978	(1,322)	152,000	150,123	(1,877)
DISBURSEMENTS						
Salaries	27,500	25,018	2,482	23,410	22,481	929
Mileage and training	2,000	695	1,305	2,000	0	2,000
Phone line charges and service	102,926	102,926	0	140,966	140,966	0
Other	122,074	23,891	98,183	84,034	5,093	78,941
Transfers out	25,000	25,000	0	25,000	25,000	0
Total Disbursements	279,500	177,530	101,970	275,410	193,540	81,870
RECEIPTS OVER (UNDER) DISBURSEMENTS	(127,200)	(26,552)	100,648	(123,410)	(43,417)	79,993
CASH, JANUARY 1	160,019	160,019	0	203,436	203,436	0
CASH, DECEMBER 31	32,819	133,467	100,648	80,026	160,019	79,993
<u>5% ELECTION SERVICES FUND</u>						
RECEIPTS						
Intergovernmental	800	854	54	1,500	3,359	1,859
Interest	20	0	(20)	0	55	55
Total Receipts	820	854	34	1,500	3,414	1,914
DISBURSEMENTS						
County Clerk	9,050	8,952	98	7,340	759	6,581
Total Disbursements	9,050	8,952	98	7,340	759	6,581
RECEIPTS OVER (UNDER) DISBURSEMENTS	(8,230)	(8,098)	132	(5,840)	2,655	8,495
CASH, JANUARY 1	9,245	9,245	0	6,590	6,590	0
CASH, DECEMBER 31	1,015	1,147	132	750	9,245	8,495
<u>PROSECUTING ATTORNEY TAX FUND</u>						
RECEIPTS						
Intergovernmental	750	680	(70)	750	500	(250)
Total Receipts	750	680	(70)	750	500	(250)
DISBURSEMENTS						
Prosecuting Attorney	1,400	1,525	(125)	1,500	519	981
Total Disbursements	1,400	1,525	(125)	1,500	519	981
RECEIPTS OVER (UNDER) DISBURSEMENTS	(650)	(845)	(195)	(750)	(19)	731
CASH, JANUARY 1	731	731	0	750	750	0
CASH, DECEMBER 31	81	(114)	(195)	0	731	731

Exhibit B

PIKE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>COUNTY HEALTH, HOMECARE, AND HOSPICE FUND</u>						
RECEIPTS						
Property taxes	293,249	310,071	16,822	0	274,229	274,229
Intergovernmental	120,016	138,412	18,396	0	135,550	135,550
Charges for services	833,932	893,978	60,046	0	842,134	842,134
Interest	2,300	2,518	218	0	2,505	2,505
Other	0	1,550	1,550	0	390	390
Total Receipts	1,249,497	1,346,529	97,032	0	1,254,808	1,254,808
DISBURSEMENTS						
Salaries and employee fringe benefit	970,902	980,192	(9,290)	860,462	890,360	(29,898)
Office expense:	91,721	79,587	12,134	97,268	100,977	(3,709)
Equipment	21,619	37,252	(15,633)	12,000	24,778	(12,778)
Mileage and training	63,921	10,656	53,265	56,500	12,164	44,336
Medical supplies and contracted service	210,819	250,026	(39,207)	202,700	206,835	(4,135)
Other	91,928	1,802	90,126	5,100	8,145	(3,045)
Total Disbursements	1,450,910	1,359,515	91,395	1,234,030	1,243,259	(9,229)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(201,413)	(12,986)	188,427	(1,234,030)	11,549	1,245,579
CASH, JANUARY 1	49,953	125,388	75,435	0	113,839	113,839
CASH, DECEMBER 31	(151,460)	112,402	263,862	(1,234,030)	125,388	1,359,418
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest	700	484	(216)	2,200	1,327	(873)
Total Receipts	700	484	(216)	2,200	1,327	(873)
DISBURSEMENTS						
Circuit Clerk	2,731	0	2,731	2,731	0	2,731
Total Disbursements	2,731	0	2,731	2,731	0	2,731
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,031)	484	2,515	(531)	1,327	1,858
CASH, JANUARY 1	0	11,384	11,384	0	10,057	10,057
CASH, DECEMBER 31	(2,031)	11,868	13,899	(531)	11,384	11,915
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for services	8,000	11,054	3,054	7,500	9,672	2,172
Total Receipts	8,000	11,054	3,054	7,500	9,672	2,172
DISBURSEMENTS						
Other	8,000	2,599	5,401	7,500	2,648	4,852
Transfers out	0	15,500	(15,500)	0	7,500	(7,500)
Total Disbursements	8,000	18,099	(10,099)	7,500	10,148	(2,648)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(7,045)	(7,045)	0	(476)	(476)
CASH, JANUARY 1	0	20,332	20,332	0	20,808	20,808
CASH, DECEMBER 31	0	13,287	13,287	0	20,332	20,332

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

PIKE COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Pike County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, or the Health Center Board of Trustees. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
County Health, Homecare, and Hospice Fund	2002
Pike County Memorial Hospital	
Capital Improvement Sales Tax Fund	2003 and 2002
Domestic Violence Fund	2003 and 2002
Community Development Block Grants Fund	2003 and 2002
Tax Maintenance Fund	2003

Associate Circuit Division Interest Fund	2003 and 2002
Juvenile Assessment Fund	2003 and 2002

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Prosecuting Attorney Tax Fund	2003
County Health, Homecare, and Hospice Fund	2002
Law Library Fund	2003 and 2002
Community Service Fund	2002

Deficit budget balances are presented for the County Health, Homecare, and Hospice Fund and the Circuit Clerk Interest Fund for the years ended December 31, 2003 and 2002. However, the budgets of those funds failed to include other resources available, such as beginning cash balances. Such resources were sufficient to offset the deficit budget balances presented.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
County Health, Homecare, and Hospice Fund	2003 and 2002
Circuit Interest Fund	2003 and 2002
Law Library Fund	2003 and 2002
Pike County Memorial Hospital	
Capital Improvement Sales Tax Fund	2003 and 2002
Domestic Violence Fund	2003 and 2002
Community Development Block Grants Fund	2003 and 2002
Tax Maintenance Fund	2003
Associate Circuit Division Interest Fund	2003 and 2002
Juvenile Assessment Fund	2003 and 2002

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's and the Health Center Board's deposits at December 31, 2003 and 2002, were entirely covered by federal depositary insurance or by collateral securities held by the county's or the board's custodial bank in the county's or the board's name.

However, because of significantly higher bank balances at certain times during the year, uninsured and uncollateralized balances existed for the county at those times although not at year-end.

To protect the safety of county deposits, Section 110.020, RSMo 2000, requires depositaries to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

3. Prior Period Adjustment

The General Revenue Fund's cash balance at January 1, 2002, as previously stated has been increased by \$12,000 to reflect receipts not reported on the year ended December 31, 2001 financial statement.

The Recorder's User Fee Fund's cash balance at January 1, 2002, as previously stated has been decreased by \$12,099 to reflect disbursements not reported in the year ended December 31, 2001 financial statement.

The Hospice Fund's cash balance at January 1, 2002, as previously stated has been decreased by \$29,431 to reflect disbursements not reported in the year ended December 31, 2001 financial statement. The fund was closed in June 2001.

The Law Library Fund's cash balance at January 1, 2002, as previously stated has been increased by \$4,467 to reflect receipt and disbursement misstatements reported in the year ended December 31, 2001 financial statement.

The County Health, Homecare, and Hospice Fund's cash balance of \$113,839 at January 1, 2002, was not previously reported but has been added.

Supplementary Schedule

Schedule

PIKE COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2003	2002
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state Department of Health and Senior Service:				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-2182	0	49,706
		ERS045-3182	50,705	0
	Program Total		\$ 50,705	49,706
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state				
Department of Economic Development -				
14.228	Community Development Block Grants/State' Program	2002-PF-016	16,500	0
		2002-MO-04	50,047	198,953
		99-PF-040	0	423,400
	Program Total		66,547	622,353
Department of Social Services -				
14.231	Emergency Shelter Grants Program	ERO 1640-487	20,000	20,000
U.S. DEPARTMENT OF INTERIOR				
Direct program:				
15.611	Wildlife Restoration	N/A	16,600	17,272
U.S. DEPARTMENT OF JUSTICE				
Direct programs:				
16.606	State Criminal Alien Assistance Program	2003-AP-BX-0543	9,477	21,500
16.607	Bulletproof Vest Partnership Program	N/A	2,640	0
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state Highway and Transportation Commissior				
20.205	Highway Planning and Construction	BRO-082(19)	231,108	0
		BRO-082(20)	10,335	15,008
	Program Total		241,443	15,008
GENERAL SERVICES ADMINISTRATION				
Passed through state Office of Administrator				
39.003	Donation of Federal Surplus Personal Property	N/A	373	250

Schedule

PIKE COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2003	2002
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Passed through state				
Departme W				
83.552	Emergency Management Performance Grants	1463-DR-MO	68,181	77,400
		N/A	2,500	1,250
	Program Total		70,681	78,650
83.562	State and Local All Hazards Emergency Operation Planning Grants*	EMK-2003-GR-2540	0	300
Department of Elementary and Secondary Education				
84.126	Vocational Rehabilitation Grant	N/A	2,400	0
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state				
Department of Health and Senior Services -				
93.197	Childhood Lead Poisoning Prevention Projects State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Childre	ER0146-3182CLPP	6,150	0
93.268	Immunization Grants	PGA064-2182A	0	4,075
		PGA064-3182A	3,650	0
		N/A	38,650	38,865
	Program Total		42,300	42,940
Department of Social Services -				
93.563	Child Support Enforcemen	N?A	9,879	9,351
93.569	Community Services Block Gran	N/A	37,303	42,143
Department of Health and Senior Services -				
93.575	Child Care and Development Block Gran	PGA067-2182S	0	695
		PGA067-3182S	1,545	0
	Program Total		1,545	695
Department of Social Services -				
93.667	Social Services Block Grant	N/A	285	0
Department of Health and Senior Services				
93.913	Childhood Lead Poisoning Gran	ERS146-3182L	0	3,000
93.989	Bioterrorism Grant	DH040022063	6,700	0

Schedule

PIKE COUNTY, MISSOURI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2003	2002
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
93.994	Maternal and Child Health Services Block Grant to the States	ER0146-2182	0	18,030
		ER0146-3182	16,753	0
		N/A	348	349
	Program Total		<u>17,101</u>	<u>18,379</u>
	Total Expenditures of Federal Award:		<u>\$ 602,129</u>	<u>941,547</u>

* The CFDA number for this program changed to 97.042 in October 200

** This CFDA number for this program changed to 97.051 in October 200

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule

Notes to the Supplementary Schedule

PIKE COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Pike County, Missouri, except for the programs accounted for in the Lincoln County Housing Authority Fund. Federal awards for that fund have been audited and separately reported on by other independent auditors for its years ended September 30, 2003 and 2002.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals. . . .

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Donation of Federal Surplus Personal Property (CFDA number 39.003) represent the estimated fair market value of the property at the time of receipt.

Amounts for Immunization Grants (CFDA number 93.268) and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

Of the federal expenditures presented in the schedule, the county provided federal awards to subrecipients as follows:

Federal CFDA Number	Program Title	Amount Provided	
		Year Ended December 31, 2003	2002
14.228	Community Development Block Grants/State's Program	\$ 66,547	\$ 622,353
14.231	Emergency Shelter Grants Program	20,000	20,000
93.569	Community Services Block Grant	37,303	42,143

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of Pike County, Missouri

Compliance

We have audited the compliance of Pike County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2003 and 2002. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Pike County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2003 and 2002. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance

with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 03-4 and 03-5.

Internal Control Over Compliance

The management of Pike County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 03-4 and 03-5.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above are material weaknesses.

This report is intended for the information and use of the management of Pike County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

July 15, 2004 (fieldwork completion date)

Schedule

PIKE COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2003 AND 2002

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Qualified

Internal control over financial reporting:

Material weaknesses identified?

 x yes no

Reportable conditions identified that are
not considered to be material weaknesses?

 yes x none reported

Noncompliance material to the financial statements
noted?

 x yes no

Federal Awards

Internal control over major programs:

Material weaknesses identified?

 yes x no

Reportable conditions identified that are
not considered to be material weaknesses?

 x yes none reported

Type of auditor's report issued on compliance for
major programs:

Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of OMB
Circular A-133?

 x yes no

Identification of major programs:

CFDA or
Other Identifying

Number

14.228

20.205

Program Title

Community Development Block Grants/State's Program

Highway Planning and Construction

Dollar threshold used to distinguish between Type A
and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

03-1. County Treasurer's Reconciliations

The County Treasurer does not perform reconciliations between her fund ledger balances and bank statement balances, resulting in errors in several funds going undetected and significant differences existing between bank account and fund ledger balances. Also, the County Treasurer's semi-annual settlements are not complete and are apparently not reviewed by the County Commission or County Clerk since they accepted the incomplete settlements. In addition, the County Treasurer's fund ledger and semi-annual settlements are not accurate as the book balance does not take into account checks issued by the County Clerk that remain outstanding. Only checks that have cleared the bank are shown as being disbursed, giving an incomplete picture of the monies available to pay bills.

- A. The County Treasurer does not perform bank reconciliations or reconciliations between the fund ledger book balances and the related bank account balances. As a result, errors between the bank and book amounts were undetected by the County Treasurer until we brought them to her attention and accumulated differences have not been identified or corrected. In addition, the County Treasurer's book balances do not reflect checks which have been written but have not yet cleared the bank.

The County Treasurer maintains a separate bank account for each of the following funds: General Revenue Fund, Special Road and Bridge Fund, Assessment Fund, Law Enforcement Sales Tax Fund, and the Tax Maintenance Fund. All other funds' monies are combined into a single bank account. We compared total bank balances to the County Treasurer's fund ledger book balances for the years ended December 31, 2003, 2002 and 2001. Due to the County Treasurer not performing bank reconciliations and her method for recording disbursements, the figures presented in the tables below are the actual (unreconciled) bank balances and the County Treasurer's book balances (not adjusted for outstanding checks). The following differences were noted:

Year	Bank Balance	Book Balance	Difference
2001	\$ 1,238,682	1,277,781	(39,099)
2002	1,275,247	1,281,497	(6,250)
2003	\$ 1,496,011	1,490,648	5,363

In the table below, the individual bank account balances were compared to the County Treasurer's fund ledger book balances for the related funds for the year ended December 31, 2003. The following differences were noted:

Fund Name	Bank Balance	Book Balance	Difference
General Revenue Fund	\$ 638,847	\$ 723,028	\$ (84,181)
Road and Bridge Fund	386,844	402,340	(15,496)
Assessment Fund	44,697	61,501	(16,804)
Law Enforcement Sales Tax Fund	40,976	(25,558)	66,534
Tax Maintenance Fund	13,144	13,144	0
Other Funds	371,503	316,193	55,310
Totals	\$ 1,496,011	\$ 1,490,648	\$ 5,363

In an attempt to determine a reason for the differences, we compared the General Revenue Fund bank receipt and disbursement transactions to the County Treasurer's book receipts and disbursements in the fund ledger for the year ended December 31, 2003. The General Revenue Fund bank account receipts were \$13,896 less than the fund's book receipts for the year ended December 31, 2003. The errors appear to be the result of monies deposited into other funds' bank accounts but belonging to the General Revenue Fund or vice versa. In all instances for the errors identified, it appeared the County Treasurer recorded the receipt correctly in the fund ledger, but failed to detect or correct the errors made in the deposits. Even after adjusting the General Revenue Fund bank balance for the errors noted above, there was still a \$70,285 difference between the bank balance and the county fund ledger balance for the General Revenue Fund. A similar difference (approximately \$70,200) was noted for the prior two semi-annual settlements. The County Treasurer was unable to explain the discrepancies between the bank balances and book balances for the funds in her custody.

The County Treasurer's accounting records are also not accurate as the book balances do not account for checks issued by the County Clerk that remain outstanding. Only checks that have cleared the bank are shown as being disbursed. With this, and the problems noted above, true book balances do not tie to bank balances and the County Treasurer and County Clerk do not have accurate cash balances available for disbursement. Complete reconciliations between the bank receipts, disbursements, and balances and county fund ledgers are necessary to ensure all monies have been accounted for and recorded properly. Any discrepancies noted should be investigated and resolved on a timely basis. Complete and thorough bank reconciliations are an important aid in monitoring the account balances and ensuring sufficient funds are available for disbursements.

The lack of bank reconciliations and reconciliations between the bank statements and the fund ledger balances was noted in the prior three audit reports. In addition, the County Treasurer's response to the finding in the report for the two years ended

December 31, 1999, indicated she had implemented the recommendation. However, our audit found that reconciliations between the fund ledger balances and bank statement balances were not performed during 2002 and 2003. Receipts, disbursements, and cash balances as presented in the financial statements have been adjusted for the effects of outstanding checks and other reconciling items.

- B. The County Treasurer's semi-annual settlements were not complete, due to the errors noted in Part A. and missing information. The General Revenue, Special Road and Bridge, Assessment, and Law Enforcement Sales Tax funds were not included on the June 30, 2002 semi-annual settlement. Bank account balances were not included on any semi-annual settlements. Despite the exclusion of these funds and the bank account information, the County Commission signed off on the semi-annual settlements. In addition, the County Clerk indicated he performs a reconciliation between his records of receipts and disbursements and the County Treasurer's semi-annual settlements. However, the County Clerk's Office was unable to provide us with documentation of the reconciliations performed during the audit period. The County Clerk began documenting the reconciliations in 2004.

The County Treasurer is required to report all accounts in her custody semi-annually. The County Clerk is also required to reconcile the receipts and disbursements with the County Treasurer. In addition, the County Commission is required to review the balances in the funds held by the County Treasurer to ensure the settlement's accuracy and completeness. By signing off on an incomplete semi-annual settlement, the County Commission did not provide the control necessary to ensure all county funds were properly accounted for and recorded.

WE RECOMMEND the County Treasurer:

- A. Prepare complete reconciliations between the county fund ledgers and bank statement balances monthly and resolve any discrepancies on a timely basis. In addition, the county fund ledgers should reflect a true book balance including any checks written by the County Clerk which remain outstanding.
- B. Prepare complete and accurate semi-annual settlements. In addition, the County Commission should review the semi-annual settlements for completeness and accuracy and the County Clerk should reconcile his records of receipts and disbursements for each fund to the County Treasurer's receipts, disbursements, and balances shown on the semi-annual settlements.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

- A. *The County Treasurer indicated she agrees with the recommendation and has already started recording disbursements when checks are written rather than when cleared. She indicated appropriate adjustments to the balances will be made, effective January 1, 2005 and the recommendation will be fully implemented in January 2005.*

- B. *The County Treasurer, County Clerk, and County Commission all indicated they agree with the recommendation and it will be implemented when the next settlement is due.*

03-2. Capital Improvement Sales Taxes
--

The county appears to have exceeded the statutory maximum for capital improvement sales taxes by one-half of one percent. On April 1, 1997, the county passed a Road and Bridge Capital Improvement Sales Tax of one-half of one percent for the purpose of road and bridge maintenance and repair. On November 6, 2001, the county passed another Capital Improvement Sales Tax of one-half of one percent for the purpose of making capital improvements to the Pike County Memorial Hospital and its ambulance service. The ballot language for the road and bridge sales tax issue did not specifically identify the tax as a capital improvement sales tax; however, the County Commission's signed court order certifying the election results submitted to the Department of Revenue indicated the tax was pursuant to Section 67.700, RSMo, which is the statute authorizing the capital improvement sales tax. The ballot language, as well as the certification letter to the Department of Revenue, for the hospital sales tax specifically cited Section 67.700, RSMo, and identified the purpose of the tax was to be used solely for capital improvements. The sum of these two Capital Improvements Sales Taxes appears to exceed the statutory maximum set by Section 67.700 RSMo. Attorney General's Opinion number 97-99, 1999, to Neel states that total Capital Improvement Sales Tax rates cannot exceed one-half of one percent. During the years ended December 31, 2003 and 2002, the county received approximately \$1,287,159 and \$1,030,759, respectively, from these two sales taxes.

In addition, neither of the Capital Improvement Sales Tax ballots specify the number of years the sales taxes will be in effect. Without such language, the sales taxes may be allowed to continue for an indefinite period.

WE RECOMMEND the County Commission review the overall Capital Improvement Sales Taxes being levied and ensure they are in accordance with applicable state statutes.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Commission and County Clerk provided the following response:

This summarizes the joint opinion of the Hospital Board and the County Commission during the discussions regarding Section 67.700 RSMo.

From the Hospital Board attorney's written summary of the legal support for the sales tax, in a letter dated October 17, 2001, the following points were made:

1. *Section 67.700 is, at best, ambiguous with respect to whether the limits set forth in 67.700.4 apply to all capital improvement sales taxes imposed by a county. In the absence of a more clear statutory requirement, the holding in HOVIS seems to counsel a Missouri court to*

uphold the will of the voters and to permit a county to impose multiple capital improvement sales taxes, provided no single tax exceeds the "one-half of one percent" limitation.

2. *In particular, the Court in Hovis considered whether a ballot requesting voter approval for a capital improvement sales tax had to state a specific time limit duration for the tax, even though section 67.700 does not clearly require a specific time limit. The Missouri Supreme Court reiterated general legal principles of statutory interpretation that counsel a court, in the absence of a clear statutory requirement, to uphold the will of the voters when the voters have approved a specific ballot measure and interpreted the statute to permit a sales tax of indefinite duration.*
3. *As of October 2001, several other counties had imposed multiple sales taxes similar to the already ratified Road and Bridge Tax and the planned Hospital Improvement Tax proposed to the voters in Pike County.*

The prosecuting Attorney of Pike County at the time researched the issue and came up with the same conclusions expressed above. For all the above reasons, the Hospital Board and the County Commission moved ahead with the election in 2001. The issue was overwhelmingly approved by voters.

03-3. Budgetary Practices and Published Financial Statements

Budgets were not prepared for several county funds and many of the same funds were not included in the published financial statements.

- A. Formal budgets were not prepared for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
County Health, Homecare, and Hospice Fund	2002
Pike County Memorial Hospital	
Capital Improvement Sales Tax Fund	2003 and 2002
Domestic Violence Fund	2003 and 2002
Community Development Block Grants Fund	2003 and 2002
Tax Maintenance Fund	2003
Associate Circuit Division Interest Fund	2003 and 2002
Juvenile Assessment Fund	2003 and 2002

The Pike County Memorial Hospital Capital Improvement Sales Tax and the Community Development Block Grant funds were the most significant funds excluded. While the County Treasurer handled the funds and wrote checks on the related accounts, the county officials viewed these as pass-through funds to other entities rather than county funds for which they were accountable. Also, while some of these funds are not under the direct control of the County Commission, budgets for

these funds are needed to comply with statutory provisions. The total of the unbudgeted disbursements for these funds for the years ended December 31, 2003 and 2002, were \$683,481 and \$981,495, respectively.

Chapter 50, RSMo 2000, requires preparation of annual budgets for all county funds to present a complete financial plan for the ensuing year. By preparing and obtaining budgets for all county funds and activities, the County Commission is able to more effectively evaluate all county financial resources.

- B. The county's annual published financial statements did not include the financial activity for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
County Health, Homecare, and Hospice Fund	2003 and 2002
Circuit Interest Fund	2003 and 2002
Law Library Fund	2003 and 2002
Pike County Memorial Hospital	
Capital Improvement Sales Tax Fund	2003 and 2002
Domestic Violence Fund	2003 and 2002
Community Development Block Grants Fund	2003 and 2002
Tax Maintenance Fund	2003
Associate Circuit Division Interest Fund	2003 and 2002
Juvenile Assessment Fund	2003 and 2002

The total beginning cash, receipts, disbursements, and ending cash balance for the funds not included for the years ended December 31, 2003 and 2002, are presented in the table below:

	<u>2003</u>	<u>2002</u>
Beginning Cash Balance	\$ 164,137	\$ 149,582
Receipts	2,050,666	2,249,456
Disbursements	2,061,095	2,234,901
Ending Cash Balance	153,708	164,137

Sections 50.800 and 50.810, RSMo 2000, require the county financial statements to be prepared and published in a local newspaper and show actual receipts or revenues, disbursements or expenditures, and beginning and ending balances for each county fund.

For the published financial statements to meet statutory requirements and adequately inform the citizens of the county's financial activities and operations, all monies received and disbursed by the county should be included.

WE RECOMMEND the County Commission:

- A. Ensure budgets are prepared and obtained from other county officials or boards for all county funds as required by state law.
- B. Publish financial statements in accordance with state law and ensure all required financial information for all county funds is properly included.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

A&B. The County Commission and County Clerk indicated they agree with the recommendations and they will be implemented when the next budgets and published financial statements are prepared.

Section III - Federal Award Findings and Questioned Costs

This section includes the audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

03-4.	Schedule of Expenditures of Federal Awards
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Federal Grantor:	U.S. Department of Housing and Urban Development
Pass-Through Grantor:	Department of Economic Development
Federal CFDA Number:	14.228
Program Title:	Community Development Block Grants/State's Program
Pass-Through Entity	
Identifying Number:	2002-MO-04, 2002-PF-016, 99-PF-040
Award Year:	2003 and 2002
Questioned Costs:	N/A

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO 082(19) BRO 082(20)
Award Year:	2003 and 2002
Questioned Costs:	N/A

Section .310(b) of Circular A-133, *Audits of State and Local Governments, and Non-Profit Organizations*, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the SEFA to the State Auditor's Office as a part of the annual budget.

The county does not have procedures in place to adequately track federal awards for preparation of the SEFA, and as a result, the county's SEFA contained numerous errors and omissions. Seventeen grants were omitted for one or both of the years ended December 31, 2003 and 2002 with omitted expenditures totaling \$191,991 and \$350,482, respectively. In addition, five grants were misstated by a total of \$49,332 and \$41,679 for the years ended December 31, 2003 and 2002, respectively and four other grants were reported under the wrong program numbers. Many errors involved grants managed by the Sheriff's Department and the Health Center. Compilation of the SEFA requires consulting county financial records and requesting information from other departments and/or other officials.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal funds.

WE RECOMMEND the County Commission and the County Clerk prepare complete and accurate schedules of expenditures of federal awards. The County Commission should take steps to ensure other offices properly track and report federal awards for which they are responsible.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Commission and County Clerk indicated they agree with the recommendation and indicated it will be implemented effective January 2005. The County Clerk indicated one of his deputies is being assigned the duty to maintain a log of activity for each grant the county has so information for the schedule may be tracked and summarized.

03-5.	Federal Awards
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Federal Grantor:	U.S. Department of Housing and Urban Development
Pass-Through Grantor:	Department of Economic Development
Federal CFDA Number:	14.228
Program Title:	Community Development Block Grants/State's Program
Pass-Through Entity	
Identifying Number:	2002-MO-04, 2002-PF-016, 99-PF-040
Award Year:	2003 and 2002
Questioned Costs:	N/A

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO 082(19) BRO 082(20)
Award Year:	2003 and 2002
Questioned Costs:	N/A

The County Commission did not adequately document the review and approval of the request for funds (RFFs) and invoices for federal grant programs, or adequately document its review of three engineering firms when procuring engineering services. In addition, the County Clerk did not retain copies of contracts, grant agreements, invoices, or other supporting documentation for the federal programs.

- A. The County Commission did not adequately document the review and approval of all RFFs and related invoices for the CDBG grant programs. In addition, there was one instance in which the County Commission failed to sign the pay estimate and the County Treasurer paid the invoice without the required signature. Other county officials (the County Collector and Recorder of Deeds) who were not involved with the grant projects signed some RFFs affirming the correctness of the information and that the use of the funds would be in compliance with the CDBG grant agreement. No one could provide documentation as to why or by whom these other officials were assigned the responsibility for signing RFFs.

The county received three separate CDBG grants; two were passed through to the Public Water Supply District No. 1, and one was passed through to a local company. Prior to submitting the RFFs and related invoices to the County Commission for review and approval, the invoices related to the grants to the water district were reviewed by the project engineer, water district board, and the county's contracted grant administrator. Because of the unique nature of the pass-through grant to the local company, the RFFs and related invoices for that particular project were reviewed and approved by the Department of Economic Development prior to releasing the funds to the county. The reviews performed by these parties provide some assurance the grant expenditures were allowable. However, as the primary grantee for the CDBG grants, the County Commission is responsible for monitoring the subrecipients of the grants which includes ensuring grant funds are used only for allowable costs as required by the grant program.

Authorizing individuals such as the County Collector or Recorder of Deeds, who may have limited knowledge of, or experience with, the CDBG grant requirements to review and approve the RFFs and related invoices is imprudent. The County Commission indicated they review the RFFs and invoices before the RFFs are signed; however, there is no documentation of this review. There were a few entries in the commission meeting minutes documenting a meeting with the grant administrator to discuss the CDBG projects. However, the minutes did not document that the County Commission reviewed or approved the RFF's and supporting invoices.

Under provisions of the Single Audit Act and OMB Circular A-133, the county, as primary grant recipient, is required to monitor any subrecipients receiving \$25,000 or more in federal financial assistance for compliance with applicable laws and regulations. In addition, Section 410(d) of Circular A-133 requires the county to inform the subrecipients of information about the award or requirements imposed on them by federal laws and regulations. Without documentation of the County

Commission's review and approval of the grant expenditures, there is no assurance the County Commission adequately monitored the county's subrecipients. As the grant recipient, the county is ultimately responsible for ensuring compliance with federal requirements.

- B. The County Commission did not adequately document its review of three engineering firms when procuring engineering services. The county contracts with the State Highway and Transportation Commission for bridge replacement and rehabilitation under the Highway Planning and Construction program. These projects are 80 percent federally funded.

The county incurred engineering costs of \$35,357 related to the county bridge projects during the audit period. The only documentation available to support that the County Commission considered other engineering firms when procuring these services is a letter to the Missouri Department of Transportation (MoDOT) certifying they had considered three engineering firms. Attached to the letter was the criteria used to review the engineering firms' qualifications. The criteria included reviewing the education, experience, and qualifications of the members of each firm, the firms' experience record, past usage of the firms, and the location of the firms' headquarters. However, there were no proposals from the other engineering firms on file, nor was there documentation of this review. The Presiding Commissioner indicated the review consisted of ensuring there was a "Professional Engineer" designation after the engineers' names and the firms were listed on MoDOT's list of qualified engineers. However, they did not request experience and education information from the firms when conducting their review. The County Commission indicated the decision to retain the engineering firm used on the BRO projects was based primarily on the county's past experience with the selected firm.

Sections 8.289 and 8.291, RSMo, provide that when obtaining engineering services for any capital improvement project, at least three firms should be considered. The firms should be evaluated based upon specific criteria including experience and technical competence, capacity and capability of the firm to perform the work in question, past record of performance, and the firm's proximity to and familiarity with the area in which the project is located.

- C. The county did not retain all contracts, agreements, and invoices for the federal grants they received. The County Clerk was unable to locate many of the grant agreements, engineering contracts, and construction contracts related to the BRO and CDBG projects. Many of the documents needed for our review were obtained from the grant administrator, engineer, subrecipient, or the MoDOT's district project engineer.

The County Clerk should retain copies of contracts, grant agreements and invoices to ensure all parties comply with the terms of the contracts and grant requirements.

WE RECOMMEND the County Commission and County Clerk:

- A. Establish procedures to ensure compliance with federal and state requirements for federal grant programs including documenting the review and approval of all reimbursement requests, invoices for payment, and pay estimates.
- B. Obtain a statement of qualifications and performance data from at least three engineering firms before contracting for these services. In addition, documentation of reviews of the qualifications and basis for selection of a particular firm should be retained.
- C. Retain all contracts, grant agreements and invoices for grant programs.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Commission and County Clerk indicated:

- A. *They agree with the recommendation and it will be implemented effective January 2005.*
- B. *They agree with the recommendation and it will be implemented, probably by obtaining such qualifications annually.*
- C. *They agree with the recommendation and it will be implemented immediately.*

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

PIKE COUNTY, MISSOURI

FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Pike County, Missouri, on the applicable findings in the prior audit report issued for the two years ended December 31, 2001.

01-1. Segregation of Duties

There was a lack of segregation of duties over the county's financial reporting. The County Treasurer was responsible for recording various cash receipts, reconciling the bank statements, preparing and recording cash disbursements, and reconciling the general ledger.

Recommendation:

These areas should be reviewed periodically and consideration given to improving the segregation of duties.

Status:

Partially implemented. The County Clerk's office prepares disbursement checks for county funds and since early 2004 has had a system in place to reconcile receipts, disbursement and fund balances with the County Treasurer's records on a monthly basis. Based on other concerns noted with the County Treasurer's records, it is unclear whether the fund balances are adequately reconciled. See finding number 03-1.

01-3. County Treasurer's Reconciliations

The County Treasurer did not reconcile cash balances to the fund ledger on a regular basis.

Recommendation:

These areas should be reviewed and consideration given to the improving of the cash reconciliation process.

Status:

Not implemented. See finding number 03-1.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

PIKE COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

This section represents the Summary Schedule of Prior Audit Findings, which was prepared by the county's management.

Findings – Two Years Ended December 31, 2001

01-2. Federal Awards

Federal Grantor:	U. S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO 082(17), BRO 082(9)
Award Year:	2001
Questioned Costs:	Not applicable.

Federal funds were not disbursed by the county within two days of receipt. The county held reimbursements from five to twenty working days before the related payment was made to the contractor.

Recommendation:

The County Commission needs to establish procedures to minimize the time elapsed between the receipt of federal monies and the disbursement of such funds.

Status:

Implemented. Our review noted only one instance, totaling \$1,353, where the time elapsed between receipt of the federal reimbursement and disbursement was 31 days, which occurred in January 2003.

Findings – Two Years Ended December 31, 1999

99-1. Federal Awards

Federal Grantor:	U. S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO 082(15), BRO 082(9)
Award Year:	1999
Questioned Costs:	Not applicable.

Federal funds were not disbursed by the county within two days of receipt. The county held eleven reimbursements, totaling over \$356,000, from three to ten working days before the related payment was made to the contractor.

Recommendation:

The County Commission establish procedures to minimize the time elapsed between the receipt of federal monies and disbursement of such funds.

Status:

Implemented. Our review noted only one instance, totaling \$1,353, where the time elapsed between receipt of the federal reimbursement and disbursement was 31 days, which occurred in January 2003.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

PIKE COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Pike County, Missouri, as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated July 15, 2004. We also have audited the compliance of Pike County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal program for the years ended December 31, 2003 and 2002, and have issued our report thereon dated July 15, 2004.

Because the Pike County Hospital Board, Senate Bill 40 Board, and Lincoln County Housing Authority (which serves as the administrative agent for all Housing and Urban Development grants passed through to Pike County, the signatory county for the Lincoln County Housing Authority) are audited and separately reported on by other independent auditors, the related funds are not presented in the financial statements. However, we reviewed those audit reports and other applicable information for the Pike County Hospital Board for the years ended June 30, 2003 and 2002, for the Senate Bill 40 Board for the years ended December 31, 2003 and 2002, and for the Lincoln County Public Housing Authority for the years ended September 30, 2003 and 2002.

In addition, we have audited the operations of elected officials with funds other than those presented in the financial statements to comply with the State Auditor's responsibility under Section 29.230, RSMo 2000, to audit county officials at least once every 4 years. The objectives of this audit were to:

1. Review the internal controls over the transactions of the various county officials.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents; interviewing various personnel of the county officials, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials and the county boards referred to above. In addition, this report includes any findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These MAR findings resulted from our audit of the financial statements of Pike County or of its compliance with the types of compliance requirements applicable to each of its major federal programs but do not meet the criteria for inclusion in the written reports on compliance and on internal control over financial reporting or compliance that are required for audits performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

1. Expenditures and Financial Condition
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Increasing costs in the county's law enforcement and 911 services could severely impact the county's financial condition if left unchecked. Controls and procedures over county expenditures are in need of improvement. The county did not always solicit bids and/or retain bid documentation for various purchases and paid several expenditures without adequate documentation. In addition, the county did not document reconciliations of fuel usage logs to fuel purchases and fuel on hand.

- A. The audit report for the two years ended December 31, 1999, noted concerns with the declining cash balances of the General Revenue and Law Enforcement Sales Tax (LEST) funds. The General Revenue Fund's balance increased significantly since 1999, due in part to establishing a separate property tax levy for Health Center operations which had previously been operated through the General Revenue Fund and are now operated independently. However, the LEST Fund's balance continues to decline.

The LEST Fund had a deficit fund balance of (\$64,005) at December 31, 2003, and the budget for 2004 estimated an increased deficit fund balance of (\$137,854) at December 31, 2004. These deficits will most likely be covered by the General Revenue Fund. In addition, the General Revenue Fund subsidized the LEST Fund \$200,000 and \$100,000, in addition to making jail lease payments totaling \$133,753 and \$133,656 for the years ended December 31, 2003 and 2002, respectively. The 2004 budget reflected additional anticipated subsidy transfers of \$200,000, plus the 2004 jail lease payments to be made from General Revenue.

While currently the General Revenue Fund appears to be in stable financial condition, the rising costs of law enforcement, which has required the fund to subsidize the LEST Fund every year, combined with the balloon payment of \$338,415 due on the jail lease-purchase agreement in July 2007, could severely strain

the General Revenue Fund's balance by the end of 2007. Likewise, the financial statements of the 911 Fund reflect a decrease in cash balance from \$297,438 at January 1, 2001 to \$133,467 at December 31, 2003. The 911 Fund budget for 2004 estimates a further decrease in cash balance to \$71,865 at December 31, 2004. Since 2001, disbursements in the 911 Fund have outpaced receipts and in August 2001, the county entered a five-year contract with a telephone company to upgrade the 911 system totaling \$355,700. Given the developments in the 911 Fund, it is possible that future subsidies will be required from the General Revenue Fund.

The declines in the cash balances of the LEST and 911 funds, along with future financial obligations, could deplete General Revenue Fund balances. The County Commission should continue to monitor the situation closely to ensure there are adequate funds in the General Revenue Fund, LEST Fund, and 911 Fund to meet the county's current and future financial obligations.

- B. Bids were not always solicited or advertised by the county nor was bid documentation always retained for various purchases. Examples of items purchased for which bids were not solicited, advertised, or bid documentation could not be located included:

Tractor with mower	\$ 62,750
Labor to install window trim on courthouse	5,972
Labor to paint jail cells	6,800
911 system upgrade (5 year contract)	355,700

The County Commission and County Clerk indicated that bids were solicited for the first two purchases through telephone calls, the 911 system upgrade was only available from the original vendor, and the contract for painting the jail cells was considered an emergency purchase. However, documentation of these calls and sole source procurement was not maintained and there was no documentation that other alternatives to the 911 system upgrade were considered. In addition, there was no documentation to explain how painting the jail cells was an emergency situation.

In addition to the above items, the county spent approximately \$19,000 in 2003 on gasoline purchases for the Sheriff's Office, however, fuel bids were not solicited. According to the Sheriff, several gasoline stations in the county are used to fill vehicles while on patrol. Two of the service stations used are located in Bowling Green. While the county received a 3% discount at one of the Bowling Green stations for purchases made during normal work hours, only \$1,090 of over \$17,000 in fuel purchases in Bowling Green were made at that station.

Section 50.660, RSMo, requires the advertisement of bids for all purchases greater than \$4,500 from any one person, firm, or corporation during any period of ninety days. Bidding procedures for major purchases provide a framework for economical

management of county resources, allow the county to obtain and carefully review a wide range of available products, and help assure the county that it receives fair value by contracting with the lowest and best bidder. Competitive bidding assures all parties an equal opportunity to participate in county business. Documentation of bids should always be retained as evidence the county's established purchasing procedures as well as statutory requirements are followed. In addition, if emergency or sole source procurement is necessary, the County Commission minutes should reflect the circumstances.

C. Vendor invoices or other supporting documentation were not retained or adequate for some expenditures. These expenditures include the following:

- The purchase of a single axle dump truck and V-box spreader costing \$51,137 was approved by the County Commission based on a detailed rejection letter to another bidder dated October 14, 2003, not an invoice. A check was issued in December 2003, but the Road and Bridge Department did not receive the equipment until February 2004. In addition, the County Commission did not receive or review the invoice supporting the purchase.
- As noted in part A above, the County Commission approved a \$6,800 disbursement to paint cells and two jail pods. The payment was based on a vendor's estimate, rather than an invoice. In addition, the payment was made prior to completion of the work. Based on our review of the final invoice (which we obtained from the vendor), the actual cost was \$645 less than the estimated cost the county had paid. The vendor had not issued a refund but indicated he had informed the Sheriff of a credit he was carrying for the county. However, the County Clerk and County Commission were not aware of the credit from the vendor.

All expenditures should be supported by paid receipts or vendor invoices to ensure the work is complete, goods are received, the expenditures represent appropriate uses of public funds, and duplicate payments do not occur.

D. Fuel usage logs are not reconciled to fuel purchases and fuel on hand. The county maintains gasoline and diesel fuel in bulk tanks at the Road and Bridge Department and fuel tanks at homes of four road and bridge employees for use in the Road and Bridge vehicles and equipment. In addition, fuel for the Sheriff Department vehicles is purchased from local service stations with gasoline credit cards and billed monthly to the county. Established procedures require employees to complete fuel usage logs for each vehicle indicating how much fuel was pumped. The Sheriff and Road and Bridge supervisor stated that they review these reports for their respective departments on a monthly basis, and perform a reconciliation between fuel usage logs and fuel purchases; however they were unable to provide documentation supporting the reconciliation. The Sheriff's Department and the Road and Bridge Department spent approximately \$19,000 and \$66,000 for fuel, respectively, in 2003.

To ensure the reasonableness of fuel expenditures, the county should reconcile fuel usage logs to fuel purchased and on hand. Failure to account for fuel purchases could result in loss, theft, and misuse.

WE RECOMMEND the County Commission:

- A. Closely monitor the financial condition of the General Revenue, Law Enforcement Sales Tax, and 911 funds.
- B. Solicit bids for all purchases in accordance with state law and maintain adequate documentation of all bids obtained. If bids cannot be obtained and emergency or sole source procurement is necessary, the County Commission minutes should reflect the circumstances.
- C. Maintain documentation for all disbursements. In addition, the County Commission should review adequate documentation for all disbursements for goods or services prior to approval for payment.
- D. Require the Road and Bridge Department supervisor and Sheriff to perform a documented periodic reconciliation of fuel purchased and on hand to amounts used in county vehicles and equipment and investigate any significant discrepancies.

AUDITEE'S RESPONSE

- A. *The County Commission and County Clerk indicated they agree with the recommendation and indicated they are monitoring the General Revenue, Law Enforcement Sales Tax, and 911 funds closely.*
- B&C. *The County Clerk and County Commission indicated they agree with the recommendations and they will be implemented. Regarding fuel purchases, the Sheriff estimated he now makes 95% of his purchases from the station that offered the discount.*
- D. *The County Commission indicated they agree with the recommendation and it will be implemented.*

2. County Officials' Compensation and Bonds
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The salary for the Sheriff's position was overpaid for the three years ended December 31, 2003. In addition, the County Treasurer did not obtain an additional bond for school monies and the County Commission has not developed a plan to seek repayment of salary overpayments to Associate Commissioners in office during 1999 and 2000.

- A. The current Sheriff was paid \$8,250 more than was authorized by the Salary Commission and state law for the three years ended December 31, 2003. In addition,

an interim Sheriff in office during part of January to March 2001 was also overpaid approximately \$570 according to information provided by the County Clerk. The Sheriff was re-elected to a new term of office beginning January 1, 2001. However, the Sheriff resigned January 11, 2001 and in March 2001 was elected again in a special election to fill the unexpired term of office. In 2001, the Sheriff's position began receiving \$4,000 a month, which is equivalent to an annual salary of \$48,000. In 2002 and 2003, the Sheriff received \$48,000 each year.

The Salary Commission, as documented in meeting minutes dated August 7, 1997, considered and approved the salaries for all officials, including those starting new terms in 1999 and those starting new terms in 2001. According to the minutes, the Salary Commission voted to set all salaries at 100% of each official's statutory salary schedule amount. The meeting minutes also include a detailed schedule of the approved compensation to be paid for the next term of office for each county official. The compensation approved agrees with the salary schedule amount for each official based on the assessed valuation at that time. The Salary Commission met again in the Fall of 1999 and re-affirmed the vote that salaries were to remain at 100%. County officials indicated the Salary Commission also met in the Fall of 2001 however they were unable to produce minutes of that meeting.

All officials taking office in 1999, 2001, and 2003, other than the Sheriff, have continued to be paid the specific salaries set at the 1997 Salary Commission meeting. The 1997 Salary Commission meeting minutes set the Sheriff's salary at \$45,000 effective January 2001. However, as noted above, the Sheriff has been paid \$48,000 annually since 2001. County officials were unable to adequately explain how the Sheriff's new salary was determined beginning in 2001.

- B. The County Treasurer has not obtained an additional bond sufficient to cover the school monies she receives. The County Treasurer is currently bonded for \$450,000. The County Treasurer had approximately \$5 million of school monies in her hands on January 22, 2001. Section 54.160, RSMo 2000, requires the Treasurer to give additional bond for school monies sufficient to secure the monies that come into her hands, but cannot be required to give more than one-fourth of the amount collected during the same month of the year immediately preceding her election. The County Treasurer should increase her bond to at least one-fourth of the school funds in her hands for the months when the collections are highest to ensure school funds are adequately secured.
- C. The county has not adequately followed-up on the mid-term salary increases given to the Associate Commissioners in 1999. Section 50.333.13, RSMo, enacted in 1997, allowed the salary commissions meeting in 1997 to provide mid-term increases for associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioners' terms had been increased from two years to four years. Based upon this statute, in 1999 Pike

County's Associate County Commissioners' salaries were increased approximately \$7,060, yearly.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of that statute. The Supreme Court held that this section of the statute violated Article VII, Section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county, and municipal officers during the term of office. This case, *Laclede County v. Douglass et al.*, holds that all raises given pursuant to this statute section are unconstitutional. On June 5, 2001, the State Auditor notified all third class counties of the Supreme Court decision and recommended that each county document its review of the impact of the opinion, as well as plans to seek repayment.

Based upon the Supreme Court decision, the raises given to each of the Associate County Commissioners for the two years ended December 31, 2000, should be repaid. The Presiding Commissioner indicated they sought legal counsel on the matter; however, the attorney did not provide a legal opinion. The County Commission also questioned other counties about how they handled the situation and determined approximately half of the counties questioned decided not to pursue repayment. The Presiding Commissioner indicated the County Commission made the decision not to pursue repayment of the overpaid salaries at an official commission meeting; however, there is no documentation of the County Commission's decision.

WE RECOMMEND:

- A. The County Commission adjust the salary being paid to the Sheriff to agree to the amount approved by the Salary Commission. In addition the County Commission should seek reimbursement for the amounts previously overpaid.
- B. The County Commission and County Treasurer ensure an additional bond is obtained to secure the school monies that come into the County Treasurer's hands.
- C. The County Commission pursue collection of the salary overpayments from the applicable Associate Commissioners.

AUDITEE'S RESPONSE

- A. *The County Clerk indicated the Sheriff's salary was adjusted in August 2004 to the correct monthly salary. The County Commission and County Clerk indicated they will take the issue of repayments under advisement. The Sheriff also indicated he will request the County Commission to deduct the overpayment from his paycheck over 48 months beginning in January 2005.*
- B. *The County Treasurer indicated the recommendation has now been implemented.*

- C. *The County Commission indicated they disagreed with the recommendation as they granted the raises upon the advice of legal counsel that the raises were allowable at the time. They also indicated they will not pursue collection of the salary overpayments and will document this decision in their meeting minutes.*

In addition, regarding the raise given to Associate Commissioner Clark who was appointed in 1997 to fill a vacancy in the office and was elected to the position effective in 1999, the County Clerk provided the following response:

I have provided a copy of the appointment of Mr. Clark to the office of Associate Commissioner by Governor Mel Carnahan. If you will, notice the wording "for a term ending when a successor is duly elected or appointed." The best sense of this wording is that the appointed term ends when the successor is elected, thus beginning a new term. At the time of his election, Mr. Clark made the decision to go ahead and take the raise in question. His reading and interpretation, as well as the reading of other commissioners and the county clerk, were in agreement and no one took exception. His view was clear that he was now elected and he was eligible for the raise in this new term.

3. County Sales Taxes

The county has not sufficiently reduced property taxes by 50 percent of the total general sales tax revenues. In addition, the county has not adequately monitored the Hospital Capital Improvement Sales Tax to ensure the monies are spent in accordance with state law.

- A. In 1981, voters approved a general county sales tax which required a reduction of county property taxes equivalent to 50 percent of the sales tax revenues, in accordance with Section 67.505, RSMo. The county did not maintain documentation to support how the rollback was calculated. In addition, the county's annual reductions in property tax levies have not been sufficient to reduce property taxes by 50 percent of the total general sales tax revenues. This has been due to changes in assessed valuation as well as sales tax collections for the first half of the year, upon which the rollback is calculated, generally being significantly lower than collections in the second half of the year.

		Tax Year Ended December 31,			
		2003	2002	2001	2000
ACTUAL SALES					
TAX REVENUES	\$	599,084	605,355	592,213	586,292
Voter-approved reduction rate	X	50%	50%	50%	50%
Required property tax reduction		299,542	302,678	296,107	293,146
Assessed Valuation		184,992,718	196,321,580	192,574,618	190,779,662
General Revenue Fund tax levy reduction (per \$100 of assessed valuation)	X	0.1584	0.1583	0.1500	0.1500
Actual property tax revenue reduction		293,028	310,777	288,862	286,169
EXCESS PROPERTY TAX REVENUES					
COLLECTED		6,514	(8,099)	7,245	6,977
Excess property tax revenue collections from prior years		37,166	45,265	38,020	31,043
NET EXCESS	\$	43,680	37,166	45,265	38,020

In 2000 and 2001, accumulated excess property taxes increased because of insufficient levy reductions. In 2002, the county reduced the property tax levy of the General Revenue Fund by \$8,000 more than the calculated reduction in property taxes, which reduced the accumulated excess property taxes. However, for 2003 the new County Clerk indicated he was unclear how to calculate the amount of the rollback so he used the same property tax rate as in the prior year. Because of a \$12,000,000 decrease in assessed valuation in 2003, the rate used was not sufficient to reduce property tax collections by the required level, producing an accumulated excess property tax collection of approximately \$43,700. The County Clerk accounted for only the excess property tax revenue collected in 2003 when calculating the sales tax rollback for 2004.

- B. In April 2002, the county passed a capital improvement sales tax for the purpose of making capital improvements to the Pike County Memorial Hospital and ambulance service. From April 2002 to December 2003, the County Treasurer forwarded the sales tax proceeds to the hospital. In December 2003, the county entered a lease-purchase agreement with a local bank to finance capital improvements to the hospital through the issuance of Certificates of Participation. Beginning in January 2004, the County Treasurer began maintaining the sales tax proceeds in a separate bank account to accumulate the amount needed for the lease payment due in December of each year. Sales tax proceeds in excess of the annual lease payment amount due each year are sent to the hospital. During the period ended June 30, 2004 and the two

years ended December 31, 2003 and 2002, the County Treasurer disbursed to the hospital \$85,327, \$610,847 and \$358,693, respectively.

The County Commission has not adequately monitored the usage of the Hospital Capital Improvements Sales Tax proceeds. The County Commission has not requested or required the hospital to provide any documentation to support how the sales tax proceeds or the financing from the bank were spent. Section 67.700, RSMo requires the revenues received from the sales tax be used only for the designated capital improvements purpose. The County Commission has a responsibility to ensure the capital improvement sales tax funds, as well as any proceeds from the lease-purchase financing to be repaid with such funds, are used in accordance with state law.

WE RECOMMEND the County Commission

- A. Set the sales tax reduction rate to ensure the amount of property tax rollback is sufficient to cover 50% of current sales tax collections. In addition, the county should maintain documentation of all property tax rollback calculations to support reported figures, and develop a plan to correct the accumulation of prior years' excess collections.
- B. Ensure the Hospital Capital Improvement Sales Tax and lease-purchase financing proceeds are used for the designated capital improvement purpose.

AUDITEE'S RESPONSE

- A. *The County Clerk and County Commission indicated they agree with the recommendation and they intend to adjust for the excess amount over several years.*
- B. *The County Clerk and County Commission indicated they agree with the recommendation and it will be implemented immediately.*

4. Computer Controls

The county's and Health Center's controls over its computer systems are in need of improvement. Passwords or other procedures are not used to limit access to some county and Health Center systems.

The County Assessor and County Collector utilize the property tax computer system to maintain assessed valuation data, calculate and print the tax books and tax bills, and record property taxes collected. The Health Center utilizes primarily microcomputers with applications related to work each person performs (i.e., financial recordkeeping, payroll, billing, etc.). Our review noted an adequate password system is not used for the property tax system or the Health Center computers. Employees of these offices are not required to enter

passwords before gaining access to the systems. In addition, user identification codes are not used to properly restrict access to only those data files and programs individuals need to accomplish their jobs. Also, no security system is in place to detect and prevent incorrect log-on attempts after a certain number of tries.

Since access is not adequately restricted or identified by user, individual responsibility is not established for changes made to data files, providing the potential for undetected and unauthorized changes to be made to information. A unique and confidential password and user identification code should be assigned to each user of the systems, passwords should be changed periodically and access to data files and programs should be properly restricted. In addition, to help protect computer files, a security system should be implemented to stop incorrect log on attempts after a certain number of attempts. Such a system should produce a log of the incorrect attempts to be reviewed periodically by an authorized official.

WE RECOMMEND the County Commission and Health Center Board of Trustees work with the applicable county officials or employees to ensure unique passwords are assigned to each employee using the computer systems and these passwords are periodically changed and remain confidential. In addition, the county should utilize user identification codes to restrict the degree of access to various program and data files. A security system should also be established to stop and report incorrect log-on attempts after a certain number of tries.

AUDITEE'S RESPONSE

The County Commission indicated they agree with the recommendation and will discuss the issues with the other officials to get the recommendation implemented.

The Health Center Administrator provided the following response:

Computers with sensitive information are kept in offices where the doors can be locked with access restricted to the staff member, the administrator, and one alternate person.

We plan to have all computers password protected by April 1, 2005. In addition, passwords will be changed periodically and a security system will be implemented to stop incorrect log on attempts after a certain number of attempts. Our QuickBooks accounting system will be password protected as well.

5. Property Tax Records

The County Collector does not complete and file the annual settlements in a timely manner. In addition, the annual settlement for the year ended February 28, 2004 contained several errors. The County Commission did not perform an adequate review of the annual settlement to ensure it was complete and accurate and the County Clerk did not maintain an account book with the Collector.

- A. The County Collector does not complete and file the annual settlements in a timely manner. The following table shows when the annual settlements were prepared and filed with the County Commission and the Department of Revenue (DOR) for the past 4 years:

<u>Year ended</u>	<u>Date Filed</u>
<u>February 28 (29)</u>	
2001	Not filed as of July 29, 2004
2002	May 2003
2003	July 2004
2004	July 2004

Section 139.160, RSMo 2000, requires settlements be filed annually with the County Commission by the first Monday in March. As of July 29, 2004, the County Collector had not prepared an annual settlement for tax year 2001. Settlements for tax years 2002 through 2004 were prepared and filed from four to sixteen months past the date due. In addition, it appears that settlements for tax years 2003 and 2004 were not prepared until we requested them. Timely completion of the settlement is necessary to permit the prompt review and verification of the tax book charges and credits.

- B. The annual settlement for the year ended February 28, 2004, contained several errors, including:

- The County Collector did not include \$450,000 in protested taxes that were part of the settlement between the taxpayer and the county. The monies were due to the taxpayer; however the taxpayer elected to forgive \$450,000. Essentially the forgiveness resulted in the funds being distributed to the taxing entities within the county. Not reporting the collection and distribution of this amount caused collections and distributions on the annual settlement to be understated. The County Collector should report all funds collected and distributed to ensure the annual settlement accurately reflects all funds handled by the County Collector.
- Total reported distributions exceeded reported collections by approximately \$16,000. It appears some collections were left off the annual settlement, however the County Collector was unable to identify and explain the difference.

Section 139.160, RSMo 2000, requires the collector to "...settle his accounts of all moneys received by him on account of taxes and other sources of revenue...". By incorrectly reporting collections and distributions, the collector had not provided the County Commission with an accurate and complete settlement.

- C. As noted in part A above, annual settlements were not prepared and filed timely with the County Commission. No documentation was available to indicate that the County Commission or County Clerk had identified and followed up on the Collector's failure to file the settlements timely. The lack of settlements meant they could not be carefully examined and amounts certified with the DOR as required by Section 139.190, RSMo 2000. Based on discussions with the County Commission, they were not aware that the annual settlements had not been filed with them or the DOR.

The County Commission should ensure the annual settlements are filed timely and are carefully and fully examined to ensure the tax book charges and credits are accurately reported.

- D. The County Clerk does not maintain an account book with the County Collector. As a result, the County Collector's annual settlements cannot be adequately reviewed and errors could go undetected. An account book would summarize all taxes charged to the County Collector, monthly collections, delinquent credits, abatements and additions, and protested amounts by tax book. These figures could then be verified by the County Clerk from aggregate abstracts, tax books, court orders, monthly collection reports, and totals of all charges and credits. These verifications are the County Clerk's method of ensuring the amount of taxes charged to the County Collector and reported credits are complete and accurate.

Section 51.150, RSMo 2000, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury. A properly maintained account book would enable the County Clerk and County Commission to verify the County Collector's annual settlements.

WE RECOMMEND:

- A. The County Collector ensure annual settlements are completed in a timely manner.
- B. The County Collector prepare complete and accurate annual settlements.
- C. The County Commission establish procedures to ensure the annual settlements are filed timely and reviewed to ensure the settlements are accurate and complete.
- D. The County Clerk maintain an account book with the County Collector and use this information to verify the accuracy of the County Collector's annual settlements.

AUDITEE'S RESPONSE

- A. *The County Collector indicated she agrees with the recommendation and an effort will be made to complete the annual settlements in a timely manner.*

- B. *The County Collector indicated she agrees with the recommendation and it will be implemented.*
- C. *The County Commission and County Clerk indicated they agree with the recommendation and it will be implemented.*
- D. *The County Clerk indicated he agrees with the recommendation and it will be implemented.*

6. County Health Center

The Health Center's internal controls over cash receipts are in need of improvement and budgets were not accurate and complete. In addition, billings for services were not complete and related payment activity was not adequately monitored.

A. The Health Center is separated into two departments. The Public Health Department collects monies for various services such as flu shots, vital record certificates, child care inspections, tuberculosis testing, paternity testing, blood sugar testing, and grant funds from the Department of Health and Senior Services. Most of these monies are received in cash or check. The Home Health and Hospice Department receives funds from Medicare, Medicaid, and private insurance for home health and hospice services. Most of these funds are received through electronic transfers into the Health Center's bank account or checks. Monies received are turned over to the bookkeeper for deposit. Some essential accounting and reconciliation procedures were not established or performed throughout the audit period.

- 1) Receipt slips are not issued for some monies received and receipt slips used are not always prenumbered. Monies collected by staff at the two departments are turned over to the bookkeeper to prepare and make the deposit; however, both departments issue receipt slips for only some monies received. While staff indicated that check logs and other types of reports are used to track various monies received, these records were not complete. For example, for the month of June 2003, receipts totaling \$7,724 were deposited but not recorded on a receipt slip, receipt log, or check log. In addition, the bookkeeper does not issue receipt slips to the departments for monies turned over to her custody and reconciliations between receipts in the two departments and subsequent deposits are not performed.

To help ensure receipts are properly recorded and deposited, pre-numbered receipt slips should be issued for all monies received immediately upon receipt. The bookkeeper should issue receipt slips to the departments when accepting turnovers for deposit as a means to document the responsibility for the monies. In addition, all receipt slips should indicate the method of payment (i.e. cash, checks, or money orders) and the composition should be

reconciled to the bank deposits to ensure all receipts have been accounted for and deposited.

- 2) Monies received were not deposited intact. Some monies collected were not deposited with other monies received at the same time, but were instead included in later deposits. There was no documentation as to why the monies were not deposited at the same time. To reduce the risk of theft or misuse of funds, all monies received should be deposited intact.
- 3) Receipts are not deposited on a timely basis. The bookkeeper indicated she makes deposits at least twice a week. However, we reviewed the deposits made (not including electronic fund transfers) for June 2003 and December 2003. For these months, deposits were made once in June and twice in December totaling \$32,780 and \$36,726, respectively. Monies on hand during our cash count on March 17, 2004 included checks dated as far back as March 1, 2004. In addition, the monies are not maintained in a secure location before the funds are turned over to the bookkeeper or prior to deposit by the bookkeeper. To ensure all monies are properly accounted for and to adequately safeguard receipts, deposits should be made daily or when accumulated receipts exceed \$100. All monies should be maintained in a secure location, such as a lock box or locked file cabinet, at all times.
- 4) Checks are not restrictively endorsed until the deposit is prepared. Also, during a count of cash on hand, several checks were on hand with the payee line left blank. To decrease the risk of monies being misused, checks should be restrictively endorsed immediately upon receipt. This is especially critical given the untimeliness of deposits as noted above. This finding was also noted in our prior audit report for the two years ended December 31, 1999.
- 5) Accounting duties are not adequately segregated. The Health Center bookkeeper is primarily responsible for receiving and recording monies, preparing and making the deposits, and preparing month-end bank reconciliations and monthly accounting activity reports. In addition, there is no documented supervisory review of the work performed by the bookkeeper.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets adequately safeguarded. If proper segregation of duties can not be achieved, at a minimum, periodic supervisory reviews should be performed and documented.

A similar finding was also noted in our prior audit report for the two years ended December 31, 1999.

- B. Budgets prepared by the Health Center were not accurate and complete. The budgets for the years ended December 31, 2003 and 2002 did not include the prior year's

actual receipts and disbursements, nor did the budget for the year ended December 31, 2002 include amounts for budgeted receipts or beginning available cash. Sections 50.550 and 50.590, RSMo 2000, require the budget document to contain total proposed expenditures, total expected income, and the actual or estimated operating deficits or surpluses from prior years, with corresponding figures for the last completed fiscal year and the current fiscal year.

To comply with state law and be of maximum assistance to the Health Center and to adequately inform the public, the budget should accurately reflect the financial activity of the Health Center, including the prior year's receipts, disbursements and cash balance. In addition, accurate information is essential to provide reasonable estimates of anticipated receipts and disbursements so that the board may utilize the budget as a management tool and as a control over expenditures.

- C. The Home Health and Hospice department bills various entities (i.e., Medicare, Medicaid, and private insurance companies) for the services provided to patients. The majority of the department's receipts are for payments related to these billings. Receipts totaled approximately \$860,000 and \$800,000 in 2003 and 2002, respectively. Our review of the department's billing and collection procedures noted the following concerns:

- 1) Billings are not always prepared in a timely manner. During our review of billings to Medicaid and Medicare, we noted 11 of 15 billings tested were sent from three to five months after the service was provided.
- 2) Medicare remittance advices, which document the reimbursements received, are supposed to be matched with the corresponding bill when the information is posted to the department's in-house accounts receivable program used to track all patient billings and balances. However, as of July 15, 2004 the department had not updated the billings and related payments on this program since December 2003. Therefore, remittance advices are not being reconciled to the accounts receivable records on a timely basis and the accounts receivable balances are not accurately stated.

Parts 1. and 2. were also noted in our prior audit report for the two years ended December 31, 1999.

To help ensure receipts are maximized, decrease the risk of errors or misappropriation, and provide an accurate picture of the department's financial condition, periodic reconciliations between applicable funding agency reports, bills and remittance advices should be performed, accounts receivable records should be maintained on a current basis and billings should be prepared in a timely manner.

WE RECOMMEND the Health Center Board of Trustees:

- A.1. Ensure prenumbered receipt slips, noting the method of payment, are issued for all monies received. In addition, composition of monies received by the two departments should be reconciled to the composition of monies deposited by the bookkeeper.
- 2. Ensure all monies are deposited intact.
- 3. Ensure deposits are made daily, or when accumulated receipts exceed \$100. In addition, receipts should be maintained in a secure location at all times.
- 4. Ensure checks are restrictively endorsed immediately upon receipt.
- 5. Ensure the accounting duties are properly segregated, or at a minimum, require someone other than the bookkeeper to perform and document a periodic supervisory review of receipts to deposits.
- B. Ensure the budget is prepared accurately to reflect the financial activity of the health center.
- C.1
- &2. Require periodic reconciliations between funding agency reports, bills, and remittance advices, properly maintain accounts receivable records, and prepare billings in a timely manner.

AUDITEE'S RESPONSE

The Health Center Administrator provided the following response:

- A. *During the audit, recommendations were implemented immediately upon notice by the auditors, including all of the following except for number 5. The secretary that will be in charge of balancing the checkbook has not been fully trained, but will be by February 1, 2005.*
 - 1) *All receipt slips are now prenumbered and receipt slips are also issued as money is turned over to the bookkeeper. Receipt slips indicate the method of payment. All monies received are logged into a check log when the mail is opened.*
 - 2) *Monies received are now deposited intact with all monies received in a given day deposited together.*
 - 3) *Daily deposits are now made when accumulated monies exceed \$100. Starting January 1, 2005, Public Health will bring all monies to the bookkeeper at the same time of day every day. If money received exceeds \$100 a bank deposit will be made that day.*

- 4) *Checks are now restrictively endorsed immediately upon receipt.*
- 5) *The checking account will be balanced by a secretary not involved in any of the original transactions. The Administrator and Treasurer of the Board of Trustees both approve and sign off on all expenditures.*

Starting January 1, 2005 on the 10th day of the month, a secretary not involved in the original transactions will reconcile receipts to deposits.

- B. *Budgets prepared by the Health Center will include two prior years of budget receipts and disbursements reported on the same budget sheet as the current year's budget. In addition, the cash balance will be reflected on the budget.*
- C.1) *On February 4, 2004 a Billing Clerk was hired to ensure that all billings for the agency are kept current. We did recognize that our billing was not timely so we took this action to correct the problem. It has taken some time for the orientation to all billing procedures. Presently we are caught up on all Medicare billing. The new Billing Clerk is currently learning the process to bill both Medicaid Home Health and Hospice online. She needs to test a few more claims before she is sure that she is proficient at clean claim submission. She is nearly proficient at Medicare Part B outpatient billing online.*
- 2) *Accounts receivable records are current through September 30, 2004 for all programs. The bookkeeper is working on a data base to simplify accounts receivable postings. By February 28, 2005 all accounts receivable will be current.*

Our agency implemented the corrective actions needed in most instances at the time of the audit.

Follow-Up on Prior Audit Findings

PIKE COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Pike County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 1999.

The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Financial Conditions

Pike County's General Revenue and Law Enforcement Sales Tax funds had declining cash balances.

Recommendation:

The County Commission take the necessary steps to improve the financial condition of the General Revenue and Law Enforcement Sales Tax funds.

Status:

Partially implemented. The General Revenue Fund's balance has increased significantly since 1999. However, the Law Enforcement Sales Tax Fund's (LEST Fund) balance continues to decline. See MAR finding number 1.

2. County Deposits

Securities pledged by one of the county's banks at December 31, 1999, as well as at times during January 2000 and 1999, were not sufficient to cover county funds in excess of the FDIC coverage. The county and its depository banks did not effectively monitor the balances in the accounts to ensure sufficiency of collateral securities coverage.

Recommendation:

The County Commission ensure adequate collateral securities are pledged for all county funds on deposit in excess of FDIC coverage.

Status:

Partially implemented. The bank balances were adequately collateralized at December 31, 2003 and 2002, but were insufficient for several days in January 2003. Although not repeated in the current MAR, our recommendation remains as stated above.

3. County Treasurer's Reconciliation

The County Treasurer's fund ledger was not accurate as the book balance did not take into account checks issued by the County Clerk that remained outstanding. In addition, while the County Treasurer performed reconciliations between fund ledger balances and the bank statement balances when preparing the semi-annual settlements, differences noted were not always investigated and followed up on.

Recommendation:

The County Treasurer prepare complete reconciliations between the county fund ledgers and bank statement balances monthly and resolve any discrepancies on a timely basis. In addition, the county fund ledgers should reflect a true book balance including any checks written by the County Clerk which remain outstanding.

Status:

Not implemented. See finding number 03-1.

4. Sheriff's Inmate Account

The Sheriff's Department did not reconcile the total of prisoners' monies in the inmate and commissary bank account with the recorded individual prisoner balances.

Recommendation:

The Sheriff maintain records for the commissary account and reconcile the individual prisoner and commissary balances to the total of the monies in the bank account on a monthly basis.

Status:

Not implemented. Though recommendations were made in the prior two audit reports to strengthen procedures over inmate and commissary monies, which averaged approximately \$30,000 per year for 2002 and 2003, no improvements have been made. Although not repeated in the current report, our recommendation remains as stated above.

5. Circuit Clerk's Procedures

The Circuit Clerk accepted partial payments of fines and court costs on various cases as well as collecting bonds on some criminal cases. Our review noted open-items totaling approximately \$27,200 on 214 cases which were more than one year old.

Recommendation:

The Circuit Clerk review older cases along with the Circuit Judge and determine the appropriate disposition of inactive cases. In addition, any old unclaimed bonds should be disposed of in accordance with state law.

Status:

Implemented.

6. Home Health Department's Records and Procedures

- A. The department did not adequately monitor unpaid billings and, as a result, failed to receive approximately \$50,000 in Medicare reimbursements due for services provided. In addition, billings were not prepared in a timely manner.
- B. Accounting duties related to collecting, recording, and transmitting receipts, as well as billings for related accounts receivables, were not properly segregated.
- C. Checks were not restrictively endorsed until they were received in the transmittal by the County Treasurer.

Recommendation:

The Home Health Department:

- A. Perform periodic reconciliations between funding agency reports, bills, and remittance advices, properly maintain accounts receivable records, and prepare billings in a timely manner.
- B. Adequately segregate the record keeping duties or perform and document periodic reviews of the accounting records.
- C. Restrictively endorse checks immediately upon receipt.

Status:

- A&B. Partially implemented. The department has hired someone to prepare billings and periodically monitor unpaid billings. However, billings are still not prepared in a timely manner. Also, except for billings, the bookkeeper still performs all responsibilities with minimal oversight. See MAR finding number 6.
- C. Not implemented. See MAR finding number 6.

STATISTICAL SECTION

History, Organization, and
Statistical Information

PIKE COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1818, the county of Pike was named after Zebulon Pike, a leader of an 1818 Missouri River expedition. Pike County is a county-organized, third-class county and is part of the Forty-Fifth Judicial Circuit. The county seat is Bowling Green.

Pike County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 565 miles of county roads and 104 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 17,568 in 1980 and 18,351 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,				
		2003	2002	2001	2000	1985* 1980**
		(in millions)				
Real estate	\$	98.4	105.4	103.3	101.3	82.6 52.0
Personal property		46.4	47.1	45.7	47.0	15.6 13.8
Railroad and utilities		40.4	42.8	43.9	42.6	41.0 18.9
Total	\$	185.2	195.3	192.9	190.9	139.2 84.7

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Pike County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,			
		2003	2002	2001	2000
General Revenue Fund	\$	.2717	.2441	.2504	.2500
Special Road and Bridge Fund *		.3118	.2917	.2903	.2900
County Health, Homecare and Hospice Fund		.1600	.1600	.1600	N/A
Hospital Fund		.2200	.2200	.2200	.2200
Senate Bill 40 Board Fund		.1936	.1811	.1802	.1800

- * The county retains all tax proceeds from areas not within road districts. The county has two road districts that receives four-fifths of the tax collections from property within these districts, and the Special Road and Bridge Fund retains one-fifth.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28 (29),			
	2004	2003	2002	2001
State of Missouri	\$ 65,478	53,776	52,733	51,194
General Revenue Fund	669,246	449,629	451,481	440,043
Special Road and Bridge Fund	732,986	522,859	510,604	497,926
Assessment Fund	123,855	86,487	83,223	76,880
Hospital Fund	536,465	389,834	382,225	371,663
County Health, Homecare, and Hospice Fund	312,207	275,983	259,276	0
Senate Bill 40 Board Fund	464,335	321,280	313,409	303,592
School districts	8,097,593	6,358,815	6,149,852	5,829,836
Nursing Home Fund	5,638	5,688	5,511	5,627
Ambulance district	7,219	7,307	7,102	7,169
Fire protection district	100,883	90,966	49,754	49,320
Tax Increment District Fund	6,679	6,835	5,263	5,164
Drainage district	17,213	15,779	17,489	18,580
Tax Maintenance Fund	17,582	5,065	0	0
Cities	78,922	105,305	81,458	74,763
County Employees' Retirement	40,861	34,538	29,648	24,090
Commissions and fees:				
General Revenue Fund	168,978	131,437	126,981	115,712
Total	\$ 11,446,140	8,861,583	8,526,009	7,871,559

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),			
	2004	2003	2002	2001
Real estate	94.3	81.7	82.8	82.4 %
Personal property	92.9	80.0	78.2	72.8
Railroad and utilities	100.0	100.0	100.0	100.0

Collection percentages for 2001 through 2003 do not reflect taxes collected under protest from a single significant business taxpayer. The case was settled in 2003 with some taxes being abated.

Pike County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	%
General	\$.0050	None	50	
Law Enforcement	.0050	None	None	
Road and Bridge	.0050	None	None	
Hospital Capital Improvements	.0050	None	None	

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2004	2003	2002	2001	2000
County-Paid Officials:	\$				
Clark Pointer, Presiding Commissioner		29,060	29,060	29,060	29,060
Delbert Clark, Associate Commissioner		27,060	27,060	27,060	27,060
Jack Stumbaugh, Associate Commissioner		27,060	27,060	27,060	
Harold Dietle, Associate Commissioner					27,060
James Robert Kirkpatrick, County Clerk		41,000			
Jim Ford, County Clerk			41,000	41,000	41,000
Paul Williams, Prosecuting Attorney (1)		96,000			
Mark Fisher, Prosecuting Attorney			61,500	61,500	61,500
Jim Wells, Sheriff (2)		48,000	48,000	37,685	36,591
Don Nacke, Sheriff (3)				9,170	
Patti Crane, County Treasurer		30,340	30,340	30,340	30,340
Bill Sterne, County Coroner		13,000	13,000	13,000	6,500
Nina Long, Public Administrator (4)		41,000	41,000	41,000	
Leone Cadwallader, Public Administrator					8,000
Marty Morrison, County Collector , year ended February 28 (29),	41,000	41,000	41,000	41,000	
Donna Prior, County Assessor, year ended August 31,		41,000	41,000	41,000	
John Shade, County Assessor, year ended August 31,					41,000
Dennis Kallash, County Surveyor (5)		0	0	0	0

(1) Effective January 1, 2003, the Prosecuting Attorney became a full-time position.

(2) Sheriff Wells began a new term after winning in a special election for Sheriff on March 20, 2001.

(3) Sheriff Nacke was appointed on January 12, 2001 and served until March 20, 2001.

(4) Effective January 1, 2001, the public administrator elected to change from a fee basis to a salary basis.

(5) Compensation on a fee basis.

State-Paid Officials:

Sherry Crow McCarty, Circuit Clerk and Ex Officio Recorder of Deeds	47,300	47,300	47,300	46,126
David Ash, Associate Circuit Judge	92,000			
J. Rockne Calhoun, Associate Circuit Judge	4,000	96,000	96,000	97,382

In 1994, a new county jail was completed at a cost of approximately \$1.5 million. The county entered into a 15 year lease-purchase agreement to pay for the building. In August 1997, the county refinanced its lease-purchase agreement. As of December 31, 2003, the county still owed \$810,333 on the lease-purchase agreement, including \$705,000 in principal and \$105,333 in interest payable.

In December 2003, the county entered a 20-year lease purchase agreement with U.S. Bank, N.A. to pay for a capital improvement project to the hospital. The terms of the agreement call for the county to lease the real estate to U.S. Bank, N.A. which will provide the funds to pay the cost of the project and then lease the building back to the county with lease payments equal to the amount due to retire the indebtedness. The lease is scheduled to be paid off in the year 2023. The remaining principal and interest due on the lease at December 31, 2003, was \$5,000,000 and \$3,278,581, respectively. The lease will be paid with proceeds from the one-half cent Hospital Capital Improvement sales tax which took effect on April 1, 2002.



**DEPARTMENT OF CORRECTIONS
ALGOA CORRECTIONAL CENTER**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-96
December 22, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

December 2004

The following problems were discovered as a result of an audit conducted by our office of the Department of Corrections, Algoa Correctional Center.

The Algoa Correctional Center (ACC) opened in 1932. The facility is located on 388 acres in Jefferson City, Missouri, and is a minimum security facility. As of June 30, 2004, this facility housed 1,218 male offenders.

The ACC operates a canteen for the offenders' benefit. Our review noted that canteen committee minutes did not record details of votes cast prior to April 2004. In addition, some committee members were not allowed to vote.

Documentation of monthly food inventory counts is not adequate and random counts are not being performed monthly. In addition, some food service sanitation inspections are not being performed as frequently as policy requires.

Vending machine commissions totaled over \$50,000 during the two years ended June 30, 2004. Although the vending contract indicates that commissions are to be computed as a percentage of total gross sales, the ACC has no procedures to ensure that vending machine gross sales are accurate. Additionally, the ACC is not always receiving commission checks within the timeframe required by the vending contract, and the business office did not maintain vending commission statements for 6 of 24 months reviewed.

Proper approval was not documented for some expenditures. Twenty-three percent of the tested expenditures were not supported by a purchase requisition. In addition, we noted that 11 percent of tested expenditures were supported by an unsigned purchase requisition.

The ACC appears to be underutilizing their state-owned vehicles. Five of the 12 vehicles used to transport offenders were driven less than 15,000 miles during the year ended June 30, 2004. One maintenance vehicle, used solely for the removal of snow, was only driven 263 miles and incurred maintenance costs exceeding \$2,500 during fiscal year 2004. Additionally, ACC has four vehicles to transport supplies and orders received to the proper location within the facility. These vehicles were driven an average of 4,384 miles during fiscal year 2004. It appears the ACC management should evaluate the use of each vehicle and consider reducing the size of its fleet.

The ACC is working toward or has already implemented many of the report's recommendations.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

DEPARTMENT OF CORRECTIONS
ALGOA CORRECTIONAL CENTER

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Gary B. Kempker, Director
Department of Corrections
and
Michael Murphy, Superintendent
Algoa Correctional Center
Jefferson City, MO 65101

We have audited the Department of Corrections, Algoa Correctional Center. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2004 and 2003. The objectives of this audit were to:

1. Review internal controls over significant management and financial functions.
2. Review compliance with certain legal provisions, regulations, policies, and contracts.
3. Evaluate the economy and efficiency of certain management practices and operations.

Our methodology to accomplish these objectives included reviewing minutes of meetings, written policies, financial records, and other pertinent documents; interviewing various personnel of the correctional center, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. We also performed tests of certain controls to obtain evidence regarding the effectiveness of their design and operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed

and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the correctional center's management and was not subjected to the procedures applied in the audit of the correctional center.

The accompanying Management Advisory Report presents our findings arising from our audit of the Department of Corrections, Algoa Correctional Center.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

August 5, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Regina Pruitt, CPA
In-Charge Auditor:	David Gregg
Audit Staff:	Zeb Tharp
	Malcolm N. Nyatanga

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

DEPARTMENT OF CORRECTIONS
ALGOA CORRECTIONAL CENTER
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.

Canteen Procedures

The Algoa Correctional Center (ACC) operates a canteen for the offenders' benefit. The canteen stocks and sells numerous products such as soda, tobacco products, snack foods, radios, and televisions. Oversight of the offender canteen fund is vested in a ten member canteen committee. The committee is comprised of various ACC personnel, two ACC offenders, and the Department of Corrections (DOC) Offender Finance Officer.

The committee meets quarterly to consider and approve specific purchases for the benefit of offenders. As required by DOC policy D3-9.2, meeting minutes are prepared. However, prior to April 2004, canteen committee minutes did not record details of the votes cast. In addition, some ACC personnel committee members indicated that the offenders on the committee participate in the discussions, but were not allowed to vote. All members of the canteen committee should be allowed to vote on decision items and the official minutes should record details of the votes cast, including the number of votes for approval or denial of all committee decisions.

WE RECOMMEND the ACC ensure that all authorized canteen committee members present at meetings participate in votes taken, and that details of the votes cast be recorded in the meeting minutes.

AUDITEE'S RESPONSE

Effective April 2004, all authorized members of the canteen committee, including the inmates, are voting on the quarterly canteen requests. The results of the votes are included in the meeting minutes.

2.

Food Inventories

Documentation of monthly inventory counts is not adequate and random counts are not being performed monthly. In addition, some meals are not properly accounted for, and sanitation inspections are not performed as frequently as policy requires. During the year ended June 30, 2004, the ACC served over 1.4 million meals to offenders with food costs of approximately \$1,041,000. Our review of food inventories noted the following concerns:

- A. Supporting documentation for monthly physical inventory counts are not properly documented and retained. Food service personnel indicated that monthly physical counts of food inventories are performed, but only the April 2004 count records were available for review. These count records were not recorded on the required form and had no identifying information, such as month and year. Of the two hundred food items listed on the perpetual inventory records, only ninety-three were included in the April 2004 monthly count. In addition, random counts of at least ten items per month are not being conducted.

These practices are in violation of the ACC Standard Operating Procedure (SOP) 10-1.15, which requires that a physical inventory count of all food items be taken on the last working day of the month and documented on the expendable inventory summary or on a computer generated form containing the same information. Furthermore, the associate superintendent of operations or their designee is required to perform regular random counts of at least ten items once a month. Properly documenting the physical inventory counts and retaining supporting documentation is necessary to ensure perpetual inventory records are accurate and complete. In addition, random counts enhance the controls over the food inventories.

- B. Some food service sanitation inspections are not being performed as frequently as required. The ACC SOP 10-1.7 requires weekly and random inspections of the food service, commissary, dining room, kitchen, pot and pan, food preparation, and dishwashing areas be performed by the fire and safety specialist. From January 2003 through May 2004, only 28 percent (20 out of 73) of the required weekly inspections had been performed. Performing sanitary inspections as required by policy helps ensure that areas are clean and free of disease, and demonstrates compliance with any applicable food and sanitation codes.

WE RECOMMEND the ACC:

- A. Properly document and retain the monthly physical inventory counts of all food items. In addition, the ACC needs to ensure that the superintendent of operations/designee performs regular random counts of at least ten food items.
- B. Perform food service sanitation inspections as required by policy.

AUDITEE'S RESPONSE

- A. *Since July 2004, the associate superintendent of operations/designee has been performing the random count of ten food items. Since August 2004, the food service storekeeper is maintaining the working count sheets of the monthly inventory with the compiled monthly inventory report.*

- B. *The safety manager has been given a written directive dated November 30, 2004, that weekly food service sanitation inspections will be submitted no later than Friday of each week.*

3. Vending Machine Services

The ACC performs no procedures to ensure proper vending commissions are paid by the vendor and is not receiving commission checks timely. The ACC utilizes a private vendor to provide and service vending machines at the facility. The vendor provides a monthly commission statement and separate payments to the facility's personnel club and the inmate canteen fund. The commissions are used by the facility to support approved personnel activities and for inmate benefits.

Vending machine commissions totaled over \$50,000 during the two years ended June 30, 2004. We noted some concerns related to the vending machine commissions:

- A. The vending contract indicates that commissions are to be computed as a percentage of total gross sales. However, the ACC has no procedures to ensure that vending machine gross sales are accurate. The commission statement submitted by the vendor indicates gross sales, the commission rate, the commission amount due, and the beginning and ending meter readings (for currency and coin). The meters count the money that is deposited into the machine, but do not take into account change returned or the amount of currency left in the machine to provide change. As a result, gross sales cannot be reconciled exactly to meter readings. However, the business office should develop a procedure to evaluate the reasonableness of gross sales as compared to meter readings, and make inquiries of the vendor when unusual fluctuations are noted.
- B. The ACC is not always receiving commission checks within the timeframe required by the vending contract. The contract requires commission checks to be sent to the facility within 15 calendar days after the conclusion of the previous monthly period. We noted for the periods ending February 4, 2004, January 7, 2004, and December 10, 2003, that commission checks were not received within 15 calendar days. Rather, it took the vendor from 44 to 76 calendar days to issue the checks to the business office. The business office needs to ensure that the checks are received within the required timeframes, so that they can review and resolve any issues timely and maximize their revenues. In addition, the business office did not maintain vending commission statements for 6 out of the 24 months reviewed. Retention of records is essential to establishing accountability and documenting a review for compliance with contract terms.

WE RECOMMEND the ACC:

- A. More closely evaluate vending commission statement information to ensure that vending machine gross sales are accurate.
- B. Ensure that commission statements and checks are received within the required timeframe, and retain all of the monthly commission statements.

AUDITEE'S RESPONSE

- A. *Monthly totals on the commission statements will be verified for accuracy and appropriate commission percentage computations. Spreadsheets will be developed for monthly comparisons of gross sales. If notable differences in gross sales occur, the business manager will contact the vending company to determine the cause for the difference.*
- B. *The calendar will be marked for monthly verification that statements and checks have been received. The business office has maintained the monthly commission statements since November 2004.*

4. Expenditures Approval

Proper approval was not documented for some expenditures. Fourteen of 60 expenditures tested were not supported by a purchase requisition. Examples of these expenditures included purchases of food, propane, cleaning supplies, digital cameras, mowers, and hazardous waste removal services. In addition, we noted that 7 of 60 expenditures were supported by a purchase requisition, but the purchase requisition did not include any approval signature. The DOC's procedures for procurement authority require that a signed purchase requisition form be prepared and maintained for all purchases. Failure to prepare purchase requisitions and document purchase approval limits the facility's ability to monitor and ensure that all expenditures have been approved and are proper.

WE RECOMMEND the ACC ensure purchase requisitions are prepared and approved prior to the purchase of goods and services.

AUDITEE'S RESPONSE

Since the beginning of fiscal year 2005, all purchases require a purchase request with appropriate signatures prior to the business manager purchasing the goods or services.

5.**State Vehicles**

Some state-owned vehicles appear to be underutilized. As of June 30, 2004, the ACC had 24 state-owned vehicles used for the various purposes, including transportation of offenders (12 vehicles), maintenance and movement of supplies/equipment on facility grounds (8 vehicles), patrolling the grounds (2 vehicles), employee travel to training and meetings (1 vehicle), and mail runs (1 vehicle). Examples of possible vehicle underutilization noted were:

- Several vehicles are available to transport offenders to and from work release programs, doctor visits, court appearances, and other facilities. Of these twelve vehicles, 2 are buses and 2 were put into service by the facility in June 2004. Of the remaining eight vehicles, five were driven less than 15,000 miles during fiscal year 2004, averaging 7,008 miles per vehicle. The Office of Administration's (OA) vehicle guidelines, Policy SP-4, provides that pool vehicles should average at least 15,000 miles per year. The ACC should review usage of pool vehicles and dispose of underutilized vehicles to ensure that state resources are efficiently used and that vehicle usage complies with the state policy.
- One of the maintenance vehicles is used solely for the removal of snow within and around the facility. This vehicle was only driven 263 miles and incurred maintenance costs exceeding \$2,500 during fiscal year 2004. The ACC needs to reconsider the need for this vehicle or determine whether using it for other purposes might be appropriate.
- ACC has 4 vehicles that are used to transport supplies and orders received by the business office to the proper location within the facility. During fiscal year 2004, these vehicles were driven an average of 4,384 miles. The ACC should reevaluate the need for some of these vehicles and determine if the same tasks could be accomplished with fewer vehicles.

It appears the ACC management should evaluate the use of each vehicle and consider reducing the size of its fleet.

WE RECOMMEND the ACC evaluate the need for each vehicle and ensure each vehicle is effectively utilized.

AUDITEE'S RESPONSE

Many of the vehicles reflect low mileage but have daily use as most trips are of short mileage duration. Per Policy SP-4, a monthly justification is now provided to the DOC fleet manager on vehicles which are below the monthly mileage usage.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

DEPARTMENT OF CORRECTIONS
ALGOA CORRECTIONAL CENTER
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

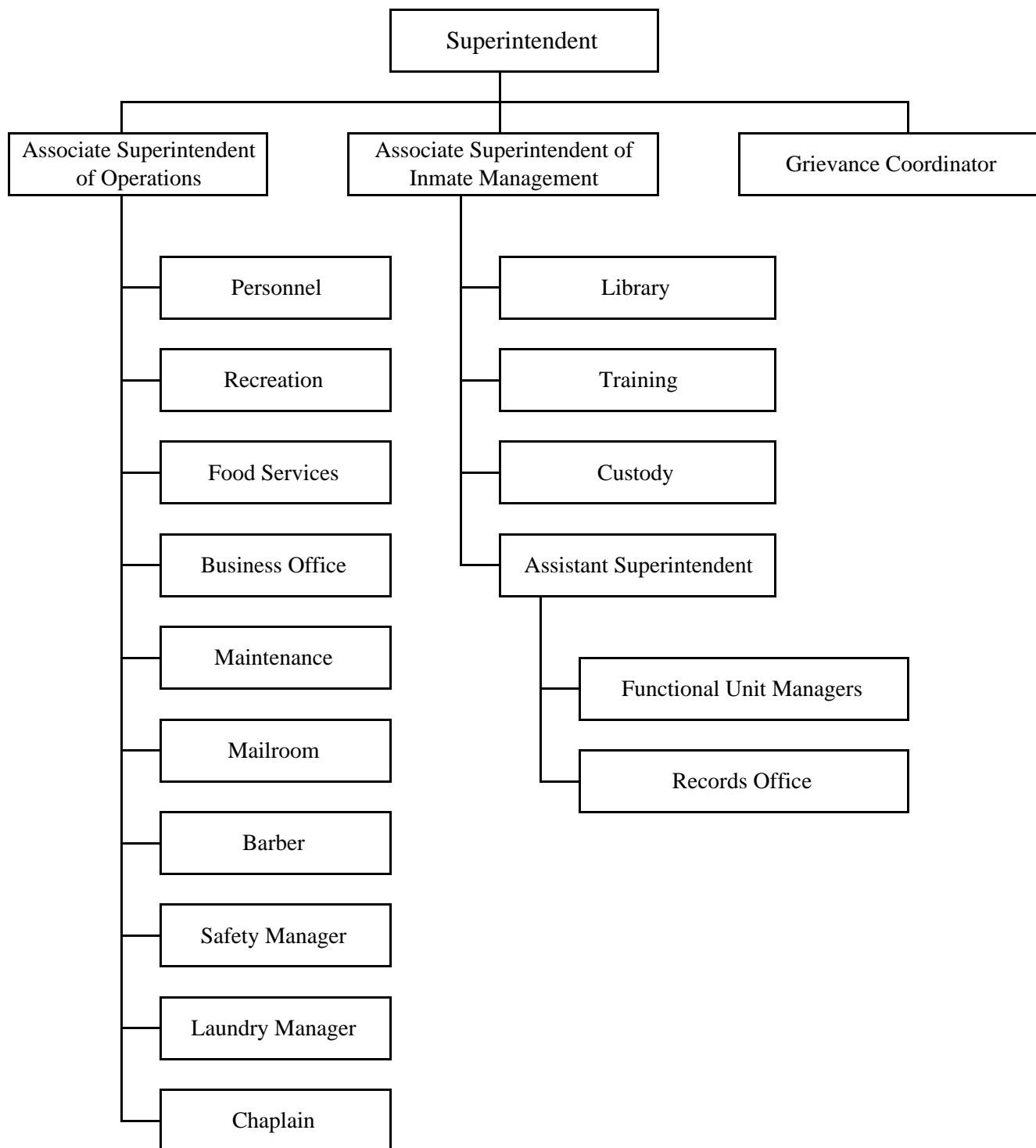
The Algoa Correctional Center (ACC) first opened in 1932. The facility is located on 388 acres approximately six miles east of Jefferson City. This minimum security institution housed 1,218 male offenders at June 30, 2004. The perimeter of the facility is secured by a 12 foot-high fence that is topped with razor sharp barbed wire. The fence is equipped with electronic motion detection system. For additional security the perimeter of the facility is patrolled by an armed vehicular patrol on a 24-hour basis. The institution is made up of 11 housing units that can accommodate up to 1,565 male offenders, an offender segregation building, a power plant, maintenance department, administrative offices, a multi-purpose building, a garage, a recreational building, food services building, education building, and an offender canteen building.

The ACC conducts its own educational and vocational programs. During fiscal year 2004, 155 offender students took the GED test and 135 passed. During this same time, 1,304 offenders were enrolled in classes at ACC. The vocational program consists of 4 different areas: building trades, automotive repair, dry cleaning, and culinary arts. The Automotive Repair program, which is offered to 20 offenders and lasts a year, allows offenders to work on ACC employee and fleet vehicles. The Building Trades program, which is offered to 20 offenders and lasts six months, allows offenders to build items from wood. These items are made on an as needed basis and are purchased by state agencies and correctional employees. The Culinary Arts program, which is offered to 20 offenders and lasts six months, assists offenders in obtaining skills and education in the restaurant industry. At the end of the class, offenders are eligible to take the ServSafe Certification exam given by the National Restaurant Association. During fiscal year 2004, 31 offenders took the ServSafe Certification exam and 30 passed. The Dry Cleaning program, which is offered to 35 offenders, allows offenders to perform dry cleaning services for all state employees.

Michael Murphy has served as the facility superintendent since June 2000. The ACC employed approximately 376 employees assigned to various administrative, service, security, and academic and vocational education functions as of June 30, 2004.

An organization chart and financial data follow:

DEPARTMENT OF CORRECTIONS
ALGOA CORRECTIONAL CENTER
ORGANIZATION CHART
JUNE 30, 2004



Appendix A

DEPARTMENT OF CORRECTION
ALGOA CORRECTIONAL CENTER
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30,					
	2004			2003		
	Appropriation Authority	Expenditures	Lapsed Balances *	Appropriation Authority	Expenditures	Lapsed Balances *
GENERAL REVENUE FUND						
Personal Service	\$ 8,498,626	7,826,673	671,953	8,113,946	7,734,287	379,659
Total General Revenue Fund	8,498,626	7,826,673	671,953	8,113,946	7,734,287	379,659
FACILITIES MAINTENANCE RESERVE FUND						
Electrical Study	50,301	39,948	10,353 **	4,156	4,155	1
New Electric Switches	60,886	60,032	854 **	20,800	20,799	1
Perimeter Alarms	145,652	74,438	71,214 **	301,995	301,995	0
Replace Steam Lines	35,695	0	35,695 **	775,828	78,180	697,648
Total Facilities Maintenance Reserve Fund	292,534	174,418	118,116	1,102,779	405,129	697,650
Total All Funds	\$ 8,791,160	8,001,091	790,069	9,216,725	8,139,416	1,077,309

Note: The appropriations presented above are used to account for and control the facility's expenditures from amounts appropriated to the facility by the General Assembly. The facility administers transactions from the appropriations presented above. However, the state treasurer as fund custodian and the Office of Administration provide administrative control over the fund resources within the authority prescribed by the General Assembly. This does not represent all expenditures of the facility. Some expenditures relating to state facilities are charged to department-wide appropriations and not identified by facility. Expenditures charged to the department-wide appropriations that are identified to Alcoa Correctional Center are noted in Appendix B.

* The lapsed balances include the following withholdings made at the Governor's request.

	Year Ended June 30,	
	2004	2003
General Revenue Fund:		
Personal Service	\$ 339,945	378,279
Total General Revenue Fund	339,945	378,279
Facilities Maintenance Reserve Fund:		
Replace Steam Lines	0	697,647
Total Facilities Maintenance Reserve Fund:	0	697,647
Total All Funds	\$ 339,945	1,075,926

** Biennial appropriations set up in fiscal year 2004 are re-appropriations to fiscal year 2005. After the fiscal year-end processing has been completed, the unexpended fiscal year 2004 appropriation balance for a biennial appropriation is established in fiscal year 2005. Therefore, there is no lapsed balance for a biennial appropriation at the end of fiscal year 2004.

DEPARTMENT OF CORRECTIONS
ALGOA CORRECTIONAL CENTER
COMPARATIVE STATEMENT OF EXPENDITURES (BY BUDGET OBJECT)

Note: Not included in this schedule are expenditures paid from department-wide appropriations, such as inmate medical services and capital improvements, that do not specify amounts by facility.



**DEPARTMENT OF AGRICULTURE
STATE MILK BOARD
TWO YEARS ENDED JUNE 30, 2004**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-95
December 21, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

December 2004

The following report is a result of an audit conducted by our office of the Department of Agriculture, State Milk Board.

In our previous audit of the State Milk Board (SMB), audit no. 2003-43, the Springfield and St. Louis health departments were paid approximately \$58,000 and \$61,000 more than the amounts allowed by the contract during the years ended June 30, 2002 and 2001, respectively. The SMB erroneously paid the local health departments at a rate that differed from the rate provided for in the contracts. Additionally, the local health departments were paid approximately \$86,000 and \$128,000 more than the limit set by statute during the years ended June 30, 2002 and 2001, respectively. The total amounts paid to the contract agencies exceeded the statutory limit due to the payments from the General Revenue Fund-State appropriation. The SMB has implemented our recommendation. The SMB revised the contracts so that payments to local health departments are based on the number of inspections performed rather than the volume of milk inspected.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

DEPARTMENT OF AGRICULTURE
STATE MILK BOARD

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<u>Exhibit</u>	<u>Description</u>
A	Comparative Statement of Receipts, Disbursements, and Changes in Cash and Investments – Milk Inspection Fees Fund, Years Ended June 30, 2004 and 20038
B	Comparative Statement of Receipts – General Revenue Fund – State, Years Ended June 30, 2004 and 20039
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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON
THE FINANCIAL STATEMENTS**

Honorable Bob Holden, Governor
and
Peter Hofherr, Director
Department of Agriculture
and
Terry S. Long, Executive Secretary
State Milk Board
Jefferson City, MO 65102

We have audited the accompanying Comparative Statement of Receipts, Disbursements, and Changes in Cash and Investments of the Milk Inspection Fees Fund; Comparative Statement of Receipts of the General Revenue Fund-State; and Comparative Statement of Appropriations and Expenditures of the various funds of the Department of Agriculture, State Milk Board as of and for the years ended June 30, 2004 and 2003. These financial statements are the responsibility of the board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting or the state's legal budgetary basis of accounting, which are comprehensive bases of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash and investments of the Milk Inspection Fees Fund; the receipts of the General Revenue Fund-State; and the appropriations and expenditures of the various funds of the Department of Agriculture, State Milk Board as of and for the years ended June 30, 2004 and 2003, on the bases of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated November 9, 2004, on our consideration of the board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying financial information listed as supplementary data in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the board's management and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.



Claire McCaskill
State Auditor

November 9, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Jeannette Eaves, CPA
In-Charge Auditor:	Andrea Paul
Audit Staff:	Julie Moore



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

Honorable Bob Holden, Governor
and
Peter Hofherr, Director
Department of Agriculture
and
Terry S. Long, Executive Secretary
State Milk Board
Jefferson City, MO 65102

We have audited the financial statements of the Department of Agriculture, State Milk Board as of and for the years ended June 30, 2004 and 2003, and have issued our report thereon dated November 9, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of the Department of Agriculture, State Milk Board are free of material misstatement, we performed tests of the board's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of the Department of Agriculture, State Milk Board, we considered the board's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial

statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the management of the Department of Agriculture, State Milk Board and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

November 9, 2004 (fieldwork completion date)

Financial Statements

Exhibit A

DEPARTMENT OF AGRICULTURE
STATE MILK BOARD
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN
CASH AND INVESTMENTS
MILK INSPECTION FEES FUND

	Year Ended June 30,	
	2004	2003
RECEIPTS		
Milk inspection fees	\$ 1,383,077	1,366,630
DISBURSEMENTS		
Personal service	118,263	134,214
Employee fringe benefits	62,252	59,489
Cost allocation plan	22,445	14,607
Expense and equipment	153,977	102,778
Inspection contract costs	857,696	992,005
Total Disbursements	1,214,633	1,303,093
RECEIPTS OVER (UNDER) DISBURSEMENTS	168,444	63,537
CASH AND INVESTMENTS, JULY 1	266,574	203,037
CASH AND INVESTMENTS, JUNE 30	\$ 435,018	266,574

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

DEPARTMENT OF AGRICULTURE
STATE MILK BOARD
COMPARATIVE STATEMENT OF RECEIPTS
GENERAL REVENUE FUND-STATE

	Year Ended June 30,	
	2004	2003
Other inspection fees	\$ 16,737	15,488
Total	\$ 16,737	15,488

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit C

DEPARTMENT OF AGRICULTURE
STATE MILK BOARD
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30,					
	2004			2003		
	Appropriations	Expenditures	Lapsed Balances	Appropriations	Expenditures	Lapsed Balances
DAIRY PLANT INSPECTION AND GRADING FUND						
Dairy plant inspections	8,000	0	8,000	8,000	0	8,000
Total Dairy Plant Inspection and Grading Fund	8,000	0	8,000	8,000	0	8,000
GENERAL REVENUE FUND-STATE						
Personal Service and Expense and Equipment and for contractual services with local health agencies	\$ 459	0	459	138,898	107,429	31,469
Personal Service	130,130	124,538	5,592	149,496	127,184	22,312
Expense and Equipment	23,441	22,796	645	24,800	24,056	744
Total General Revenue Fund - State ¹	154,030	147,334	6,696	313,194	258,669	54,525
MILK INSPECTION FEES FUND						
Personal Service	219,897	118,263	101,634	197,731	132,920	64,811
Expense and Equipment	241,029	143,049	97,980	273,423	90,861	182,562
Personal Service and Expense and Equipment and for contractual services with local health agencies	1,288,970	857,696	431,274	1,288,970	992,005	296,965
Payment of real property leases, related services, utilities and systems furniture and structural modification for new FTE - Expense and Equipment	22,514	10,928	11,586 ²	15,190	10,928	4,262
Missouri Department of Agriculture Director's Office Expense and Equipment	1,002	0	1,002	989	989	0
Missouri Department of Agriculture Director's Office Personal Service	1,296	0	1,296	1,294	1,294	0
Replacement Vehicles	14,110	0	14,110	0	0	0
Total Milk Inspection Fees Fund	1,788,818	1,129,936	658,882	1,777,597	1,228,997	548,600
Total All Funds	\$ 1,950,848	1,277,270	673,578	2,098,791	1,487,666	611,125

¹ In addition to these amounts, State Milk Board payments for real property leases totaling \$10,672 annually were made from the General Revenue Fund-State during fiscal years 2004 and 2003.

² Biennial appropriations set up in fiscal year 2004 are re-appropriations to fiscal year 2005. After the fiscal year-end processing has been completed, the unexpended fiscal year 2004 appropriation balance for a biennial appropriation is established in fiscal year 2005. Therefore, there is no lapsed balance for a biennial appropriation at the end of fiscal year 2004.

The accompanying Notes to the Financial Statements are an integral part of this statement.

Supplementary Data

Schedule

DEPARTMENT OF AGRICULTURE
STATE MILK BOARD
STATEMENT OF CHANGES IN GENERAL CAPITAL ASSETS

Type of General Capital Assets	Balance June 30, 2002	Additions	Dispositions	Balance June 30, 2003	Additions	Dispositions	Balance June 30, 2004
GENERAL REVENUE FUND - STATE							
Office furniture and equipment	\$ 26,753	0	3,850	22,903	0	0	22,903
Automobiles	25,500	0	0	25,500	0	0	25,500
Total General Revenue Fund - State	<u>52,253</u>	<u>0</u>	<u>3,850</u>	<u>48,403</u>	<u>0</u>	<u>0</u>	<u>48,403</u>
MILK INSPECTION FEES FUND							
Office furniture and equipment	179,923	6,197	37,169	148,951	3,589	0	152,540
Automobiles	15,800	15,400	0	31,200	11,800	17,300	25,700
Total Milk Inspection Fees Fund	<u>195,723</u>	<u>21,597</u>	<u>37,169</u>	<u>180,151</u>	<u>15,389</u>	<u>17,300</u>	<u>178,240</u>
Total General Capital Assets	<u>\$ 247,976</u>	<u>21,597</u>	<u>41,019</u>	<u>228,554</u>	<u>15,389</u>	<u>17,300</u>	<u>226,643</u>

The accompanying Note to the Supplementary Data is an integral part of this statement.

Notes to the Financial Statements and Supplementary Data

DEPARTMENT OF AGRICULTURE
STATE MILK BOARD
NOTES TO THE FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Notes to the Financial Statements:

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present only selected data for each fund of the Department of Agriculture, State Milk Board.

Receipts, disbursements, and changes in cash and investments are presented in Exhibit A for the Milk Inspection Fees Fund. Appropriations from this fund are expended by or for the board for restricted purposes.

Receipts are presented in Exhibit B for the General Revenue Fund - State. Receipts include monies the board collects during its normal activities and remits to the fund. These amounts are not necessarily related to appropriations.

Appropriations, presented in Exhibit C, are not separate accounting entities. They do not record the assets, liabilities, and equity or other balances of the related funds but are used only to account for and control the board's expenditures from amounts appropriated by the General Assembly.

Expenditures presented for each appropriation may not reflect the total cost of the related activity. Other direct and indirect costs provided by the board and other state agencies are not allocated to the applicable fund or program.

B. Basis of Accounting

The Statement of Receipts, Disbursements, and Changes in Cash and Investments, Exhibit A, prepared on the cash basis of accounting, presents amounts when they are received or disbursed.

The Statement of Receipts, Exhibit B, also prepared on the cash basis of accounting, presents amounts when received.

The Statement of Appropriations and Expenditures, Exhibit C, is presented on the state's legal budgetary basis of accounting. Expenditures generally consist of amounts paid by June 30, with no provision for lapse period expenditures unless the Office of Administration approves an exception. Amounts encumbered at June 30 must be either canceled or paid from the next year's appropriations.

However, the General Assembly may authorize continuous (biennial) appropriations, for which the unexpended balances at June 30 of the first year of the 2-year period are reappropriated for expenditure during the second year. Therefore, such appropriations have no lapsed balances at the end of the first year.

The cash basis of accounting and the budgetary basis of accounting differ from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Fiscal Authority and Responsibility

The board administers transactions in the funds listed below. The state treasurer as fund custodian and the Office of Administration provide administrative control over fund resources within the authority prescribed by the General Assembly.

Milk Inspection Fees Fund: This fund is authorized by Section 196.947, RSMo, to receive all monies paid to the state for milk inspection. Expenditures, authorized by appropriations, are to be used exclusively for the purpose of defraying the costs of the state milk inspection program, which may include payments to other agencies for services provided related to the program. Any unexpended balances in this fund are perpetually maintained for the purposes of the fund.

Dairy Plant Inspection and Grading Fund: This fund is authorized by Section 196.614, RSMo, to receive all monies paid to the state from the United States Department of Agriculture for contracted manufacturing dairy plant inspection or grading. Expenditures, authorized by appropriations, are to be used exclusively for the purpose of defraying the cost of the contracted manufacturing milk inspection and grading program. Any unexpended balances in this fund are perpetually maintained for the purposes of the fund.

General Revenue Fund-State: The board receives appropriations from this fund and does not maintain a proprietary interest in the fund. Appropriations from the fund are used for the basic operation of the board, including those programs and services that have no other funding source. These appropriations also may be used to initially fund, or to provide matching funds or support for, programs paid wholly or partially from other sources.

D. Employee Fringe Benefits

In addition to the social security system, employees are covered by the Missouri State Employees' Retirement System (MOSERS) (a noncontributory plan) and may participate in the state's health care, optional life insurance, cafeteria, and deferred compensation and deferred compensation incentive plans. The optional life

insurance and cafeteria plans involve only employee contributions or payroll reductions. The deferred compensation plan involves employee payroll deferrals and the deferred compensation incentive plan a state contribution for each employee who participates in the deferred compensation plan and has been employed by the state for at least 1 year.

The state's required contributions for employee fringe benefits are paid from the same funds as the related payrolls. Those contributions are for MOSERS (retirement, basic life insurance, and long-term disability benefits); social security and medicare taxes; health care premiums; and the deferred compensation incentive amount.

Employee fringe benefits in the financial statement at Exhibit A are the transfers from the Milk Inspection Fees Fund for costs related to salaries paid from that fund. Transfers related to salaries are not appropriated by agency and thus are not presented in the financial statement at Exhibit C.

2. Cash and Investments

The balance of the Milk Inspection Fees Fund is pooled with other state funds and invested by the state treasurer. There was no balance in the Dairy Plant Inspection and Grading Fund at June 30, 2003 and 2004.

3. Reconciliation of Total Disbursements to Appropriated Expenditures

Disbursements on Exhibit A reconcile to appropriated expenditures on Exhibit C as follows:

		Milk Inspection Fees Fund	
		Year Ended June 30,	
		2004	2003
DISBURSEMENTS PER EXHIBIT A	\$	1,214,633	1,303,093
Employee fringe benefits		(62,252)	(59,489)
Cost allocation plan transfer		(22,445)	(14,607)
EXPENDITURES PER EXHIBIT C	\$	<u>1,129,936</u>	<u>1,228,997</u>

4. Inspection Contract Costs

During the two years ended June 30, 2004, the State Milk Board contracted with the county of St. Louis and the city of Springfield to inspect Grade A milk supplies. This expenditure category represents the cost associated with these contracts paid from the Milk Inspection Fees Fund. During the year ended June 30, 2003, an additional \$107,429 was paid to these agencies from appropriations from the General Revenue Fund – State.

Note to the Supplementary Data:

5. General Capital Assets

General capital assets are recorded at cost in the general capital assets account. General capital assets are depreciated on a straight-line basis using a five year useful life classification and a salvage value of zero. Accumulated depreciation on general capital assets at June 30, 2004 and 2003, was as follows:

		Year Ended June 30,	
		2004	2003
Milk Inspection Fees Fund	\$	140,399	141,430
General Revenue Fund-State		38,055	37,729
Total	\$	<u>178,454</u>	<u>179,159</u>

MANAGEMENT ADVISORY REPORT SECTION

Follow-Up on Prior Audit Findings

DEPARTMENT OF AGRICULTURE
STATE MILK BOARD
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by the Department of Agriculture, State Milk Board on findings in the Management Advisory Report (MAR) of our prior audit report issued for the two years ended June 30, 2002.

Milk Inspection Program

- A. The Springfield and St. Louis health department contract agencies were paid approximately \$58,000 and \$61,000 more than the amounts allowed by contract during the years ended June 30, 2002 and 2001, respectively.
- B. The Springfield and St. Louis health department contract agencies were paid approximately \$86,000 and \$128,000 more than the limit set by statute during the years ended June 30, 2002 and 2001, respectively. The total amounts paid to the contract agencies exceeded the statutory limit due to the payments from the General Revenue Fund – State appropriation.

Recommendation:

The State Milk Board (SMB) ensure payments to the local health departments for the inspection of milk and milk products do not exceed the amounts required by the contract or the limits established by state law. Fiscal year 2001 and 2002 should be reviewed and consideration given to making adjustments for compliance with contract terms.

Status:

Implemented. As a result of the previous audit, the SMB revised the contracts so that payments to local health departments are based on the number of inspections performed rather than the volume of milk inspected. Contract payments for fiscal years 2003 and 2004 did not exceed the limits established by state law. However, our review showed that the SMB used an incorrect number of inspections when calculating the contract payment for one month in fiscal year 2004, resulting in an \$11,357 overpayment. After we informed the Executive Secretary of the SMB of the error, a subsequent contract payment was reduced by \$11,357 to correct for the overpayment made.

STATISTICAL SECTION

History, Organization, and
Statistical Information

DEPARTMENT OF AGRICULTURE
STATE MILK BOARD
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Missouri State Milk Board was created in 1972 when the General Assembly adopted and the Governor signed into law House Bill No. 1280. In accordance with the Omnibus State Reorganization Act of 1974, the State Milk Board was transferred to the Department of Agriculture under a Type III transfer. Under a Type III transfer, the Director of the Department of Agriculture does not maintain supervision over substantive matters relating to policies and regulative functions of the State Milk Board.

Pursuant to Executive Order No. 82-9, effective August 13, 1982, “. . . All powers, duties, and functions vested in the Division of Animal Health and the Director of the Department of Agriculture with respect to administering and enforcing the provisions of Sections 196.520 through 196.610, RSMo 2000, (relating to The Missouri Manufacturing Milk and Dairy Market Testing Law) . . .” were transferred to the State Milk Board.

The State Milk Board consists of twelve members, ten of whom are appointed by the governor. The two remaining members of the board are the director of the Department of Health and Senior Services and the director of the Department of Agriculture or their designated representatives. An executive secretary serves as the administrative officer of the board, which administers the inspection of milk supplies.

The Fluid Milk Inspection Program is funded from milk inspection fees. To help cover inspection costs, the General Assembly appropriated \$459 and \$138,898 from the General Revenue Fund – State during the years ended June 30, 2004 and 2003, respectively. Section 196.945, RSMo 2000, limits milk inspection fees to five cents per one hundred pounds of fluid milk. The inspection fee is set by the board after holding a public hearing giving thirty days public notice. The inspection fee for the two fiscal years ended June 30, 2004, was five cents per one hundred pounds of milk produced in Missouri and four cents per one hundred pounds of milk produced in other states and imported into Missouri. Imported milk is charged a lesser rate because the originating state inspects its producers.

During the two years ended June 30, 2004, the State Milk Board contracted with the county of St. Louis and the city of Springfield to perform inspections in those areas. The State Milk Board has management responsibility for the Kansas City area. The board’s enforcement of statutes and regulations ensures that fluid milk and milk products are uniformly inspected, regulated, and graded throughout the state. The board’s operation of the Fluid Milk Inspection Program is funded by the difference between the inspection fee collected and the contract payments to the other governmental units.

The Manufacturing Milk and Dairy Market Testing Law Program is funded by appropriations from the state’s General Revenue Fund. The State Milk Board is responsible for the enforcement of laws relating to the sanitation and quality standards of milk used for manufacturing dairy products and to market test all milk at first point of sale. Milk producers, manufacturing plants,

field superintendents, testers, graders, samplers, and milk truck operators are also licensed under this program.

At June 30, 2004, State Milk Board members were as follows:

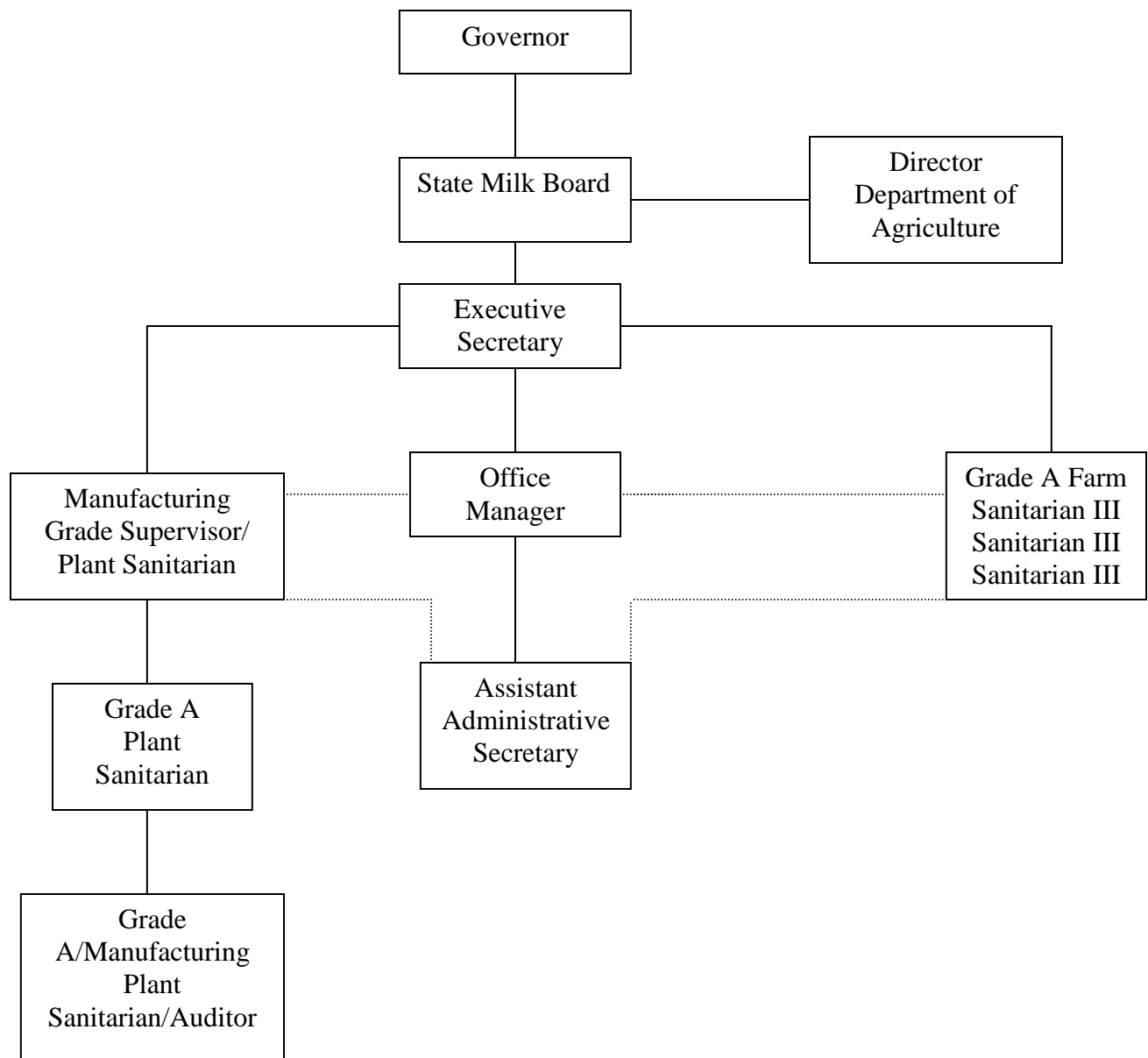
Name	Organization	Term Expires
Kate Geppert	Holstein Association	September 28, 2006
Ron Boyer	Springfield/Greene County Health Department	September 28, 2007
Robert W. Cary	Prairie Farms Dairy	September 28, 2006
Joyce Theard	St. Louis County Health Department	September 28, 2005 ¹
Randy Mooney	MFA	September 28, 2007
Barry J. Drucker	St. Charles County Health Department	September 28, 2005
Gale Hackman	Processing Plants	September 28, 2000 ²
Erwin P. Gadd	Consumer-At-Large	April 11, 2006
Dr. Chuck Massengill, DVM	Department of Agriculture	Ex Officio
Dr. Lyn C. Konstant	Department of Health and Senior Services	Ex Officio
William B. Siebenborn	Milk Producer Organization – Farm Bureau	September 28, 2005
Patricia M. Mahoney	St. Louis City Health Department	September 28, 2002 ²

¹ Board member resigned effective November 12, 2004; this position is currently vacant.

² Continues to serve until a replacement is appointed.

Terry S. Long serves as the Executive Secretary of the board. At June 30, 2004, the State Milk Board had nine employees. An organization chart follows.

DEPARTMENT OF AGRICULTURE
STATE MILK BOARD
ORGANIZATION CHART
JUNE 30, 2004





PUBLIC DEFENDER COMMISSION

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-94
December 17, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

December 2004

The following problems were discovered as a result of an audit conducted by our office of the Public Defender Commission.

Applications for public defender services were not always completed by clients and the indigency determination was not always supported by commission guidelines. In five cases reviewed, applications for public defender serves were not completed as required by state law. In three applications reviewed, the documented information, such as assets and income, did not appear to support the indigency determination when applying the PDC guidelines.

The OSPD did not request to withdraw from cases when appointed by the court. In seven cases reviewed, public defenders were appointed by the court to represent individuals before applications for services were completed. In two of these cases an application was not completed after the appointment; therefore, a determination of indigency was not performed. Based on the information in the applications for the remaining five cases, these individuals did not appear eligible for public defender services. In January 2004, the OSPD began tracking cases where judges appoint public defenders. In one judicial circuit, OSPD records indicate judges appointed 16 percent of the cases. State law provides that the public defender must first determine eligibility. By not withdrawing from cases appointed by the court for individuals that are not indigent, the OSPD is using state resources to represent clients that are not eligible. This increases the workload that must be handled by each attorney.

During the years ended June 30, 2004, 2003, and 2002, costs of over \$1.4 million, \$1.1 million, and \$800,000, respectively, were recovered from defendants who were represented by public defenders. This resulted in an average recovery of approximately \$16, \$13, and \$10 per case, respectively.

State law requires a lien to be sought in every case where the court system routinely grants them. Liens were not filed or promissory notes sought for 13 of 64 cases reviewed which had been disposed of at the time of our review. Additionally, seven of 48 liens reviewed were filed for an amount different than the fee schedule adopted by the Public Defender Commission (PDC). Failure to seek liens or promissory notes in accordance with the PDC fee schedule results in lost revenue and non-compliance with state law and PDC policy.

Formal written minutes were not prepared for closed session commission meetings and the Commission Chairperson did not sign meeting minutes.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

PUBLIC DEFENDER COMMISSION

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Public Defender Commission
and
J. Marty Robinson, Director
State Public Defender Commission
Columbia, MO 65201

We have audited the Public Defender Commission. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2004, 2003, and 2002. The objectives of this audit were to:

1. Review internal controls over significant management and financial functions.
2. Review compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and operations.

Our methodology to accomplish these objectives included reviewing minutes of meetings, written policies, financial records, and other pertinent documents; interviewing various personnel of the commission, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. We also performed tests of certain controls to obtain evidence regarding the effectiveness of their design and operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the commission's management and was not subjected to the procedures applied in the audit of the commission.

The accompanying Management Advisory Report presents our findings arising from our audit of the Public Defender Commission.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

August 17, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Peggy Schler, CPA
In-Charge Auditor:	Robyn Lamb
Audit Staff:	Marty Carter

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

PUBLIC DEFENDER COMMISSION
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Indigency Determination
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Applications for public defender services were not always completed by clients and the indigency determination was not always supported by commission guidelines. The Office of State Public Defender (OSPD) did not request to withdraw from cases when appointed by the court.

A standard application form is to be used to record general and financial information of the potential client and to document the determination of whether the applicant is indigent and qualifies for defense counsel by the OSPD. Guidelines to be considered when making indigency determinations have been established by the Public Defender Commission (PDC) as documented in 18 CSR 10-3.010. The criteria for determination of indigency include maximum income limits according to the federal poverty guidelines, certain debts, amount of bond posted, spouse's and parent's income in certain cases, equity in a home, cash held, and other financial assets available.

We reviewed 79 cases that were opened during fiscal year 2004 for indigency determination procedures. We also reviewed 50 applications for public defender counsel that were denied by the OSPD. We noted the following:

- A. Applications for public defender services were not completed in five cases reviewed. Section 600.086.3, RSMo Cumulative Supp. 2003, provides that all individuals claiming indigency must complete an application.
- B. The documented information, such as assets and income, on three applications reviewed did not appear to support the indigency determination when applying the PDC guidelines.
- C. The OSPD did not request to withdraw from cases when appointed by the court. In 7 cases reviewed, public defenders were appointed by the court to represent individuals before applications for services were completed. In two of the 79 cases reviewed, an application was not completed after the appointment; therefore, a determination of indigency was not performed. According to various court personnel, in five of the 50 denied applications reviewed, the individuals appeared in court without appropriate counsel; therefore, a public defender was appointed. In each of these cases, the clients completed applications after the appointments. Based on the information in the applications and the indigency guidelines, these individuals did not appear eligible for public defender services.

The State Public Defender (SPD) indicated that while the court does not have the authority to appoint public defenders in these circumstances, it is less complicated

to handle another case than to make a motion to withdraw from the appointed case. The SPD stated that attempting to withdraw from a case can be a timely process that may involve filing a writ with the Court of Appeals.

Missouri Court of Appeals decision, *State of Missouri, ex rel., William J. Shaw, Public Defender for the Twenty-First Judicial Circuit v. The Hon. Richard F. Provaznik, Division Sixteen of the Twenty-First Judicial Circuit*, 708 S.W.2d 337 (1986) states:

"Under Section 600.086.3, it is the public defender who must in the first instance determine eligibility within the financial rules of legal representation at public expense. Respondent on the date of the civil contempt hearing declared..... indigent and appointed a public defender as counsel. This action afforded no opportunity for the public defender to perform its statutory duty of determining indigency status. The judiciary is to intervene only upon appeal of the public defender's adverse decision. There is no statutory authority for the direct appointment of a public defender by a trial judge based on indigency."

During our review, we noted correspondence between the OSPD and a Missouri judge who the OSPD indicated routinely appoints the public defender to represent individuals on probationary matters before an indigency determination can be completed. The OSPD informed the judge that the practice of appointing a public defender in these cases does not allow the OSPD to comply with state law and requested the court's assistance in doing so. The SPD indicated they have also addressed this issue with other judges.

In January 2004, the OSPD began tracking cases where judges appoint public defenders. In one judicial circuit, OSPD records indicate there were 914 OSPD cases opened between January 1, 2004 and October 5, 2004, with judges appointing public defenders in 145, or 16 percent, of the cases. The OSPD plans to utilize this information to identify trends in public defender appointments.

By not withdrawing from cases appointed by the court for individuals that are not indigent, the OSPD is using state resources to represent clients that are not eligible. This increases the workload that must be handled by each attorney.

WE RECOMMEND the OSPD:

- A. Ensure applications for public defender services are completed for all potential clients.
- B. Ensure that the indigency determination is appropriately determined.
- C. More aggressively pursue legal courses of action when public defender services are inappropriately appointed by the court.

AUDITEE'S RESPONSE

The State Public Defender stated:

- A. *"The Office of the State Public Defender (OSPD) agrees that the Application and Affidavit for Public Defender Services form must be completed for each potential client. Our Departmental Policies will be revised to include a section on indigency determination and appropriate documentation. Attorneys will be trained to understand that each client must have a determination of indigency. A probation violation case will be defined in the policy as a separate and distinct case, unless the underlying case is still open. Departmental policies will be revised by January 15, 2005."*
- B. *"Attorneys and staff who receive applications from potential clients will be trained to document their determination of indigency, or non-indigency. The application form will be revised to include the signature of the OSPD employee making the determination. In an effort to save monies, the supply of the current form will be exhausted prior to reprinting."*
- C. *"OSPD agrees that judges are misusing state resources by appointing the Public Defender when the defendant is not indigent, or has not made a proper application for public defender services as required by statute. OSPD agrees with the State Auditor's analysis of Missouri statute and case law, which provide 'no statutory authority for direct appointment of a Public Defender by a trial judge based on indigency'. OSPD agrees these improper appointments increase the workload that must be handled by each public defender attorney."*

"As stated in the Auditor's findings, in January 2004 OSPD began tracking cases where judges appoint the Public Defender. This database will assist OSPD in identifying judges who improperly appoint the public defender for ineligible defendants. The records and reports generated by this database will be made available to the Executive, Legislative, and Judicial branches of state government, as well as other interested parties. OSPD will continue to challenge this judicial misuse of taxpayer money."

"The Public Defender Commission and the Director will continue advising the Missouri Supreme Court and Legislature of the need to encourage Missouri's courts to comply with the statute and Guidelines for the Determination of Indigency issued by the Missouri State Public Defender Commission."

"OSPD is currently involved in litigation pursuing judicial compliance, which should bring the added benefit of public and governmental awareness of the problem. Should the problem continue, OSPD will aggressively litigate and challenge future misuse of its resources."

The OSPD did not file liens or obtain promissory notes (the amount due from the client for representation) for all cases. In addition, when liens were filed or promissory notes sought, they were not always set at the correct amount or entered into the Lien and Recoupment System properly.

During the years ended June 30, 2004, 2003, and 2002, costs of over \$1.4 million, \$1.1 million, and \$800,000, respectively, were recovered from defendants who were represented by public defenders. This resulted in an average recovery of approximately \$16, \$13, and \$10 per case, respectively.

During our review of the OSPD's cost recovery procedures, we noted the following:

- A. Liens were not filed or promissory notes sought for 13 of 64 cases reviewed which had been disposed of at the time of our review. In eight of these cases, the client was being represented on multiple charges and the public defender chose to file a lien on only one charge rather than on all charges brought against the client. In four of the cases, liens were sought in a court that does not routinely grant liens, and in one case, a lien was not sought because an OSPD official indicated minimal representation was performed by the public defender.
- B. Seven of 48 liens reviewed were filed for an amount different than the fee schedule adopted by the PDC. Five liens were incorrect because the OSPD used an outdated fee schedule resulting in charges to the client less than the updated schedule warranted. Two liens were incorrect because the liens filed did not pertain to the type of charges against the clients.

The application form to be completed and signed by each potential client indicates that he or she will be charged a fee for public defender services. Although the form includes a copy of the fee schedule adopted by the PDC, this schedule was not consistently followed.

Section 600.090, RSMo Cumulative Supp. 2003, requires a lien to be sought in every case where the court system routinely grants them. The lien obligates the client to pay a fee as outlined in the fee schedule on the application form. OSPD policy states that a promissory note is to be used in court systems that do not routinely grant lien judgments.

Failure to seek liens or promissory notes in accordance with the PDC fee schedule results in lost revenue and non-compliance with state law and PDC policy. In addition, by not filing liens or obtaining promissory notes for all charges, the OSPD cannot ensure equitable assessment of fees to all clients.

WE RECOMMEND the OSPD ensure:

- A. Liens are sought in all cases represented by a public defender in courts that routinely grant them. In addition, in courts where liens are not routinely granted, the OSPD should ensure promissory notes are obtained.
- B. Fees are charged to clients in accordance with the schedule adopted by the PDC.

AUDITEE'S RESPONSE

The State Public Defender stated:

- A. *"The Office of the State Public Defender agrees that, in accordance with statute, liens must be filed or promissory notes sought in all cases where Public Defender services have been provided. Our Departmental Policies will be revised to include a section on filing liens and seeking promissory notes. Attorneys will be trained to understand that each case must have a lien filed or a promissory note must be sought. The Departmental policies will be revised by January 15, 2005."*
- B. *"The Office of the State Public Defender agrees that clients must be assessed with charges that have been adopted by the Public Defender Commission. OSPD will order smaller quantities of the forms which include the amount of fees. Then, when considering future fee adjustments, fewer out-of-date forms will be in supply. In an effort to save monies, older forms with the prior fees were utilized by local offices until their supply was exhausted."*

3. Commission Meeting Minutes

Improvements are needed in the PDC minutes. Formal written minutes are not prepared for closed meetings. In addition, open meeting minutes do not always include sufficient detail regarding reason for moving into closed session and are not signed by the Commission Chairperson.

- A. Formal written minutes are not prepared for closed session commission meetings. Written minutes for closed meetings would result in a better record of commission transactions, proceedings, and decisions, and are necessary to demonstrate compliance with state law.

In addition, effective August 28, 2004, Senate Bills Nos. 1020, 889, & 869, Second Regular Session, 92nd General Assembly, require a journal or minutes of closed meetings of public governmental bodies.

- B. The Commission Chairperson does not sign the commission meeting minutes. At each commission meeting, commissioners review and verbally approve the prior meeting's minutes.

The minutes should be signed by the Commission Chairperson to provide an attestation that the minutes are a correct record of the matters discussed and action taken during the commission meetings.

WE RECOMMEND the OSPD ensure minutes are:

- A. Prepared for all closed session meetings.
- B. Signed by the Commission Chairperson.

AUDITEE'S RESPONSE

- A. *"Effectively immediately, Public Defender Commission Meeting minutes will be prepared and signed for all closed sessions."*
- B. *"Effective with the March 12, 2004 meeting (approved at the June 2004 meeting), all Public Defender Commission Meeting minutes will be signed by the Commission Chairperson or the next higher officer in attendance."*

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

PUBLIC DEFENDER COMMISSION HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Public Defender System was created by authority of Chapter 600, RSMo, enacted by the General Assembly in 1972. The system provided for the establishment of full-time public defender offices in twenty judicial circuits and provided for payment to appointed counsel in the remaining judicial circuits. Appointed by the Appellate Judicial Commission, each public defender was a lawyer whose duty was to assist, offer advice to, and legally represent any individual charged with a felony within his circuit who was financially unable to retain private counsel. In 1973, there were fourteen public defender circuits.

In 1976, the system was amended with the creation of the Public Defender Commission. The commission appointed the full-time public defenders to four-year terms and oversaw a system which provided for the assistance of counsel to persons who were indigent and who were accused of crimes. Defense was to be provided for juvenile and misdemeanor cases as well as felony cases when the offense charged could result in incarceration of the defendant. In 1977, five new public defender circuits were established and a former public defender circuit was abolished. This brought the total number of public defender circuits to eighteen. In the circuits which did not have public defenders, or a conflict existed, the courts appointed one or more members of the private bar to advise, represent, appear on behalf of, or defend indigent persons in all cases and situations where the public defender would have a duty to provide such.

In 1982, the system was again amended with the creation of the Office of State Public Defender as an independent department of the Judicial Branch of state government. Legislation provided that the Public Defender Commission members shall be appointed by the governor with the advice and consent of the Senate with four of the seven members being lawyers. The term of office for each commissioner shall be six years. The Commission appoints a Director of the office for a term of four years to administer and coordinate the operations of the defender services and to be responsible for the overall supervision of all personnel, offices, divisions, and facilities of the system. J. Marty Robinson was named as the current Director on September 1, 1994.

The 1982 legislation further outlined the legal services to be provided to eligible persons entitled to counsel, gave authority to the Commission to issue guidelines for making determinations of indigency of persons requesting counsel, and provided for the collections of costs associated with defending a person, if that person is deemed capable of paying for his defense. The Commission was also allowed to contract with private attorneys to provide defense services in those areas of the state they deemed appropriate, thus eliminating the old system where judges appointed private counsel in those areas of the state where there were no public defenders available.

In August of 1986, Senate Bill 451 created the Legal Defense and Defender Fund. Dollars collected from recoupment and limited cash contributions are to be deposited in this revolving fund for use by the Public Defender Commission for specific, authorized types of expenditures, limited annually to the amount appropriated. Any unexpended balance in the fund at the end of each lapse period exceeding \$150,000 is to be transferred to the state's General Revenue Fund.

In June 1987, there were twenty-three public defender offices providing services to eligible citizens accused of crimes. The remainder of the state was served by contract counsel who provided the same services as staffed public defender offices. As of June 30, 1987, the Public Defender Commission employed 233 people (9 director's office employees and 224 local public defenders and staff). In June 1987, the public defender system of local public defender offices and contract counsel offices provided representation in over 41,000 cases. In December 1988, the appointments of the 23 public defenders expired. The only appointment now made by the Public Defender Commission is that of the Director. All other positions serve at the pleasure of the Director.

In April 1989, the Public Defender Commission received funding to begin a reorganization of the department. The Commission created three legal services divisions within the department: the Capital Division which is responsible for death penalty litigation; the Appellate/PCR Division which is responsible for appellate and post-conviction litigation; and a Trial Division whose district offices are responsive to the trial courts in Missouri's 115 jurisdictions. The contract counsel system was gradually phased out by the end of October 1989 and replaced with public defender offices. There are now a total of thirty-five trial division district offices to serve the forty-five judicial circuits, six appellate/post conviction relief sections and three capital sections. Members of the private bar are used only for cases where a conflict of interest exists. As of June 30, 2004, the State Public Defender system was authorized to employ approximately 560 full-time employees. The Public Defender system opened 88,916 new cases during the year ended June 30, 2004.

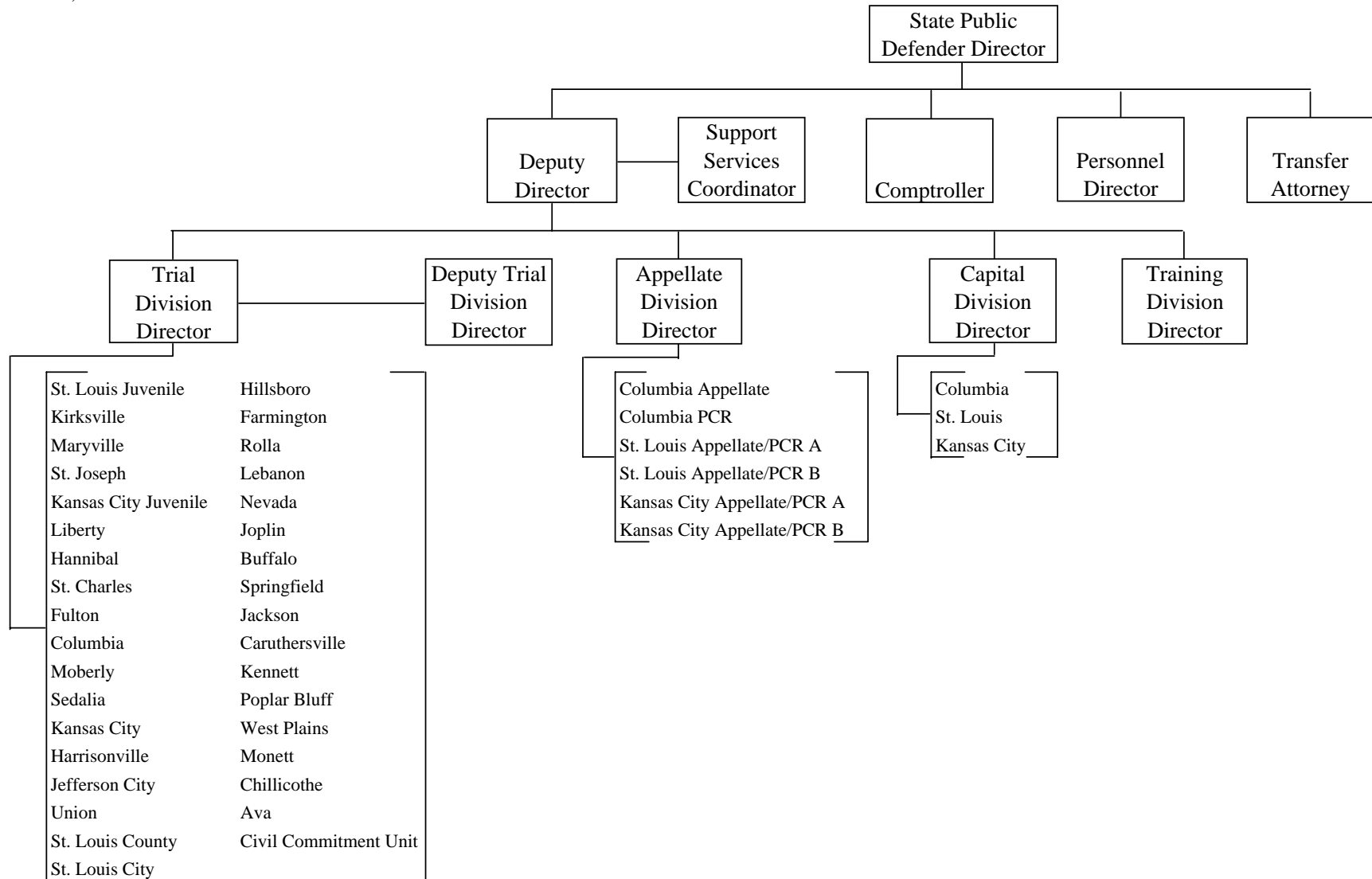
Members of the Commission as of June 30, 2004 were:

<u>Name</u>	<u>Area of State</u>	<u>Position</u>	<u>Term Expires</u>
Joyce Blades	Springfield	Chair	December 30, 2005
Muriel Brison	Berger	Commissioner	December 30, 2009
Reverend Dr. Willie Ellis	Florissant	Commissioner	December 30, 2009
Kenneth Hensley	Raymore	Commissioner	December 30, 2009
Loramel Shurtleff	Columbia	Commissioner	December 30, 2007
Gary Smith	Lebanon	Commissioner	December 30, 1993 *
Rebecca Stith	St. Louis	Commissioner	December 30, 2007

* Mr. Smith continues to serve as commissioner until the Governor appoints a replacement.

An organization chart follows.

PUBLIC DEFENDER COMMISSION
 ORGANIZATION CHART
 JUNE 30, 2004



Appendix A

PUBLIC DEFENDER COMMISSION
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30,								
	2004			2003			2002		
	Appropriation	Expenditures	Lapsed Balances	Appropriation	Expenditures	Lapsed Balances	Appropriation	Expenditures	Lapsed Balances
GENERAL REVENUE FUND - STATE									
Public Defender Services Personal Service ¹	\$ 21,395,983	21,395,982	1	22,104,233	21,023,772	1,080,461	22,024,481	21,115,337	909,144
Public Defender Services Expense and Equipment ¹	4,156,041	4,155,954	87	5,747,551	5,709,924	37,627	5,724,591	5,349,146	375,445
Extraordinary Expense/Conflict	2,559,850	2,266,932	292,918	2,309,850	2,104,552	205,298	2,059,850	2,039,248	20,602
Total General Revenue Fund - State	28,111,874	27,818,868	293,006	30,161,634	28,838,248	1,323,386	29,808,922	28,503,731	1,305,191
PUBLIC DEFENDER - FEDERAL & OTHER FUND									
Grants	125,000	0	125,000	125,000	0	125,000	125,000	0	125,000
Total Public Defender - Federal & Other Fund	125,000	0	125,000	125,000	0	125,000	125,000	0	125,000
LEGAL DEFENSE AND DEFENDER FUND									
Public Defender Commission Personal Service	58,378	40,087	18,291	57,178	45,453	11,725	57,178	47,189	9,989
Public Defender Commission Expense and Equipment	1,157,356	1,101,101	56,255	1,157,356	1,148,246	9,110	1,157,356	705,245	452,111
Total Legal Defense And Defender Fund	1,215,734	1,141,188	74,546	1,214,534	1,193,699	20,835	1,214,534	752,434	462,100
DEBT OFFSET ESCROW FUND									
Debt Offset Refunds	1,400,000	1,035,604	364,396	1,050,000	810,797	239,203	700,000	412,607	287,393
Total Debt Offset Escrow Fund	1,400,000	1,035,604	364,396	1,050,000	810,797	239,203	700,000	412,607	287,393
Total All Funds	\$ 30,852,608	29,995,660	856,948	32,551,168	30,842,744	1,708,424	31,848,456	29,668,772	2,179,684

¹ In fiscal year 2004, the PDC was allowed full flexibility to transfer excess General Revenue Fund - State Personal Service appropriations to Expense and Equipment. The fiscal year 2004 appropriations presented for Public Defender Services Personal Service and Expense and Equipment include transfers during the fiscal year.

Appendix B

PUBLIC DEFENDER COMMISSION
COMPARATIVE STATEMENT OF EXPENDITURES (FROM APPROPRIATIONS)

	Year Ended June 30,				
	2004	2003	2002	2001	2000
Salaries and wages	\$ 21,436,068	21,069,226	21,162,526	20,346,161	19,598,468
Travel, in-state	1,037,373	1,060,750	1,210,073	1,063,186	1,001,372
Travel, out-of-state	53,612	141,681	183,984	231,900	229,201
Fuel and utilities	45,320	36,654	40,223	34,734	37,667
Supplies	424,604	530,788	439,926	0	0
Administrative supplies	0	0	0	416,974	407,866
Lab and medical supplies	0	0	0	10	0
Merchandising supplies	0	0	0	0	81
Repair, maintenance, and usage supplies	0	0	0	15,319	15,122
Residential supplies	0	0	0	816	1,662
Specific use supplies	0	0	0	826	874
Professional development	91,773	145,208	166,245	158,725	157,624
Communication service and supplies	404,570	556,160	568,447	472,687	662,414
Health services	0	0	0	10,803	24,137
Business services	0	0	0	127,538	153,558
Professional services	2,827,499	3,363,575	3,223,525	2,784,287	3,033,527
Housekeeping and janitorial services	78,069	76,333	57,335	50,245	54,038
Maintenance and repair services	486,664	204,984	195,727	0	0
Equipment maintenance and repair services	0	0	0	185,795	183,343
Transportation maintenance and repair services	0	0	0	8,061	3,101
Computer equipment	1,084,553	1,318,803	544,210	875,837	1,032,610
Educational equipment	0	0	0	495	0
Electronic and photographic equipment	0	0	0	31,251	15,694
Motorized equipment	7,227	0	13,271	10,839	0
Office equipment	178,747	555,024	537,999	427,131	402,562
Other equipment	71,996	91,415	117,036	0	0
Specific use equipment	0	0	0	869	347
Property and improvements	0	0	0	0	1,983
Building lease payments	595,027	557,063	590,227	543,460	511,373
Equipment rental and leases	15,723	159,782	28,214	0	0
Equipment lease payments	0	0	0	0	385
Building and equipment rentals	0	0	0	11,576	18,538
Miscellaneous expenses	95,226	133,323	164,500	223,410	169,412
Refunds	1,061,609	841,975	425,304	616,457	600,537
Total Expenditures	\$ 29,995,660	30,842,744	29,668,772	28,649,392	28,317,496

Note: Certain classifications of expenditures changed during the five-year period, which may affect the comparability of the amounts.

Appendix C

PUBLIC DEFENDER COMMISSION COMPARATIVE STATEMENT OF COLLECTIONS FOR DEFENDER SERVICES - LEGAL DEFENSE AND DEFENDER FUND

	Year Ended June 30,			
	2004		2003	
	Total Collections	Percentage of Total Collection	Total Collections	Percentage of Total Collection
Clients	\$ 79,361	5.5%	73,358	6.4%
Circuit Clerks	370,180	25.4%	274,615	24.0%
Debt Offset Intercept Program	1,005,208	69.1%	794,983	69.6%
Total Collections	\$ 1,454,749	100.0%	1,142,956	100.0%

Note: The collection of public defender fees from clients can be remitted in three ways. Clients can voluntarily remit payment of their fees directly to the Office of State Public Defender (OSPD) or, in some counties, remit payment to the Circuit Clerk. When clients do not voluntarily remit payments and owe over \$25, the OSPD notifies the Department of Revenue of the debts. In the event a client is to receive an income tax refund from the State of Missouri, the refund may be intercepted to satisfy the debt to the OSPD. As shown above, the OSPD receives the majority of client collections through the debt offset intercept program. This level of detail for collections was only available for fiscal years 2004 and 2003.



**VERNON COUNTY, MISSOURI
YEARS ENDED DECEMBER 31, 2003 AND 2002**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-93
December 17, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

December 2004

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Vernon, that do not have a county auditor. In addition to a financial and compliance audit of various county operating funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Vernon County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The budgets of the Special Road and Bridge Fund did not present a reasonable estimate of the fund's expenditures, and did not allow for proper monitoring and use of the budget as a management tool. During the audit period, the county transferred approximately \$115,000 from the Special Road and Bridge Fund to the General Revenue Fund for administrative service fees. State law allows the County Commission to impose an administrative service fee based on a percentage of budgeted expenditures of the Special Road and Bridge Fund. Had more reasonable budget estimates or actual disbursements been used, the amounts transferred would have been approximately \$34,000 less. The County Commission should review its budgeting procedures for the Special Road and Bridge Fund as well as reevaluate the amounts being transferred annually for the administrative service fee.
- The Sheriff should reconcile jail commissary purchases to amounts turned over to the county treasury to ensure such amounts accurately reflect the commissary purchases by the inmates. The Sheriff should also adopt policies and procedures to routinely follow up on old outstanding checks, adequately segregate accounting duties, deposit receipts daily, and maintain more accurate records of amounts billed and collected for board of prisoners.

The audit also includes recommendations regarding compensation for certain county officials and recommendations to improve accounting controls and procedures for the Prosecuting Attorney and Circuit Clerk.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

VERNON COUNTY, MISSOURI

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VERNON COUNTY, MISSOURI

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CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Vernon County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Vernon County, Missouri, as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Vernon County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2003 and 2002, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated August 19, 2004, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Vernon County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.



Claire McCaskill
State Auditor

August 19, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Mark Ruether, CPA
In-Charge Auditor:	Susan Cessac
Audit Staff:	Cindy Elliott
	Terese Summers, CPA
	Gary Raines
	Sara Bull



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission
and
Officeholders of Vernon County, Missouri

We have audited the financial statements of various funds of Vernon County, Missouri, as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated August 19, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of various funds of Vernon County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Vernon County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition

in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Vernon County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

August 19, 2004 (fieldwork completion date)

Financial Statements

Exhibit A-1

VERNON COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2003

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 335,750	1,940,460	2,056,342	219,868
Special Road and Bridge	497,574	1,200,994	1,045,084	653,484
Assessment	4,869	187,474	192,318	25
Law Enforcement Training	383	4,429	3,821	991
Sheriff Discretionary	11,623	31,043	42,662	4
Prosecuting Attorney Training	4,026	2,101	2,532	3,595
Prosecuting Attorney Bad Check	3,603	24,627	19,425	8,805
Sewer	44,035	5,265	11,509	37,791
Local Emergency Planning Commission	14,713	7,587	4,274	18,026
Shelter	56	4,995	4,983	68
Election Service	3,656	2,349	14	5,991
Tax Maintenance	2,365	18,702	5,273	15,794
Recorder Users	89,395	18,939	20,700	87,634
Prosecuting Attorney Tax Collection	2,326	2,030	1,446	2,910
Victim Impact Panel	8,442	1,739	3,319	6,862
Inmate Security	0	302	0	302
Health Center	272,674	485,480	456,726	301,428
Circuit Clerk Interest	27,062	2,223	16,375	12,910
Law Library	28,571	11,794	10,717	29,648
Drug Court	4,203	11,821	9,213	6,811
Circuit Court Remodeling	92,266	51	92,317	0
Total	\$ 1,447,592	3,964,405	3,999,050	1,412,947

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

VERNON COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2002

Fund		Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$	455,926	1,887,132	2,007,308	335,750
Special Road and Bridge		282,663	1,875,981	1,661,070	497,574
Assessment		2,325	212,493	209,949	4,869
Law Enforcement Training		789	4,109	4,515	383
Sheriff Discretionary		11,016	40,581	39,974	11,623
Prosecuting Attorney Training		3,923	1,456	1,353	4,026
Prosecuting Attorney Bad Check		8,456	17,722	22,575	3,603
Sewer		40,796	5,751	2,512	44,035
Local Emergency Planning Commission		13,951	5,998	5,236	14,713
Shelter		52	4,011	4,007	56
Election Service		7,054	5,229	8,627	3,656
Water Block Grant		0	300,000	300,000	0
Elevator Grant		0	111,419	111,419	0
Tax Maintenance		0	2,365	0	2,365
Recorder Users		87,271	19,124	17,000	89,395
Prosecuting Attorney Tax Collection		7,456	257	5,387	2,326
Victim Impact Panel		6,794	2,023	375	8,442
Health Center		222,830	504,682	454,838	272,674
Circuit Clerk Interest		26,190	2,896	2,024	27,062
Law Library		25,767	12,180	9,376	28,571
Drug Court		1,279	6,479	3,555	4,203
Circuit Court Remodeling		49,335	105,277	62,346	92,266
Total	\$	1,253,873	5,127,165	4,933,446	1,447,592

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

VERNON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 4,271,386	3,952,533	(318,853)	5,366,172	5,013,044	(353,128)
DISBURSEMENTS	4,916,842	3,897,520	1,019,322	6,029,321	4,867,545	1,161,776
RECEIPTS OVER (UNDER) DISBURSEMENTS	(645,456)	55,013	700,469	(663,149)	145,499	808,648
CASH, JANUARY 1	1,351,123	1,351,123	0	1,203,259	1,203,259	0
CASH, DECEMBER 31	705,667	1,406,136	700,469	540,110	1,348,758	808,648
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	321,600	289,020	(32,580)	292,049	311,282	19,233
Sales taxes	831,900	813,087	(18,813)	772,000	808,534	36,534
Intergovernmental	406,009	353,037	(52,972)	325,360	288,729	(36,631)
Charges for services	285,464	323,832	38,368	265,400	313,089	47,689
Interest	6,000	2,605	(3,395)	20,000	6,761	(13,239)
Other	47,045	92,666	45,621	64,340	75,593	11,253
Transfers in	66,213	66,213	0	75,150	83,144	7,994
Total Receipts	1,964,231	1,940,460	(23,771)	1,814,299	1,887,132	72,833
DISBURSEMENTS						
County Commissior	91,754	90,855	899	91,441	90,686	755
County Clerk	169,953	167,263	2,690	162,353	161,201	1,152
Elections	22,973	19,603	3,370	54,850	50,392	4,458
Buildings and grounds	131,688	107,293	24,395	140,180	112,249	27,931
Employee fringe benefit	213,101	200,244	12,857	194,600	182,088	12,512
County Treasurer	70,860	66,310	4,550	70,657	68,921	1,736
Recorder of Deeds	88,786	84,172	4,614	88,739	82,935	5,804
Circuit Clerk	88,565	79,769	8,796	82,900	76,884	6,016
Court administration	35,130	18,470	16,660	35,900	27,242	8,658
Public Administrator	47,100	46,186	914	47,175	46,359	816
Sheriff	468,233	441,976	26,257	404,651	390,748	13,903
Jail	239,829	237,374	2,455	227,214	216,771	10,443
Prosecuting Attorney	147,961	146,940	1,021	129,199	117,559	11,640
Juvenile Officer	169,134	135,079	34,055	230,666	171,511	59,155
County Coroner	27,800	25,762	2,038	26,320	26,142	178
Public health and welfare service	2,000	2,000	0	2,000	2,000	0
Insurance and bonds	34,000	32,582	1,418	31,500	31,371	129
Univeristy Extension Service	38,000	38,000	0	38,000	38,000	0
Other	116,104	68,197	47,907	96,339	67,185	29,154
Transfers out	20,421	17,648	2,773	35,792	26,000	9,792
Emergency Fund	58,019	30,619	27,400	54,232	21,064	33,168
Total Disbursements	2,281,411	2,056,342	225,069	2,244,708	2,007,308	237,400
RECEIPTS OVER (UNDER) DISBURSEMENTS	(317,180)	(115,882)	201,298	(430,409)	(120,176)	310,233
CASH, JANUARY 1	335,750	335,750	0	455,926	455,926	0
CASH, DECEMBER 31	18,570	219,868	201,298	25,517	335,750	310,233

Exhibit B

VERNON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	110,000	108,217	(1,783)	104,282	108,633	4,351
Intergovernmental	1,356,052	1,066,173	(289,879)	2,182,344	1,745,663	(436,681)
Interest	4,500	4,595	95	13,000	4,589	(8,411)
Other	11,221	22,009	10,788	11,150	17,096	5,946
Total Receipts	1,481,773	1,200,994	(280,779)	2,310,776	1,875,981	(434,795)
DISBURSEMENTS						
Salaries	204,000	178,602	25,398	200,000	182,071	17,929
Employee fringe benefit	56,253	53,611	2,642	51,100	40,213	10,887
Supplies	40,153	31,500	8,653	26,000	34,254	(8,254)
Insurance	17,500	15,571	1,929	12,500	13,993	(1,493)
Road and bridge materials	61,000	55,484	5,516	67,500	75,529	(8,029)
Equipment repairs	30,000	28,345	1,655	30,000	24,035	5,965
Rentals	1,000	627	373	1,000	5,558	(4,558)
Equipment purchases	206,500	201,667	4,833	69,500	34,968	34,532
Construction, repair, and maintenance	692,812	186,949	505,863	1,545,538	964,303	581,235
Payment to township	300,000	240,000	60,000	300,000	220,000	80,000
Other	31,200	3,515	27,685	31,200	2	31,198
Transfers out	49,213	49,213	0	70,150	66,144	4,006
Total Disbursements	1,689,631	1,045,084	644,547	2,404,488	1,661,070	743,418
RECEIPTS OVER (UNDER) DISBURSEMENTS	(207,858)	155,910	363,768	(93,712)	214,911	308,623
CASH, JANUARY 1	497,574	497,574	0	282,663	282,663	0
CASH, DECEMBER 31	289,716	653,484	363,768	188,951	497,574	308,623
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	176,207	169,203	(7,004)	178,021	179,149	1,128
Charges for services	6,000	0	(6,000)	3,000	2,250	(750)
Interest	350	201	(149)	2,200	369	(1,831)
Other	750	422	(328)	1,200	4,725	3,525
Transfers in	24,021	17,648	(6,373)	35,792	26,000	(9,792)
Total Receipts	207,328	187,474	(19,854)	220,213	212,493	(7,720)
DISBURSEMENTS						
Assessor	212,197	192,318	19,879	222,538	209,949	12,589
Total Disbursements	212,197	192,318	19,879	222,538	209,949	12,589
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,869)	(4,844)	25	(2,325)	2,544	4,869
CASH, JANUARY 1	4,869	4,869	0	2,325	2,325	0
CASH, DECEMBER 31	0	25	25	0	4,869	4,869

Exhibit B

VERNON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	1,186	1,233	47	1,500	1,340	(160)
Charges for service:	2,700	3,060	360	2,500	2,655	155
Interest	14	6	(8)	15	14	(1)
Other	100	130	30	200	100	(100)
Total Receipts	4,000	4,429	429	4,215	4,109	(106)
DISBURSEMENTS						
Sheriff	4,300	3,821	479	5,000	4,515	485
Total Disbursements	4,300	3,821	479	5,000	4,515	485
RECEIPTS OVER (UNDER) DISBURSEMENTS	(300)	608	908	(785)	(406)	379
CASH, JANUARY 1	383	383	0	789	789	0
CASH, DECEMBER 31	83	991	908	4	383	379
<u>SHERIFF DISCRETIONARY FUND</u>						
RECEIPTS						
Charges for service:	41,200	30,969	(10,231)	34,000	34,410	410
Interest	200	74	(126)	500	219	(281)
Other	0	0	0	300	5,952	5,652
Total Receipts	41,400	31,043	(10,357)	34,800	40,581	5,781
DISBURSEMENTS						
Sheriff	48,597	42,662	5,935	45,650	39,974	5,676
Total Disbursements	48,597	42,662	5,935	45,650	39,974	5,676
RECEIPTS OVER (UNDER) DISBURSEMENTS	(7,197)	(11,619)	(4,422)	(10,850)	607	11,457
CASH, JANUARY 1	11,623	11,623	0	11,016	11,016	0
CASH, DECEMBER 31	4,426	4	(4,422)	166	11,623	11,457
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for service:	1,400	749	(651)	1,100	654	(446)
Interest	50	23	(27)	200	53	(147)
Other	0	1,329	1,329	750	749	(1)
Total Receipts	1,450	2,101	651	2,050	1,456	(594)
DISBURSEMENTS						
Prosecuting Attorney	2,750	2,532	218	2,400	1,353	1,047
Total Disbursements	2,750	2,532	218	2,400	1,353	1,047
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,300)	(431)	869	(350)	103	453
CASH, JANUARY 1	4,026	4,026	0	3,923	3,923	0
CASH, DECEMBER 31	2,726	3,595	869	3,573	4,026	453

Exhibit B

VERNON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for services	18,000	24,576	6,576	18,000	17,628	(372)
Interest	100	51	(49)	450	94	(356)
Total Receipts	18,100	24,627	6,527	18,450	17,722	(728)
DISBURSEMENTS						
Prosecuting Attorney	19,500	19,425	75	23,672	22,575	1,097
Total Disbursements	19,500	19,425	75	23,672	22,575	1,097
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,400)	5,202	6,602	(5,222)	(4,853)	369
CASH, JANUARY 1	3,603	3,603	0	8,456	8,456	0
CASH, DECEMBER 31	2,203	8,805	6,602	3,234	3,603	369
<u>SEWER FUND</u>						
RECEIPTS						
Property taxes	4,900	4,810	(90)	4,000	4,899	899
Interest	500	455	(45)	2,000	852	(1,148)
Total Receipts	5,400	5,265	(135)	6,000	5,751	(249)
DISBURSEMENTS						
Repair and maintenance	49,435	11,509	37,926	46,796	2,512	44,284
Total Disbursements	49,435	11,509	37,926	46,796	2,512	44,284
RECEIPTS OVER (UNDER) DISBURSEMENTS	(44,035)	(6,244)	37,791	(40,796)	3,239	44,035
CASH, JANUARY 1	44,035	44,035	0	40,796	40,796	0
CASH, DECEMBER 31	0	37,791	37,791	0	44,035	44,035
<u>LOCAL EMERGENCY PLANNING COMMISSION FUND</u>						
RECEIPTS						
Intergovernmental	5,800	7,469	1,669	6,000	5,820	(180)
Interest	170	118	(52)	400	178	(222)
Total Receipts	5,970	7,587	1,617	6,400	5,998	(402)
DISBURSEMENTS						
Civil defense	20,683	4,274	16,409	10,000	5,236	4,764
Total Disbursements	20,683	4,274	16,409	10,000	5,236	4,764
RECEIPTS OVER (UNDER) DISBURSEMENTS	(14,713)	3,313	18,026	(3,600)	762	4,362
CASH, JANUARY 1	14,713	14,713	0	13,951	13,951	0
CASH, DECEMBER 31	0	18,026	18,026	10,351	14,713	4,362

Exhibit B

VERNON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SHELTER FUND</u>						
RECEIPTS						
Charges for services	3,700	4,984	1,284	4,200	3,994	(206)
Interest	15	11	(4)	25	17	(8)
Total Receipts	3,715	4,995	1,280	4,225	4,011	(214)
DISBURSEMENTS						
Domestic violence shelter	3,771	4,983	(1,212)	4,277	4,007	270
Total Disbursements	3,771	4,983	(1,212)	4,277	4,007	270
RECEIPTS OVER (UNDER) DISBURSEMENTS	(56)	12	68	(52)	4	56
CASH, JANUARY 1	56	56	0	52	52	0
CASH, DECEMBER 31	0	68	68	0	56	56
<u>ELECTION SERVICE FUND</u>						
RECEIPTS						
Charges for services	2,500	2,312	(188)	6,000	5,125	(875)
Interest	100	37	(63)	25	104	79
Total Receipts	2,600	2,349	(251)	6,025	5,229	(796)
DISBURSEMENTS						
County Clerk	6,256	14	6,242	13,000	8,627	4,373
Total Disbursements	6,256	14	6,242	13,000	8,627	4,373
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,656)	2,335	5,991	(6,975)	(3,398)	3,577
CASH, JANUARY 1	3,656	3,656	0	7,054	7,054	0
CASH, DECEMBER 31	0	5,991	5,991	79	3,656	3,577
<u>WATER BLOCK GRANT FUND</u>						
RECEIPTS						
Intergovernmental				300,000	300,000	0
Total Receipts				300,000	300,000	0
DISBURSEMENTS						
Water district				300,000	300,000	0
Total Disbursements				300,000	300,000	0
RECEIPTS OVER (UNDER) DISBURSEMENTS				0	0	0
CASH, JANUARY 1				0	0	0
CASH, DECEMBER 31				0	0	0
<u>ELEVATOR GRANT FUND</u>						
RECEIPTS						
Intergovernmental				111,419	111,419	0
Total Receipts				111,419	111,419	0
DISBURSEMENTS						
Elevator construction				111,419	111,419	0
Total Disbursements				111,419	111,419	0
RECEIPTS OVER (UNDER) DISBURSEMENTS				0	0	0
CASH, JANUARY 1				0	0	0
CASH, DECEMBER 31				0	0	0

Exhibit B

VERNON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TAX MAINTENANCE FUND</u>						
RECEIPTS						
Charges for services	9,000	18,641	9,641			
Interest	25	61	36			
Total Receipts	9,025	18,702	9,677			
DISBURSEMENTS						
Ex Officio County Collector	9,000	5,273	3,727			
Total Disbursements	9,000	5,273	3,727			
RECEIPTS OVER (UNDER) DISBURSEMENTS	25	13,429	13,404			
CASH, JANUARY 1	2,365	2,365	0			
CASH, DECEMBER 31	2,390	15,794	13,404			
<u>RECORDER USERS FUND</u>						
RECEIPTS						
Charges for services	15,000	18,219	3,219	10,000	17,917	7,917
Interest	1,200	720	(480)	2,500	1,207	(1,293)
Total Receipts	16,200	18,939	2,739	12,500	19,124	6,624
DISBURSEMENTS						
Recorder of Deeds	33,000	3,700	29,300	33,000	0	33,000
Transfer out	17,000	17,000	0	17,000	17,000	0
Total Disbursements	50,000	20,700	29,300	50,000	17,000	33,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(33,800)	(1,761)	32,039	(37,500)	2,124	39,624
CASH, JANUARY 1	89,395	89,395	0	87,271	87,271	0
CASH, DECEMBER 31	55,595	87,634	32,039	49,771	89,395	39,624
<u>PROSECUTING ATTORNEY TAX COLLECTION FUND</u>						
RECEIPTS						
Intergovernmental	5,000	2,030	(2,970)	750	257	(493)
Total Receipts	5,000	2,030	(2,970)	750	257	(493)
DISBURSEMENTS						
Prosecuting Attorney	0	1,446	(1,446)	0	5,387	(5,387)
Total Disbursements	0	1,446	(1,446)	0	5,387	(5,387)
RECEIPTS OVER (UNDER) DISBURSEMENTS	5,000	584	(4,416)	750	(5,130)	(5,880)
CASH, JANUARY 1	2,326	2,326	0	7,456	7,456	0
CASH, DECEMBER 31	7,326	2,910	(4,416)	8,206	2,326	(5,880)
<u>VICTIM IMPACT PANEL FUND</u>						
RECEIPTS						
Charges for services	1,500	1,739	239	2,200	2,023	(177)
Total Receipts	1,500	1,739	239	2,200	2,023	(177)
DISBURSEMENTS						
Domestic violence shelter	5,000	3,319	1,681	1,000	375	625
Total Disbursements	5,000	3,319	1,681	1,000	375	625
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,500)	(1,580)	1,920	1,200	1,648	448
CASH, JANUARY 1	8,442	8,442	0	6,794	6,794	0
CASH, DECEMBER 31	4,942	6,862	1,920	7,994	8,442	448

Exhibit B

VERNON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>INMATE SECURITY FUND</u>						
RECEIPTS						
Charges for services	500	302	(198)			
Total Receipts	500	302	(198)			
DISBURSEMENTS						
Sheriff	0	0	0			
Total Disbursements	0	0	0			
RECEIPTS OVER (UNDER) DISBURSEMENTS	500	302	(198)			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	500	302	(198)			
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes	210,000	206,922	(3,078)	213,000	211,116	(1,884)
Intergovernmental	206,694	211,467	4,773	203,000	227,364	24,364
Charges for services	57,000	54,039	(2,961)	53,600	51,664	(1,936)
Interest	8,000	6,657	(1,343)	14,500	7,174	(7,326)
Other	7,150	6,395	(755)	13,750	7,364	(6,386)
Total Receipts	488,844	485,480	(3,364)	497,850	504,682	6,832
DISBURSEMENTS						
Salaries and benefits	358,256	344,177	14,079	372,155	340,786	31,369
Office expenses	102,900	99,259	3,641	107,834	104,041	3,793
Equipment	5,000	7,296	(2,296)	5,000	2,154	2,846
Mileage and training	8,688	5,994	2,694	12,054	7,857	4,197
Emergency expenses	14,000	0	14,000	14,000	0	14,000
Total Disbursements	488,844	456,726	32,118	511,043	454,838	56,205
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	28,754	28,754	(13,193)	49,844	63,037
CASH, JANUARY 1	272,674	272,674	0	222,830	222,830	0
CASH, DECEMBER 31	272,674	301,428	28,754	209,637	272,674	63,037
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest	2,150	2,223	73	2,500	2,896	396
Total Receipts	2,150	2,223	73	2,500	2,896	396
DISBURSEMENTS						
Circuit Clerk	15,000	16,375	(1,375)	20,000	2,024	17,976
Total Disbursements	15,000	16,375	(1,375)	20,000	2,024	17,976
RECEIPTS OVER (UNDER) DISBURSEMENTS	(12,850)	(14,152)	(1,302)	(17,500)	872	18,372
CASH, JANUARY 1	27,062	27,062	0	26,190	26,190	0
CASH, DECEMBER 31	14,212	12,910	(1,302)	8,690	27,062	18,372

Exhibit B

VERNON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for services	11,800	11,508	(292)	11,000	11,830	830
Interest	400	286	(114)	500	350	(150)
Total Receipts	12,200	11,794	(406)	11,500	12,180	680
DISBURSEMENTS						
Law library	10,467	10,717	(250)	13,330	9,376	3,954
Total Disbursements	10,467	10,717	(250)	13,330	9,376	3,954
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,733	1,077	(656)	(1,830)	2,804	4,634
CASH, JANUARY 1	28,571	28,571	0	25,767	25,767	0
CASH, DECEMBER 31	\$ 30,304	29,648	(656)	23,937	28,571	4,634

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

VERNON COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Vernon County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, or the Heath Center Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt a formal budget for the Drug Court Fund and Circuit Court Remodeling Fund for the years ended December 31, 2003 and 2002, and the Tax Maintenance Fund for the year ended December 31, 2002.

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Prosecuting Attorney Tax Collection Fund	2003 and 2002
Shelter Fund	2003
Circuit Clerk Interest Fund	2003
Law Library Fund	2003

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund. However, the county's published financial statements for the years ended December 31, 2003 and 2002, did not include the Drug Court Fund and the Circuit Court Remodeling Fund.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

Cash includes both deposits and investments. In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of deposits and investments. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions. Investments are securities and other assets acquired primarily for the purpose of obtaining income or profit.

Deposits

The county's deposits at December 31, 2003, and the county's and Health Center Board's deposits at December 31, 2002, and were entirely covered by federal depository insurance or by collateral securities held by the county's or the Health Center Board's custodial bank in the county's or Health Center Board's name.

Of the Health Center Board's bank balance at December 31, 2003, \$290,437 was covered by federal depositary insurance or by collateral securities held by the Health Center Board's custodial bank in the Health Center Board's name, and \$47,074 was uninsured and uncollateralized.

Investments

The only investment of the various funds was a money market fund with a reported amount of \$111,466 at December 31, 2002. State law apparently does not authorize the investment of county monies in money market funds.

3. Prior Period Adjustment

The Circuit Clerk Interest Fund's cash balance at January 1, 2002, as previously stated has been increased by \$5,756 to reflect revenues not previously reported.

The Drug Court Fund's cash balance of \$1,279 at January 1, 2002, was not previously reported, but has been added.

The Circuit Court Remodeling Fund's cash balance of \$49,335 at January 1, 2002, was not previously reported, but has been added.

Supplementary Schedule

Schedule

VERNON COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2003	2002
U. S. DEPARTMENT OF AGRICULTURE				
	Passed through state			
	Department of Social Services -			
10.550	Food Donation	N/A	\$ 1,090	1,740
	Department of Health and Senior Services -			
10.557	Special Supplemental Nutrition Program for Women, Infants and Children	ERS0453209	66,895	0
		ERS0452209	0	55,205
	Program Total		66,895	55,205
10.559	Summer Food Service Program for Children	ERS1462209I	130	60
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
	Passed through state Department of Economic Development			
14.228	Community Development Block Grants/State's Program	2000-PF-10	0	111,419
		2000-PF-34	0	300,000
	Program Total		0	411,419
U.S. DEPARTMENT OF JUSTICE				
	Passed through:			
	State Department of Public Safety			
16.523	Juvenile Accountability Incentive Block Grant	02-JAIBG-LG-30	1,736	2,275
16.540	Juvenile Justice and Delinquency Prevention - Allocation to State	02-JFJ4-26	1,793	10,449
16.575	Crime Victim Assistance	2001VOCA0055	8,153	2,791
		2000VOCA0087	2,894	7,617
	Program Total		11,047	10,408
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	2000DDVX0055	48,500	0
	Missouri Sheriffs' Association -			
16	Domestic Cannabis Eradication/Suppression Program	N/A	1,245	1,200

Schedule

VERNON COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2003	2002
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state				
Highway and Transportation Commission				
20.205	Highway Planning and Constructior	BRO108(30)	26,605	0
		BRO108(29)	2,159	28,921
		BRO108(28)	71,983	281,205
		BRO108(27)	0	308,460
	Program Total		100,747	618,586
Department of Public Safety				
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	HEMP2004	2,110	0
		HEMP2003	2,110	0
		HEMP2002	0	2,506
	Program Total		4,220	2,506
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Passed through state Department of Public Safety				
83.544	Public Assistance Grants*	FEMA-1412-DR-MO	4,210	133,544
83.552	Emergency Management Performance Grants*	N/A	4,274	5,235
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state				
Department of Health and Senior Services -				
93.197	Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	ERS146-3209T	1,875	0
93.268	Immunization Grants	PGA064-2209A	8,050	6,175
		N/A	50,083	51,427
	Program Total		58,133	57,602
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance	DH030510019	6,631	0
Department of Social Services -				
93.563	Child Support Enforcemen	N/A	23,147	12,623
Department of Health and Senior Services -				
93.575	Child Care and Development Block Gran	PGA0673209	3,715	0
		PGA0672209	0	3,820
	Program Total		3,715	3,820

Schedule

VERNON COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures Year Ended December 31,	
			2003	2002
	Department of Social Services -			
93.667	Social Services Block Grant	ERO172062	21,115	17,324
		ERO172111	10,718	10,951
	Program Total		<u>31,833</u>	<u>28,275</u>
	Department of Health and Senior Services			
93.994	Maternal and Child Health Services Block Grant to the State	ERS1463209	20,189	5,064
		ERS1462209	0	15,122
		N/A	522	553
	Program Total		<u>20,711</u>	<u>20,739</u>
	Total Expenditures of Federal Award:		<u>\$ 391,932</u>	<u>1,375,686</u>

* The CFDA number for this program changed to 97.036 in October 2003.

** The CFDA number for this program changed to 97.042 in October 2003.

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

Notes to the Supplementary Schedule

VERNON COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Vernon County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals. . . .

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for Food Donation (CFDA number 10.550) represent the dollar value assigned to commodities based on prices provided by the state Department of Social Services.

Amounts for Immunization Grants (CFDA number 93.268) and Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2003 and 2002.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of Vernon County, Missouri

Compliance

We have audited the compliance of Vernon County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2003 and 2002. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Vernon County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2003 and 2002.

Internal Control Over Compliance

The management of Vernon County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the management of Vernon County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

August 19, 2004 (fieldwork completion date)

Schedule

VERNON COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2003 AND 2002

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? _____ yes x no

Reportable conditions identified that are
not considered to be material weaknesses? _____ yes x none reported

Noncompliance material to the financial statements
noted? _____ yes x no

Federal Awards

Internal control over major programs:

Material weaknesses identified? _____ yes x no

Reportable conditions identified that are
not considered to be a material weakness? _____ yes x none reported

Type of auditor's report issued on compliance for
major programs: Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of OMB
Circular A-133? _____ yes x no

Identification of major programs:

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
14.228	Community Development Block Grants/State's Program
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A
and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

VERNON COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 2001, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

VERNON COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

This section represents the Summary Schedule of Prior Audit Findings, which was prepared by the county's management.

01-1. Schedule of Expenditures of Federal Awards

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-108-26, BRO-108-27, BRO-108-28
Award Years:	2001 and 2000
Questioned Costs:	Not applicable

The county's procedures for tracking federal assistance needed improvement. The schedule of expenditures of federal awards (SEFA) contained several errors and omissions. In addition, the Health Center inaccurately reported the value of vaccines received from the state because the Health Center received this information after the county's deadline for submitting the SEFA with the county's budget.

Recommendation:

The County Clerk implement procedures to ensure more accurate information about federal grants is received from elected officials and the SEFA is complete and accurate. In addition, the Health Center Administrator report to the County Clerk the actual value of vaccines received from the state when the final reports are received so that the SEFA may be amended appropriately.

Status:

Implemented.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

VERNON COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Vernon County, Missouri, as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated August 19, 2004. We also have audited the compliance of Vernon County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2003 and 2002, and have issued our report thereon dated August 19, 2004.

In addition, we have audited the operations of elected officials with funds other than those presented in the financial statements to comply with the State Auditor's responsibility under Section 29.230, RSMo 2000, to audit county officials at least once every 4 years. The objectives of this audit were to:

1. Review the internal controls over the transactions of the various county officials.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents; interviewing various personnel of the county officials, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials referred to above. In addition, this report includes any findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These MAR findings resulted from our audit of the financial statements of Vernon County or of its compliance with the types of compliance requirements applicable to each of its major federal

programs but do not meet the criteria for inclusion in the written reports on compliance and on internal control over financial reporting or compliance that are required for audits performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

1. Officials' Compensation

The county has not taken action on mid-term salary increases given to the Associate County Commissioners in 1999. The County Assessor receives compensation from the City of Nevada for assessment services and the county has not obtained a legal opinion regarding this matter.

- A. Section 50.333.13 RSMo, enacted in 1997, allowed the salary commissions meeting in 1997 to provide mid-term increases to associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioners' terms had been increased from two years to four years. Based on this statute, in 1999 Vernon County's Associate County Commissioners' salaries were increased approximately \$8,060 yearly, according to the salary commission minutes.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of that statute. The Supreme Court held that this section of statute violated Article VII, section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county, and municipal officers during the term of office. This case, *Laclede County v. Douglass et al.*, holds that all raises given pursuant to this statutes section are unconstitutional. On June 5, 2001, that State Auditor notified all third-class counties of the Supreme Court decision and recommended that each county document its review of the impact of the opinion, as well as plans to seek repayment.

The raise amounts for both 1999 and 2000 were initially paid into an escrow account pending the outcome of the court case; however, in November 2000, the county decided to pay the amounts held in escrow to the commissioners. At that time, the county obtained an opinion from the Prosecuting Attorney which concluded that the raises were legal; however, the Supreme Court case mentioned above was issued in 2001, subsequent to the legal opinion prepared by the Prosecuting Attorney. The Associate County Commissioners have made no repayments of the raise amounts and the county has taken no action to seek repayment.

Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$16,120 for the two years ended December 31, 2000, should be repaid.

- B. The county has a written agreement with the City of Nevada in which the city pays the County Assessor \$200 per month for the assessment of property located within

the city limits. The contract is renewed annually and signed by the presiding commissioner, the assessor, and applicable city officials.

Section 50.332, RSMo 2000, allows county officials, with the approval of the County Commission, to perform services for cities that the applicable official normally provides to the county, and that the applicable official may receive additional compensation from the city for these services. However, the county has not reviewed this matter with legal counsel to ensure there are no legal concerns with the terms of the contract and the compensation paid to the County Assessor.

WE RECOMMEND the County Commission:

- A. Review the impact of this court decision and develop a plan for obtaining repayment of the salary overpayments.
- B. Request legal counsel to review the contract between the City of Nevada and the County Assessor.

AUDITEE'S RESPONSE

- A. *We believe the raises were given in good faith and were based on the legislation in effect at that time. We were cautious in our actions at that time, as the money was initially put in an escrow account. In addition, the money was not paid to the associate commissioners until an applicable circuit court case was decided in another county, and our legal counsel indicated that the payment of this compensation was allowable. During recent contact with legal counsel, the issue of statute of limitations was brought to our attention. We will obtain additional legal advice before making a final decision regarding repayment.*
- B. *We have obtained a verbal legal opinion which affirms the legality of the contract between the City of Nevada and the County Assessor. We will request our legal counsel to prepare a written opinion on this matter.*

2. Special Road and Bridge Fund Budgets
--

As similarly discussed in a prior report, the county has been significantly overestimating the amounts budgeted for Special Road and Bridge Fund expenditures for several years. As Exhibit B illustrates, budgeted expenditures exceeded actual expenditures during the years ended December 31, 2003 and 2002, by \$644,547 and \$743,418, respectively. Part of the reason for the significant difference between budgeted and actual expenditures appears to be due to delays in the start or completion of anticipated bridge projects. In addition, it appears some new bridge projects are budgeted in full even if only a portion of the project will be completed in the budget year. The uncompleted portion of projects are budgeted again in the subsequent year.

Such budgeting procedures do not allow for proper monitoring and use of the budget as a management tool. Additionally, having a larger budget has allowed the county to transfer \$49,213 and \$66,144 during the years ended December 31, 2003 and 2002, respectively to the General Revenue Fund. Section 50.515, RSMo 2000, authorizes the county to impose an administrative service fee on the Special Road and Bridge Fund. The fee is statutorily limited to a maximum of three percent of the budget of the Special Road and Bridge Fund (amended to five percent, effective August 28, 2004). Because estimates of expenditures for the Special Road and Bridge Fund are significantly in excess of actual expenditures, the amounts transferred to the General Revenue fund during 2002 and 2003 were approximately \$34,000 higher than they would have been had the transfers been based on actual expenditures or more reasonable budgeted amounts.

Budgets that do not reasonably estimate the actual activity of the Special Road and Bridge Fund do not present an accurate financial position of the fund and result in more monies being transferred to the General Revenue Fund than would otherwise occur. The County Commission should review its budgeting procedures as well as reevaluate the amounts being transferred annually for the administrative service fee.

WE RECOMMEND the County Commission review procedures used to establish the annual Special Road and Bridge Fund budget and prepare more reasonable budgets. The County Commission should also limit the administrative service fee to 3 percent (5 percent effective August 28, 2004) of actual or reasonable budgeted expenditures of that fund.

AUDITEE'S RESPONSE

The amounts budgeted for bridge projects and the time frames are based on estimates provided by the engineer. Unexpected delays are the main reason that projects budgeted for completion in a current year are completed in the subsequent year. We will continue to try to budget these projects as accurately as possible with the information that is available to us at budget preparation time. In addition, we will review our procedures for computing the administrative service fee and consider amending the budgets when there are significant differences between actual and budgeted expenditures.

3. Sheriff's Accounting Controls and Procedures
--

Accounting duties are not adequately segregated, receipts are not deposited in a timely manner, checks and money orders are not endorsed immediately upon receipt, and procedures to bill other entities for board of prisoners should be improved. The Sheriff's office handled receipts of approximately \$90,000 and \$103,000 for the years ended December 31, 2003 and 2002, respectively.

- A. Accounting duties are not adequately segregated. One individual is responsible for depositing and disbursing monies, preparing bank reconciliations and maintaining the

accounting records. There is no documentation that independent reviews of deposits and accounting records are performed.

Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating duties of receiving and recording monies from the duties of depositing and disbursing monies. If duties cannot be segregated, at a minimum, periodic independent or supervisory reviews of reconciliations between receipts and deposits and bank reconciliations should be performed and documented.

- B. Receipts are not deposited on a timely basis and checks and money orders are not endorsed immediately upon receipt. Deposits are made approximately twice a week and average approximately \$1,000. For example, receipts totaling \$2,212 were held up to six days before being deposited on December 8, 2003. Endorsements are applied at the time deposits are prepared. To safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited intact daily or when accumulated receipts exceed \$100, and checks and money orders should be endorsed immediately upon receipt.
- C. The Sheriff's office houses prisoners for other entities (primarily counties) in the county jail and bills the various entities for these services. Payments are made directly to the County Treasurer.

The Sheriff's office does not maintain a log or other record to track billings and payments received, and has not established formal policies for follow-up collection efforts for unpaid billings. A log of amounts billed to and collected from the various entities should be used to track amounts due and to ensure all outstanding amounts are received in a timely manner. Formal policies and procedures should be established for billing and collecting, and for follow-up on delinquent billings.

Similar conditions were also noted in prior reports.

WE AGAIN RECOMMEND the Sheriff:

- A. Adequately segregate accounting duties or ensure periodic supervisory reviews are performed and documented.
- B. Deposit all monies intact daily or when accumulated receipts exceed \$100, and restrictively endorse checks and money orders immediately upon receipt.
- C. Establish procedures to ensure the cost of boarding prisoners for other entities is properly billed and a log or other records are maintained of amounts billed and collected.

AUDITEE'S RESPONSE

- A. *Due to staff turnover, it has been difficult to segregate the duties. The addition of a new computerized accounting system will improve our records and will allow for better segregation of duties.*
- B. *We have attempted to make daily deposits, but the accounting clerks have non-accounting related duties and their workload sometimes precludes them from making daily deposits.*
- C. *Our new accounting system should allow for better and more accurate records of amounts due, billed, and collected.*

4. Jail Commissary Controls and Procedures

Procedures to routinely follow up on old outstanding checks have not been established, and the amounts turned over to the county for commissary sales are not reconciled to the applicable accounting records.

The Sheriff's department maintains a separate checking account for personal monies of inmates. These monies are used by the inmates to purchase candy, soda, stamps, and various other products from the commissary. A card is maintained for each inmate which reflects monies received on the inmate's behalf, purchases made from the commissary, and the available cash balance. A commissary order form is filled out for each prisoner purchase, and the total amount purchased is recorded on the prisoner's account card. Purchases for the replenishment of commissary inventory are made from the county's General Revenue Fund and proceeds from commissary sales are paid to the County Treasurer monthly for credit to the General Revenue Fund. Our review noted the following concerns:

- A. The Sheriff has not established procedures to routinely follow up on old outstanding checks. At December 31, 2003, the commissary account included twenty-two checks totaling \$255 that had been outstanding more than one year. These old outstanding checks create additional and unnecessary record keeping responsibilities.

The Sheriff should adopt procedures to routinely follow up on checks outstanding for a considerable time and reissue checks if the payees can be located. If payees cannot be located, the Sheriff should dispose of the monies in accordance with state law. Various statutory provisions including Sections 447.500 through 447.595, RSMo, provide for the disposition of unclaimed monies.

- B. At the end of each month, the balances in each prisoner account as recorded on the prisoner account cards are totaled, and that amount is deducted from the reconciled bank balance of the commissary account to determine the amount of money to transmit to the General Revenue Fund. The Sheriff withholds \$100 from the amount

transmitted which is kept in the commissary account to cover any errors and for refunds made to the inmates upon their release.

This reconciliation method provides no assurances that all monies have been appropriately accounted for since reconciliation of prisoner commissary purchases per the commissary order forms to the amount turned over to the County Treasurer is not performed. To ensure the money turned over to the County Treasurer is accurate, the projected turnover amount should be agreed to the total purchases noted on commissary order forms used during the month; with any differences identified and resolved prior to the turnover being made.

Similar conditions were noted in a prior report.

WE AGAIN RECOMMEND the Sheriff:

- A. Establish procedures to routinely investigate and reissue checks outstanding for a considerable time. Any remaining unclaimed monies should be disposed of in accordance with state law.
- B. Ensure the amount turned over to the County Treasurer monthly for the commissary account agrees to total purchases noted on commissary order forms used for that month. Any differences identified should be reviewed and resolved prior to the turnover being made.

AUDITEE'S RESPONSE

- A. *We will review outstanding checks at least once a year and turn over unclaimed money to the state.*
- B. *We will agree the purchases made by the inmates to the amounts turned over to the county.*

5. Prosecuting Attorney's Accounting Controls and Procedures

Checks and money orders are not restrictively endorsed immediately upon receipt, an adequate system has not been established to account for all bad check complaints filed and their ultimate disposition, and a backup of computerized bad check information is not performed. The Prosecuting Attorney's office handled bad check fees totaling approximately \$24,000 and \$18,000 for the years ended December 31, 2003 and 2002, respectively.

- A. Money orders and cashier's checks payable to the Prosecuting Attorney are not restrictively endorsed immediately upon receipt; rather endorsement is applied when the deposit is prepared, which is approximately 2-3 times per week. To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, all money

orders and cashier's checks should be restrictively endorsed immediately upon receipt.

- B. An adequate system to account for all bad checks received by the Prosecuting Attorney's office as well as the subsequent disposition of these bad checks has not been established. Currently, Vernon County merchants complete an unnumbered complaint form at the time the bad check is turned over to the Prosecuting Attorney for collection. The Prosecuting Attorney's office enters the information from the complaint form into the computer file. The bad check data file is not maintained in a manner that bad check complaint forms can be accounted for. In addition, procedures have not been established to ensure all bad check complaint forms are accounted for properly and that all bad check complaints are entered on the computer system.

To ensure all bad checks turned over to the Prosecuting Attorney are handled and accounted for properly, a sequential number should be assigned to each bad check complaint form or bad check received and a log should be maintained showing each bad check and its disposition. The log should contain information such as the assigned number, the merchant, the issuer of the check, the amount of the check, the amount of the bad check fee, and the disposition of the bad check, including date payment was received and transmitted, or the criminal case in which charges were filed or other disposition.

- C. Backup of computerized bad check information is not performed. The computerized records are at risk of loss due to equipment failure or other electronic disaster. A backup disk should be periodically prepared to provide a means of recreating destroyed master disks. Backup disks should be stored off-site to provide increased assurance that any lost data can be recreated.

Similar conditions were also noted in our prior report.

WE AGAIN RECOMMEND the Prosecuting Attorney:

- A. Restrictively endorse checks and money orders immediately upon receipt.
- B. Implement procedures to adequately account for bad checks received as well as the ultimate disposition, through the use of sequential numbers assigned to each bad check complaint form and a log to account for the numerical sequence and disposition of each bad check.
- C. Ensure computerized bad check records are backed up on disk and these disks are stored in a secure, off-site location.

AUDITEE'S RESPONSE

- A. *We will implement this recommendation.*
- B. *We have a request for proposal for new software to be in place by March 31, 2005. This new software will allow us to implement this recommendation.*
- C. *The new system to be in place by March 31, 2005, will allow us to more readily backup all data. In addition, we plan to implement digital imaging technology by July 1, 2005, which will allow us to copy all documents electronically, including images of all bad checks.*

6. Circuit Clerk's Accounting Controls and Procedures
--

Procedures to routinely follow up on old outstanding checks and accrued case costs should be improved. The Circuit Clerk's office handled receipts totaling approximately \$651,000 and \$796,000 for the years ended December 31, 2003 and 2002, respectively.

- A. The Circuit Clerk has not established procedures to routinely follow up on old outstanding checks. At December 31, 2003, eighty-two checks totaling \$6,610 had been outstanding for more than one year. One of these checks was issued to an attorney for \$2,966. These old outstanding checks create additional and unnecessary record keeping responsibilities.

The Circuit Clerk should adopt procedures to routinely follow up on checks outstanding for a considerable time and reissue checks if the payees can be located. If payees cannot be located, the Circuit Clerk should dispose of the monies in accordance with state law. Various statutory provisions including Sections 447.500 through 447.595, RSMo, provide for the disposition of unclaimed monies.

Similar conditions were noted in prior reports.

- B. Summary listings of accrued costs owed to the court are not periodically prepared and reviewed for accuracy. Per our request, the Circuit Clerk prepared a listing of accrued costs from its computerized accounting system as June 2004, which totaled approximately \$984,637. The Circuit Clerk maintains manual case files of accrued costs and the court has adopted procedures to follow up on amounts due; however, complete and accurate summary listings of accrued costs would allow the Circuit Clerk to more easily review the amounts due to the court and help ensure collection efforts are made on a timely basis.

WE RECOMMEND the Circuit Clerk:

- A. Establish procedures to routinely investigate and reissue checks outstanding for a considerable time. Any remaining unclaimed monies should be disposed of in accordance with state law.
- B. Periodically prepare summary listings of accrued costs to ensure amounts due the court are accurately recorded and to help ensure timely collection efforts are made for all amounts due.

AUDITEE'S RESPONSE

- A. *Unclaimed property must now be held for three years before it can be turned over to the state. We have recently turned over all amounts that are more than three years old and we will periodically follow up on all outstanding checks to ensure they are voided and turned over to the state as needed. We have contacted the attorney regarding the \$2,966 check, who indicated it is being held pending the disposition of the related probate case.*
- B. *We will periodically compare the accrued cost listings on the computerized JIS system to the case files to help ensure collection efforts are made on all applicable cases. It has been difficult to collect on many of these cases, and we have started turning over cases to the debt collection agency which has been contracted by the Office of State Courts Administrator.*

Follow-Up on Prior Audit Findings

VERNON COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Vernon County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 1999. The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Computer Controls

- A. Passwords were not changed on a periodic basis to ensure confidentiality.
- B. The county did not have a formal emergency contingency plan for its computer system.

Recommendation:

The County Commission:

- A. Ensure passwords are periodically changed and remain confidential.
- B. Develop a formal contingency plan for the county's computer system.

Status:

- A. Not implemented. Passwords were changed once during the current audit period but are not changed on a regular basis. Although not repeated in the current report, our recommendation remains as stated above.
- B. Implemented.

2. Sheriff's Accounting Controls and Procedures

- A. Accounting duties were not adequately segregated.
- B.1. Receipts were not deposited on a timely basis.
 - 2. Receipt slips were not always issued immediately upon receipt and receipts were not always posted to the cash control ledger on a timely basis.
 - 3. The method of payment as recorded on receipt slips was not reconciled to the composition of bank deposits.

- 4. Checks and money orders were not restrictively endorsed immediately upon receipt.
- C. Procedures did not exist to ensure the cost of boarding prisoners for other entities was properly billed, and the log to track billings was not accurate and complete. Written procedures were not established for pursuing collection of delinquent amounts.

Recommendation:

The Sheriff:

- A. Adequately segregate accounting duties or ensure periodic supervisory reviews are performed and documented.
- B.1. Deposit all monies intact daily or when accumulated receipts exceed \$100.
 - 2. Issue prenumbered receipt slips immediately upon receipt for all monies received and post the receipts to the cash control ledger on a timely basis.
 - 3. Reconcile the composition of receipts slips to the composition of bank deposits.
 - 4. Restrictively endorse checks and money orders immediately upon receipt.
- C. Establish procedures to ensure the cost of boarding prisoners for other entities is properly billed and the log maintained on these billings is accurate and complete. Written procedures should also be established and implemented for pursuing collections of delinquent amounts.

Status:

- A., B.1.,
B.4
&C. Not implemented. See MAR finding number 3.

- B.2&
B.3. Implemented.

3. Jail Commissary Controls and Procedures

- A. Receipt slips were not issued for some monies received.
- B. Receipts were not deposited on a timely basis.
- C. The method of payment as recorded on receipt slips was not reconciled to the composition of bank deposits.

- D. Follow up on outstanding checks was not done timely.
- E. Commissary order forms filled out by prisoners were not always signed by them.
- F. The monthly turnover of commissary proceeds to the General Revenue Fund was not agreed to the total purchases noted on the commissary order forms used during the month.

Recommendation:

The Sheriff:

- A. Issue prenumbered receipt slips immediately upon receipt for all monies received.
- B. Deposit all monies intact daily or when accumulated receipts exceed \$100.
- C. Reconcile the composition of receipt slips to the composition of bank deposits.
- D. Establish procedures to investigate checks outstanding for a considerable time. Any remaining unclaimed monies should be disposed of in accordance with state law.
- E. Ensure prisoners sign all commissary order forms.
- F. Ensure the amount turned over to the County Treasurer monthly for the commissary account agrees to total purchases noted on commissary order forms used for that month. Any differences identified should be reviewed and resolved prior to the turnover being made.

Status:

A-C
&E. Implemented.

D&F. Not implemented. See MAR finding number 4.

4. Prosecuting Attorney's Accounting Controls and Procedures

- A. Accounting duties were not adequately segregated.
- B. Checks and money orders received made payable to the Prosecuting Attorney were not restrictively endorsed immediately upon receipt.
- C. Receipts were not deposited on a timely basis.

- D. Monthly bank reconciliations were not prepared from August 1998 to December 1999.
- E. An adequate system to account for all bad checks received as well as the subsequent disposition of these bad checks had not been established.
- F. Backup of computerized bad check information was not performed.

Recommendation:

The Prosecuting Attorney:

- A. Adequately segregate accounting and bookkeeping duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. Restrictively endorse checks and money orders made payable to the Prosecuting Attorney immediately upon receipt.
- C. Deposit all monies intact daily or when accumulated receipts exceed \$100.
- D. Prepare complete and accurate bank reconciliations.
- E. Implement procedures to adequately account for bad checks received as well as the ultimate disposition through the use of sequential numbers assigned to each bad check complaint form and a log to account for the numerical sequence and ultimate disposition of each bad check.
- F. Ensure computerized bad check records are backed up on disk and these disks are stored in a secure, off-site location.

Status:

A., C

&D. Implemented.

B., E

&F. Not implemented. See MAR finding number 5.

5. Circuit Clerk's Accounting Controls and Procedures

- A. Accounting duties were not adequately segregated in the probate division.
- B. The method of payment as recorded on receipt slips was not reconciled to the composition of bank deposits.

- C. Follow up on outstanding checks on the child support account was not done in a timely manner.
- D. Open items listings for the general account included items totaling \$14,700 for cases which dated back to 1997 and prior.

Recommendation:

The Circuit Clerk:

- A. Adequately segregate accounting duties or ensure periodic reviews are performed and documented.
- B. Reconcile the composition of receipt slips to the composition of bank deposits.
- C. Establish procedures to investigate checks outstanding for a considerable time. Any remaining unclaimed monies should be disposed of in accordance with state law.
- D. Establish procedures to routinely review the status of old open items. Any unclaimed monies should be disposed of in accordance with state law.

Status:

A., B
&D. Implemented.

C. Not implemented. See MAR finding number 6.

6. Assessor's Accounting Controls and Procedures

- A. Receipt slips were not prenumbered nor issued for some monies received.
- B. The method of payment as recorded on receipt slips was not reconciled to the composition of bank deposits.

Recommendation:

The Assessor:

- A. Issue prenumbered receipt slips for all monies received.
- B. Reconcile the composition of receipt slips to the composition of transmittals.

Status:

- A. Partially implemented. Receipt slips are now prenumbered but are not issued for some monies received. Although not repeated in the current report, our recommendation remains as stated above.
- B. Implemented.

7. Health Center's Accounting Controls and Procedures

- A. Receipt slips were only issued when requested by the payor. The method of payment was not always recorded on the receipts ledger and the composition of receipts was not reconciled to bank deposits.
- B. Personal checks were cashed from health center receipts.

Recommendation:

The Health Center:

- A. Issue prenumbered receipt slips for all monies received, account for the numerical sequence of those receipt slips, ensure the method of payment is consistently and correctly recorded on the receipt slips issued and reconcile the composition of receipt slips to the composition of the bank deposits.
- B. Deposit all receipts intact and discontinue the practice of cashing personal checks.

Status:

A&B. Implemented.

8. Special Road and Bridge Fund Budgets

The budgets of the Special Road and Bridge Fund did not present a reasonable estimate of expenditures. Having larger budgets allowed the county to transfer large amounts to the General Revenue Fund for administrative service fees.

Recommendation:

The County Commission review procedures used to establish the annual Special Road and Bridge Fund budget and prepare more reasonable budgets. The County Commission should also limit the administrative service fee to 3 percent of actual or reasonable budgeted expenditures of the fund.

Status:

Not implemented. See MAR finding number 2.

STATISTICAL SECTION

History, Organization, and
Statistical Information

VERNON COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1855, the county of Vernon was named after Miles Vernon, a state senator. Vernon County is a township-organized, third-class county and is part of the Twenty-Eight Judicial Circuit. The county seat is Nevada.

Vernon County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens. The county and townships maintain approximately 998 miles of county roads and 252 county bridges.

The county's population was 19,806 in 1980 and 20,454 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,				
		2003	2002	2001	2000	1985* 1980**
		(in millions)				
Real estate	\$	120.5	115.4	112.6	105.9	68.1 36.3
Personal property		64.2	68.4	72.3	72.1	20.6 14.9
Railroad and utilities		18.1	18.4	21.6	23.6	14.5 13.2
Total	\$	202.8	202.2	206.5	201.6	103.2 64.4

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Vernon County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,			
		2003	2002	2001	2000
General Revenue Fund	\$	.1633	.1330	.1496	.1281
Health Center Fund		.1000	.1000	.1000	.1000

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county and townships bill and collect property taxes for themselves and most other local governments. Taxes collected were distributed as follows:

		Year Ended February 28 (29),			
		2004	2003	2002	2001
State of Missouri	\$	60,695	59,741	61,293	59,422
General Revenue Fund		349,701	288,850	323,190	280,243
Special Road and Bridge Fund		101,065	100,389	102,494	100,151
Assessment Fund		99,840	96,025	91,168	86,666
Health Center Fund		200,241	196,664	201,579	193,260
Ambulance district		291,023	285,163	283,125	274,483
School districts		6,957,903	6,722,121	6,767,183	6,583,962
Sewer Fund		4,438	4,628	4,397	4,175
Township general revenue		193,818	190,713	190,808	184,797
Township road and bridge		523,876	511,372	506,173	487,424
Township special road and bridge		253,244	249,391	251,930	242,439
Surtax		281,278	264,526	285,206	284,015
Cities		680,289	626,608	40,629	39,820
County Clerk		464	424	394	416
County Employees' Retirement		54,977	48,764	42,931	39,631
Tax Maintenance Fund		19,480	4,970	0	0
Commissions and fees:					
General Revenue Fund		64,639	57,599	60,806	61,833
Township Collectors		78,377	76,453	70,470	68,004
Total	\$	10,215,348	9,784,401	9,283,776	8,990,741

Percentages of current taxes collected were as follows:

		Year Ended February 28 (29),			
		2004	2003	2002	2001
Real estate		90.4	90.4	91.2	90.9 %
Personal property		90.0	90.6	92.8	92.1
Railroad and utilities		100.0	99.3	98.7	100.0

Vernon County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$ 0.005	None	50	%

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2004	2003	2002	2001	2000
County-Paid Officials:	\$				
Charles E. Johnson, Presiding Commissioner		29,390	29,390	29,390	29,390
Neal F. Gerster, Associate Commissioner (1)		27,390	27,390	27,390	35,450
Bonnie M. McCord, Associate Commissioner (1)		27,390	27,390	27,390	35,450
Doug Shupe, Recorder of Deeds		41,500	41,500	41,500	41,500
Tammi S. Beach, County Clerk		41,500			
Wava Halcomb, County Clerk			41,500	41,500	41,500
Lynn M. Ewing III, Prosecuting Attorney		96,000	51,000	51,000	51,000
Ron Peckman, Sheriff		46,000	46,000	46,000	
Mickey D. Mason, Sheriff					39,000
David L. Ferry, County Coroner		14,000	14,000	14,000	7,500
Virginia Habjan, Public Administrator (2)		41,500	41,500	41,500	46,363
Phil Couch, County Treasurer and Ex Officio Collector, year ended March 31 (3)	46,816	42,378	41,500	41,500	
Cherie K. Roberts, County Assessor (4), year ended August 31,		44,800	44,800	44,800	1,428
Jeannie Marie Reed, County Assessor (4), year ended August 31,					33,233

(1) 2000 amounts include \$8,060 for 1999 that was held in an escrow account pending a lawsuit filed in Laclede County regarding associate commissioner compensation.

(2) Includes fees received from probate cases in 2000.

(3) Includes \$5,316 and \$878 of commissions earned for collecting city property taxes for the years ended March 31, 2004 and 2003, respectively.

(4) Includes \$900 annual compensation received from the state. Also includes \$225 per month for the term ended August 31, 2000, and \$200 per month for subsequent terms received from the City of Nevada for assessment of property within the city.

State-Paid Officials:

Vickie Erwin, Circuit Clerk	47,300	47,300	47,300	46,127
Gerald D. McBeth, Associate Circuit Judge	96,000	96,000	96,000	97,382



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**FOLLOW-UP REVIEW OF
ANIMAL CARE FACILITIES INSPECTION PROGRAM**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-91
December 16, 2004
www.auditor.mo.gov**

PERFORMANCE AUDIT



Office Of
Missouri State Auditor
Claire McCaskill

December 2004

Second Audit of State Canine Breeder Inspections Finds Most Previously Cited Problems Still Occurring

Auditors found the majority of findings noted in the first audit of the animal care inspection program were still occurring, four years later. Auditors detailed ten recommendations in the first report (February 2001) and found one finding fully implemented, with the nine remaining partially implemented. (See page 2)

Auditors found violations not always observed or cited

Auditors found inspectors did not always cite violations which auditors observed. For example, during a pre-license inspection, we observed cages with inadequate flooring, unsealed concrete runs with accumulated fecal material, multiple shelters in poor condition and improper food storage. The inspector indicated they had not seen these violations, but agreed observed situations could have been cited.

The same inspector did not check for expired medication, verify the canine count to the facility records; or verify the canines' identification tag information to facility records. The inspector called criticism of these areas "nitpicking." Prior to the inspection, this commercial breeder operated without a valid license. The inspector did not stress the fact it is illegal to operate without a license and chose not to cite this violation. (See page 5)

Penalties have increased but division reluctant to use administrative hearing process

The previous audit found state inspectors had not fined, revoked or suspended licenses of any commercial breeders in 1999 and 2000. As of May 31, 2004, the division had fined six facilities \$3,800 since the last audit and obtained voluntary surrender of animals at four facilities through settlement agreements during 2003 and 2004. (See page 7)

The division did not conduct any administrative hearings during 2003 and 2004. The division has only had two administrative hearings, conducted as of fiscal year 2002, resulting in two fines totaling \$1,500, which have not been collected. One of these unpaid fines was then referred to a county prosecutor, who did not pursue the case. The program coordinator said the division does not typically pursue administrative hearings because they are too costly and not timely. However, according to a Missouri Administrative Hearing Commission official, the commission will conduct administrative hearings on the division's behalf at no cost to the division. (See pages 8 and 9)

YELLOW SHEET

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Abbreviations

ACFA	Animal Care Facilities Act
USDA	U.S. Department of Agriculture

Marginal performing facilities have not been penalized

State inspectors do not always track repeat violations similarly to federal inspectors unless the violation involves the same canine or a previously cited item. Instead, the division has allowed these facilities to continually repeat violations, requiring additional time and attention of inspectors to constantly re-inspect problem facilities. (See page 9)

Most licensed facilities not inspected once a year

State regulations require division inspectors to inspect all licensed facilities once a year, however inspectors averaged 27 percent of required facilities for 2004, as of September 1, 2004. Rescue facilities have been exempted from required yearly inspections due to the overwhelming number within the state. Division records showed Missouri had 92 licensed rescue facilities as of March 2004. (See page 13)

Division priorities impact required inspections

Division priorities require inspectors to spend a significant amount of time handling citizen complaints, identifying unlicensed breeders, and performing administrative duties in addition to inspecting facilities. Inspectors spend an average of 17 percent of their time handling complaints and approximately 40 percent of all complaints documented since January 2002, have been related to unlicensed activity. Inspectors also estimated they spent 20 percent of their time on administrative matters which reduces time available for inspections. (See page 16)

Inspectors duplicate federal inspection efforts

Program officials have elected not to fully utilize federal inspectors as agents for the state when inspecting licensed facilities. As a result, state inspectors have duplicated federal inspection efforts. Commercial breeders dually licensed by the state and USDA for fiscal year 2004, showed 235 facilities had been inspected by both USDA and state inspectors. (See page 18)

Inspector workload has increased but most inspectors have split responsibilities

The number of licensed facilities has increased by 29 percent since 2000. However, only one of nine inspectors worked full-time on the animal care facilities inspection program. Other duties include state fair responsibilities, testing milk samples, cattle herd testing, and other animal health issues. As of September 1, 2004, one vacant inspector position had not been filled. (See page 19)

Division has not ensured fees paid were appropriate

Commercial breeders pay a licensing fee of \$100 plus \$1 per canine sold, up to a maximum of \$500. Division personnel have not verified licensed facilities paying less than \$500 paid the correct amount in fees. According to the program coordinator, verification based on disposition records has not been done because it would be too time consuming and would not be cost effective for the program. (See page 31)

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CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Peter Hofherr, Director
Department of Agriculture
Jefferson City, MO 65102

Our report discusses the results of our follow-up on ten prior recommendations addressed in our February 2002 report titled "Audit of Animal Care Facilities Inspection Program" (Report No. 2001-09), and related issues. Because of the public's concerns over the breeding and care of canines and the state's prominent role in licensing and monitoring animal care facilities, we focused audit efforts on assessing the progress the Department of Agriculture has made in implementing our recommendation to improve the commercial breeder inspection program.

The Division of Animal Health implemented one recommendation related to improving the program and partially implemented nine recommendations. Follow-up efforts disclosed improvements are still needed in the inspection program because most of the problems previously reported still exist. These problems have eroded the integrity of the inspection program which is designed to help ensure canines are safely and humanely treated. We have made recommendations which we believe will improve the management and oversight of the program.

We conducted our work in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such tests of the procedures and records as were considered appropriate under the circumstances.

Claire McCaskill
State Auditor

The following staff contributed to this report:

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1. Status of Prior Recommendations

The Department of Agriculture's Division of Animal Health (division) had implemented one recommendation and partially implemented nine recommendations, as of June 2004.

The division partially implemented four recommendations focused on ensuring all inspection violations are observed and recorded, enhancing inspection procedures and division training of inspectors, and taking action to penalize breeders. Follow-up efforts showed state inspectors still have not always observed all violations or recorded violations inspectors observed during inspections of licensed facilities. The division enhanced procedures by requiring inspectors to use a computer driven checklist when inspecting facilities, but some inspectors still do not believe it is necessary to report all violations or conduct a complete annual inspection. The division has enhanced training efforts, however, the division has not developed a core curriculum of courses inspectors are required to attend. Although the division has taken action to penalize licensed facilities, some facilities with chronic poor performance may never be penalized. (See pages 5 - 11 for further discussion.)

The division partially implemented three prior recommendations related to increased utilization of federal inspection resources. However, follow-up efforts disclosed division inspectors are still duplicating federal inspection efforts, because the division chose not to follow our recommendation to fully utilize the federal inspectors as agents of the state. The division has made federal inspection reports available to inspectors; however, not all inspectors use the reports. (See pages 18 - 19 for further discussion.)

The division partially implemented two recommendations related to the division's management information system. However, further improvements are needed because the division lacks information on certain program operations. (See pages 26 - 29 for further discussion.)

The division implemented our recommendation related to resolving conflict of interest issues involving an inspector and division official. The two individuals are no longer affiliated with the inspection program.

Background

There were approximately 2,527 licensed and registered animal facilities in the state, according to program records, as of March 2, 2004. Of that amount, 1,461, or 58 percent, had been licensed as commercial breeders. The state legislature established the Animal Care Facilities Act (Act) in 1992 to provide state oversight to all breeders, dealers, exhibitors, handlers, hobbyists, boarding kennels, commercial kennels, contract kennels, pet shops, animal shelters, and pounds involved in the sale or care of canines and/or felines that meet the requirements of the Act.

The Missouri Department of Agriculture (department) established the animal care facilities act program in 1994, in order to carry out the provisions of the Act. With minor exceptions, state program regulations parallel U.S. Department of Agriculture (USDA) regulations and outline minimum requirements for the operation of animal facilities. (See Appendix I for information on regulations.) In April 1994, the division's director entered into a memorandum of understanding

with USDA officials. That agreement promoted coordination between state and federal program officials to reduce duplication of effort by inspectors and established procedures to share federal inspection reports on facilities that are licensed by state and federal agricultural officials. This agreement included the understanding that federal inspectors were also acting as state inspectors for animal facilities dually licensed by the state and federal government.

Scope and Methodology

We reviewed state laws and regulations governing the inspection of commercial breeders and other licensed facilities by the state. We also reviewed division policies and procedures and discussed program specifics with division and department officials as well as program inspectors. We conducted audit work at the division's office in Jefferson City and accompanied program inspectors during on-site inspections of nine licensed facilities.

To determine whether program officials had implemented prior recommendations related to improving the inspection process, we:

- Accompanied 6 division inspectors on 11 inspections of nine licensed facilities to observe the type of violations cited; whether all violations were documented; and whether any apparent violations had been overlooked.
- Observed a federal inspector on an inspection and discussed inspection procedures used on federal inspections.
- Reviewed inspection records resulting from a judgmental sample of 40 commercial breeder facilities to determine the types of problems reported by state inspectors during the timeframe of October, 2001 through June, 2004.
- Reviewed program records to determine whether sanctions such as fines, penalties, license suspensions and license revocations had been assessed against licensed facilities.
- Reviewed federal records to determine the extent federal inspectors had levied fines and penalties during the timeframe of October 2002 through July 2004.

To determine whether the division had implemented recommendations related to increased utilization of federal inspection resources, we:

- Reviewed the timing of inspections from a judgmental sample of 40 licensed commercial breeder facilities to determine whether unnecessary duplication of federal inspections occurred.
- Reviewed program documentation pertaining to the coordination of inspection efforts and use of federal inspection reports. We interviewed knowledgeable state animal care personnel and nine state inspectors on the use of the federal inspection reports.

- Reviewed the memorandum of understanding the division had with the USDA and whether the division allowed federal inspectors to act on behalf of the state.

To determine whether the division had implemented recommendations related to the division's management information system, we:

- Interviewed knowledgeable program personnel and reviewed program reports prepared by inspectors to assess whether those reports had been adequately prepared and whether program officials used information available to them.
- Reviewed reports generated from the automated database and how the reports were used.

To determine the reliability of the computer generated data, we traced elements from our sample of 40 commercial breeder facilities to corresponding information in the breeder files. The test disclosed no material errors.

We obtained comments on a draft of this report during a meeting with the Director, Deputy Director, and other department officials on October 20, 2004, and in a letter dated November 9, 2004. We incorporated their comments as appropriate. We conducted our work between June 1, 2004 and August 31, 2004.

2. Improvements Are Still Needed in the Canine Inspection Program

Inspections of licensed facilities have not always been thorough and violations have not always been reported by inspectors. This situation has occurred, in part, because the majority of inspectors did not believe it necessary to report "minor" violations observed. Instead, inspectors verbally recommended violations be corrected. In addition, the division has not ensured consistency on the type or extent of training taken, developed mandatory training courses for inspectors, or adequately tracked training. The division's use of monetary and non-monetary penalties has increased, however, the division has been reluctant to pursue administrative hearings, and confiscate canines, as a means to penalize offending facilities. In addition, licensed facilities with a history of poor performance have not been penalized. As a result, some canines may still be at risk.

Inspectors have not always been thorough or cited all violations

During site visits with six inspectors at nine facilities, we found inspectors did not always observe violations auditors observed or cited violations, as noted in the following examples.

At one commercial breeding facility undergoing a pre-license inspection, we observed (1) cages had inadequate flooring which allowed the canine's feet to slip through the flooring causing possible injury, (2) concrete runs had not been sealed and fecal material had accumulated in the run cracks, (3) multiple shelters in poor condition, and (4) improper food storage. The inspector told us she had not seen these violations, but agreed observed violations could have been cited. The inspector also said at a facility in this condition, it is impossible for her to document everything and some violations will get overlooked.

We also observed the same inspector did not check for expired medication, verify the canine count to the facility records, or verify the canines' identification tag information to facility records. When inspecting records, the inspector did not review disposition/acquisition records. Instead, the inspector looked through canine registration papers which does not meet requirements set forth in animal welfare regulations. The inspector told us being critical of these areas is "nitpicking". Instead, she focuses on the facility portion of the inspection, not the records.

This same commercial breeder had also been operating without a valid license. The inspector told the pre-licensee "you really shouldn't be selling any dogs without a license". The inspector did not stress the fact it is illegal to operate without a license and chose not to cite this violation in the report. (See page 14 for additional discussion on this facility.)

At a second commercial breeding facility, we observed several violations that were not reported by the inspector. For example, we observed canine pens having large amounts of fecal accumulation. The inspector said fecal accumulation is a judgment call and did not feel it warranted being cited. We also observed a partially completed housing facility which did not protect canines from the weather. The inspector did not cite this violation, but told us another site visit would be made before winter to ensure the building had been completed. In addition,

we observed whelping cages¹ did not have identification cards, too many large canines sharing one shelter, outdoor kennels backed up to tall weeds (approximately 6 feet tall), and outdoor kennels having torn, sagging, poor quality material draping fencing that was being used as shade. The inspector agreed these violations could have been cited. We also observed dog food on the floor in the whelping building which could attract mice and other rodents, as well as a pile of food on the ground in one of the outdoor runs. Although spilled food is a reportable violation, the inspector told us these violations would have only been cited if there had been evidence of rodents, or if it were to rain.

At a third commercial breeding facility, the inspector did not check medications or records for the canines. In addition, the inspector did not verify the canines' identification tag information to the records. The inspector told us these areas had not warranted review because the breeder had few canines and these areas had been reviewed during the previous inspection, conducted in November 2003. We also observed rusty kennel fencing and a piece of unsecured metal covering a drain channel which was inside the outdoor runs. When asked about these violations, the inspector did not see the loose piece of metal but did see the rusty fence and stated the violation "should have been cited since we (auditors) were there".

At a boarding facility, we noted chewed up beds and water bowls, and improperly stored food. The inspectors explained to us that they are not too "nitpicky" with boarding facilities because they usually regulate themselves. If they are noticeably non-compliant, the public will not board animals there which will put the facility out of business. The inspectors indicated they normally only cite violations at a boarding facility that have a direct affect on the animals.

At a rescue facility, we observed ten reportable violations, which were not cited by the inspectors in the inspection report. For example, we observed:

- A small canine pool containing dirty, stagnant water.
- Dirty water and /or water bowls in several canine pens.
- Many of the pens and outdoor houses had an excessive amount of fecal accumulation, however, the inspector only cited one pen as having too much fecal material.
- Several pens had unsecured, sagging tarps or unsecured plywood over the pens for shade. The inspectors told us it was a good thing it was not raining or windy because the inadequate shade cover would have been cited.
- Numerous feline cages stacked, but not secured, which could be knocked over by canines housed in the same outdoor facility.
- Several canines running loose with no perimeter fence.
- Open medications lying on a shelf in an outdoor housing facility and the owner had not established adequate formal arrangements with the employed veterinarian.

The inspectors at this facility also told us it is very hard to document every violation at a facility where there are so many problems so they try and ensure the major problems always get documented.

¹ Cages used to house canines in the gestation period of pregnancy.

Inspection procedures improved but inspector philosophy affects inspections

In response to our previous audit, the division has enhanced inspection procedures by developing a computer driven checklist of rules and standards from the Animal Welfare Act Regulations and the Code of State Regulations regarding animal care facilities. The checklist is intended to assist inspectors in the inspection process by allowing the inspectors to incorporate the regulations into the inspection report. The checklist must be completed in entirety before the inspection report can be generated.

We found through discussions with the inspectors, some inspectors have different rationale on whether to report all violations observed during inspections. In discussing inspection procedures with all nine inspectors, we found that seven of nine inspectors do not believe it is necessary to report all violations found when inspecting licensed facilities. Instead, they believe when violations are considered minor, and the facilities have no other violations or history of violations, they can verbally inform facility owners of those violations. Several examples given by the inspectors of items that would be verbally recommended to be corrected were a chewed board, an open bag of food, a chewed water bowl, and loose wire fencing. One inspector stated "you have to know the people that you are dealing with". Another inspector stated if it is the middle of winter, then you probably would not write a facility up to have its barn painted if the facility is not too bad. Also, during an inspection we observed one inspector told us reporting minor violations would be "nit-picking".

Training enhanced but not mandatory or consistent among inspectors

Our review of available training records disclosed inspectors attended a variety of internal and external training courses. However, there is no consistency on the type or extent of training taken, and the division has not established mandatory training courses or adequately tracked inspector training. For example, records showed one inspector attended ten training sessions since 2002, while four other inspectors attended no training during that timeframe. In addition, training records did not exist for two of the nine inspectors.

Inspectors have been encouraged to attend training courses, according to the program coordinator. However, the division still relies on experienced inspectors to teach new staff how to conduct inspections. According to the program coordinator, new inspectors spend approximately one month in the field with experienced state and federal inspectors prior to conducting solo inspections.

Division's use of penalties has increased but marginal performers not penalized

Follow-up efforts disclosed the division has increased efforts to penalize licensed facilities when compared to efforts during our previous audit. However, we found the division has been reluctant to use the administrative hearing process to penalize licensed facilities, and marginal performers have not been penalized.

Use of penalties has increased

The division has not tracked data on penalties assessed, or actions taken against licensed facilities. (See page 26 for discussion on management information system issues.) However, according to information compiled by division personnel, the division fined six facilities \$3,800 since our last audit and obtained voluntary surrender of animals at four facilities through settlement agreements during 2003 and 2004, as of May 31, 2004. In addition, the division revoked one facility's license indefinitely and suspended one facility's license for five years.

As of August 31, 2004, two administrative hearings have been held, which were included on the listing provided by the division, resulting in two fines totaling \$1,500. One case, in March 2001, resulted in a \$500 fine which the facility's owner refused to pay. According to the program coordinator, the division referred this case to the county prosecutor for criminal action under Chapter 578, RSMo, for abuse and neglect but the prosecuting attorney chose not to pursue the case. The other case, in June 2002, resulted in a \$1,000 fine which has not been collected. The Attorney General's Office issued a demand letter requesting payment by mid-September, 2004. However, according to the Attorney General's Office, as of October 24, 2004, payment had not been received, and the case will be presented to the local circuit court to obtain a judgment allowing enforceable collection action.

Federal inspectors levy more fines and report more violations than state inspectors

The USDA uses penalties as a means to enforce animal care regulations. For example, USDA fined 13 Missouri facilities \$22,805 during federal fiscal year 2003 and 14 facilities a total of \$9,189 during federal fiscal year 2004 (through June 30, 2004).

Division data for 2002 and 2003 showed federal inspectors reported more violations on average than state inspectors. Table 2.1 depicts the number of facilities inspected and the number of violations cited on average for those facilities.²

Table 2.1: Comparison of Federal and State Reported Violations

Calendar Year	Number of Facilities Inspected	Number of Violations Reported	Average Number of Violations per Inspection
2002 Federal	936	1,381	1.48
2002 State	1,433	665	.46
2003 Federal	887	852	.96
2003 State	1,291	780	.60

Source: Animal Care Facilities - Annual Inspection Summary

Table 2.1 shows federal inspectors averaged more violations per inspection than state inspectors.

² Data for 2004 could not be analyzed because the division's database of federal inspections had not been kept current. See page 19 for discussion on database entry delays.

Division is reluctant to utilize the administrative hearing process and confiscate animals

According to state law³ the division has the authority to pursue administrative hearings, and assess fines of up to \$1,000 per violation that are enforceable in circuit courts. The program coordinator stated the division does not typically pursue this option because it is too costly and does not yield results in a timely manner. Instead, the coordinator said they prefer to work directly with the licensees and get them "up to speed or out of business". However, the division has a memorandum of understanding with the Missouri Administrative Hearing Commission and, according to an administrative commission official, the commission will conduct administrative hearings on the division's behalf at no cost to the division.

In lieu of holding administrative hearings, the division initiated efforts in 2003 to seek voluntary settlements which allow licensees to voluntarily pay a fine and/or surrender animals. According to the program coordinator, voluntary settlements are faster and easier to facilitate than administrative hearings.

The division also has the authority⁴ to confiscate animals for care, treatment, or disposal when a licensee refuses to comply with provisions of the Animal Care Facilities Act, state regulations, and the division's request to correct conditions contributing to the animal's suffering or distress. However, according to the program coordinator, this regulation conflicts with the state constitution because it lacks adequate due process. The coordinator knew of only one time since the program's inception in which animals had been confiscated, or destroyed, under the provisions of this regulation. We believe the regulation provides for due process since the licensee would have been cited for violations and given an opportunity to correct deficiencies noted by an inspector. In commenting on a draft of this report, the program coordinator stated he views voluntary surrender of canines as a form of confiscation.

Marginal performers have not been penalized

During inspections, we also observed inspectors do not always treat recurring violations as such unless it involves the same canine or item previously cited. For example, at a rescue facility, discussed on page 6, one of the inspectors had previously cited an open food container. On the next inspection, he found that problem had been corrected, but found the same problem in another location at the facility. Instead of citing this problem as a reoccurring violation, the inspector treated it as a new violation. Therefore, the original violation could not be upgraded to a category IV or V violation, be subject to the penalty phase, or be used to show a true history of non-compliance.

State regulations, which reflect USDA regulations, do not define recurring violations. However, according to a USDA official, USDA inspectors treat recurring violations as such. After auditors discussed this issue with the program coordinator, he told us he plans to discuss this possible change in violation reporting with the division's legal advisor. He is not sure whether a judge would support this means of reporting violations. However, the division has not litigated a case

³ See Chapter 273, RSMo 2000.

⁴ According to 2 C.S.R. 30-9.020(14)(D).

based on recurring violations. As of August 31, 2004, inspectors had not been advised to treat recurring violations as such, unless it involved the same canine or item previously cited.

One facility visited cited numerous times

While conducting field visits with inspectors, we found one facility had been visited 13 times and had been cited for violations 83 times since December 2000. Examples of some recurring violations cited included canines with matted hair, a strong ammonia smell in whelping room, and lack of rodent control. The inspector would cite violations in a routine annual inspection and in time, would conduct a follow-up re-inspection. Prior to the re-inspection, the licensee would correct those violations and on the inspector's next visit, those violations would be cleared. However, on the next routine annual inspection, the inspector would cite the licensee for the same violations. In discussing whether a facility with a pattern of marginal performance could be penalized, the program coordinator told us the division had authority to pursue poor performers through settlement agreements or administrative hearings, but in this particular case had not done so. The program coordinator said his main objective is the welfare of the animals and if he feels the licensee is making progress, to work with the facility and get it "up to speed or out of business".

Conclusions

We observed instances of unsafe and unsanitary conditions at licensed breeder facilities we visited which inspectors had not observed and/or recorded. Despite enhanced procedures to assist the thoroughness of the inspection process, the majority of inspectors believe it unnecessary to report all violations observed at licensed facilities. Those inspectors believe they should not report minor violations. We continue to believe inspectors should observe and report all violations at facilities in order to have a complete record of violations which, in turn, would assist inspectors in documenting poor performance and facilitate the penalty process.

The division has enhanced training opportunities, however, there is no consistency on the type or extent of training taken, and the division has not established mandatory training courses. The division also has not monitored inspector training for tracking purposes. We believe the division should establish guidance on the type and extent of training needed, specify training courses all inspectors are required to attend, and track training taken by inspectors. Training courses focusing on inspection procedures and techniques would help ensure more uniform and thorough inspections.

The division has increased its use of penalties since our last audit, but still lags behind USDA's program in terms of fines. The division's pursuit of settlements and voluntary surrender of licenses is to be commended. However, the division's reluctance to use the administrative hearing process, and confiscate animals, to penalize licensed facilities is not justified. Administrative hearings can be pursued at no cost to the program and if used, would demonstrate to problem facilities the division is serious about requiring those facilities to adhere to state regulations. When the division has given a licensed facility the opportunity to correct deficiencies and the licensee has refused, and canines' health or well being is in question, we

believe the division has the authority to confiscate the canines. In addition, the division has not taken action against commercial breeders with a history of marginal performance. Instead, the division has allowed these facilities to continually repeat violations. These facilities require additional time and attention of inspectors to constantly re-inspect problem facilities. We continue to believe the division should take aggressive action to penalize licensed facilities violating state regulations which would "encourage" those facilities to comply with state requirements. In addition, we believe the division should take action to penalize facilities with a history of poor performance. Without aggressive action to penalize offenders, facility owners have little incentive to comply with state statutes and, as a result, canines may be at risk.

Recommendations

We recommend the Director, Department of Agriculture direct program officials to:

- 2.1 Require inspectors to conduct inspections in accordance with state regulations and record all violations at licensed facilities.
- 2.2 Establish guidance on the type and extent of training courses needed for inspectors; develop mandatory training courses that, among other things, focus on inspection procedures; and track training by inspectors.
- 2.3 Pursue all avenues to penalize licensed facilities not adhering to state regulations and establish procedures to penalize licensed facilities with a record of poor performance.

Agency Comments

The Director, Department of Agriculture, provided the following comments in a letter dated November 9, 2004.

- 2.1 *We agree that state law and regulations should guide inspections and that violations should be recorded. We also believe we have made significant progress since the original audit in 2000. MDA [Missouri Department of Agriculture] has removed the subjectivity of inspections through an established checklist and worked to build accessibility of prior report data into operations.*

Variances in the "philosophy" of inspection standards and practices undertaken by inspectors, as noted in the audit, are not sanctioned by division or department management. What is clear is that the expectations for the pace of annual inspections, pre-inspection, re-inspection of all facilities licensed under the program and delegated to the inspectors is far too great to assume a thorough inspection of every facility. This is manifested in hurried inspections and bypassed inspection criteria mentioned in the audit, such as animal medical records and acquisition and disposition records.

Additionally, while workload issues are addressed in this audit, recommendations for funding increases that would allow the staffing necessary to implement a satisfactory program are not. While the audit continually calls for meeting regulatory guidelines

through better management – which we concur is still needed – we believe that the fundamental issue of resource allocation is not.

Finally, and somewhat ironically, at the same time as the SAO is calling for increased and more thorough inspections, it is also calling for ceding inspection authority to federal inspectors where facilities are both state and federally licensed, and advocating a risk-based management approach. While the freedom to implement these approaches is strongly supported by MDA, progress will be impossible in this highly scrutinized and politicized area without a strong partnership between the SAO and MDA outlining acceptable methodologies and risks.

- 2.2 *We concur that training is a key success factor in implementing the inspection program and that standardization is a priority. Since 2000 we have worked to incorporate training provided through the University of Missouri using Law Enforcement Training Institute and the Human Society University curriculum.*

We agree that better record keeping and a more focused effort on the part of program management to ensure proper formal original and continuing education is important.

- 2.3 *We agree and disagree with the finding that the program should increase punitive actions against facilities not adhering to state regulations or with poor records of performance. It has been the management philosophy of the ACFA program to move facilities either “up or out” of the industry. Accomplishing this has been a matter of balancing punitive action with inspections designed to both satisfy the letter of the law, as well as help facilities understand how to meet their requirements.*

As indicated in the body of the audit, the ACFA Program has fined six facilities since the 2000 audit. Additionally, the program has obtained voluntary surrender of animals at four facilities and has suspended two licenses.

Progress has been made through negotiation with the Administrative Hearing Commission to reduce the cost of hearings, but the department still lacks the internal administrative tools and budget to efficiently organize for litigation. MDA is the only state agency without an in-house general counsel.

Further, in the past, when MDA has initiated legal proceedings, they have been relatively ineffective. As noted in the audit, ACFA has referred one abuse and neglect case for prosecution to a local prosecutor which was not pursued at the local level. MDA awaits word on another case referred to and pursued by the Attorney General’s Office requesting payment by mid-September which has not, as of this response in early November, been received.

Therefore, while MDA believes that establishing procedures for pursuing fines and penalties against non-compliant licensees is meritorious, we do not agree that it is the most effective way of bringing facilities into compliance with the ACFA.

3. Statutory Requirements Not Always Met

The division has not met statutory requirements in regard to inspecting 100 percent of licensed facilities⁵ on a yearly basis, pre-licensing inspections of facilities, and ensuring unlicensed facilities have not continued to operate illegally. This situation has occurred, in part, because division priorities have impacted time available for inspections. Division priorities require inspectors to handle citizen complaints, identify unlicensed breeders, and perform administrative duties in addition to inspection duties. In addition, officials have not made full use of federal inspectors as state agents. Instead, inspectors have unnecessarily duplicated federal inspectors' efforts to inspect dually licensed facilities. Some inspectors have also failed to use federal inspection reports to enhance their oversight of licensed facilities. Division workload has increased, however, the division lacks meaningful information on individual inspector activities and duties. In addition, most inspectors have not been dedicated to the program on a full-time basis, key personnel have not been replaced, and inspectors have spent excessive time on unsuccessful inspection attempts. Inspectors have targeted problem facilities as a means of coping with division workload issues and using federal inspectors would reduce inspector workload. As a result of not meeting statutory requirements, canines have been left at risk.

Division has not met statutory requirements

The division has not meet statutory requirements in regard to inspecting all licensed facilities on a yearly basis, pre-licensing inspections of facilities, and ensuring unlicensed facilities have not continued to operate illegally.

Most licensed facilities not inspected once a year

State regulations require division inspectors to inspect licensed facilities once a year. However, division data showed inspectors inspected an average of 27 percent of required facilities for 2004, as of September 1, 2004. Table 3.1 depicts the facility coverage for each inspector for 2004.

⁵ This includes commercial breeders, dealers, handlers, hobbyists, exhibitors, boarding kennels, commercial kennels, contract kennels, retail pet stores, animal shelters, and pounds.

Table 3.1: 2004 Facility Inspections Accomplished by State Inspectors

Inspector Number	Required Facility Inspections	Facility Inspections Completed	Percent Accomplished
1	264	79	30
2	308 ¹	59	19
3	246	31	13
4	217	61	28
5	326	48	15
6	203	40	20
7	207	80	39
8	278	54	19
9	190	159	84
10	186	36	19
Total	2,425	647	27

¹ This inspector retired in 2004 and his district has been allocated to other inspectors; however, inspections are still reported under the retiree's inspection number.

Source: SAO analysis of the Animal Care Facilities - Annual Inspection Summary report 2004, dated September 1, 2004.

Table 3.1 shows inspectors inspected from 13 percent to 84 percent of required facilities.

Rescue facilities have been exempted from annual inspections

The division has exempted rescue facilities from required yearly inspections. However, the division's position conflicts with state regulations because the regulations have defined a rescue facility as a type of animal shelter that is required to be inspected at least annually. According to a program coordinator, rescue facilities are not inspected unless the division receives a complaint because of the overwhelming number of rescue operations within the state. Division records showed Missouri had 92 licensed rescue facilities, as of March 2, 2004.

Division not conducting timely pre-license inspections and some facilities exempted

The division has not always met statutory requirements in this area because pre-license inspections of facility applicants have not been timely and some facilities have been exempted from pre-licensing requirements. State regulations require inspectors conduct pre-license inspections to ensure license applicants meet state licensing requirements. The applicant is given a maximum of 3 inspections during a period of up to 90 days from the date of the first inspection prior to issuance or denial of a license. According to state regulations, failure of these inspections does not subject an initial applicant to the \$100 penalty fee for failed inspections. However, the initial license fee will not be returned and subsequent applications (if denied a license, the licensee may reapply after six months from the date of the last failed inspection) must be accompanied by another initial license fee.

During inspections, we noted one facility had not had timely pre-license inspections on an initial application. The inspector performed the first of four pre-license inspections at the commercial breeding facility in February 2004 and did not return to conduct a re-inspection until July 2004,

138 days later. The first inspection noted four violations which related to employing a veterinarian, fecal accumulation under and in pens, dirty water or no water, and dogs had not been properly identified. The inspector gave the applicant 7 to 30 days, depending on the violation, to take corrective action. In July 2004, we accompanied the inspector on the re-inspection (second inspection) and, with the exception of employing a veterinarian, found the same problems in addition to 32 new violations for a total of 35 violations. Some of the new violations included:

- dirty pens in need of cleaning,
- a puppy in a pen had been dead for several days,
- pens had no shelter or shade and kennel dogs were running loose on premises,
- several dirty dog feeders with either no food or caked, moldy food in them, and
- several dogs with skin problems.

The inspector also questioned whether the applicant could care for the 93 dogs on hand the day of the inspection.

We also accompanied the inspector on the second re-inspection (third inspection) nine days later, and the inspector noted seven new violations and 14 violations that were cited in one or both of the previous inspections, for a total of 21 violations. We also were present for the third re-inspection (fourth inspection) 40 days later, and the inspector noted 11 new violations and 15 violations that were in one or all of the previous inspections, for a total of 26 violations. These four pre-license inspections had a grand total of 86 new or recurring violations over a 187-day period. In addition, the division required the licensee to pay a \$100 re-inspection fee prior to conducting the fourth inspection, which contradicts state regulations.

When auditors inquired as to why the inspector had not re-inspected the facility within the required 90-day timeframe, the inspector acknowledged the second inspection should have been done sooner, but the inspector "just did not have time". As of September 1, 2004, this facility had been in operation, without a license, at least 8 months. See pages 5 and 16 for additional discussion on this facility.

Division licenses rescue facilities without required pre-license inspections

Rescue facilities are issued a license without conducting pre-license inspections of facilities, according to the program coordinator. State statutes define rescue facilities as a type of animal shelter that is subject to pre-license inspections. According to the coordinator, there are numerous rescue facilities in the state and the division does not have the time or staff to conduct pre-license inspections of these facilities.

Division not ensuring unlicensed facilities operate legally

Division data showed 60 facilities had not paid license fees, as of August 2004; 7 months after the expiration of 2003 licenses. However, division personnel had not determined whether these facilities had ceased business or continued to operate illegally. State regulations state a person

whose license has automatically expired, or an applicant, shall not conduct any activity for which a license is required. Operating without a valid license is a Class A misdemeanor.

Discussions with nine inspectors⁶ disclosed they receive a monthly report referred to as the "no pay"⁷ report showing facilities that have not paid yearly license fees. However, four inspectors told us they had not had time to determine whether facilities were still in operation. The 4 inspectors had between 6 and 19 facilities on the mid-August 2004 "no pay" report. Three other inspectors told us they try to follow-up on facilities on the report, but they may not follow-up timely. These inspectors had two to five facilities on the "no-pay" report. Two inspectors considered it a high priority to follow-up on reported facilities and they had no facilities on the report. Several of the inspectors contacted acknowledged facilities with expired licenses could be breeding and selling canines illegally.

Division not ensuring applicants operate legally

The division also had 140 licenses it has held for various reasons, according to August 2004 division data. For example, 96 (69 percent) of 140⁸ licenses being held represented instances in which existing facilities, and new applicant facilities, had paid renewal and/or license fees. However, inspectors had not conducted required inspections since 2002 on facilities reapplying for licenses, or during the current year on initial applicants. Regulations state existing facilities must have an annual inspection and applicants must have a pre-license inspection, however inspectors contacted told us these facilities had not been inspected because the inspectors had not had the time. Inspectors contacted acknowledged some of these facilities could be breeding and selling canines illegally. A USDA official confirmed one applicant had been selling canines since at least December 2003. According to a USDA official, 19 dogs were sold to a broker during December 2003 and January 2004. This applicant is a licensee of the USDA but is a pre-licensee of the state.

Division priorities impact required inspections

The division has established three major priorities for inspectors, according to the program coordinator. Those are, in order of priority, handling citizen complaints, identifying unlicensed breeders, and conducting inspections. Furthermore, most inspectors do not work full-time on the division's inspection program.

⁶ A 10th inspector retired in 2004 who had 13 facilities on the "no pay" report. These 13 facilities were not figured into the ranges and averages.

⁷ The title of this report is "Facilities That Have Not Renewed".

⁸ Of the remaining 44 licenses, 23 were awaiting disposition of open violations, 16 did not have proper employment of a veterinarian, and 5 licenses were being held for other considerations.

Significant time spent on complaints

Inspectors spent a significant amount of time investigating and processing complaints. The nine inspectors told us they spent from 5 percent to 40 percent of their time on complaints. Based on inspector comments, inspectors averaged about 17 percent of their time handling complaints.

According to 1994 division guidance, all complaints are to be reviewed by the state veterinarian, or his designated representative, before being assigned to inspectors. According to the program coordinator, the guidance has been informally revised to allow the inspectors to receive complaints and decide on how the complaints are to be handled. According to inspectors contacted, citizens contact them frequently with complaints while other complaints are received through the main office. Six inspectors told us they forward citizen complaints to the program coordinator to document and determine the validity of the complaint, and whether they have the authority and jurisdiction prior to investigation. Three inspectors told us they make these determinations in processing complaints from the public.

Final disposition of complaints not timely

The division began electronically tracking complaint cases in December 2001. Since that time, the division has logged 280 complaints. Of those complaints, 91 occurred during 2002, 96 during 2003, and 86 during 2004, as of August 2004.

Although complaint reports had been completed for these years, our analysis of 2003 and 2004 could not be completed because final disposition⁹ of the reports had not been completed. Of the 96 complaints logged in 2003, 45 (47 percent) had no final disposition. Of the 86 logged in 2004, 79 (92 percent) had no final disposition. According to the 1994 guidance, a review panel will determine the final disposition of the complaint. The disposition of complaint cases has not been completed by division personnel because of competing demands and the lack of time, according to the program coordinator. (See page 20 of report for additional information on workload issues.)

Our analysis of the final disposition of 91 complaints, processed during 2002, disclosed 47 (52 percent) of the complaints involved cases in which no action had been necessary. Of the 91, 36 (40 percent) required monitoring, 2 (2 percent) required legal action to be taken, and 6 (6 percent) had no disposition.

The 1994 guidance also requires the division to retain complaint reports with the facility's inspection reports for 3 years and in a consolidated file for 5 years. Complaint reports have been filed in a consolidated file; however, complaint reports have not been filed with inspection reports. Program personnel stated there have been discussions on filing a copy of the reports with case files and the division plans to take this action once current reports in the system have final disposition.

⁹ Results of the complaints after investigation had been concluded.

Not all complaints have been documented

Three of the nine inspectors contacted chose to handle complaints directly from the public without prior screening from the program coordinator. These inspectors told us approximately 40 percent of the complaints received had not been documented because (1) some complaints had been "bogus", (2) inspectors had no jurisdiction, and (3) inspectors had recently inspected facilities and believed further action had not been warranted.

Unlicensed activity and administrative matters

Our analysis of the complaint database disclosed approximately 40 percent of all complaints documented since January 2002, had been related to unlicensed activity. In addition, the program coordinator stated all inspectors are expected to spend time researching the Internet and/or other sources to identify unlicensed breeders. Inspectors also estimated they spend approximately one day a week, or 20 percent of their time on administrative matters. Administrative matters include preparing timesheets, filling out weekly activity reports, phone calls, research, and end of month reports.

Program officials have not taken full advantage of federal inspection resources

Program officials have elected not to fully utilize federal inspectors as agents for the state when inspecting licensed facilities. As discussed in our 2001 report, the 1994 memorandum of understanding with the USDA had been designed to reduce unnecessary duplication of services by establishing procedures to use federal inspectors as agents for the state, and use federal inspection reports. The memorandum allowed program officials to appoint federal inspectors to inspect program facilities, thereby relieving state inspectors of that responsibility.

According to a program coordinator, coordination with federal inspectors has improved and state inspectors sometimes conduct joint inspections with federal inspectors to try to improve consistency between the inspectors. The division has taken advantage of the memorandum by often relying on federal inspectors when issuing or renewing facility licenses, and ensuring coverage in the district without a state inspector. However, the state veterinarian told us he does not believe the law allows the division to use federal inspectors as inspection agents for the state. He also told us licensees expect to see state inspectors inspecting their facilities after paying a licensing fee of \$100 to \$500.

Inspectors duplicate federal inspection efforts

Our review of division computerized data disclosed state inspectors have duplicated federal inspection efforts. Division data on commercial breeders dually licensed by the state and USDA for fiscal year 2004 (through June 9, 2004) showed 235¹⁰ facilities had been inspected by both USDA inspectors and the state inspectors. Further analysis disclosed 115 facilities had been inspected by USDA and state inspectors within a two-month time period and 74 facilities had been inspected by USDA and state inspectors within a one-month time period. From the 74, we

¹⁰ Includes USDA reports entered in the database; it does not include approximately 425 USDA reports not entered.

selected 40 dually licensed commercial breeders with 187 state and federal inspections for further analysis.¹¹ Our analysis disclosed 21 instances (11 percent) in which inspections occurred within 10 days or less.

Inspection reports not always used

Inspectors have not always used federal inspection reports to assist them with inspections. Discussions with the nine inspectors disclosed federal reports have not been used by six inspectors for the following reasons:

- Do not feel USDA reports should influence what they are doing.
- USDA reports are not useful to them.
- USDA does their "own thing" and inspectors do their "own thing".
- Do not need to look at a USDA report to do their job.

Since 2002, the division has been obtaining federal inspection reports about every two weeks and the reports are usually one to two months old when received. Once received, the reports are reviewed and, if licensed by the state, the license number is recorded on the report and any violations are entered in to the computer. The reports are given to the program coordinator for further review. If there are any serious violations the state inspector for that area will be contacted for immediate follow-up at the facility. If a facility reported on by a federal inspector is unlicensed by the state, it will be noted and the state inspector will be notified for follow-up.

Division experiences delays in entering data in database

Once USDA reports have been reviewed, they are entered into the division's database. However, the division has experienced considerable delays in inputting the report information in the system. According to program personnel, delays have been experienced because there is only one person available to input report information and that person has responsibility for all administrative duties. Review of USDA reports showed approximately 425 USDA reports, dating to December 2003, had not been entered in the computerized database.

Workload issues, part-time inspectors, and personnel losses impact program

The division's workload has increased significantly since 2000. Division data shows the number of licensed and registered animal care facilities increased 29 percent from approximately 1,962 in 2000 to 2,527 in 2004. Licensed commercial breeders represented approximately 1,107 (56 percent) and 1,461 (58 percent), respectively, for those years.

With the increase in licensed facilities, the average workload of inspectors has increased. Assuming the division employed 10 full-time inspectors, the average workload per inspector would be 253 facilities. This compares to an average workload of 155 facilities for federal

¹¹ This includes inspections from August 2000 through June 9, 2004.

inspectors. The workload of state inspectors is exacerbated because only one of the nine inspectors currently employed by the division has been assigned as a full-time inspector.

Division lacks adequate information on inspector activities and workloads

According to the program coordinator, an automated report showing ten inspection districts and the number of facilities assigned to each inspector for assigned districts has been used to assess workloads and make any adjustments needed. However, the report does not show actual workload activities. Workload activities are shown on a weekly activity report, according to the coordinator.

Inspectors are required to turn in weekly activity reports which document, on a day by day basis, the number of hours worked and a description of daily work activities, according to the program coordinator. The program coordinator reviews the reports and uses the reports to stay informed about the activities of inspectors. However, our analysis of two months of weekly activity reports, submitted by five inspectors, disclosed the reports often contain vague or incomplete information on activities of inspectors and sometimes conflict with hours shown on timesheets. (See page 26 for discussion of timesheets.)

Inspectors sometimes also work in other areas of the division and split their time between various programs. The weekly activity reports have fields to indicate how much time is spent working on the inspection program, as well as a recap section which shows how much time is spent on field work, paperwork, and vehicle maintenance. However, most of the inspectors had not adequately completed these fields on the report. Examples of activities shown on the reports included:

- One inspector included a daily description as just "ACFA"¹² with no other details and another day as "computer help/ACFA" also with no other description. This inspector did not indicate program hours versus total hours worked, and hours worked were noted as total hours. In addition, the inspector completed the recap of time section for only one week of the reports reviewed.
- One inspector included such things in the daily descriptions as, "I did paperwork, I went to Kirksville and did inspections", "kennel inspections", "blizzard today, I studied regs", "stayed home and waited for a conference call", with no other descriptions.
- One inspector marked a daily description as just "meeting" and another day as "paperwork/mail check", with no other description. The inspector also had not completed the recap of time section for two of the weeks reviewed.

Most inspectors not full-time

Only one of nine inspectors worked full-time on the animal care facilities inspection program. Other duties include state fair responsibilities, testing milk samples, cattle herd testing, and other animal health issues. Based on our discussions with eight inspectors, they spent from 50 percent to 95 percent of their time on the program. As of September 1, 2004, one inspector had 326

¹² This abbreviation refers to the Animal Care Facilities Act (ACFA).

facilities to inspect and spent approximately half of his time on other duties, while another inspector spent all his time on program activities and had 217 facilities to inspect.

Key personnel not replaced

According to the program coordinator, personnel vacancies have not been replaced because of budgetary constraints. Since our prior audit, one administrator has been reassigned and has not been replaced. The program coordinator, who is also a district veterinarian, assumed administrative duties performed by this administrator. The division also lost one secretary, leaving one to perform administrative duties, and one inspector, leaving nine inspectors responsible for ten districts. According to the coordinator, two of the three unfilled positions have remained vacant because of budget concerns. The program coordinator has been given the approval to fill the vacant inspector position but, as of September 1, 2004, the position had not been filled.

Excessive time spent on attempted inspections impacts workload

All 9 inspectors told us they spent from 10 percent to 50 percent (an average of 27 percent) unsuccessfully attempting to conduct facility inspections. Inspectors told us most unsuccessful attempts occurred because the licensees usually had not been at the facility, or had otherwise not been available for inspection. According to the program coordinator, surprise inspections have been conducted without giving prior notice in order to not allow facility owners time to correct deficiencies. However, based on his experience, he believes giving a licensee 24 hours notice prior to inspection would reduce the number of unsuccessful inspection attempts and would make little or no difference in the number of potential violations at the facility.

Inspectors not documenting unsuccessful attempts

Only one of the inspectors contacted indicated she completed inspection reports to document all unsuccessful attempts. Four inspectors told us they completed inspection reports only after multiple unsuccessful attempts. The remaining four inspectors indicated they had not completed inspection reports documenting unsuccessful inspections. Inspectors told us they had not documented attempted inspections because they had not had time, it took too long to start the computer and fill out the form, and they would have to leave a copy of the attempted report, which would alert the licensee to the visit.

The program coordinator had not been aware the majority of the inspectors had not documented unsuccessful attempted inspections. He also stated it had not been necessary to leave an inspection report on the property documenting the visit. The coordinator acknowledged documenting unsuccessful inspection attempts would provide meaningful information since this information has been included on a management report.

Inspectors focus on problem facilities to cope with workload issues

Our discussions with the nine inspectors disclosed all of the inspectors have focused inspection efforts on problem facilities based on their experience with these facilities. During on-site visits to facilities, inspectors told us they conducted inspections at what they view as high-risk facilities first because they have not had time to inspect all facilities.

Federal inspectors use a risk-based approach in selecting which facilities to inspect. According to a USDA official, the risk-based approach calls for facilities to be inspected at varying frequencies from as high as four times each year to as low as once every two years. This approach allows them to concentrate their efforts on those facilities more likely to have compliance problems, while spending less time on those facilities less likely to have compliance problems. Although a risk-based approach is used, USDA's goal is to provide annual inspections for all licensed facilities, according to the official.

Using federal inspectors would reduce workload of state inspectors

As previously discussed, (see page 18) the division has a memorandum of understanding with the USDA that allows the division to use federal inspectors as agents for the state. Our analysis of the commercial breeder database for fiscal year 2004 (through June 9, 2004) showed approximately 890¹³ facilities also licensed by the USDA. Assuming the division used the federal inspectors as state agents and had 10 inspectors, it would reduce the state inspectors' workloads by an average of approximately 89 facilities or 35 percent.

Conclusions

Division officials have not met statutory requirements in regard to inspecting all licensed facilities on an annual basis and have not ensured pre-licensing inspections of facilities have been timely. In addition, the division has allowed unlicensed operators to continue to operate and/or sell canines in violation of state regulations. This has occurred, in part, because division priorities require inspectors to spend significant time investigating citizen complaints and identifying unlicensed facilities. Because the division has not met statutory requirements, the majority of licensed facilities have not been inspected. If commercial breeders and other licensed facilities are not inspected, owners have little incentive to adhere to state regulations. The division exempted rescue facilities from annual inspections and pre-license inspections because of the high number of facilities and a lack of resources. We believe the division should strive to inspect all facilities, including rescue facilities unless the division can get relief from this requirement from the General Assembly. Untimely pre-license inspections have resulted in some applicants with numerous violations conducting business unlicensed, which is a Class A misdemeanor.

Division priorities require inspectors spend a significant amount of time handling citizen complaints, identifying unlicensed breeders and attending to administrative matters. While handling complaints is important, the division has not re-established formal procedures to

¹³ This figure does not consider the 425 USDA reports that had not been entered in the division's database.

evaluate the validity of complaints and prioritize in order of importance. We believe validating and prioritizing complaints by the program coordinator, or a designee, would result in handling complaints more efficiently and effectively.

The division's position on the use of federal inspectors as state agents for inspection of licensed facilities has not been consistent. The division has chosen to use federal agents on pre-license and renewal inspections, on an as needed basis. However, the division has chosen not to rely on them when scheduling inspections during the license year. Instead, inspectors continue to duplicate federal inspectors' efforts. Using federal inspectors as state agents would free up additional time for state inspectors and allow them to increase the number of inspections of licensed facilities. We do not believe state law prevents the division from taking advantage of using federal inspectors and continue to believe using federal inspectors is a viable option for the division.

The division's workload has increased significantly since our prior audit. The division's ability to meet increased workload and statutory requirements has been impacted because officials lack information on how inspectors spend their time. The division has a potentially useful tool in the weekly activity report that is intended to recap inspector activities. However, the majority of these reports yield little useful information, and the review of these reports has been cursory, at best. We believe inspectors should be required to record complete and useful information on all activities and time charges associated with those activities. This would allow the reports to be used by officials to help determine exactly what inspectors are doing, how much time is taken to do those activities, adjust workloads, and determine inspectors needed to accomplish statutory requirements.

The division's ability to meet statutory requirements has also been impacted because most inspectors have not been dedicated full-time to the inspection program and key personnel vacancies have not been filled. In addition, inspectors have spent excessive time unsuccessfully attempting to inspect facilities and have not always documented inspection attempts. We believe inspectors should be required to document unsuccessful inspection attempts so it is available for management's use and the division should determine ways to minimize time spent on unsuccessful inspection attempts, which would allow additional time to be more productively spent on other program duties.

State inspectors have focused inspections on "problem" facilities to cope with workload issues. However, the division has not conducted a risk-based assessment of all facilities or implemented formalized procedures to ensure all inspectors follow a practice similar to USDA. We believe it is a sound business practice to focus on problem facilities before inspecting other licensed facilities given the division's resources. We also believe using federal inspectors would significantly reduce inspector workload.

Recommendations

We recommend the Director, Department of Agriculture direct program officials to:

- 3.1 Comply with state regulations regarding annual inspections of licensed facilities, timely pre-license inspections, and not charge re-inspection fees to pre-license facilities.

- 3.2 Require rescue facilities meet pre-license requirements and inspect rescue operations on a yearly basis, as required by state regulations.
- 3.3 Notify law enforcement officials when facilities continue to operate without a valid license.
- 3.4 Centralize review of citizen complaints, and establish procedures to prioritize and evaluate the validity of citizen complaints.
- 3.5 Utilize federal inspectors as state agents, as well as federal inspection reports, to assist in the inspection process.
- 3.6 Revise the weekly activity report to allow detailed accounting of inspector activities and require inspectors to accurately prepare the report to disclose all activities related to the canine inspection program, as well as other related or unrelated activities.
- 3.7 Require program personnel use the weekly activity reports to help assess and redistribute workloads, as well as determine future personnel needs.
- 3.8 Require inspectors to document all unsuccessful inspection attempts and determine ways to reduce the number of unsuccessful inspection attempts.
- 3.9 Conduct a risk-based assessment of facilities and formalize a risk-based approach to ensure all inspectors target high-risk facilities first in attempting to inspect all licensed facilities.

Agency Comments

The Director, Department of Agriculture, provided the following comments in a letter dated November 9, 2004.

- 3.1 *We agree that the department and division should comply with state statutes and regulations relating to the inspection of licensed facilities, but strongly assert, once again, that success is not simply a factor of management changes but also providing adequate resources in the program and across the division to meet citizen expectations.*

We concur that pre-licensees should not be penalized for either administrative errors or the division's inability to make prompt re-inspections of pre-licensees. We also agree that a system that takes into account records of federally licensed facilities could help identify, evaluate and expedite state pre-licensing and licensing requirements.

- 3.2 *We agree that rescue facilities should be inspected annually. We also believe that consideration should be given to the nature of the rescue community, which often uses a "foster family" system not representative of the 92 facilities licensed under ACFA.*
- 3.3 *We agree and disagree. We agree that eliminating unlicensed activity should be a goal of the ACFA program, but have maintained that the best way to ensure that animal*

welfare is safeguarded is to bring facilities under the licensing program. It is often difficult to identify unlicensed activity, and law enforcement does not spend a significant amount of time independently pursuing unlicensed ACFA activities. On the other hand, MDA ACFA does specifically monitor for illegal activity and is regularly bringing new licensees into the program as a result.

We agree that persistent violators and facilities with revoked licenses should be referred to law enforcement, and their operations closed under Chapter 578 or 273 RSMo.

3.4 *We agree with this recommendation.*

3.5 *We agree and disagree with this recommendation. Clearly there has been progress in the cooperation between state and federal facility inspectors since the 2000 audit. We agree that additional progress is necessary and could address some of the workload related issues identified in this audit.*

We also agree that federal inspection reports can help inspectors understand historical issues faced at individual facilities.

We disagree that federal inspectors can fully assume the inspection role for the state and that dual inspection is as problematic as indicated by the SAO in this audit. Additionally, the SAO found that USDA utilized a risk-based approach to facilities which endeavored to visit every facility annually but likely would inspect some problem facilities multiple times in a single year and other stronger facilities as infrequently as every other year. Given the nature of the federal inspection program management, implementation of a state risk-based approach could either expand resources to inspect more facilities with expanded efficiency or cause increased focus on a small number of problem facilities.

We agree that the exchange of information is very important and that input of data into the state database and its use in inspections is a valuable tool and should be a priority of the program.

3.6 *We agree that program timesheets should be more descriptive and indicative of where and when inspectors are working on the ACFA program or other division priorities.*

3.7 *We agree with this recommendation.*

3.8 *We agree with this recommendation, with the caveat that as long as we continue to maintain a policy of unannounced inspections that documentation should in no way jeopardize this policy.*

3.9 *We agree with this recommendation. MDA is anxious to develop a risk-based system to streamline workload and maximize the protections intended by the general assembly when it authorized the ACFA. While we strongly support this approach, we believe that it can only be effective if made in conjunction with a strong partnership with the SAO to establish parameters and performance management objectives.*

4. Improvements Needed in Management Information System

Improvements are needed in the oversight of the management information system because the division lacks information on certain program operations. This situation has occurred because (1) the division has not required inspectors to adequately account for work activities, (2) inspectors have not always completed inspection reports correctly, and (3) the computerized database lacks the capability to track how facility owners became licensed or action taken against facility owners in violation of animal care regulations. As a result, the division has not had information needed to assess the efficiency and effectiveness of program operations.

Division lacks information on program operations

The division lacks accurate information on inspectors' work-related activities and on inspection results. In addition, the division's computerized database lacks the capability to track how facility owners became licensed, or action taken against facility owners in violation of animal care regulations. Although the division has increased the amount of information available to inspectors, inspectors have not always used the information.

Division lacks accurate information on how inspectors spend time

The division has not had accurate information on the amount of time inspectors spend on various duties performed because inspectors have not been required to account for time charges by activity. In addition, the division has obtained conflicting information on inspector activities reported on timesheets and weekly activity reports. Inspectors are required to submit weekly activity reports and timesheets which recap activities and time charges. As previously discussed, weekly activity reports completed by inspectors are often very vague on amount of hours spent on different duties and individual activities within the animal inspection program (see page 20 for discussion of weekly activity reports).

Our analysis of selected inspector time sheets also disclosed inspectors are not required to account for time based on activities performed. For example, timesheets have not been coded to show time spent on inspection of licensed facilities as opposed to administrative duties or time spent on complaints and other division duties. The timesheets show the total amount of time worked for each day and it is placed in categories such as hours worked, holiday, sick leave, and compensatory time.

Conflicting information on timesheets and weekly activity reports

Review of timesheets and weekly activity reports submitted by five inspectors over a two month timeframe disclosed instances in which inspector timesheets did not agree with weekly activity reports submitted by inspectors. We found instances when the weekly activity reports indicated time had been charged to annual leave, compensatory time, or sick leave and the timesheet showed this as time worked. For example, one inspector recorded six hours of annual leave and nine hours of sick leave over several days in one week on the weekly activity report, however, all 15 hours were charged as time worked on the timesheet. Another inspector had two entries totaling 10 hours recorded as

compensatory time or sick leave on the weekly activity report, however, all 10 hours were charged as time worked on the timesheet. The program coordinator told us he reviews and signs weekly activity reports (turned in on Wednesday) and timesheets (turned in on the following Monday), but has not compared the reports to ensure they agree. In discussing this issue with auditors, the program coordinator believes that differences were due to inspectors not remembering their activities or time. However, the program coordinator agreed comparing the weekly activity report with the timesheet would help ensure the accuracy of the reports and stated he planned to notify the inspectors to submit both reports at the same time so they could be reviewed for discrepancies. In addition, timesheets and/or weekly activity reports have not been analyzed to help develop information on the efficiency and effectiveness and workload of inspectors' time. According to the program coordinator, if time permitted, information from these sources probably would be useful and could be used to help monitor inspector workloads.

Division lacks accurate information on inspection results

During field visits, we noted inspectors had not always completed the checklist portion of the inspection reports correctly. For example, one inspector had marked medications and records on the checklist compliant when the items had not been inspected. Therefore, anyone reviewing the inspection report in the database would assume the items had been inspected and complied with animal care rules and regulations.

The inspector told us she does not always inspect all items during inspections when there had not been prior problems at the facility. Therefore, she believed checking compliant on the checklist had been appropriate. However, another inspector we accompanied on inspections told us when he has not inspected required areas, i.e., records or other items, he marks the items "not applicable" and provides an explanation as to why the items had not been inspected. The division had not established guidance on how to fill out the inspection report when items have not been inspected.

Software limitations cause inspectors to spend time "redoing" inspection reports

Inspectors told us they have spent time "redoing" inspection reports previously completed on laptop computers. This has occurred because inspectors have not had the capability to take violations noted on previous inspection reports and carry them forward to the current inspection reports. Data shown on previous inspection reports becomes "read only" once the report has been exported electronically to the division office. This has forced inspectors to re-enter all of the previous violation information on a current inspection report. After discussing this matter with department computer technical personnel, they plan to add an edit feature to the inspection report software that will allow inspectors to carry forward previous violations to a new report. According to the program coordinator, the edit function had not been implemented as October 21, 2004.

Division lacks adequate tracking system for the origin of licensees and resolutions of non-compliant licensees

Program personnel lack the capability to track the origin of facilities because the current database does not indicate how facilities became licensed. The computerized system has not had the capability to show whether licensed facilities have been discovered through research in magazines or newspapers, through the complaint process, or whether the facility became licensed on a voluntary basis. Therefore, the division has not had this information to help manage the program.

In addition, the database used by program personnel has not had the capability to track resolutions of non-compliant licensees. Resolutions may involve instances in which a licensee has been fined, or when the division obtained a voluntary surrender of the facility's canines. In lieu of tracking this information in the division's computerized system, it has been generated based on the memory of program personnel. The program coordinator agreed this information would be another helpful management tool which he could use, if time permitted.

Division missing opportunity to develop historical information

The division also maintains information, by county, on violations reported by USDA and division inspectors, the type of inspections conducted, the number of active facilities, and the number of facilities required to be inspected on a report referred to as the "Annual Inspection Summary" report. However, the division has not retained historical data relating to the number of active facilities, and the number of facilities required to be inspected within the division's database. Therefore, the division has not had the capability to analyze and/or track the percent of inspections accomplished by inspectors for prior years. According to the program coordinator, this type of information would be useful to help manage the program, if he had time to review it. Historically, this report has been used to compare the number of violations reported by division inspectors and USDA inspectors, according to the program coordinator.

Conclusions

The division is missing opportunities to improve the quality and amount of management information available to program and division officials. The division currently lacks accurate information on inspectors' work-related activities. In addition, information supplied by inspectors on timesheets sometimes conflicts with information shown on weekly activity reports. Accurate timesheets and weekly activity reports, that account for all work-related activities could provide management with useful information that could be analyzed to determine how much time inspectors actually spend on inspections and other work-related activities, as well as administrative duties. This information could also be used to assist in assessing distribution of workload among the inspectors.

The division also has not had accurate information on inspection results. When inspectors mark inspection items compliant, it infers the item has been inspected and found in compliance with state regulations. We believe inspectors should be required to fill out inspection forms to accurately reflect items inspected or not inspected. Since the results of inspections are entered in

the division's database and available for others to use, we believe it is important to have the most complete and accurate data available. In addition, some inspectors have spent additional time "redoing" inspection reports because software limitations have not allowed them to carry forward violations from earlier reports. We believe software changes, allowing prior results to be carried forward, would save inspectors valuable time that could be used more productively.

Program personnel lack the capability to track how facilities become licensed and action taken against facility owners that violate state regulations on animal care. We believe by providing this capability, the division will gain useful information showing whether facilities became licensed voluntarily, through the efforts of inspectors' research efforts, or the complaint process. This information could be used to assist management in determining the effectiveness of efforts to identify non-licensed facilities and may be useful in determining workload issues and the program could then concentrate inspector resources to the methods that are most effective.

Program personnel are also missing an opportunity to develop historical information on the number of active facilities and the number of facilities required to be inspected in the division's database. Therefore, program personnel have not had the opportunity to analyze and/or track the inspections accomplished by inspectors for prior years. We believe this information should be tracked in order to provide useful information to management on the extent of inspections accomplished by inspectors over time. It could also be useful in analyzing and resolving workload issues.

Recommendations

We recommend the Director, Department of Agriculture direct division officials to:

- 4.1 Establish procedures to ensure an accurate and complete record exists of inspector time charges by requiring inspectors to account for all job related activities on weekly activity reports and timesheets, and require the program coordinator to reconcile the weekly activity reports to timesheets to ensure accuracy and the reasonableness of activities.
- 4.2 Establish procedures to have weekly activity reports and timesheets analyzed to develop data on inspector activities.
- 4.3 Establish procedures to ensure inspectors complete inspection reports correctly. If necessary, establish additional coding to identify when inspectors have not inspected an item.
- 4.4 Change division software to allow inspectors to carry forward violations from previous reports to a current inspection report.
- 4.5 Retain historical information on the number of active facilities, and the number of facilities required to be inspected, in the database to enable the division to retain information on the number of facilities inspected by inspectors on a yearly basis.

Agency Comments

The Director, Department of Agriculture, provided the following comments in a letter dated November 9, 2004.

- 4.1 *We concur with this recommendation. We believe that currently this tool is not being fully utilized to manage ACFA activities.*
- 4.2 *We concur with this recommendation.*
- 4.3 *We concur with this recommendation. Since the audit of 2000, MDA has invested significantly in upgrades to information technology that allows inspectors and program staff to efficiently access and use data.*
- 4.4 *We concur with this recommendation.*
- 4.5 *We concur with this recommendation.*

5. Improvements Needed in Oversight of Revenue and Expenditures

Improvements are needed in the management and oversight of program revenue and expenditures because division officials have not (1) ensured license fees paid by facility owners have been correct, and (2) tracked all program expenditures. As a result, licensees may be under paying licensing fees and the division has not had full visibility of program expenditures.

Division has not ensured fees paid were appropriate

Division personnel have not ensured licensed facilities have paid the appropriate amount in fees. The division collected \$377,768 and \$410,714 in revenue in fiscal years 2003 and 2004, respectively, most of which is generated by licensing fees. Commercial breeders pay a licensing fee of \$100 plus \$1 per canine sold, up to a maximum of \$500. Therefore, licensed facilities selling over 400 canines¹⁴ pay no more than \$500 in licensing fees.¹⁵ A facility selling 250 canines during the previous year should pay \$350 in licensing fees.

Discussions with division personnel disclosed the division has not verified licensed facilities paying less than \$500, paid the correct amount. However, division personnel have the means to verify the correctness of fees paid. For example, when a breeder sells canines, disposition sheets are required to be maintained by the facility. According to an inspector, inspectors could review the disposition sheets during inspections to verify the correctness of the number of canines sold.

According to the program coordinator, the division's current means of revenue verification has been based on the number of females reported by the facility multiplied by approximately eight puppies per year (each female having two litters of four per year). If the number is close, they do not question the amount paid on the per capita sheet. According to the program coordinator, verification based on disposition records has not been done because it would be too time consuming and would not be cost effective for the program.

Division lacks visibility of program expenditures

The division has not tracked program expenditures in terms of funding sources, therefore, has not determined the full extent of program expenditures. During fiscal year 2004, the division spent approximately \$400,000 from the Animal Care Reserve Fund, according to division records. However, this amount did not reflect amounts expended from the division's general revenue¹⁶ funding for program operations. For example, a portion of the salaries, or in some cases 100 percent of the salaries, for five inspectors and the program coordinator have been paid from division general revenue, according to division personnel and division records. However, these salaries have not been tracked or included in total program expenditures. According to the state veterinarian, the department plans to initiate a system to track program expenditures made from division general revenue funds.

¹⁴ During 2003, there were approximately 144,000 dogs sold/given away by commercial breeders.

¹⁵ During 2003, there were 155 commercial breeders that paid the maximum \$500.

¹⁶ The General Revenue Fund is used by the Division of Animal Health for programs under its direction and is funded through an appropriation from state general revenue.

Conclusions

The division has not ensured facilities paying less than the maximum fee of \$500 a year, have paid the actual amount owed to the division. Therefore, officials have no way of knowing whether facility owners are paying what they owe for licenses. Division officials have not tracked all program expenditures and therefore have not determined the full extent of program costs.

Recommendation

We recommend the Director, Department of Agriculture direct division officials to:

- 5.1 Revise procedures to ensure facilities paying less than the maximum in licensing fees have paid the appropriate amount.

Agency Comments

The Director, Department of Agriculture, provided the following comments in a letter dated November 9, 2004.

- 5.1 *We concur with this recommendation, but we strongly believe that the administrative changes that will address this issue will be unlikely to provide the financial boost necessary to adequately fund the program.*

Background

The state legislature established the Animal Care Facilities Act in 1992 to provide state oversight to all breeders, dealers, exhibitors, handlers, hobbyists, boarding kennels, commercial kennels, contract kennels, pet shops, animal shelters, and pounds involved in the sale or care of canines and/or felines that meet the requirements of the Act.

Chapter 273 of the state statutes sets forth the requirements for commercial breeders and other entities that fall under the jurisdiction of the Act. The following sections of the Act set forth pertinent requirements.

- Section 329 addresses the grounds for refusal to issue or renew or revoke a license. It states the following.
 - The director may refuse to issue or renew or may revoke a license on any one or more of the following grounds:
 - Material and deliberate misstatement in the application for any original license or for any renewal license under sections 273.325 to 273.357;
 - Disregard or violation of sections 273.325 to 273.357 or of any rules promulgated pursuant thereto;
 - Conviction of any violation of any state or federal law relating to the disposition or treatment of animals;
 - Failure to provide adequate food, water, housing or sanitary facilities for animals under the control of an animal shelter, boarding kennel, commercial breeder, commercial kennel, contract kennel, dealer, pet shop, pound, or exhibitor as defined by regulations of the USDA.
 - Operation of an animal shelter, pound or dog pound, boarding kennel, commercial kennel, contract kennel, pet shop, or exhibition facility, or activity as a commercial breeder or dealer without a valid license shall constitute a class A misdemeanor.
- Section 331 addresses the requirement to conduct inspections on a yearly basis. It states the following.
 - A license shall be issued only upon inspection by the state veterinarian, his designee, or an animal welfare official. A facility subject to the provisions of sections 273.325 to 273.357, at the time it applies for licensure, shall be granted a provisional license which shall allow operation of the facility until the facility is inspected or until December 31, 1994, whichever earlier occurs. The state veterinarian shall have the duty and authority to inspect all facilities licensed under sections 273.325 to 273.357. Inspections shall be conducted a minimum of once a year, or upon a complaint to the department regarding a particular facility.

- The validity of the complaint will be ascertained by the state veterinarian or his designated representative.
- Section 333 addresses the authority to take action and levy fines. It states the following.
 - The state veterinarian or an animal welfare official, upon his own information or upon the complaint of any person, may institute an investigation including the inspection during normal business hours of any premises or vehicle upon which any animal is or may be found, and may determine if any violation of sections 273.325 to 273.357 or of any rule promulgated pursuant to sections 273.325 to 273.357 is deemed to exist. The director, or his designee, may issue an order to the person responsible for the violation to appear at an administrative hearing. The director, or his designee, upon a finding that such a violation occurred after a hearing thereon, shall issue remedial orders enforceable in the circuit courts of this state to correct such violations, and in addition may assess an administrative penalty in an amount not to exceed one thousand dollars for each violation. In assessing the amount of penalty under sections 273.327 to 273.342, the director shall take into account the seriousness of the violation and the extent of damage to third parties and the state. All penalties collected shall be deposited to the state general revenue fund. In addition, the director may assess the reasonable costs of remedying a violation in the event that the person responsible is unwilling or unable to correct the violation within a reasonable period of time. Any person aggrieved by the decision of the director may appeal as provided in sections 536.100 to 536.140, RSMo.
- Sections 325 to 357 address how revenue generated under the program is treated. It states the following.
 - All fees collected by the director from licenses issued under sections 273.325 to 273.357 shall be used to administer the provisions of sections 273.325 to 273.357, and shall be deposited in the state treasury to the credit of the "Animal Care Reserve Fund", which is hereby created. All moneys deposited in the animal care reserve fund shall be subject to appropriation for the use and benefit of the department of agriculture to administer the provisions of sections 273.325 to 273.357. Notwithstanding the provisions of section 33.080, RSMo, to the contrary, moneys in the animal care reserve fund shall not be transferred to the general revenue fund at the end of the biennium.



PARENTS' FAIR SHARE PROGRAM

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-90
December 8, 2004
www.auditor.mo.gov**

PERFORMANCE AUDIT



Office of
Missouri State Auditor
Claire McCaskill

December 2004

Improvements are needed in the management and oversight of the Parents' Fair Share Program

The program's goal is to help non-custodial parents (NCPs) obtain jobs and become involved in their children's lives, including paying child support. In order to meet eligibility requirements, the NCP must have a current child support obligation and be unemployed or under-employed. A NCP's current child support monthly payment is temporarily lowered to an amount the NCP can pay while participating in the program. Participants may receive financial assistance from the program for three activities: training, transportation-related expenses, and work-related expenses. Training costs will be paid for up to a year.

Impediments exist in referring eligible NCPs to the program

In April 2003, the Department of Social Services (DSS) had caseworkers stop referring NCPs to the program during the transfer of program management from DSS to the Department of Economic Development - Division of Workforce Development (division). DSS restarted the referral process in July 2003; however, program referrals have not rebounded to the levels prior to the transfer for several reasons. DSS staff said high caseloads prevented caseworkers from having time to identify and refer NCPs to the program. Additionally, the DSS program coordinator said caseworkers may not refer NCPs to the program because many of the NCPs referred chose not to participate once they understood the program's requirements and that the child support order is not eliminated. Also, child support caseworkers are no longer required to refer NCPs to the program before referring them to the Attorney General's office or prosecuting attorneys for prosecution. (See page 4)

Key provisions of agreement not met

The division has not complied with key provisions of the division's cooperative agreement with DSS for management of the program. The division did not prepare any of the required reports because the computer software used to manage the program does not maintain the information necessary or the reports were not available in it. DSS staff has been compiling this information from manual records. In addition, program officials lacked data on job related training by participants because of software limitations. Division program officials said software revisions expected to be operational by spring 2005 will address these problems.

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Access to program information in the division's computer tracking program was not limited to individuals associated with the program as required by the cooperative agreement. As a result, about 1,800 system users had access to confidential data on program participants. Only 24 of these users should have had access to PFS program information, according to division staff. Division officials were unaware of this problem and corrected it once we reported it to them. (See page 5)

Expenditure review process is needed

Transportation related expenses and work-related expenses nearly tripled from \$59,000 in fiscal year 2003 to \$169,000 in fiscal year 2004. Division program supervisors performed limited or no review of transportation-related expenses and work-related expenses during fiscal year 2004 because division procedures did not require it. Our analysis of transportation-related expenses disclosed one program workforce specialist approved 25 percent of all transportation-related expenditures during fiscal year 2004. Review of some of this employee's cases identified questionable expenditures. After discussing identified expenditure weaknesses with division officials in May 2004, they said review procedures would be established. (See page 8)

Success of participants not sufficiently tracked by the division

To successfully complete the program, a participant must hold a job and make a full child support payment plus an amount towards a past due balance for three consecutive months. Division officials have not tracked or determined whether the program has improved NCPs' ability to pay child support, as the division's computer software did not include a field to track the participant's success status when completing the program. DSS staff has compiled this information from alternative sources. (See page 5)

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Abbreviations

DSS	Department of Social Services
NCP	Non-Custodial Parent
PFS	Parents' Fair Share
TANF	Temporary Assistance for Needy Families



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Steve Renne, Acting Director
Department of Social Services
and
Kelvin L. Simmons, Director
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Jefferson City, MO 65102

Enhancing non-custodial parents' (NCP) ability to meet their child support obligations is important to the future of many Missouri children. The state implemented the Parents' Fair Share (PFS) program to help NCPs find or improve their employment to allow them to meet support obligations. Our objectives were to evaluate the effectiveness of the management and oversight of the program.

We found impediments exist in referring NCPs to the program, and Department of Economic Development - Division of Workforce Development (division) officials had not complied with key provisions of a cooperative agreement with the Department of Social Services (DSS) to provide program data and to restrict access to computerized data on program participants. The division also had internal control weaknesses regarding (1) data entry validations in the computer software used to manage the program and (2) review of program expenditures. We have included recommendations to improve the management and oversight of the PFS program.

We conducted our work in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such tests of the procedures and records as were considered appropriate under the circumstances.

A handwritten signature in black ink that reads "Claire McCaskill".

Claire McCaskill
State Auditor

The following auditors contributed to this report:

Director of Audits:	Kirk R. Boyer
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Management and Oversight Improvements Would Benefit the Program

Improvements are needed in the management and oversight of the Parents' Fair Share (PFS) program because (1) impediments exist in referring non-custodial parents (NCP) to the program, (2) Department of Economic Development - Division of Workforce Development (division)¹ officials have not complied with provisions of an agreement with the Department of Social Services (DSS) to provide information on the progress of program participants, or restricted access to program information, and (3) internal control weaknesses exist pertaining to data entry validations in the computer software used to manage the program, as well as the review of expenditures. These factors have resulted from policy changes, the division computer system lacking needed capabilities, and less priority given to the program for information system program enhancements due to its size compared to other training programs managed. As a result, eligible NCPs may not have an opportunity to participate in the program, participant information is at risk, and officials have less assurance program information is valid and program expenditures are appropriate.

Background

The program's goal is to help NCPs obtain jobs and become involved in their children's lives, including paying child support. Child support caseworkers are to refer eligible NCPs to the program, which is administered by the division. In order to meet eligibility requirements, the NCP must have a current child support obligation and be unemployed or under-employed. Participation in the program is voluntary, except when court-ordered. The state does not take any enforcement actions for unpaid child support during active participation.

NCPs are usually approved for a temporary payment plan when participating in the program. The plan lowers the NCPs' current child support monthly payment to an amount the NCP can pay while participating in the program. A division official said the minimum most NCPs pay is \$51 (\$50 towards the current payment and \$1 towards past due). While on a temporary payment plan, the unpaid child support is added to past due balances on cases. To remain eligible for the program, participants are required to pay support under the temporary payment plan arrangement. While in the program, the NCPs' temporary payment plan amount will gradually be increased to the full monthly support owed plus an amount towards past due balances during the 24 non-consecutive months they may be enrolled.

NCPs enrolled in the program are expected to immediately begin work-related activities.² The NCP is expected to participate in 25 hours a week of work-related activities; however, a division official said fewer hours may be allowed. Division program workforce specialists have the authority to decide how many hours are required. Participants may receive financial assistance from the program for three activities: training, transportation-related expenses, and work-related expenses. Since July 2003, there is no limit to the amount that may be paid for training.³

¹ DSS transferred the program to the division in July 2003. A cooperative agreement establishes program management responsibilities between DSS and the division.

² Work-related activities may include, but are not limited to, training, job readiness activities, job search, and General Equivalency Diploma testing.

³ Under DSS there was a yearly \$2,000 limit for training.

Training costs will be paid for up to a year. The program will pay up to \$10 a day for transportation-related expenses.⁴ The program will pay up to \$350 in work-related expenses over a 12-month period for any expense the participant reasonably needs for work-related activities such as to interview for employment or to accept or maintain employment.

Participants' results are classified as successful, unsuccessful or other. Participants successfully completed the program when they had three consecutive months of employment and made three consecutive child support payments for the full current support obligation plus an amount towards a past due balance. Unsuccessful completion means the participant failed to meet program expectations and was removed from the program. Completions categorized as "other" means the participant left the program voluntarily or left for reasons not related to the program (i.e., sickness). When participants complete the program, management of their case returns to a DSS child support caseworker.

The program is funded through the Temporary Assistance for Needy Families (TANF) federal grant.⁵ Table 1 shows the program expenditures for fiscal years 2001 to 2004.

Table 1: Parents' Fair Share Program Expenditures Fiscal Years 2001 to 2004

Area	Expenditures			
	2001	2002	2003	2004
Personal Services ¹	\$1,267,999	\$1,174,535	\$1,126,831	\$809,838
Participant Expenditures	1,813,077	713,396	332,615	526,247
Administrative Expenditures	152,019	153,507	61,375	171,376
Total Expenditures	\$3,233,095	\$2,041,438	\$1,520,821	\$1,507,461

¹ The personal services amounts do not include fringe benefits

Source: PFS program data.

Methodology

We obtained program referral and enrollment reports for fiscal years 2002 and 2003 and the period November 2003 to February 2004⁶ and computer records from January 1997 through April 2004 to analyze enrollment trends and evaluate the success of program participants. We tested a sample of fiscal year 2001 and 2002 program participants who successfully or unsuccessfully completed the program and evaluated their status as of February 2004 in meeting their child support obligation. We tested a separate sample of fiscal year 2003 and 2004 participants to determine if they met eligibility requirements to remain in the program.

We obtained and reviewed the program management agreement between DSS and the division. We reviewed internal controls over program expenditures and preparation of the statistical reports. We reviewed program guidelines and management reports. We tested the reliability of

⁴ To receive the maximum amount, the participant must travel over 45 miles one way to a work activity site or be involved in more than one activity in the day.

⁵ States have broad flexibility to use the grant funds in any manner that meets the purposes of the TANF program. States receiving TANF funds must spend an applicable percentage of its own money to help eligible families in ways that are consistent with the purposes of the TANF program. The applicable percentage depends on various grant requirements.

⁶ Reports were not prepared for the period July to October 2003.

the management report data by matching the results to computer data obtained. We contacted officials from the Departments of Economic Development, Elementary and Secondary Education, and Social Services to obtain information on other state training programs that may have similar criteria or benefits to the PFS program.

We reviewed case files and interviewed program workforce specialists in the Kansas City, Springfield and St. Louis division offices and interviewed DSS caseworkers and supervisors at local offices in Columbia, Kansas City, Springfield, and St. Louis.

We performed our work between March and July 2004. We obtained comments on a draft of this report during a meeting with officials from both departments on October 18, 2004, a separate meeting with Department of Economic Development officials on October 21, 2004, and in letters from each department dated October 29, 2004 and November 1, 2004; and incorporated those comments into the report as appropriate.

Impediments exist in referring eligible NCPs to the program

In April 2003, DSS had caseworkers stop referring NCPs to the program during the transfer of program management from DSS to the division. DSS restarted the referral process in July 2003; however, program referrals have not rebounded to the levels prior to the transfer. Table 2 shows the decrease in referrals and program participation.

Table 2: 2003 and 2004 Fluctuation in Program Referrals and Participants

Month	Referrals	Participants
February 2003	1,041	1,063
June 2003	20	504
November 2003	472	480
February 2004	447	580
July 2004	650	571

Source: PFS program data.

DSS and division program staff said program referrals did not rebound in fiscal year 2004 for several reasons. DSS staff said high caseloads prevented caseworkers from having time to identify and refer NCPs to the program and the DSS program coordinator said caseworkers may not refer NCPs to the program because of the low enrollment rate. For example, in fiscal years 2002 and 2003, only 15 percent of the individuals referred to the program actually enrolled. In explaining why enrollment was low, one caseworker said many NCPs referred to the program chose not to participate once they understood the program's requirements and that the child support order is not eliminated. In addition, DSS and division program staff said after a DSS policy change, child support caseworkers are no longer required to refer NCPs to the program before referring them to the Attorney General's office or prosecuting attorneys for prosecution. They also said child support caseworkers were less likely to refer NCPs to the program because PFS program workforce specialists are no longer in the same facility with them and were not reminded of the program.

DSS lacks reliable information on eligible NCPs

Child support officials said they have no readily available information on the number of NCPs eligible for the PFS program. The DSS program coordinator said DSS used to prepare a quarterly report listing all potentially eligible NCPs. However, DSS discontinued the report around May 2003 because the report included many NCPs who were not actually eligible for the program due to inaccurate data in the DSS child support computer system. The program coordinator also said without significant changes to the computer system and improved data entry, a report of NCPs potentially program eligible is not realistic.

Key provisions of agreement not met

The division has not complied with key provisions of the division's cooperative agreement with DSS for management of the program resulting in (1) statistical data not being provided to DSS as part of program monitoring and reporting, and (2) access to program information not being restricted to program staff.

The cooperative agreement requires the division to provide DSS monthly statistical information analyzing the progress of program referrals and participants. (See Appendix I for a listing of required reports.) However, the computer software used to manage all division training programs did not have the capability to provide the detailed information outlined in the cooperative agreement. For example, one of the required reports is a listing of the number of participants successfully completing the program. The division did not prepare any of these reports because the computer software does not maintain the information necessary or the reports were not available in it. Division program officials said software revisions expected to be operational by spring 2005 will address this problem. DSS staff has been compiling this information from manual records.

Success of participants not sufficiently tracked by the division

Division officials have not tracked or determined whether the program has improved NCPs' ability to pay child support. Although division policy provides the criteria to use in determining success, division officials did not document whether participants successfully completed the program through much of fiscal year 2004. As noted above, DSS staff has compiled this information from alternative sources. The division's computer software used for program management did not include a field to track the participant's success status when completing the program. Program staff was instructed to enter a comment in the computer system regarding the participant's status beginning February 2004; however, the system did not have the capability to compile this data for reporting purposes.

To successfully complete the program, a participant must hold a job and make a full child support payment plus an amount towards a past due balance for three consecutive months. This criteria was established by DSS program officials and is currently being used by the division. DSS reported less than 20 percent of the participants successfully completed the program for fiscal year 2003.

Tracking success is important to evaluate the merits of the program

Our test of 120 program participants⁷ during fiscal years 2001 and 2002 showed those who successfully completed the program were more likely to continue paying child support or to pay at a higher level than before participating. However, some successful participants had not been classified correctly. Our test of 60 participants classified as successful showed at least 4 successful participants did not meet success criteria. For example, one participant paid only 5 percent of his current child support during the 18 months he was in the PFS program and could not have made 3 consecutive months of payments at the full support amount, but was still classified as successful. As of February 2004, he was not paying any child support.

Division lacks data on job training by participants

Program officials lack data on job-related training by participant because of software limitations in the division's computerized system. As a result, the officials could not easily (1) track or analyze what was spent on training per participant, (2) determine the reasonableness of those costs, and (3) analyze trends regarding which program workforce specialists had sent participants to job-related training.

Our test of 60 participants, active in the program during fiscal years 2003 and 2004, disclosed 5 participants (8 percent) received job training through the program and 17 (28 percent) participated in another state-managed training program. Test results for job training paid by the program were similar to data compiled manually by the program coordinator showing 48 (8 percent) of 596 active participants had received or were receiving training paid for by the program, as of May 31, 2004. Training payments made to vendors for fiscal year 2004 showed participant training expenditures totaled \$353,000. Vendor payments for training expenses could only be matched to a particular program participant by using the hard copies of training requests.

Data access not restricted

Access to program information in the division's computer tracking program was not limited to individuals associated with the program. As a result, about 1,800 system users had access to confidential data on program participants. Only 24 of these users should have had access to PFS program information, according to division staff. The computer software storing the program information is also used by other training program staff.⁸ The cooperative agreement requires information maintained for the program be kept confidential and only accessible by individuals with a legitimate professional "need to know." Our review determined all users with system access had rights to view and change PFS participant information, including authorizing payments. Division officials were unaware of this problem and corrected it once we reported it

⁷ The 120 cases were comprised of 60 successful cases and 60 unsuccessful cases.

⁸ Other programs using the same computer software as the Parents' Fair Share program include the Career Assistance Program, the Missouri Employment and Training Program, the Veteran's training program, the Workforce Investment Board, the Full Employment Council and various vocational technical training programs throughout the state.

to them. The officials said they thought the appropriate access controls had been established when the PFS program had been added to the division's computer tracking software.

Computer software missing key controls

The computer software used to manage the PFS program is missing critical data entry validation checks⁹ needed to prevent intentional or unintentional errors and ensure the program operates effectively. The division computer software program used to manage and store data for the division's various work and training programs was modified to accommodate the three DSS training programs that transferred to the division in 2003. DSS and division program coordinators said the PFS program was the smallest of the three programs¹⁰ transferred and received a lower priority for program updating and enhancements from information systems staff after its initial integration into the division computer software. Division staff said the PFS program has been forced to operate within the constraints of the computer software managing all division job and training programs. The problems noted below may also affect the other training programs using this computer software; however, those programs were not reviewed as part of this audit. While the data entry validation checks currently in the software appear to be working adequately, several other validation checks were missing in the software. Missing validation checks include:

- Identification of payments being authorized for overlapping time periods. This check ensures a participant is not paid for the same day more than once.
- A limit to the number of days paid for transportation-related expenses to no more than the number of days in the pay period. This check ensures the pay period may not be from May 1, 2004 to May 5, 2004 when the payment is for 10 days.
- Identification of payments being authorized for individuals no longer active in the program.
- The payment mailing address does not have to be the address on record for the program participant. Approval or review should be required for any change of the mailing address for payments. Currently, a program workforce specialist can change the mailing address without notifying anyone of the change.

In addition, the computer software does not permit transportation-related expense payments to be entered accurately due to payment recording limitations. The software does not allow different payment amounts on different days during the same payment period. For example, if the program participant was involved in two work activities on Monday and one Tuesday, the transportation-related expense payment should be a different amount for each of the two days, but the software only allowed one payment option during a payment period. We provided program officials examples of fiscal year 2004 expenditure activity showing each of these weaknesses. They said the problems were caused by software limitations as the result of the needs for the other training programs managed by the software. The officials said the problems would be evaluated as part of the software revision expected to be completed in 2005.

⁹ Data entry validation checks are instructions in a computer program that test input for correct and reasonable conditions, such as dates having a valid month, day and year.

¹⁰ The Career Assistance Program and Missouri Employment and Training Program each have several thousand participants monthly while the PFS program has approximately 500.

Expenditure review process is needed

Division program supervisors performed limited or no review of transportation-related expenses and work-related expenses during fiscal year 2004 because division procedures did not require it. Transportation-related expenses and work-related expenses nearly tripled from \$59,000 in fiscal year 2003 to \$169,000 in fiscal year 2004.¹¹ Most of the transportation-related expenditures occurred in the last seven months of fiscal year 2004.

Our analysis of transportation-related expenses disclosed one program workforce specialist approved 25 percent of all transportation-related expenditures during fiscal year 2004. Our review of nine case files selected for this employee disclosed he approved transportation-related expenses¹² that a program participant reported occurred on Thanksgiving and Christmas. Division officials reviewed these approvals after we brought them to their attention. They said at least one of the payments had not been appropriate because the participant had submitted a resume through the mail or email on the reported date, but had incurred no travel costs. This program workforce specialist said when he received work search logs, which documented transportation-related expenses, he did not review them closely and did not check the accuracy by contacting some of the businesses reported. He said he only glanced at the number of days on the log and entered the transportation-related expenses payment information into the computer system. He also said he authorized payments for the majority of his cases for the maximum transportation-related expenses possible and tried to pay as much as possible. Division procedures do not require program workforce specialists to test reported work searches; however, two program workforce specialists told us they tested a sample of reported contacts each month by contacting the business.

Under current procedures, all work-related expense payments are to be approved by the division program coordinator usually by an email message to the program workforce specialist, but documentation of the approval is not required to be retained. Work-related expense purchases are made by the specialist through a procurement card or purchase voucher with payment being made directly to the vendor.

The division program coordinator said a supervisory case file review process is used for the other division training programs, but as of May 2004, it had not been used for the PFS program because of the program's limited size. He also said he trusted his staff to manage PFS cases appropriately. After discussing the weakness noted above with division officials in a May 2004 meeting, they said review procedures would be established.

¹¹ Transportation-related expenses totaled \$150,000. Work-related expenses totaled \$19,000.

¹² For transportation-related expenses, program workforce specialists enter the payments directly into the computer software and checks are created without any further review or approval. The checks are mailed directly to the program participant.

Conclusions

Program referrals were lower in fiscal year 2004 than fiscal year 2003, giving fewer NCPs the opportunity to participate in the program. This weakness has occurred, in part, because of high caseworker workloads, a DSS policy change, and transition factors after the program management change.

The division has not complied with key provisions of the cooperative agreement with DSS to provide information on the success of participants and restrict access to participant information. Division personnel have not attempted to track participant success rates. The division's computer system lacked the ability to compile this data forcing DSS staff to compile this information from other sources. Evaluating the success rate for the program is important in determining the program's impact on a participant's ability to pay child support. The division also lacks data on job training by participants because of software limitations. As a result, program officials could not easily evaluate training costs by participant, the reasonableness of those costs, and which workforce specialists had sent participants to job-related training.

The computer software used to manage the PFS program is missing critical data entry validation checks and other information needed to ensure the program operates effectively and management has the necessary data for decision-making. Weak controls have resulted in potentially unnecessary transportation- and work-related expense payments.

Recommendations

We recommend the Director, DSS:

- 1.1 Evaluate barriers to PFS program referrals and make any changes needed to improve the referral process.

We recommend the Director, Department of Economic Development:

- 1.2 Make software changes to the computerized system that would ensure the division had the capability to accumulate statistical information on the success of participants, as well as information on training received by participants.
- 1.3 Ensure compliance with the cooperative agreement with DSS including:
 - preparing or compiling statistical data used as part of program monitoring and reporting, and
 - limiting access to participant information to only those individuals with a legitimate need to know the information.
- 1.4 Ensure the computer software used to manage the program meets program needs and limits data entry mistakes. Areas to be improved include:

- reviewing the computer software to ensure all critical data entry validation checks are included, and
 - improving the flexibility of data entry for transportation-related expenses payments.
- 1.5 Establish case file review procedures for the PFS program. Those procedures should cover review of transportation- and work-related expenses authorized and require program workforce specialists verify a sample of reported work searches and document the review.
- 1.6 Create a system that allows fiscal staff to verify program coordinator approvals of work-related expenses before making the payment.

Agency Comments

The Director, DSS provided the following comments in a letter dated November 1, 2004.

1.1 *This audit was conducted during the transition of responsibilities related to the PFS program from FSD to DED. We appreciate the auditors understanding of this and recognize barriers existed in the referral process. FSD staff is working to increase the referrals to PFS and:*

- *Have allocated two additional staff to the program;*
- *In collaboration with DWD, prepared a PFS presentation and are visiting all FSD child support offices to discuss the PFS program to encourage additional referrals;*
- *In collaboration with DWD are working with Probation and Parole to streamline the process of referring offenders to the PFS program.*

In addition, DWD plans to visit correctional facilities throughout the state to talk with offenders about enrolling in the program prior to their release. DWD also printed a PFS brochure that has been distributed to all FSD child support offices and is available to the public.

FSD is also considering changes to the structure and workflow within the enforcement arena. If these changes occur, it is anticipated that cases with no payments and low potential for collection will be better identified. The individuals on these cases may be good candidates for the PFS program.

The Director, Department of Economic Development – Division of Workforce Development provided the following comments in a letter dated October 29, 2004.

1.2 *The Division of Workforce Development (DWD) issued a policy update to PFS Workforce Development Specialists on October 25, 2004, instructing them to record completion of training on the Individual Employment Plan (IEP) when a participant completes any*

short-term occupational/vocational training program. The IEP should be printed and retained in the participant's paper file.

The DWD PFS Coordinator, is presently working with staff from Ciber, the sub-contractor for the Toolbox redesign process, to ensure that changes needed for the PFS program are included in that process. This redesign will include the ability to save each IEP completed for each participant in order to establish a history. Also, internal discussions are taking place with the Department of Economic Development, Management Information Systems (DED/MIS) unit to determine a time schedule to make as many of these changes as possible to the current Toolbox system, in addition to inclusion in the redesigned Toolbox.

The redesign process will ensure that Toolbox identifies the type of PFS program exits. The three types of exit are Successful, Unsuccessful, and Other. A statistical report will be developed in Toolbox to reflect each type of exit each month and compile information for historical analysis. Currently, DWD/PFS Workforce Specialist can identify the type of exit by sending an "Other" alert. Presently, Family Support Division (FSD) PFS Technicians indicate an "Exited from PFS" alert. A comment should be attached indicating the type of exit that occurs when the PFS Technician generates an "Exited from PFS" alert. This information was communicated to the FSD/PFS Coordinator, on October 25, 2004, in order to implement the process.

1.3 MIS and Ciber staff has been advised that statistical data needs to be compiled through Toolbox for monitoring and reporting purposes. The plan is to have statistical information such as Successful, Unsuccessful and Other exits documented on a monthly basis, other evaluative components include, but are not limited to:

- Employment obtained each month, including hourly rate of pay;*
- Number of participants that pay agreed-upon support each month;*
- Consecutive months of employment with the same employer;*
- Medical benefits available; and*
- Number of months of support being paid after Successful exit.*

However, much of this information is not made available to DWD/PFS staff. Much of the data that is needed to track the progress and success of participants in the PFS program is available only through the Department of Social Services' Missouri Automated Child Support System (MACSS) database. To date, DWD staff has not received authorization for access to that system. The Division will continue to pursue access to this system to provide better program management and reporting tools.

During the week of May 24, 2004, DED/MIS implemented protocols to limit access to participant information to only workforce system workforce specialist with legitimate needs to have access to confidential information. Access will be restricted to the proper PFS staff with the new Toolbox system.

- 1.4 *This issue will be resolved as part of the Toolbox redesign process. Every Transportation Related Expenses payment entry will have a history indicating the name and address to which the payment was issued.*
- 1.5 *PFS Case Management Review Checklist and PFS Enrollment Checklist were devised in May 2004. The supervision of DWD/PFS Workforce Specialist was transferred to Missouri Career Center Regional Managers and Supervisors in July 2004. These checklists were provided to each Missouri Career Center staff attending the Transition of Supervision Meeting in June 2004. Subsequent e-mails, related to the proper use of the checklist along with the documents, have been provided to all Missouri Career Center management. In addition, each DWD/PFS Workforce Specialist has also been provided with the checklists and instructions on the utilization of the documents. All DWD Managers and Supervisors have been asked to direct comments, questions, and concerns to the DWD PFS Coordinator regarding the Enrollment and Case Management Review Checklists.*

Additionally, DWD Continuous Improvement Review (CIR) staff will randomly review PFS case files to ensure program compliance as part of ongoing CIR visits. Scheduling for upcoming visits is currently under discussion.

- 1.6 *DWD/PFS Workforce Specialist submit all requests for Work Related Expenses (WRE) approval by e-mail to the PFS Coordinator, who then replies by e-mail, either approving or denying each request. The DWD/PFS Workforce Specialist must retain a copy of the printed e-mail indicating authorization to make the WRE purchases along with the monthly cardholder transaction log, receipts/invoices and monthly statement. If an Administrative Voucher is utilized instead of the Procurement Card, all required documentation must be submitted to DWD Fiscal Staff, along with the printed e-mail authorizing the purchase. This policy was implemented the week of October 11, 2004, and disseminated to all DWD/PFS Workforce Specialists, Managers and Supervisors.*

Monthly Statistical Reports

This appendix shows the reports the division is required to submit to DSS under the cooperative agreement. The following reports are to be provided to DSS monthly:

1. Number of potential participants (not yet enrolled) identified in the month
2. Cumulative number of these individuals not yet enrolled
3. Number of newly enrolled participants in the month
4. Cumulative number of participants who have been enrolled in the program for:
 - less than 3 months
 - 3 to 6 months
 - 6 to 12 months
 - over 12 months
5. Number of participants newly employed in the month
6. Cumulative number of participants currently employed
7. Percent of participants with full-time employment
8. Percent of participants with part-time employment
9. Percent of participants employed grouped by type of work
10. Percent of participants earning wages grouped by the wage amount
11. Number of participants currently in other work or work-preparedness activities
12. Number of participants successfully exited in the month identified by exit reason
13. Cumulative number of participants successfully exited identified by exit reason
14. Number of participants unsuccessfully exited in the month identified by exit reason
15. Cumulative number of participants unsuccessfully exited identified by exit reason



MISSOURI 3RD CLASS COUNTIES

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-89
December 2, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

December 2004

IMPORTANT: This report contains information about the eighty-nine (89) Missouri counties that do not have a county auditor. Using recently issued audit reports and county budgets, this report has been compiled to show comparative financial information. Data for the years 2003, 2002, and 2001 are presented in this report.

The highlights of our review include financial data regarding significant county funds, such as the General Revenue Fund, Special Road and Bridge Fund, and various sales tax funds.

The majority of the counties General Revenue and Special Road and Bridge Funds had receipts and disbursements ranging from \$500,000 to \$1,499,999. Sales taxes represent the main source of receipts (average of 39 percent for all counties) for most counties' General Revenue Fund, while intergovernmental revenues, such as federal and state aid, represent the main source of receipts (average of 61 percent for all counties) for most counties' Special Road and Bridge Fund. There has been little change in the level of receipts and disbursements or the percentage of the composition of receipts for these funds during the three years ended December 31, 2003.

General County Government represents the main disbursement category (average of 43 percent for all counties) for most counties' General Revenue Fund. Public Safety represents the next major disbursement category (average of 34 percent for all counties) for most counties' General Revenue Fund. For counties having a law enforcement sales tax, public safety disbursements may be paid from a law enforcement sales tax fund rather than the General Revenue Fund. There has been little change in the percentage of the composition of disbursements during the three years ended December 31, 2003.

A comparison of the General Revenue and Special Road and Bridge Funds year-end cash balance to disbursements for the past three years shows that the ratios have experienced little change. The 2003 average cash balance to disbursement ratios (.28 and .32 for the General Revenue Fund and Special Road and Bridge Fund, respectively) indicate that cash available at year-end would fund county operations for approximately three to four months.

Sales tax funds are established by counties to account for additional sales taxes approved by voters and earmarked for a specific purpose, including capital improvements, law enforcement, and road and bridge work. Fifty-three counties have established one or more of these funds. During 2003, receipts into these type funds totaled approximately \$62 million, and the overall level of activity of receipts in these types of funds has increased during the three years ended December 31, 2003.

(over)

YELLOW SHEET

Common county audit findings involved problems related to reporting of federal grant expenditures, budgetary practices and financial statements, bidding procedures, payroll controls and procedures, and county property controls and records. Other significant county findings included declining financial condition, inadequate or incomplete county commission minutes, and concerns relating to the administration of various federal awards. In addition, common findings related to county elected fee officials included poor receipting, depositing, and reconciliation procedures, as well as a lack of segregation of duties.

All reports are available on our website: www.auditor.mo.gov

MISSOURI 3RD CLASS COUNTIES

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STATE AUDITOR'S TRANSMITTAL LETTER



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Members of the General Assembly
and
County Commissions

The Missouri State Auditor's office, as required by Section 29.230, RSMo 2000, is responsible for audits of counties throughout the state that have not elected a county auditor. Currently, there are eighty-nine such 3rd class counties. The State Auditor is required to conduct county audits once every four years.

This report was compiled using recently issued audit reports and county budgets. The objectives of this report were to:

1. Compile various financial information of all 3rd class counties into comparative schedules.
2. Assess county data in relation to all 3rd class counties and identify significant trends or changes.
3. Identify the most common problems reported in audits of 3rd class counties.

Because this report is based upon a combination of audited and unaudited information, no opinion can be expressed as to the accuracy of the unaudited amounts. This, along with differences that exist between counties with regard to their organization, funding sources, and financial reporting procedures, results in some comparison problems.

An aggregate report on Missouri 3rd class counties was not issued in 2003. While such a report had been issued for several prior years, changes have been made to the overall format

and content throughout the years. This year's report, while not presenting data regarding federal awards to counties and published financial statements, contains more information on overall county sales tax funds. Future reporting will be affected by suggestions of those involved in county government and other readers of this report.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

June 10, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Regina Pruitt, CPA
In-Charge Auditor:	Joyce L. Thomson

EXECUTIVE SUMMARY

MISSOURI 3RD CLASS COUNTIES EXECUTIVE SUMMARY

The following tables, charts, and conclusions are highlights of our review of financial information of the 3rd class counties in Missouri. These highlights represent data of significant county funds, such as the General Revenue Fund, Special Road and Bridge Fund, and various sales tax funds. In addition, highlights are included from our review of the written findings in the most recently issued audit reports of these counties. Specific information has also been compiled into Schedules 1 through 5 of this report.

Overall receipts and disbursements

The following tables categorize the counties based on receipts and disbursements of the General Revenue and Special Road and Bridge Funds for the three years ended December 31, 2003, as presented in Schedules 1-A and 1-B.

General Revenue Fund						
	Receipts			Disbursements		
	2003	2002	2001	2003	2002	2001
< \$ 500,000	2	2	2	2	2	3
500,000 - 999,999	19	21	21	22	19	17
1,000,000 - 1,499,999	28	27	27	21	29	31
1,500,000 - 2,000,000	9	10	12	13	10	12
> \$ 2,000,000	31	29	27	31	29	26
Total	89	89	89	89	89	89

Special Road and Bridge Fund						
	Receipts			Disbursements		
	2003	2002	2001	2003	2002	2001
< \$ 500,000	1	1	4	1	0	5
500,000 - 999,999	24	21	28	21	30	27
1,000,000 - 1,499,999	35	35	34	33	31	30
1,500,000 - 2,000,000	15	19	14	23	17	17
> \$ 2,000,000	14	13	9	11	11	10
Total	89	89	89	89	89	89

Measuring financial condition

One method for measuring financial condition is to compare a fund's year-end cash balance to disbursements for the year. As shown on Schedule 2-A and 2-B, over the past three years the General Revenue Fund ratio and Special Road and Bridge Fund ratio have experienced little change. These schedules show the 2003 average cash balance to disbursement ratio was .28 and .32 for the General Revenue Fund and Special Road and Bridge Fund, respectively. These average ratios indicate cash available at year-end would fund county operations for

approximately three to four months. The following table categorizes the counties based on the cash balance to disbursements ratios during the last three years.

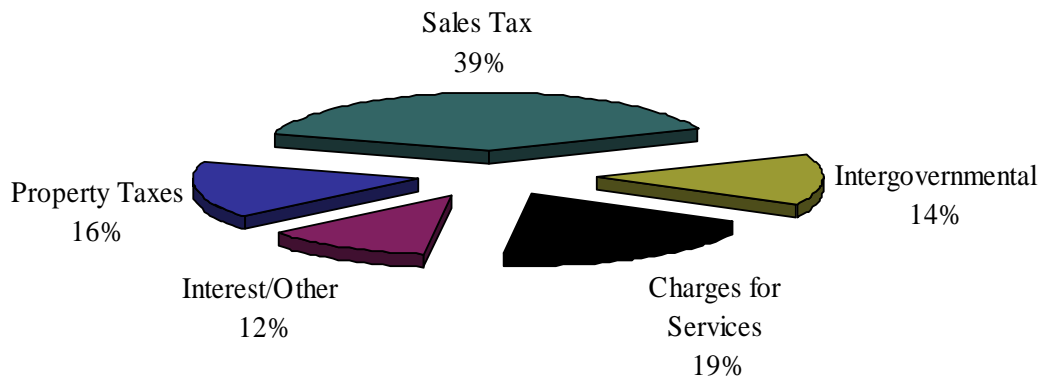
Cash Balance: Disbursements	General Revenue Fund			Special Road and Bridge Fund		
	2003	2002	2001	2003	2002	2001
> .90:1	4	5	5	4	6	6
.76:1 - .90:1	4	2	3	4	2	3
.61:1 - .75:1	4	5	4	4	3	1
.46:1 - .60:1	4	4	6	7	10	9
.31:1 - .45:1	14	12	9	16	15	9
.16:1 - .30:1	21	22	26	23	25	28
.0:1 - .15:1	36	34	33	31	28	32
< 0	2	5	3	0	0	1
Total	89	89	89	89	89	89

The table above shows that the majority of counties have a cash balance to disbursements ratio of .30 or less for both the General Revenue and Special Road and Bridge Fund. A declining ratio may be indicative of a poor or worsening financial condition, while a growing ratio might represent a county's effort to accumulate and reserve monies for a significant future purpose or an improved financial condition. While the cash balance to disbursements ratio can assist in analyzing financial condition, such factors as types of receipts, cash flow, receivables, debt, and discretionary versus mandated disbursements also have a significant effect on the financial well-being of a county. Additionally, the availability of sales tax funds as shown on Schedule 5 or an unusually large spending level in one year can distort the financial condition analysis.

Breakdown of receipts

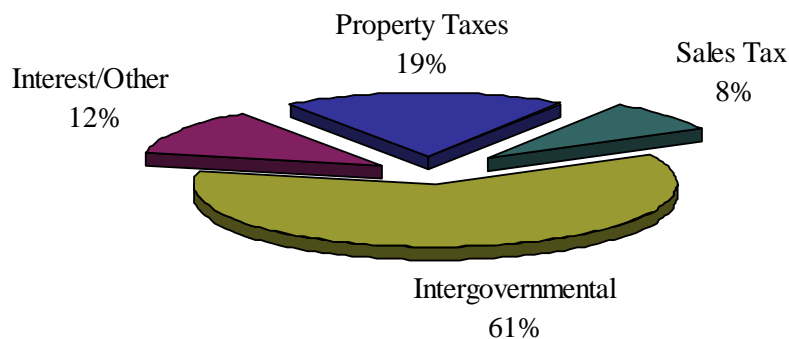
Sales tax receipts represent the main source of receipts for most counties' General Revenue Fund and are used to assist in meeting day-to-day operating and law enforcement costs. Schedule 3-A presents the composition of receipts into the General Revenue Fund for each county. The following chart depicts the average receipt amounts as a percentage of the total of the General Revenue Fund for all 3rd class counties for 2003. There has been little change in the percentages for the three years ended December 31, 2003.

General Revenue Fund Percentage Composition of Receipts - 2003



Intergovernmental revenues represent the main source of receipts for most counties' Special Road and Bridge Fund. Intergovernmental revenues include state distributions of county aid road trust (CART) monies, federal bridge project and disaster monies, and other government distributions. Schedule 3-B presents the composition of receipts into the Special Road and Bridge Fund for each county. The following chart depicts the average receipt amounts as a percentage of the total of the Special Road and Bridge Fund for all 3rd class counties for 2003. There has been little change in the percentage for the three years ended December 31, 2003.

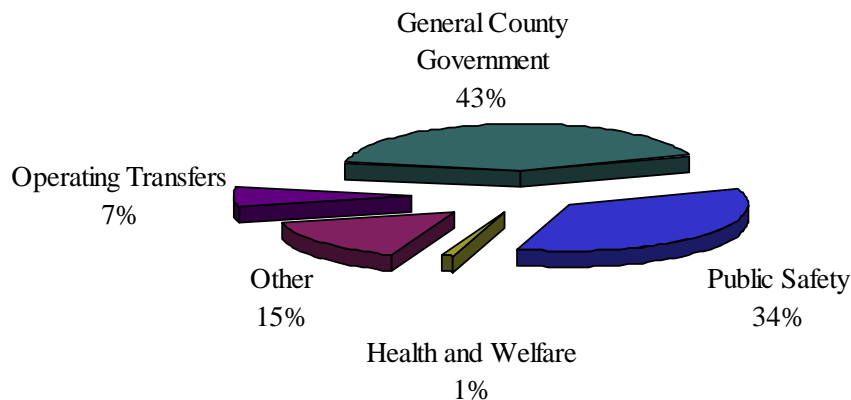
Special Road and Bridge Fund Percentage Composition of Receipts - 2003



Breakdown of disbursements

General County Government represents the main disbursement category for most counties' General Revenue Fund. For counties having a law enforcement sales tax, public safety disbursements may be paid from a law enforcement sales tax fund rather than from the General Revenue Fund. The majority of the counties do not have health and welfare disbursements from the General Revenue Fund. Those with significant disbursements in this category generally do not have a county health center board. Schedule 4 presents the composition of disbursements by function from the General Revenue Fund for each county. The following chart depicts the average disbursement amounts as a percentage of the total of the General Revenue Fund for all 3rd class counties for 2003. There has been little change in the percentages for the three years ended December 31, 2003.

General Revenue Fund Percentage Composition of Disbursements - 2003



In addition to the law enforcement sales tax funds mentioned above, many counties also have capital improvement sales tax funds and/or road and bridge sales tax funds. The availability and use of these monies may impact the disbursements of the General Revenue Fund and Special Road and Bridge Fund, and how these funds are utilized.

Schedules 3-A, 3-B, and 4 show that the "Other" receipts and disbursements categories are becoming more significant in some counties. Various receipt and disbursement classifications are combined for report presentation. Therefore, the noted increases in these categories are not necessarily representative of an increase in the 3rd class counties classifications of "Other" receipts and disbursements. However, when appropriate, counties need to classify receipts and disbursements in more specific and suitable categories.

Sales tax funds

Many counties have significant sales tax receipts. These receipts may be accounted for in a fund specifically established for that purpose or through existing county funds, such as the General Revenue Fund and the Special Road and Bridge Fund. Schedule 5 presents receipts, disbursements, and cash balances information for various sales tax funds established by the counties that are not otherwise presented in the General Revenue and Special Road and Bridge Funds. These funds represent additional sales taxes approved by voters and earmarked for a specific purpose. Without sales taxes, capital improvement projects might have to be canceled, deferred, or funded through other county funds, and the services currently provided by the counties might have to be reduced. Of the 3rd class counties, fifty-three have one or more of these sales tax funds.

The following table categorizes the sales tax funds based on receipts and number of counties with these funds for the three years ended December 31, 2003, as presented in Schedule 5.

Type of Sales Tax Fund	Receipts			Number of Counties		
	2003	2002	2001	2003	2002	2001
Capital Improvement	\$ 13,224,755	13,380,668	12,933,818	25	26	25
Law Enforcement	39,726,935	36,547,723	33,389,018	38	36	34
Road and Bridge	9,007,075	8,465,657	7,528,228	12	12	12
Total	\$ 61,958,765	58,394,048	53,851,064	75	74	71

While the majority of the receipts to these funds are sales tax monies, intergovernmental reimbursements, interest income, and other miscellaneous receipts are also included. A review of data for the last several years shows that the overall level of activity of receipts in these types of funds has increased.

Common audit findings

The most common problems reported in county audit reports were determined. The following list of frequent county findings was compiled utilizing the most recent audits of the eighty-nine 3rd class counties. Some of the areas listed are not applicable to all counties and various parts of the findings may not have been present in all examples noted.

- Reporting of federal grant expenditures

County-prepared schedules of expenditures of federal awards (SEFA) did not include all federal programs and/or included inaccurate expenditure information for some federal programs presented.

- Budgetary practices and financial statements

Budgets were not obtained and/or prepared for some county funds. Many budgets were inaccurate or incomplete, budget amendments were not always prepared when actual

disbursements exceeded budgeted amounts, and in some cases, receipts and disbursements were not reasonably estimated. In addition, county published financial statements frequently did not include information for some county funds.

- Bidding Procedures

Counties did not always bid purchases in accordance with state law or solicit proposals for professional services. In addition, many counties did not adequately document their actions or decisions when obtaining bids or soliciting proposals.

- Payroll controls and procedures

Counties frequently did not maintain adequate records to support overtime payments and/or compensatory time balances. Many did not monitor vacation and sick leave earned and taken. Time sheets were not always prepared and time sheets prepared were sometimes inadequate and not signed by a supervisor.

- County property controls and records

Counties frequently had inadequate written policies or did not maintain adequate property records, reconcile fixed asset additions and deletions to property records, or affix property tags to all county property. In addition, required physical inventories and inspections were not always performed by various county officials.

In addition to these findings, other significant county findings included declining financial condition, inadequate or incomplete County Commission minutes, and concerns relating to the administration of various federal awards.

We also noted concerns related to county elected officials that handle funds other than those reported on in this report. These findings included poor receipting, depositing, and reconciliation procedures, as well as a lack of segregation of duties.

OBJECTIVE, SCOPE, AND METHODOLOGY

MISSOURI 3RD CLASS COUNTIES OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

The objectives of this report were to 1) compile various financial information of all 3rd class counties into comparative schedules; 2) assess county data in relation to all 3rd class counties and identify significant trends or changes; and 3) identify the most common problems reported in audits of 3rd class counties.

Scope

This report is titled "Missouri 3rd Class Counties" because the eighty-nine counties for which information is presented are counties of the 3rd class.

Several documents were used in compiling the information included in this report.

- A recent audit report for each county was used to obtain audited data and findings. Some counties had been audited through 2002, whereas other counties had only been audited through 2001.
- The 2004 county budgets contain information for 2003 and were used in compiling unaudited actual receipts and disbursements information for all counties for the year 2003. The unaudited actual receipts and disbursements information for 2002 was obtained from the 2003 county budgets.

Methodology

Receipts, disbursements, and cash balance information for each county's General Revenue Fund and Special Road and Bridge Fund was compiled for 2003, 2002, and 2001. This information was placed in various schedules, tables, and charts for report presentation and analyzed for significant trends or changes, similarities and/or differences between counties, and the financial conditions of the counties. The compilation of the financial data is presented in Schedules 1-A, 1-B, 2-A, 2-B, 3-A, 3-B, and 4. Various disbursement functions presented in Schedule 4 were combined so that disbursements are presented in five broader categories for Executive Summary purposes. These consist of General County Government, Public Safety, Health and Welfare, Other, and Operating Transfers. In addition to the above mentioned schedules, various tables, charts, and comments regarding the General Revenue and Special Road and Bridge Funds are presented in the Executive Summary.

State laws provide for several different types of special-purpose sales taxes that may be imposed by county commissioners with approval by the majority of county voters. Schedule 5 presents receipts, disbursements, and cash balances for various county sales tax funds for 2003, 2002, and 2001. The funds presented consist of additional sales taxes approved by voters, pursuant to Sections 67.547, 67.582, and 67.700-67.727, RSMo, which are not placed in the county's General Revenue or Special Road and Bridge Funds. These sales taxes are earmarked for a

specific purpose, including capital improvements, law enforcement, and road and bridge work. Some counties have more than one of these additional funds, in which case, the amounts have been presented separately for presentation purposes.

The most recently issued audit reports of all the 3rd class counties were reviewed. The most common audit findings were determined and are presented in the Executive Summary.

Limitations

When analyzing the schedules and other data in this report, it is important to remember that audited and unaudited information has been used. When actual audit reports are issued for the years shown as unaudited, some differences may result. The presentation of a combination of audited and unaudited amounts results in some comparison problems. For example, a comparison of General Revenue Fund 2001 unaudited receipts to 2001 audited receipts shows a net difference of only about \$ 584,000 or about .2 % of total 2001 receipts.

Funding sources (such as property tax levies, sales taxes, and state or federal grants) also vary between counties and can impact the analysis of the data.

Counties' accounting and financial reporting procedures differ. For example, some counties may account for special-purpose sales tax monies in separate funds; whereas, other counties may account for these monies as a part of the General Revenue or Special Road and Bridge Funds. Likewise, some monies available for general purposes may be kept in separate funds by some counties, while other counties account for such monies as a part of the General Revenue Fund. In addition, some counties may classify disbursements as one type of function whereas other counties may classify the same disbursements as another type of function.

Differences in classifying receipts and disbursements often exist between budget documents prepared by county officials and audit reports issued by the State Auditor's office and independent certified public accountants. Audit adjustments are sometimes made to receipts, disbursements, and cash balances presented on the various budgets to correct errors and reconciliation problems noted.

The manner in which receipts, disbursements, and audit findings are classified or reported may differ between audit reports issued by the State Auditor's office and those issued by independent certified public accountants. The table below lists those counties that were audited by independent certified public accountants during 2003 and 2002, and the years those audits encompassed.

Two Years Ended December 31, 2002			Two Years Ended December 31, 2001		
Barry	Laclede	Randolph	Barton	Gentry	Oregon
Cooper	Lewis	St. Clair	Bates	Knox	Pike
Crawford	Maries	Ste. Genevieve	Benton	Linn	Polk
Dade	Mercer	Scotland	Bollinger	Livingston	Shelby
Dallas	Moniteau	Stoddard	Caldwell	Macon	Vernon
Daviess	Morgan	Texas	Carter	McDonald	Wayne
Howell	Perry	Webster	Cedar	Mississippi	Wright
			Chariton	Montgomery	

Counties do not always prepare budgets for various funds as required by law. If this occurs, unaudited data obtained from county budget documents will not be presented.

Christian County was included in the prior report on Missouri 3rd class counties. This county has since changed classifications and is no longer a 3rd class county; therefore, it will not be included in our current review of Missouri 3rd class counties.

Additionally, the structure and organization of the counties will cause some differences when comparing county information. Twenty-two of the 3rd class counties have a township form of government. These counties are as follows:

Barton	Daviess	Henry	Stoddard
Bates	DeKalb	Linn	Sullivan
Caldwell	Dunklin	Livingston	Texas
Carroll	Gentry	Mercer	Vernon
Chariton	Grundy	Nodaway	
Dade	Harrison	Putnam	

SCHEDULES

MISSOURI 3RD CLASS COUNTIES
TOTAL RECEIPTS, DISBURSEMENTS, AND CASH BALANCES
GENERAL REVENUE FUND

County	December 31,								
	2003			2002			2001		
	Receipts	Disbursements	Cash Balance	Receipts	Disbursements	Cash Balance	Receipts	Disbursements	Cash Balance
Adair	\$ 2,552,892	* 2,503,784	* 737,080	* 2,002,546	* 1,662,781	* 687,972	* 1,853,332	1,745,765	348,207
Andrew	2,114,231	* 1,963,011	* 1,485,171	* 1,409,116	* 1,394,861	* 1,333,951	* 1,161,186	1,153,863	1,319,696
Atchison	958,281	* 1,035,087	* 306,509	* 1,173,135	* 1,046,354	* 383,315	* 995,896	978,380	256,534
Audrain	2,540,200	* 2,478,485	* 1,650,029	* 2,632,851	* 2,438,006	* 1,588,313	* 2,427,285	2,403,971	1,393,468
Barry	2,886,694	* 3,127,188	* 574,161	* 2,732,555	4,445,235	814,655	2,708,520	2,422,368	2,527,335
Barton	839,139	* 783,232	* 315,625	* 764,508	* 789,200	* 259,718	* 750,420	773,308	284,409
Bates	715,749	* 746,609	* 491,988	* 832,795	* 707,704	* 522,848	* 715,749	746,609	397,757
Benton	1,729,013	* 1,809,430	* 181,857	* 1,663,228	* 1,724,395	* 262,273	* 1,636,833	1,567,010	323,440
Bollinger	1,268,351	* 1,253,681	* 34,697	* 1,176,293	* 1,165,220	* 20,027	* 1,045,453	1,056,270	8,954
Butler	4,924,504	* 4,486,226	* 919,790	* 4,741,994	4,911,311	481,512	4,381,953	4,584,113	650,829
Caldwell	939,187	* 835,408	* 59,511	* 871,882	* 850,763	* (44,268)	* 942,785	906,852	(65,388)
Carroll	1,325,867	* 1,138,263	* 555,730	* 1,199,442	1,148,179	368,127	1,176,293	1,134,015	316,864
Carter	748,739	* 684,043	* 234,079	* 634,881	* 628,954	* 169,383	* 629,782	586,813	163,456
Cedar	1,100,307	* 989,816	* 289,847	* 917,958	* 857,913	* 179,356	* 1,036,939	1,309,665	119,310
Chariton	1,188,611	* 1,187,577	* 37,824	* 1,219,727	* 1,183,027	* 36,790	* 1,100,179	1,156,630	91
Clark	946,191	* 944,160	* 2,268	* 1,004,039	1,004,084	236	869,194	904,808	281
Clinton	1,903,933	* 1,925,765	* 0	* 1,747,174	* 1,816,125	* 21,832	* 1,759,331	1,720,064	90,782
Cooper	1,885,828	* 1,977,519	* 1,477,691	* 1,894,279	1,945,177	1,569,382	1,785,349	1,652,123	1,620,280
Crawford	2,319,735	* 2,297,874	* 51,975	* 2,360,315	2,387,686	30,114	2,288,133	2,269,367	57,485
Dade	614,080	* 525,915	* 438,875	* 605,542	631,975	350,710	564,306	553,630	377,143
Dallas	1,004,559	* 1,036,567	* 188,047	* 1,021,896	1,027,990	220,056	1,070,397	1,095,743	226,150
Daviess	907,672	* 680,226	* 1,043,443	* 782,340	619,091	815,997	693,441	739,154	652,748
DeKalb	1,096,760	* 1,053,986	* 45,509	* 1,087,734	* 1,102,366	* 2,735	* 1,178,974	1,233,947	17,367
Dent	1,226,945	* 1,297,140	* 540,249	* 1,184,257	* 1,131,541	* 610,444	* 1,178,744	1,123,829	557,728
Douglas	1,481,153	* 1,501,953	* 199,957	* 1,336,042	* 1,507,196	* 220,757	* 1,272,073	1,285,387	391,911
Dunklin	2,901,967	* 3,712,876	* 1,670,312	* 2,921,393	2,634,370	2,481,221	2,662,491	2,467,040	2,194,198
Gasconade	1,699,571	* 1,671,191	* 518,096	* 1,617,134	* 1,759,775	* 489,716	* 1,527,907	1,439,961	632,357
Gentry	1,019,081	* 1,046,256	* 24,112	* 1,190,072	* 1,168,557	* 51,287	* 930,812	1,048,902	29,772
Grundy	869,452	* 1,065,098	* 16,598	* 852,631	1,066,274	212,244	925,804	1,063,513	425,887
Harrison	765,124	* 738,863	* 112,547	* 909,146	923,100	86,286	1,000,433	956,273	100,240
Henry	2,230,806	* 2,414,850	* 186,184	* 2,284,845	2,226,460	370,227	2,122,116	2,213,207	311,842
Hickory	1,238,324	* 1,131,946	* 486,022	* 1,158,387	* 1,092,447	* 379,644	* 1,156,929	1,030,652	313,704
Holt	1,088,084	* 1,037,597	* 354,789	* 1,077,320	1,021,985	304,302	1,031,278	923,276	248,967
Howard	1,009,164	* 937,470	* 153,823	* 911,201	1,022,737	82,129	809,242	1,004,265	193,665
Howell	2,788,866	* 2,902,007	* 319,764	* 2,830,523	2,849,641	432,904	2,788,725	2,664,917	452,022
Iron	1,340,897	* 1,389,439	* 270,377	* 1,199,261	* 1,341,253	* 318,919	* 1,350,757	1,265,496	460,910
Knox	590,440	* 583,269	* 166,885	* 556,985	* 563,883	* 159,715	* 586,129	478,515	166,613
Laclede	3,527,524	* 3,602,492	* 772,465	* 3,416,944	3,405,809	847,433	3,227,054	3,356,987	836,298
Lawrence	3,238,181	* 3,337,967	* 547,532	* 3,052,345	3,148,874	647,317	2,923,573	2,818,073	743,846
Lewis	1,381,647	* 1,523,096	* 225,540	* 1,302,739	1,274,371	366,989	1,257,784	1,120,326	338,621
Lincoln	3,930,654	* 3,571,268	* 2,698,229	* 3,672,383	* 3,123,878	* 2,338,844	* 3,532,316	2,740,566	1,790,339
Linn	1,175,445	* 1,218,157	* 356,144	* 1,132,339	* 1,223,627	* 398,856	* 1,211,258	1,187,397	490,143
Livingston	1,483,135	* 1,531,665	* 170,416	* 1,465,238	* 1,468,688	* 218,946	* 1,535,685	1,591,031	222,396
Macon	\$ 1,528,052	* 1,555,224	* 125,981	* 1,528,216	* 1,551,075	* 153,152	* 1,415,630	1,453,960	176,011

* Unaudited (see Objective, Scope and Methodology section)

Schedule 1-A

MISSOURI 3RD CLASS COUNTIES
TOTAL RECEIPTS, DISBURSEMENTS, AND CASH BALANCES
GENERAL REVENUE FUND

County	December 31,								
	2003			2002			2001		
	Receipts	Disbursements	Cash Balance	Receipts	Disbursements	Cash Balance	Receipts	Disbursements	Cash Balance
Madison	\$ 1,118,802 *	1,025,434 *	109,460 *	1,192,932	1,211,137	16,091	1,127,946	1,108,965	34,296
Maries	1,049,950 *	964,747 *	154,162 *	1,145,863	1,087,165	68,959	1,008,153	1,080,281	10,261
Marion	3,916,684 *	4,089,325 *	246,324 *	3,578,679	3,351,598	418,965	2,996,108	3,472,870	191,884
McDonald	1,393,546 *	939,133 *	562,241 *	1,655,832 *	1,708,551 *	107,828 *	1,692,698	1,661,618	160,547
Mercer	622,050 *	652,071 *	35,622 *	593,356	656,993	65,643	701,201	706,995	129,280
Miller	2,460,419 *	2,235,106 *	395,855 *	2,416,170 *	3,171,029 *	170,542 *	2,347,426	1,942,905	925,401
Mississippi	1,646,716 *	1,649,559 *	686,177 *	1,807,062 *	1,680,808 *	689,019 *	1,860,406	1,974,931	562,765
Moniteau	1,480,867 *	1,506,691 *	4,222 *	1,266,109	1,237,420	30,046	1,130,466	1,171,331	1,357
Monroe	1,417,859 *	1,359,769 *	178,974 *	1,348,445 *	1,397,991 *	120,884 *	1,226,639	1,209,472	170,430
Montgomery	2,508,992 *	2,415,425 *	254,211 *	2,244,717 *	2,106,937 *	160,644 *	1,880,183	1,860,099	22,863
Morgan	2,154,364 *	2,070,780 *	832,470 *	1,814,927	1,923,429	748,887	1,772,106	1,951,833	857,389
Nodaway	2,386,297 *	2,134,097 *	3,378,953 *	2,560,230	2,125,889	3,126,753	2,489,252	1,974,151	2,692,412
Oregon	1,125,659 *	1,105,709 *	702,398 *	1,125,283 *	1,087,142 *	682,447 *	1,082,879	1,039,795	644,307
Osage	1,084,031 *	987,770 *	215,984 *	983,727 *	952,209 *	119,723 *	938,937	1,006,405	88,205
Ozark	983,595 *	1,011,550 *	240,339 *	947,189 *	921,928 *	268,293 *	1,261,220	1,079,953	243,033
Pemiscot	3,179,515 *	3,184,598 *	1,439 *	2,938,604	2,982,518	6,522	2,084,654	2,238,377	50,436
Perry	2,378,387 *	2,275,222 *	638,276 *	2,175,333	2,091,251	535,110	2,068,629	2,134,464	451,028
Phelps	4,092,679 *	4,257,815 *	442,069 *	4,170,113	4,232,501	607,205	3,989,351	3,722,312	669,593
Pike	1,650,237 *	1,603,725 *	569,443 *	1,510,834 *	1,363,530 *	522,931 *	2,482,919	2,396,199	375,628
Polk	1,193,747 *	1,200,534 *	1,129,175 *	1,355,195 *	1,184,487 *	1,135,963 *	1,108,886	1,039,729	965,255
Pulaski	2,798,323 *	2,823,337 *	207,423 *	2,698,414	2,529,236	232,437	2,441,214	2,710,631	63,259
Putnam	588,102 *	588,653 *	45,595 *	816,365	862,393	46,146	537,482	514,149	92,174
Ralls	1,390,538 *	1,373,747 *	136,947 *	1,377,973	1,371,066	120,156	1,258,191	1,241,314	113,249
Randolph	2,763,026 *	2,869,679 *	(481,413) *	2,811,457	3,051,529	(374,760)	2,787,434	2,777,486	(134,688)
Ray	2,526,797 *	2,445,169 *	233,066 *	2,810,970	2,702,260	151,438	2,246,324	2,248,229	42,728
Reynolds	1,041,755 *	897,856 *	296,546 *	871,339 *	835,248 *	152,646 *	770,104	733,603	116,555
Ripley	614,924 *	551,110 *	499,347 *	550,221	532,853	435,533	555,309	509,346	418,165
St. Clair	3,597,525 *	3,246,335 *	1,080,756 *	3,294,661	2,788,301	729,566	2,786,326	2,678,090	223,206
Ste. Genevieve	3,778,871 *	3,842,561 *	180,923 *	3,584,688	3,884,412	244,612	3,440,462	3,720,575	544,336
Schuyler	335,650 *	350,440 *	171,515 *	343,050	357,443	186,304	325,613	368,407	200,697
Scotland	617,330 *	720,936 *	221,475 *	679,844	679,346	325,080	763,660	692,327	324,582
Scott	3,497,930 *	3,417,369 *	1,240,366 *	3,370,262 *	3,096,798 *	1,159,805 *	3,416,516	2,681,469	886,341
Shannon	842,158 *	798,458 *	6,260 *	854,196 *	852,997 *	(37,440) *	741,821	823,706	(38,638)
Shelby	916,303 *	981,942 *	259,721 *	995,712 *	896,298 *	325,359 *	861,339	863,522	225,945
Stoddard	3,383,373 *	2,693,125 *	1,538,516 *	2,529,389	2,377,048	848,268	2,370,746	2,577,367	695,927
Stone	6,198,584 *	6,232,739 *	1,253,590 *	5,675,036	5,404,509	1,287,745	4,412,626	4,405,940	1,017,218
Sullivan	958,866 *	933,763 *	78,780 *	926,674	946,889	53,677	915,206	1,013,942	73,892
Texas	1,339,343 *	1,389,678 *	267,837 *	1,343,316	1,226,298	318,173	1,123,153	1,340,069	201,155
Vernon	1,940,460 *	2,056,342 *	219,869 *	1,887,133 *	2,007,308 *	335,751 *	1,820,505	1,799,561	455,926
Warren	2,535,412 *	2,219,559 *	1,995,190 *	2,455,170	2,293,881	1,679,337	2,284,501	2,091,927	1,518,048
Washington	2,829,091 *	2,752,129 *	63,671 *	2,089,273 *	2,176,713 *	(13,291) *	2,217,272	2,211,352	74,149
Wayne	1,610,403 *	1,570,575 *	133,387 *	1,428,597 *	1,435,495 *	93,559 *	1,393,401	1,280,362	100,457
Webster	2,416,011 *	2,527,897 *	300,611 *	2,338,861	2,173,464	412,497	1,972,177	2,263,651	247,100
Worth	445,845 *	445,845 *	(127,125) *	303,598 *	431,048 *	(127,125) *	439,059	439,213	325
Wright	1,302,847 *	1,414,658 *	336,234 *	1,341,108 *	1,333,649 *	448,045 *	1,287,941	1,274,847	440,586
Average	\$ 1,810,549	1,787,041	471,625	1,733,523	1,727,134	448,116	1,636,370	1,617,548	441,727

* Unaudited (see Objective, Scope and Methodology section)

Schedule 1-B

MISSOURI 3RD CLASS COUNTIES
TOTAL RECEIPTS, DISBURSEMENTS, AND CASH BALANCES
SPECIAL ROAD AND BRIDGE FUND

County	December 31,								
	2003			2002			2001		
	Receipts	Disbursements	Cash Balance	Receipts	Disbursements	Cash Balance	Receipts	Disbursements	Cash Balance
Adair	\$ 1,763,821	* 1,953,439	* 536,419	* 1,486,517	* 1,247,756	* 726,037	* 1,534,512	1,294,769	487,276
Andrew	2,177,823	* 2,276,518	* 626,217	* 1,950,035	* 1,969,281	* 724,912	* 2,162,020	1,845,893	744,158
Atchison	930,353	* 1,049,730	* 214,747	* 1,261,717	* 952,773	* 334,124	* 1,256,238	1,336,991	25,180
Audrain	1,884,888	* 1,978,775	* 798,180	* 1,949,033	* 1,786,611	* 892,067	* 1,984,008	1,788,954	729,645
Barry	579,734	* 646,775	* 86,728	* 514,176	* 578,651	* 153,769	* 246,362	247,168	218,244
Barton	1,090,158	* 1,018,912	* 915,985	* 729,730	* 610,624	* 844,740	* 699,034	495,343	725,633
Bates	1,262,250	* 1,528,090	* 337,492	* 1,150,372	* 998,947	* 603,332	* 1,552,843	1,509,698	451,907
Benton	1,320,280	* 1,216,442	* 736,477	* 1,413,933	* 1,483,982	* 632,639	* 1,266,175	1,529,184	702,688
Bollinger	2,268,534	* 1,936,593	* 460,308	* 1,199,355	* 1,262,217	* 128,367	* 967,229	883,989	191,229
Butler	2,387,054	* 2,439,031	* 280,410	* 3,102,147	* 2,919,103	* 332,387	* 2,299,088	2,436,754	149,343
Caldwell	1,125,119	* 1,082,664	* 431,675	* 947,251	* 820,520	* 389,219	* 1,125,639	995,132	262,488
Carroll	1,789,061	* 1,872,979	* 374,934	* 2,092,208	* 2,444,184	* 458,851	* 1,756,048	1,643,459	810,827
Carter	772,709	* 878,975	* 242,238	* 908,099	* 651,664	* 348,504	* 410,925	454,610	92,068
Cedar	868,899	* 943,561	* 163,051	* 777,664	* 711,470	* 237,713	* 610,724	616,813	171,519
Chariton	1,226,760	* 1,179,639	* 476,237	* 1,106,921	* 1,239,408	* 429,116	* 807,495	955,267	561,603
Clark	1,373,918	* 1,282,290	* 208,099	* 1,683,275	* 1,648,489	* 116,472	* 1,071,263	1,062,694	81,686
Clinton	1,446,803	* 1,456,640	* 0	* 1,393,772	* 1,400,587	* 9,837	* 1,392,749	1,463,619	16,652
Cooper	1,154,943	* 1,254,552	* 232,594	* 1,141,220	* 1,184,408	* 332,204	* 1,082,812	1,148,035	375,392
Crawford	2,835,858	* 2,348,500	* 950,886	* 2,342,354	* 2,958,336	* 463,528	* 1,977,684	2,209,042	1,079,510
Dade	669,537	* 703,005	* 245,756	* 1,460,431	* 1,479,210	* 279,224	* 869,061	768,863	298,003
Dallas	1,780,195	* 1,672,731	* 191,264	* 1,933,282	* 1,914,485	* 83,800	* 962,669	1,041,333	65,003
Daviess	896,021	* 1,006,056	* 640,707	* 1,163,126	* 1,139,528	* 750,742	* 902,272	1,138,591	727,144
DeKalb	1,070,367	* 1,060,752	* 221,559	* 817,249	* 1,292,331	* 211,944	* 853,719	889,001	687,026
Dent	931,654	* 1,003,303	* 82,496	* 1,138,387	* 1,145,144	* 154,145	* 997,916	995,114	160,902
Douglas	1,264,873	* 1,253,486	* 131,820	* 1,031,320	* 958,401	* 120,433	* 910,522	936,044	47,515
Dunklin	934,087	* 959,975	* 902,636	* 927,584	* 909,096	* 928,524	* 895,087	890,034	910,036
Gasconade	1,769,193	* 1,622,069	* 913,470	* 1,555,701	* 1,643,061	* 766,346	* 1,806,244	1,744,591	853,706
Gentry	870,286	* 796,465	* 119,507	* 1,052,809	* 996,687	* 45,687	* 857,258	875,292	(10,436)
Grundy	832,186	* 752,666	* 352,634	* 947,392	* 937,230	* 273,114	* 807,868	761,509	262,952
Harrison	1,430,983	* 1,905,271	* 1,310,567	* 1,544,549	* 1,844,215	* 1,784,855	* 1,452,465	1,433,722	2,084,521
Henry	980,863	* 918,724	* 823,914	* 1,308,407	* 1,165,522	* 761,775	* 1,884,864	2,167,662	618,890
Hickory	677,011	* 684,525	* 149,213	* 665,642	* 619,510	* 156,727	* 679,993	613,024	110,595
Holt	1,505,254	* 1,505,885	* 292,595	* 1,648,996	* 1,501,916	* 293,226	* 1,787,739	1,846,680	146,146
Howard	1,057,098	* 1,171,412	* 431,672	* 1,221,860	* 986,512	* 545,986	* 1,072,228	1,033,120	310,638
Howell	1,629,339	* 1,918,222	* 54,598	* 2,166,469	* 1,895,660	* 343,480	* 1,430,808	1,519,666	72,672
Iron	1,080,655	* 1,124,046	* 449,128	* 1,101,299	* 912,576	* 492,518	* 907,957	1,025,451	303,794
Knox	1,501,934	* 1,515,692	* 501,063	* 1,267,609	* 1,136,735	* 514,820	* 1,700,935	1,668,985	383,946
Laclede	1,238,191	* 1,227,327	* 63,625	* 1,278,700	* 1,240,179	* 52,761	* 1,677,766	1,792,957	14,240
Lawrence	2,266,917	* 2,337,563	* 196,850	* 2,240,674	* 2,234,050	* 267,497	* 2,563,743	2,526,208	260,873
Lewis	842,779	* 796,772	* 71,775	* 879,634	* 867,365	* 25,768	* 733,745	753,918	13,499
Lincoln	4,174,170	* 4,040,782	* 1,364,707	* 4,387,162	* 3,840,444	* 1,231,320	* 3,938,012	3,866,990	684,602
Linn	1,641,683	* 1,712,064	* 852,419	* 1,544,872	* 1,364,390	* 922,800	* 2,060,274	1,577,154	742,318
Livingston	1,184,946	* 1,053,885	* 560,345	* 915,239	* 715,473	* 429,284	* 1,151,789	1,166,793	229,518
Macon	\$ 1,397,908	* 1,574,648	* 150,557	* 1,462,915	* 1,440,290	* 327,296	* 1,453,988	1,312,127	304,672

* Unaudited (see Objective, Scope and Methodology section)

MISSOURI 3RD CLASS COUNTIES
TOTAL RECEIPTS, DISBURSEMENTS, AND CASH BALANCES
SPECIAL ROAD AND BRIDGE FUND

County	December 31,								
	2003			2002			2001		
	Receipts	Disbursements	Cash Balance	Receipts	Disbursements	Cash Balance	Receipts	Disbursements	Cash Balance
Madison	\$ 1,053,375 *	1,068,016 *	26,623 *	1,383,176	1,397,185	41,265	606,235	571,233	55,274
Maries	797,342 *	778,506 *	109,400 *	1,067,750	1,030,008	90,564	741,153	730,366	52,822
Marion	1,487,089 *	1,516,985 *	105,941 *	1,492,226	1,409,683	135,837	1,321,599	1,374,877	53,294
McDonald	2,083,403 *	1,976,331 *	733,768 *	2,543,031 *	2,277,880 *	626,696 *	1,443,673	1,432,792	361,545
Mercer	969,130 *	973,928 *	163,559 *	913,106	765,356	168,357	721,155	840,380	20,607
Miller	1,446,113 *	1,090,679 *	440,811 *	1,787,480 *	1,732,944 *	85,377 *	1,088,321	1,319,315	30,841
Mississippi	899,890 *	910,027 *	132,393 *	918,469 *	934,738 *	142,530 *	861,392	902,233	158,799
Moniteau	923,708 *	923,915 *	164,263 *	896,727	880,018	164,470	923,789	839,419	147,761
Monroe	1,118,995 *	1,036,503 *	451,279 *	1,331,569 *	1,283,073 *	368,787 *	1,216,279	1,107,055	320,291
Montgomery	1,527,359 *	953,173 *	1,541,474 *	1,307,163 *	806,362 *	967,288 *	1,254,147	1,011,187	466,487
Morgan	1,601,999 *	1,649,743 *	767,655 *	1,713,648	1,666,723	815,399	1,471,148	1,678,050	768,474
Nodaway	2,717,810 *	2,397,139 *	909,597 *	2,237,197	2,896,540	588,926	2,047,779	2,296,232	1,248,269
Oregon	715,824 *	764,601 *	593,130 *	773,991 *	710,905 *	641,907 *	711,420	638,026	578,821
Osage	1,020,077 *	1,011,649 *	87,463 *	869,581 *	951,971 *	79,034 *	1,062,664	1,020,719	161,424
Ozark	1,477,253 *	1,509,348 *	250,940 *	1,211,348 *	1,019,900 *	283,035 *	967,233	925,239	91,587
Pemiscot	1,627,404 *	1,576,528 *	153,023 *	1,076,593	1,124,617	102,148	1,107,150	1,069,154	150,172
Perry	1,330,565 *	1,387,080 *	421,947 *	1,545,382	1,150,659	478,462	1,464,021	1,763,941	83,739
Phelps	2,503,631 *	2,499,413 *	4,861 *	2,354,003	2,354,197	643	2,656,392	2,656,301	837
Pike	2,079,461 *	1,951,226 *	361,010 *	1,793,406 *	1,856,696 *	232,776 *	1,935,269	1,914,413	296,066
Polk	2,426,466 *	2,443,050 *	88,063 *	2,259,488 *	2,162,941 *	104,647 *	2,720,870	2,736,362	8,100
Pulaski	1,159,478 *	1,510,377 *	31,181 *	1,520,114	1,204,048	382,080	1,034,659	1,044,568	66,014
Putnam	1,357,441 *	1,359,822 *	138,631 *	566,558	602,366	141,012	599,340	625,383	176,820
Ralls	1,494,014 *	1,342,545 *	277,050 *	1,671,153	1,708,717	125,582	1,172,646	1,174,740	163,146
Randolph	1,730,468 *	1,631,008 *	845,724 *	1,656,811	1,828,284	746,264	1,870,242	2,151,275	917,737
Ray	1,173,731 *	1,253,210 *	306,779 *	1,384,395	1,113,641	386,259	1,338,006	1,256,671	115,505
Reynolds	2,059,704 *	2,512,260 *	165,999 *	1,828,428 *	1,380,125 *	618,555 *	1,016,267	986,243	170,252
Ripley	446,162 *	496,845 *	48,823 *	489,306	520,511	99,506	426,577	430,052	130,711
St. Clair	940,301 *	946,505 *	241,278 *	946,035	960,354	247,482	914,519	936,098	261,801
Ste. Genevieve	1,380,254 *	1,426,939 *	1,578,468 *	1,270,811	1,197,985	1,625,153	1,242,939	1,219,610	1,552,327
Schuyler	813,455 *	770,471 *	270,926 *	1,122,935	1,054,278	227,942	574,779	678,804	159,285
Scotland	857,665 *	948,380 *	54,414 *	924,018	892,484	145,129	1,021,326	1,074,246	113,595
Scott	1,228,374 *	1,198,471 *	426,619 *	1,264,449 *	1,169,045 *	396,717 *	1,058,390	962,493	301,312
Shannon	1,116,729 *	1,065,315 *	2,080,105 *	1,914,321 *	892,015 *	2,028,691 *	856,670	819,033	1,006,385
Shelby	1,050,296 *	1,056,503 *	362,131 *	1,061,266 *	946,445 *	368,338 *	1,261,628	1,176,477	253,517
Stoddard	1,691,377 *	1,613,596 *	1,223,738 *	1,496,032	1,508,958	1,145,957	1,313,632	1,331,399	1,158,883
Stone	4,390,352 *	4,234,721 *	783,831 *	4,297,642	4,026,435	628,200	4,183,526	4,425,629	356,993
Sullivan	920,126 *	1,063,658 *	122,406 *	821,911	877,217	265,939	1,043,408	1,067,430	321,245
Texas	963,379 *	960,977 *	143,313 *	1,378,080	1,378,599	140,911	955,912	943,498	141,431
Vernon	1,200,994 *	1,045,084 *	653,486 *	1,875,981 *	1,661,069 *	497,576 *	1,107,170	1,120,506	282,663
Warren	1,433,983 *	1,325,364 *	680,121 *	1,344,326	1,300,754	571,501	1,315,734	1,508,550	527,929
Washington	1,886,249 *	1,905,773 *	149,680 *	2,031,509 *	1,958,152 *	169,204 *	1,788,431	1,870,992	95,847
Wayne	1,467,429 *	1,472,491 *	151,021 *	1,902,342 *	1,881,006 *	156,083 *	1,122,083	1,097,806	134,747
Webster	2,253,029 *	2,385,933 *	241,031 *	2,753,836	2,605,662	373,935	1,546,273	1,511,467	225,761
Worth	624,145 *	647,322 *	65,456 *	752,858 *	708,884 *	88,633 *	226,830	218,296	44,659
Wright	1,496,589 *	1,350,534 *	292,412 *	1,402,181 *	1,428,109 *	146,358 *	1,189,425	1,254,523	172,285
Average	\$ 1,425,053	1,422,510	426,847	1,460,267	1,396,253	424,304	1,292,852	1,303,094	360,291

* Unaudited (see Objective, Scope and Methodology section)

Schedule 2-A

MISSOURI 3RD CLASS COUNTIES
 RATIO OF CASH BALANCE TO DISBURSEMENTS
 GENERAL REVENUE FUND

County	Year Ended December 31,		
	2003	2002	2001
Adair	.29 *	.23 *	.20
Andrew	.76 *	.96 *	1.14
Atchison	.30 *	.37 *	.26
Audrain	.67 *	.65 *	.58
Barry	.18 *	.18	1.04
Barton	.40 *	.33 *	.37
Bates	.66 *	.74 *	.53
Benton	.10 *	.15 *	.21
Bollinger	.03 *	.02 *	.01
Butler	.21 *	.10	.14
Caldwell	.07 *	(.05) *	(.07)
Carroll	.49 *	.32	.28
Carter	.34 *	.27 *	.28
Cedar	.29 *	.21 *	.09
Chariton	.03 *	.03 *	.00
Clark	.00 *	.00	.00
Clinton	.00 *	.01 *	.05
Cooper	.75 *	.81	.98
Crawford	.02 *	.01	.03
Dade	.83 *	.55	.68
Dallas	.18 *	.21	.21
Daviess	1.53 *	1.32	.88
DeKalb	.04 *	.00 *	.01
Dent	.42 *	.54 *	.50
Douglas	.13 *	.15 *	.30
Dunklin	.45 *	.94	.89
Gasconade	.31 *	.28 *	.44
Gentry	.02 *	.04 *	.03
Grundy	.02 *	.20	.40
Harrison	.15 *	.09	.10
Henry	.08 *	.17	.14
Hickory	.43 *	.35 *	.30
Holt	.34 *	.30	.27
Howard	.16 *	.08	.19
Howell	.11 *	.15	.17
Iron	.19 *	.24 *	.36
Knox	.29 *	.28 *	.35
Laclede	.21 *	.25	.25
Lawrence	.16 *	.21	.26
Lewis	.15 *	.29	.30
Lincoln	.76 *	.75 *	.65
Linn	.29 *	.33 *	.41
Livingston	.11 *	.15 *	.14
Macon	.08 *	.10 *	.12

* Unaudited (see Objective, Scope and Methodology section)

Schedule 2-A

MISSOURI 3RD CLASS COUNTIES
 RATIO OF CASH BALANCE TO DISBURSEMENTS
 GENERAL REVENUE FUND

County	Year Ended December 31,		
	2003	2002	2001
Madison	.11 *	.01	.03
Maries	.16 *	.06	.01
Marion	.06 *	.13	.06
McDonald	.60 *	.06 *	.10
Mercer	.05 *	.10	.18
Miller	.18 *	.05 *	.48
Mississippi	.42 *	.41 *	.28
Moniteau	.00 *	.02	.00
Monroe	.13 *	.09 *	.14
Montgomery	.11 *	.08 *	.01
Morgan	.40 *	.39	.44
Nodaway	1.58 *	1.47	1.36
Oregon	.64 *	.63 *	.62
Osage	.22 *	.13 *	.09
Ozark	.24 *	.29 *	.23
Pemiscot	.00 *	.00	.02
Perry	.28 *	.26	.21
Phelps	.10 *	.14	.18
Pike	.36 *	.38 *	.16
Polk	.94 *	.96 *	.93
Pulaski	.07 *	.09	.02
Putnam	.08 *	.05	.18
Ralls	.10 *	.09	.09
Randolph	(.17) *	(.12)	(.05)
Ray	.10 *	.06	.02
Reynolds	.33 *	.18 *	.16
Ripley	.91 *	.82	.82
St. Clair	.33 *	.26	.08
Ste. Genevieve	.05 *	.06	.15
Schuyler	.49 *	.52	.54
Scotland	.31 *	.48	.47
Scott	.36 *	.37 *	.33
Shannon	.01 *	(.04) *	(.05)
Shelby	.26 *	.36 *	.26
Stoddard	.57 *	.36	.27
Stone	.20 *	.24	.23
Sullivan	.08 *	.06	.07
Texas	.19 *	.26	.15
Vernon	.11 *	.17 *	.25
Warren	.90 *	.73	.73
Washington	.02 *	(.01) *	.03
Wayne	.08 *	.07 *	.08
Webster	.12 *	.19	.11
Worth	(.29) *	(.29) *	.00
Wright	.24 *	.34 *	.35
Average	.28	.27	.28

* Unaudited (see Objective, Scope and Methodology section)

Schedule 2-B

MISSOURI 3RD CLASS COUNTIES
 RATIO OF CASH BALANCE TO DISBURSEMENTS
 SPECIAL ROAD AND BRIDGE FUND

County	Year Ended December 31,		
	2003	2002	2001
Adair	.27 *	.58 *	.38
Andrew	.28 *	.37 *	.40
Atchison	.20 *	.35 *	.02
Audrain	.40 *	.50 *	.41
Barry	.13 *	.27	.88
Barton	.90 *	1.38 *	1.46
Bates	.22 *	.60 *	.30
Benton	.61 *	.43 *	.46
Bollinger	.24 *	.10 *	.22
Butler	.11 *	.11	.06
Caldwell	.40 *	.47 *	.26
Carroll	.20 *	.19	.49
Carter	.28 *	.53 *	.20
Cedar	.17 *	.33 *	.28
Chariton	.40 *	.35 *	.59
Clark	.16 *	.07	.08
Clinton	.00 *	.01 *	.01
Cooper	.19 *	.28	.33
Crawford	.40 *	.16	.49
Dade	.35 *	.19	.39
Dallas	.11 *	.04	.06
Daviess	.64 *	.66	.64
DeKalb	.21 *	.16 *	.77
Dent	.08 *	.13 *	.16
Douglas	.11 *	.13 *	.05
Dunklin	.94 *	1.02	1.02
Gasconade	.56 *	.47 *	.49
Gentry	.15 *	.05 *	(.01)
Grundy	.47 *	.29	.35
Harrison	.69 *	.97	1.45
Henry	.90 *	.65	.29
Hickory	.22 *	.25 *	.18
Holt	.19 *	.20	.08
Howard	.37 *	.55	.30
Howell	.03 *	.18	.05
Iron	.40 *	.54 *	.30
Knox	.33 *	.45 *	.23
Laclede	.05 *	.04	.01
Lawrence	.08 *	.12	.10
Lewis	.09 *	.03	.02
Lincoln	.34 *	.32 *	.18
Linn	.50 *	.68 *	.47
Livingston	.53 *	.60 *	.20
Macon	.10 *	.23 *	.23

* Unaudited (see Objective, Scope and Methodology section)

Schedule 2-B

MISSOURI 3RD CLASS COUNTIES
 RATIO OF CASH BALANCE TO DISBURSEMENTS
 SPECIAL ROAD AND BRIDGE FUND

County	Year Ended December 31,		
	2003	2002	2001
Madison	.02 *	.03	.10
Maries	.14 *	.09	.07
Marion	.07 *	.10	.04
McDonald	.37 *	.28 *	.25
Mercer	.17 *	.22	.02
Miller	.40 *	.05 *	.02
Mississippi	.15 *	.15 *	.18
Moniteau	.18 *	.19	.18
Monroe	.44 *	.29 *	.29
Montgomery	1.62 *	1.20 *	.46
Morgan	.47 *	.49	.46
Nodaway	.38 *	.20	.54
Oregon	.78 *	.90 *	.91
Osage	.09 *	.08 *	.16
Ozark	.17 *	.28 *	.10
Pemiscot	.10 *	.09	.14
Perry	.30 *	.42	.05
Phelps	.00 *	.00	.00
Pike	.19 *	.13 *	.15
Polk	.04 *	.05 *	.00
Pulaski	.02 *	.32	.06
Putnam	.10 *	.23	.28
Ralls	.21 *	.07	.14
Randolph	.52 *	.41	.43
Ray	.24 *	.35	.09
Reynolds	.07 *	.45 *	.17
Ripley	.10 *	.19	.30
St. Clair	.25 *	.26	.28
Ste. Genevieve	1.11 *	1.36	1.27
Schuyler	.35 *	.22	.23
Scotland	.06 *	.16	.11
Scott	.36 *	.34 *	.31
Shannon	1.95 *	2.27 *	1.23
Shelby	.34 *	.39 *	.22
Stoddard	.76 *	.76	.87
Stone	.19 *	.16	.08
Sullivan	.12 *	.30	.30
Texas	.15 *	.10	.15
Vernon	.63 *	.30 *	.25
Warren	.51 *	.44	.35
Washington	.08 *	.09 *	.05
Wayne	.10 *	.08 *	.12
Webster	.10 *	.14	.15
Worth	.10 *	.13 *	.20
Wright	.22 *	.10 *	.14
Average	.32	.35	.31

* Unaudited (see Objective, Scope and Methodology section)

Schedule 3-A

MISSOURI 3RD CLASS COUNTIES
 PERCENTAGE COMPOSITION OF RECEIPTS BY SOURCE
 GENERAL REVENUE FUND

County	Property Taxes			Sales Tax			Intergovernmental			Charges for Services			Interest			Other		
	Year Ended			Year Ended			Year Ended			Year Ended			Year Ended			Year Ended		
	December 31,			December 31,			December 31,			December 31,			December 31,			December 31,		
	2003	2002	2001	2003	2002	2001	2003	2002	2001	2003	2002	2001 *	2003	2002	2001	2003	2002	2001
Adair	0 *	0 *	0	49 *	69 *	70	3 *	10 *	9	15 *	18 *	17	1 *	1 *	1	32 *	2 *	3
Andrew	13 *	23 *	27	22 *	32 *	42	33 *	12 *	0	22 *	24 *	23	1 *	2 *	6	9 *	7 *	2
Atchison	41 *	32 *	37	24 *	18 *	22	1 *	6 *	9	24 *	18 *	18	0 *	1 *	2	10 *	25 *	12
Audrain	19 *	18 *	17	40 *	38 *	42	14 *	17 *	17	24 *	22 *	19	1 *	3 *	2	2 *	2 *	3
Barry	1 *	1	1	54 *	57	57	14 *	11	12	20 *	22	20	0 *	2	5	11 *	7	5
Barton	10 *	11 *	11	53 *	59 *	58	4 *	5 *	4	24 *	17 *	21	0 *	1 *	2	9 *	7 *	4
Bates	56 *	50 *	56	0 *	0 *	0	2 *	8 *	2	30 *	34 *	30	4 *	1 *	4	8 *	7 *	8
Benton	15 *	14 *	15	37 *	38 *	37	17 *	15 *	17	23 *	24 *	21	0 *	1 *	1	8 *	8 *	9
Bollinger	15 *	14 *	15	45 *	48 *	53	13 *	8 *	13	14 *	12 *	13	0 *	0 *	0	13 *	18 *	6
Butler	8 *	9	9	33 *	36	39	13 *	15	14	12 *	11	11	0 *	0	1	34 *	29	26
Caldwell	8 *	20 *	11	24 *	26 *	25	12 *	6 *	10	13 *	18 *	13	0 *	0 *	0	43 *	30 *	41
Carroll	25 *	28	28	27 *	27	28	7 *	4	4	32 *	32	35	1 *	2	1	8 *	7	4
Carter	3 *	3 *	3	46 *	55 *	52	28 *	22 *	25	13 *	15 *	16	1 *	1 *	1	9 *	4 *	3
Cedar	14 *	14 *	10	40 *	48 *	41	9 *	10 *	21	26 *	24 *	22	0 *	0 *	2	11 *	4 *	4
Chariton	26 *	25 *	28	27 *	29 *	25	13 *	17 *	20	13 *	12 *	11	0 *	0 *	1	21 *	17 *	15
Clark	27 *	27	32	22 *	22	22	14 *	14	10	15 *	22	25	1 *	1	1	21 *	14	10
Clinton	20 *	21 *	21	31 *	36 *	35	11 *	8 *	13	26 *	26 *	25	0 *	1 *	1	12 *	8 *	5
Cooper	10 *	10	17	35 *	35	36	17 *	19	14	17 *	15	11	2 *	3	5	19 *	18	17
Crawford	8 *	7	7	38 *	36	36	27 *	27	27	21 *	19	18	0 *	0	0	6 *	11	12
Dade	16 *	23	19	47 *	43	45	8 *	9	12	17 *	16	15	1 *	2	4	11 *	7	5
Dallas	2 *	2	2	54 *	52	47	10 *	14	13	32 *	29	28	1 *	1	2	1 *	2	8
Daviess	24 *	27	30	25 *	30	33	7 *	3	4	14 *	14	15	2 *	3	6	28 *	23	12
DeKalb	5 *	6 *	4	54 *	51 *	46	8 *	9 *	3	16 *	19 *	16	0 *	0 *	1	17 *	15 *	30
Dent	5 *	5 *	5	52 *	55 *	52	8 *	9 *	10	24 *	22 *	23	1 *	2 *	3	10 *	7 *	7
Douglas	8 *	7 *	7	49 *	53 *	56	27 *	21 *	22	12 *	13 *	12	0 *	1 *	2	4 *	5 *	1
Dunklin	11 *	10	10	43 *	44	48	24 *	12	15	13 *	15	14	2 *	3	4	7 *	16	9
Gasconade	15 *	15 *	15	54 *	54 *	57	0 *	0 *	0	24 *	25 *	21	2 *	2 *	3	5 *	4 *	4
Gentry	31 *	27 *	32	23 *	19 *	25	18 *	21 *	19	14 *	9 *	16	0 *	0 *	2	14 *	24 *	6
Grundy	10 *	9	11	47 *	50	47	11 *	11	15	18 *	18	14	1 *	2	3	13 *	10	10
Harrison	39 *	31	29	27 *	24	23	2 *	12	10	20 *	22	17	0 *	1	1	12 *	10	20
Henry	2 *	1	2	50 *	49	51	17 *	18	20	24 *	27	21	0 *	0	1	7 *	5	5
Hickory	10 *	11 *	10	62 *	64 *	61	9 *	7 *	10	14 *	13 *	12	1 *	1 *	1	4 *	4 *	6
Holt	25 *	23	24	28 *	41	38	23 *	12	12	20 *	17	18	0 *	1	1	4 *	6	7
Howard	24 *	25	27	26 *	28	32	0 *	17	19	19 *	18	14	0 *	1	2	31 *	11	6
Howell	2 *	1	1	56 *	57	56	22 *	23	23	18 *	16	16	0 *	1	1	2 *	2	3
Iron	36 *	35 *	35	23 *	26 *	23	16 *	15 *	17	17 *	17 *	16	1 *	1 *	2	7 *	6 *	7
Knox	26 *	25 *	26	46 *	46 *	48	4 *	0 *	0	16 *	17 *	17	0 *	1 *	1	8 *	11 *	8
Laclede	9 *	9	6	48 *	48	51	8 *	15	15	18 *	24	24	1 *	0	1	16 *	4	3
Lawrence	9 *	9	9	37 *	37	38	28 *	26	28	22 *	23	20	1 *	2	3	3 *	3	2
Lewis	20 *	17	18	44 *	51	53	1 *	4	2	15 *	14	14	1 *	1	1	19 *	13	12
Lincoln	15 *	16 *	14	47 *	49 *	48	7 *	5 *	7	23 *	22 *	21	2 *	2 *	2	6 *	6 *	8
Linn	8 *	10 *	12	47 *	52 *	46	19 *	17 *	22	17 *	15 *	11	1 *	1 *	2	8 *	5 *	7
Livingston	2 *	1 *	1	52 *	54 *	53	26 *	24 *	19	17 *	17 *	15	0 *	0 *	1	3 *	4 *	11
Macon	23 *	20 *	20	39 *	39 *	40	8 *	10 *	13	20 *	19 *	17	0 *	1 *	1	10 *	11 *	9

* Unaudited (see Objective, Scope and Methodology section)

Schedule 3-A

MISSOURI 3RD CLASS COUNTIES
 PERCENTAGE COMPOSITION OF RECEIPTS BY SOURCE
 GENERAL REVENUE FUND

County	Property Taxes			Sales Tax			Intergovernmental			Charges for Services			Interest			Other		
	Year Ended			Year Ended			Year Ended			Year Ended			Year Ended			Year Ended		
	December 31,			December 31,			December 31,			December 31,			December 31,			December 31,		
	2003	2002	2001	2003	2002	2001	2003	2002	2001	2003	2002	2001	2003	2002	2001	2003	2002	2001
Madison	12 *	9	14	36 *	34	34	14 *	26	17	28 *	16	17	0 *	0	0	10 *	15	18
Maries	27 *	23	25	27 *	30	39	18 *	10	2	17 *	15	15	0 *	0	0	11 *	22	19
Marion	5 *	2	3	39 *	42	48	26 *	28	18	19 *	19	20	0 *	0	1	11 *	9	10
McDonald	27 *	27 *	27	51 *	39 *	36	4 *	10 *	13	18 *	19 *	18	0 *	0 *	1	0 *	5 *	5
Mercer	27 *	28	29	40 *	46	40	16 *	12	11	8 *	6	6	0 *	1	1	9 *	7	13
Miller	5 *	4 *	6	49 *	53 *	49	14 *	12 *	14	25 *	24 *	22	0 *	1 *	2	7 *	6 *	7
Mississippi	19 *	17 *	18	48 *	45 *	46	7 *	4 *	3	11 *	10 *	9	1 *	1 *	2	14 *	23 *	22
Moniteau	18 *	16	23	31 *	39	40	30 *	17	13	16 *	19	19	0 *	0	1	5 *	9	4
Monroe	20 *	19 *	21	35 *	38 *	39	19 *	18 *	18	17 *	19 *	17	0 *	0 *	1	9 *	6 *	4
Montgomery	15 *	17 *	19	38 *	41 *	31	25 *	22 *	27	17 *	15 *	16	0 *	0 *	0	5 *	5 *	7
Morgan	14 *	15	15	40 *	48	47	1 *	1	1	24 *	26	21	1 *	1	3	20 *	9	13
Nodaway	0 *	1	0	76 *	72	70	5 *	7	6	11 *	16	17	2 *	3	5	6 *	1	2
Oregon	6 *	5 *	5	65 *	63 *	62	14 *	15 *	16	11 *	12 *	11	2 *	2 *	4	2 *	3 *	2
Osage	22 *	26 *	20	40 *	44 *	43	6 *	2 *	9	22 *	22 *	21	0 *	1 *	1	10 *	5 *	6
Ozark	14 *	14 *	10	51 *	53 *	39	14 *	9 *	25	17 *	17 *	13	0 *	0 *	0	4 *	7 *	13
Pemiscot	10 *	10	13	18 *	21	28	30 *	22	21	12 *	12	22	0 *	1	1	30 *	34	15
Perry	19 *	20	20	43 *	45	47	16 *	13	14	15 *	16	14	0 *	1	1	7 *	5	4
Phelps	14 *	13	12	31 *	31	35	18 *	20	20	17 *	14	13	3 *	1	1	17 *	21	19
Pike	26 *	29 *	17	36 *	40 *	24	3 *	4 *	41	14 *	13 *	7	0 *	1 *	1	21 *	13 *	10
Polk	54 *	47 *	53	0 *	0 *	0	4 *	1 *	3	32 *	26 *	27	2 *	3 *	6	8 *	23 *	11
Pulaski	1 *	0	0	53 *	51	49	11 *	9	11	29 *	23	22	0 *	0	0	6 *	17	18
Putnam	37 *	24	37	48 *	35	42	4 *	31	2	10 *	7	10	0 *	1	1	1 *	2	8
Ralls	24 *	22	23	47 *	45	48	5 *	4	4	15 *	15	15	0 *	0	1	9 *	14	9
Randolph	15 *	15	18	42 *	42	40	15 *	19	17	22 *	20	19	0 *	0	1	6 *	4	5
Ray	0 *	0	0	61 *	55	63	9 *	13	5	24 *	22	23	0 *	0	0	6 *	10	9
Reynolds	22 *	31 *	39	17 *	19 *	1	24 *	17 *	35	13 *	15 *	15	1 *	1 *	2	23 *	17 *	8
Ripley	38 *	40	40	0 *	0	0	26 *	21	23	23 *	25	22	3 *	5	5	10 *	9	10
St. Clair	9 *	9	10	6 *	8	9	5 *	73	66	72 *	7	7	1 *	1	1	7 *	2	7
Ste. Genevieve	17 *	12	14	17 *	19	19	49 *	53	52	11 *	10	8	0 *	0	2	6 *	6	5
Schuyler	28 *	29	30	39 *	37	38	2 *	1	1	20 *	20	19	0 *	1	6	11 *	12	6
Scotland	35 *	33	30	26 *	25	33	19 *	19	19	13 *	13	11	2 *	1	3	5 *	9	4
Scott	11 *	10 *	9	43 *	44 *	44	22 *	24 *	11	18 *	16 *	34	1 *	1 *	1	5 *	5 *	1
Shannon	9 *	5 *	9	47 *	48 *	28	15 *	21 *	25	14 *	11 *	19	1 *	1 *	1	14 *	14 *	18
Shelby	31 *	29 *	31	41 *	37 *	45	10 *	7 *	11	7 *	4 *	7	0 *	1 *	2	11 *	22 *	4
Stoddard	6 *	16	16	64 *	46	44	12 *	18	21	12 *	15	12	3 *	1	3	3 *	4	4
Stone	7 *	8	10	65 *	66	58	4 *	10	15	14 *	14	15	1 *	1	1	9 *	1	1
Sullivan	16 *	15	15	42 *	45	45	21 *	16	1	14 *	15	15	0 *	0	1	7 *	9	23
Texas	0 *	0	0	58 *	56	61	13 *	14	14	20 *	17	15	1 *	1	2	8 *	12	8
Vernon	15 *	16 *	16	42 *	43 *	43	13 *	10 *	13	16 *	17 *	15	0 *	0 *	1	14 *	14 *	12
Warren	11 *	14	11	43 *	45	47	5 *	5	5	37 *	32	31	1 *	1	3	3 *	3	3
Washington	14 *	10 *	10	23 *	29 *	33	39 *	29 *	31	13 *	14 *	13	0 *	0 *	0	11 *	18 *	13
Wayne	12 *	12 *	13	25 *	28 *	29	21 *	23 *	24	12 *	13 *	12	0 *	0 *	0	30 *	24 *	22
Webster	6 *	4	6	44 *	44	51	11 *	7	4	34 *	35	34	1 *	1	2	4 *	9	3
Worth	37 *	51 *	39	14 *	20 *	13	0 *	0 *	6	22 *	12 *	9	0 *	0 *	0	27 *	17 *	33
Wright	4 *	4 *	51	54 *	50 *	0	16 *	21 *	26	18 *	17 *	15	1 *	2 *	2	7 *	6 *	6
Average	16	16	17	39	41	40	14	14	15	19	18	17	1	1	2	11	10	9

* Unaudited (see Objective, Scope and Methodology section)

Schedule 3-B

MISSOURI 3RD CLASS COUNTIES
 PERCENTAGE COMPOSITION OF RECEIPTS BY SOURCE
 SPECIAL ROAD AND BRIDGE FUND

County	Property Taxes			Sales Tax			Intergovernmental			Interest			Other		
	Year Ended			Year Ended			Year Ended			Year Ended			Year Ended		
	December 31,			December 31,			December 31,			December 31,			December 31,		
	2003	2002	2001	2003	2002	2001	2003	2002	2001	2003	2002	2001	2003	2002	2001
Adair	31 *	36 *	34	0 *	0 *	0	63 *	57 *	55	2 *	3 *	2	4 *	4 *	9
Andrew	36 *	39 *	36	16 *	17 *	16	42 *	41 *	44	0 *	1 *	1	6 *	2 *	3
Atchison	48 *	34 *	34	0 *	0 *	0	0 *	0 *	0	0 *	0 *	0	52 *	66 *	66
Audrain	51 *	50 *	47	0 *	0 *	0	48 *	46 *	43	1 *	2 *	2	0 *	2 *	8
Barry	18 *	19	38	0 *	0	0	24 *	26	56	0 *	1	6	58 *	54	0
Barton	0 *	0 *	0	0 *	0 *	0	65 *	94 *	96	0 *	1 *	3	35 *	5 *	1
Bates	4 *	4 *	3	0 *	0 *	0	93 *	89 *	95	1 *	1 *	1	2 *	6 *	1
Benton	25 *	22 *	25	9 *	9 *	10	65 *	67 *	50	1 *	1 *	4	0 *	1 *	11
Bollinger	10 *	18 *	22	0 *	0 *	0	25 *	46 *	56	0 *	0 *	1	65 *	36 *	21
Butler	6 *	5	6	34 *	23	30	58 *	72	64	0 *	0	0	2 *	0	0
Caldwell	4 *	4 *	4	8 *	10 *	8	38 *	43 *	36	0 *	1 *	1	50 *	42 *	51
Carroll	4 *	3	3	0 *	0	0	93 *	85	89	1 *	1	2	2 *	11	6
Carter	11 *	9 *	19	0 *	0 *	0	87 *	90 *	79	2 *	1 *	2	0 *	0 *	0
Cedar	14 *	15 *	19	0 *	0 *	0	73 *	75 *	77	0 *	0 *	1	13 *	10 *	3
Chariton	0 *	0 *	0	0 *	0 *	0	99 *	97 *	95	0 *	1 *	4	1 *	2 *	1
Clark	31 *	26	40	0 *	0	0	65 *	72	58	1 *	1	0	3 *	1	2
Clinton	51 *	50 *	49	0 *	0 *	0	46 *	46 *	46	0 *	1 *	1	3 *	3 *	4
Cooper	44 *	42	40	0 *	0	0	49 *	49	52	1 *	1	2	6 *	8	6
Crawford	16 *	18	19	25 *	29	33	52 *	47	37	2 *	3	4	5 *	3	7
Dade	4 *	2	3	0 *	0	0	89 *	97	95	1 *	1	2	6 *	0	0
Dallas	17 *	15	29	0 *	0	0	81 *	84	67	1 *	0	1	1 *	1	3
Daviess	0 *	0	0	0 *	0	0	98 *	96	92	1 *	2	5	1 *	2	3
DeKalb	0 *	0 *	0	8 *	12 *	0	86 *	82 *	93	1 *	2 *	4	5 *	4 *	3
Dent	33 *	25 *	29	17 *	14 *	0	47 *	53 *	63	1 *	1 *	2	2 *	7 *	6
Douglas	18 *	19 *	21	0 *	0 *	0	56 *	78 *	74	0 *	0 *	0	26 *	3 *	5
Dunklin	0 *	0	0	16 *	0	0	72 *	98	97	1 *	2	3	11 *	0	0
Gasconade	24 *	27 *	22	31 *	34 *	29	35 *	37 *	40	2 *	2 *	2	8 *	0 *	7
Gentry	2 *	2 *	2	0 *	0 *	0	88 *	88 *	92	0 *	0 *	0	10 *	10 *	6
Grundy	5 *	4	5	0 *	0	0	89 *	93	61	1 *	1	2	5 *	2	32
Harrison	0 *	0	0	29 *	28	29	69 *	68	62	1 *	3	6	1 *	1	3
Henry	8 *	6	4	0 *	0	0	85 *	88	92	1 *	1	1	6 *	5	3
Hickory	29 *	28 *	27	0 *	0 *	0	69 *	69 *	72	1 *	1 *	1	1 *	2 *	0
Holt	22 *	18	17	10 *	19	17	25 *	63	65	0 *	0	1	43 *	0	0
Howard	17 *	15	16	24 *	18	20	51 *	53	55	1 *	1	1	7 *	13	8
Howell	2 *	1	2	18 *	12	17	76 *	85	80	0 *	0	1	4 *	2	0
Iron	40 *	38 *	47	0 *	0 *	0	40 *	49 *	50	1 *	2 *	3	19 *	11 *	0
Knox	23 *	26 *	19	9 *	10 *	8	64 *	56 *	69	0 *	0 *	1	4 *	8 *	3
Laclede	0 *	0	0	0 *	0	0	71 *	76	82	0 *	0	0	29 *	24	18
Lawrence	2 *	2	2	51 *	50	43	45 *	45	54	0 *	0	0	2 *	3	1
Lewis	34 *	29	30	0 *	0	0	58 *	55	65	0 *	0	1	8 *	16	4
Lincoln	26 *	24 *	25	44 *	41 *	43	26 *	24 *	26	1 *	1 *	1	3 *	10 *	5
Linn	3 *	4 *	2	34 *	38 *	27	62 *	57 *	69	1 *	1 *	2	0 *	0 *	0
Livingston	6 *	8 *	6	0 *	0 *	0	93 *	90 *	92	1 *	1 *	1	0 *	1 *	1
Macon	37 *	34 *	32	0 *	0 *	0	60 *	63 *	62	1 *	1 *	2	2 *	2 *	4

* Unaudited (see Objective, Scope and Methodology section)

Schedule 3-B

MISSOURI 3RD CLASS COUNTIES
 PERCENTAGE COMPOSITION OF RECEIPTS BY SOURCE
 SPECIAL ROAD AND BRIDGE FUND

County	Property Taxes			Sales Tax			Intergovernmental			Interest			Other		
	Year Ended			Year Ended			Year Ended			Year Ended			Year Ended		
	December 31,			December 31,			December 31,			December 31,			December 31,		
	2003	2002	2001	2003	2002	2001	2003	2002	2001	2003	2002	2001	2003	2002	2001
Madison	24 *	18	38	0 *	0	0	35 *	51	58	0 *	0	0	41 *	31	4
Maries	13 *	16	22	7 *	8	10	36 *	65	64	0 *	0	0	44 *	11	4
Marion	60 *	55	56	0 *	0	0	37 *	43	40	0 *	0	1	3 *	2	3
McDonald	0 *	0 *	0	34 *	25 *	43	63 *	75 *	55	0 *	0 *	1	3 *	0 *	1
Mercer	3 *	3	4	6 *	7	1	76 *	73	91	1 *	0	0	14 *	17	4
Miller	19 *	15 *	24	0 *	0 *	0	73 *	43 *	68	0 *	0 *	1	8 *	42 *	7
Mississippi	40 *	38 *	44	0 *	0 *	0	58 *	60 *	54	0 *	1 *	2	2 *	1 *	0
Moniteau	39 *	39	38	0 *	0	0	61 *	60	58	0 *	0	1	0 *	1	3
Monroe	17 *	13 *	15	7 *	6 *	7	59 *	49 *	66	1 *	1 *	1	16 *	31 *	11
Montgomery	48 *	55 *	54	0 *	0 *	0	50 *	41 *	43	1 *	1 *	2	1 *	3 *	1
Morgan	20 *	18	20	12 *	12	13	66 *	57	64	1 *	1	3	1 *	12	0
Nodaway	5 *	5	5	0 *	0	0	87 *	83	83	0 *	1	3	8 *	11	9
Oregon	15 *	13 *	15	0 *	0 *	0	72 *	68 *	78	2 *	2 *	4	11 *	17 *	3
Osage	25 *	29 *	22	9 *	11 *	0	66 *	59 *	73	0 *	0 *	1	0 *	1 *	4
Ozark	13 *	15 *	18	0 *	0 *	0	39 *	25 *	76	0 *	0 *	0	48 *	60 *	6
Pemiscot	26 *	38	37	0 *	0	0	73 *	59	60	0 *	1	1	1 *	2	2
Perry	52 *	45	43	0 *	0	0	47 *	54	47	1 *	1	3	0 *	0	7
Phelps	11 *	11	9	38 *	40	27	39 *	38	32	0 *	0	0	12 *	11	32
Pike	17 *	19 *	18	33 *	37 *	35	48 *	42 *	44	0 *	0 *	1	2 *	2 *	2
Polk	14 *	14 *	11	0 *	0 *	0	38 *	50 *	41	0 *	0 *	0	48 *	36 *	48
Pulaski	36 *	28	35	0 *	0	0	56 *	68	57	1 *	1	1	7 *	3	7
Putnam	2 *	5	5	6 *	0	0	31 *	90	92	0 *	2	2	61 *	3	1
Ralls	25 *	21	28	9 *	7	10	61 *	68	53	0 *	1	2	5 *	3	7
Randolph	37 *	38	31	0 *	0	0	47 *	55	63	1 *	1	4	15 *	6	2
Ray	22 *	34	36	19 *	0	0	51 *	63	58	0 *	0	1	8 *	3	5
Reynolds	7 *	8 *	16	0 *	0 *	0	69 *	39 *	74	1 *	1 *	1	23 *	52 *	9
Ripley	0 *	0	0	0 *	0	0	94 *	95	96	1 *	2	2	5 *	3	2
St. Clair	29 *	27	26	0 *	0	0	68 *	66	71	2 *	2	2	1 *	5	1
Ste. Genevieve	24 *	25	29	0 *	0	0	62 *	60	57	3 *	5	7	11 *	10	7
Schuyler	27 *	19	37	0 *	0	0	73 *	80	59	0 *	0	3	0 *	1	1
Scotland	34 *	32	30	0 *	0	16	56 *	62	50	1 *	1	2	9 *	5	2
Scott	38 *	34 *	41	0 *	0 *	0	60 *	62 *	50	1 *	1 *	2	1 *	3 *	7
Shannon	12 *	7 *	15	0 *	0 *	0	62 *	35 *	75	3 *	4 *	6	23 *	54 *	4
Shelby	18 *	19 *	15	5 *	7 *	6	73 *	65 *	77	1 *	1 *	1	3 *	8 *	1
Stoddard	0 *	0	0	0 *	0	0	97 *	99	95	3 *	1	5	0 *	0	0
Stone	0 *	0	0	42 *	42	65	25 *	36	34	1 *	1	1	32 *	21	0
Sullivan	0 *	0	0	0 *	0	0	98 *	98	97	0 *	1	2	2 *	1	1
Texas	0 *	0	0	0 *	0	0	100 *	100	99	0 *	0	1	0 *	0	0
Vernon	9 *	6 *	9	0 *	0 *	0	89 *	93 *	90	0 *	0 *	1	2 *	1 *	0
Warren	43 *	45	43	0 *	0	0	51 *	53	53	1 *	1	3	5 *	1	1
Washington	26 *	21 *	22	34 *	30 *	33	40 *	49 *	40	0 *	0 *	1	0 *	0 *	4
Wayne	7 *	6 *	9	28 *	21 *	36	59 *	70 *	53	0 *	0 *	1	6 *	3 *	1
Webster	19 *	14	24	0 *	0	0	80 *	80	74	0 *	1	1	1 *	5	1
Worth	29 *	22 *	80	0 *	0 *	0	43 *	37 *	18	0 *	0 *	1	28 *	41 *	1
Wright	1 *	1 *	4	46 *	31 *	0	53 *	66 *	88	0 *	1 *	1	0 *	1 *	7
Average	19	18	20	8	7	7	61	64	65	1	1	2	11	10	6

* Unaudited (see Objective, Scope and Methodology section)

Schedule 4

MISSOURI 3RD CLASS COUNTIES
 PERCENTAGE COMPOSITION OF DISBURSEMENTS BY FUNCTION
 GENERAL REVENUE FUND

County	County Commission			County Clerk			Elections			Buildings and Grounds			Fringe Benefits		
	Year Ended			Year Ended			Year Ended			Year Ended			Year Ended		
	December 31,			December 31,			December 31,			December 31,			December 31,		
	2003	2002	2001	2003	2002	2001	2003	2002	2001	2003	2002	2001	2003	2002	2001
Adair	4 *	5 *	5	5 *	7 *	6	1 *	4 *	1	7 *	5 *	4	9 *	12 *	11
Andrew	5 *	6 *	8	6 *	9 *	15	1 *	4 *	1	2 *	7 *	4	10 *	11 *	12
Atchison	8 *	8 *	8	6 *	7 *	8	0 *	2 *	0	9 *	4 *	6	17 *	17 *	17
Audrain	4 *	4 *	4	5 *	4 *	4	1 *	2 *	0	5 *	5 *	6	7 *	6 *	6
Barry	3 *	3	5	2 *	2	3	2 *	2	3	4 *	2	4	13 *	5	7
Barton	11 *	11 *	12	9 *	8 *	8	5 *	8 *	5	7 *	7 *	11	9 *	9 *	8
Bates	12 *	12 *	12	9 *	10 *	9	2 *	7 *	2	34 *	24 *	34	7 *	9 *	7
Benton	5 *	5 *	5	4 *	4 *	4	1 *	3 *	1	2 *	2 *	2	6 *	8 *	6
Bollinger	5 *	5 *	6	4 *	4 *	5	2 *	5 *	1	9 *	6 *	6	5 *	4 *	6
Butler	2 *	2	2	3 *	3	3	1 *	1	0	9 *	9	9	15 *	18	15
Caldwell	8 *	9 *	8	8 *	8 *	7	3 *	0 *	0	3 *	7 *	5	14 *	14 *	8
Carroll	9 *	9	9	7 *	6	7	4 *	7	6	7 *	6	6	14 *	13	13
Carter	7 *	7 *	8	4 *	4 *	4	0 *	2 *	0	3 *	4 *	4	5 *	5 *	4
Cedar	6 *	7 *	5	8 *	8 *	5	3 *	7 *	1	27 *	12 *	28	5 *	5 *	6
Chariton	6 *	6 *	6	7 *	7 *	7	1 *	2 *	1	7 *	7 *	7	13 *	12 *	13
Clark	7 *	5	6	7 *	6	6	1 *	3	0	4 *	8	6	0 *	0	0
Clinton	5 *	5 *	5	3 *	4 *	4	1 *	3 *	2	10 *	9 *	8	16 *	14 *	14
Cooper	5 *	5	6	5 *	5	5	2 *	3	2	4 *	3	7	13 *	13	12
Crawford	4 *	4	4	3 *	3	4	2 *	3	2	3 *	3	3	0 *	0	1
Dade	14 *	11	12	9 *	7	8	2 *	4	1	7 *	20	8	7 *	5	4
Dallas	8 *	8	8	7 *	7	7	1 *	3	1	4 *	4	3	10 *	10	8
Daviess	11 *	12	10	10 *	11	9	2 *	5	3	16 *	8	15	6 *	7	3
DeKalb	7 *	7 *	6	7 *	7 *	6	3 *	2 *	0	3 *	6 *	8	12 *	16 *	8
Dent	7 *	8 *	8	7 *	7 *	7	1 *	3 *	1	4 *	5 *	6	8 *	9 *	8
Douglas	5 *	5 *	5	5 *	5 *	5	0 *	3 *	0	3 *	4 *	6	11 *	13 *	12
Dunklin	7 *	10	10	4 *	5	6	1 *	3	2	30 *	7	5	12 *	13	13
Gasconade	7 *	7 *	8	4 *	7 *	6	2 *	6 *	2	4 *	4 *	3	0 *	0 *	0
Gentry	6 *	4 *	5	7 *	7 *	6	0 *	2 *	0	5 *	5 *	8	9 *	6 *	5
Grundy	7 *	7	7	8 *	9	8	2 *	3	3	6 *	7	5	9 *	7	7
Harrison	10 *	8	7	9 *	7	6	5 *	5	4	10 *	7	7	0 *	4	4
Henry	4 *	4	4	4 *	4	4	2 *	5	2	7 *	5	5	8 *	8	7
Hickory	6 *	7 *	7	5 *	5 *	6	2 *	4 *	2	5 *	6 *	5	9 *	8 *	8
Holt	7 *	7	8	7 *	7	8	2 *	2	1	4 *	4	5	18 *	19	16
Howard	8 *	7	7	6 *	5	5	1 *	3	1	14 *	15	10	7 *	8	7
Howell	3 *	3	4	4 *	3	4	2 *	3	2	3 *	3	4	9 *	8	9
Iron	6 *	6 *	6	6 *	6 *	6	0 *	2 *	0	5 *	5 *	5	14 *	13 *	13
Knox	10 *	9 *	10	9 *	8 *	9	0 *	3 *	1	16 *	12 *	14	8 *	9 *	11
Laclede	3 *	3	3	3 *	3	4	1 *	2	1	11 *	13	14	10 *	4	4
Lawrence	4 *	5	6	2 *	3	3	1 *	3	1	3 *	5	4	8 *	8	9
Lewis	5 *	6	7	4 *	4	5	1 *	2	0	3 *	4	3	7 *	7	9
Lincoln	4 *	5 *	6	4 *	5 *	5	1 *	3 *	1	4 *	5 *	5	8 *	8 *	7
Linn	6 *	6 *	6	5 *	5 *	6	2 *	6 *	5	6 *	7 *	9	8 *	8 *	8
Livingston	6 *	5 *	4	6 *	5 *	5	3 *	6 *	2	6 *	6 *	5	1 *	1 *	6
Macon	6 *	6 *	6	5 *	5 *	5	1 *	3 *	1	5 *	5 *	8	13 *	13 *	13

* Unaudited (see Objective, Scope and Methodology section)

Schedule 4

MISSOURI 3RD CLASS COUNTIES
 PERCENTAGE COMPOSITION OF DISBURSEMENTS BY FUNCTION
 GENERAL REVENUE FUND

County	County Commission			County Clerk			Elections			Buildings and Grounds			Fringe Benefits		
	Year Ended			Year Ended			Year Ended			Year Ended			Year Ended		
	December 31,			December 31,			December 31,			December 31,			December 31,		
	2003	2002	2001	2003	2002	2001	2003	2002	2001	2003	2002	2001	2003	2002	2001
Madison	6 *	5	6	6 *	5	6	3 *	4	3	6 *	9	5	10 *	11	13
Maries	6 *	5	5	5 *	5	5	2 *	4	2	6 *	7	5	13 *	12	9
Marion	3 *	4	3	5 *	5	5	2 *	3	2	4 *	4	4	0 *	0	0
McDonald	8 *	5 *	5	9 *	5 *	5	4 *	4 *	2	11 *	4 *	4	6 *	9 *	8
Mercer	9 *	9	8	9 *	8	7	1 *	2	1	8 *	8	18	11 *	9	9
Miller	5 *	3 *	6	4 *	3 *	4	4 *	4 *	4	4 *	2 *	3	14 *	11 *	14
Mississippi	6 *	6 *	5	5 *	5 *	4	0 *	2 *	0	7 *	6 *	6	7 *	7 *	5
Moniteau	6 *	7	7	5 *	7	7	1 *	3	1	2 *	5	5	6 *	7	8
Monroe	5 *	5 *	6	6 *	5 *	6	1 *	3 *	1	5 *	5 *	5	12 *	12 *	13
Montgomery	4 *	4 *	4	4 *	5 *	5	0 *	1 *	0	4 *	4 *	4	0 *	0 *	0
Morgan	6 *	6	6	4 *	5	5	0 *	1	0	3 *	4	4	4 *	4	4
Nodaway	5 *	4	5	4 *	4	5	1 *	3	2	8 *	14	7	10 *	9	9
Oregon	7 *	7 *	7	7 *	7 *	7	1 *	3 *	1	3 *	3 *	3	12 *	12 *	11
Osage	7 *	7 *	7	6 *	6 *	6	1 *	4 *	1	5 *	6 *	6	7 *	6 *	7
Ozark	7 *	7 *	6	6 *	6 *	5	3 *	5 *	2	6 *	6 *	5	13 *	13 *	14
Pemiscot	3 *	4	4	2 *	2	3	3 *	4	3	7 *	5	5	14 *	13	13
Perry	4 *	4	4	4 *	4	4	0 *	2	0	7 *	8	8	15 *	14	13
Phelps	4 *	3	4	4 *	4	4	1 *	4	1	8 *	7	7	10 *	9	9
Pike	5 *	6 *	4	5 *	6 *	3	2 *	6 *	5	4 *	4 *	2	10 *	10 *	9
Polk	9 *	8 *	10	7 *	7 *	8	5 *	9 *	4	26 *	16 *	33	6 *	4 *	4
Pulaski	3 *	6	6	3 *	4	3	1 *	2	1	3 *	4	6	6 *	6	10
Putnam	11 *	8	13	11 *	7	12	1 *	3	4	8 *	5	8	4 *	3	5
Ralls	6 *	6	6	5 *	5	5	2 *	4	3	5 *	6	4	12 *	12	12
Randolph	3 *	3	3	3 *	3	3	0 *	1	1	2 *	3	2	15 *	14	14
Ray	5 *	5	6	5 *	4	5	1 *	1	1	6 *	17	6	2 *	0	0
Reynolds	7 *	7 *	8	5 *	6 *	6	1 *	3 *	1	5 *	4 *	5	5 *	5 *	5
Ripley	13 *	13	13	10 *	10	9	0 *	0	0	8 *	8	9	5 *	4	4
St. Clair	3 *	3	3	3 *	3	3	0 *	2	0	1 *	4	10	0 *	0	0
Ste. Genevieve	3 *	3	3	3 *	3	3	0 *	1	1	2 *	2	2	0 *	0	0
Schuyler	13 *	13	13	11 *	12	10	0 *	2	3	9 *	9	13	4 *	4	4
Scotland	8 *	8	7	7 *	7	7	0 *	2	0	6 *	8	10	5 *	5	6
Scott	3 *	3 *	4	2 *	2 *	2	1 *	2 *	2	5 *	6 *	5	7 *	7 *	8
Shannon	9 *	8 *	8	7 *	6 *	5	1 *	2 *	1	5 *	3 *	6	14 *	15 *	16
Shelby	8 *	8 *	8	6 *	7 *	7	1 *	2 *	0	6 *	6 *	9	9 *	9 *	8
Stoddard	3 *	4	3	4 *	4	4	4 *	5	3	6 *	6	4	9 *	10	10
Stone	2 *	2	2	2 *	2	3	2 *	3	2	2 *	4	6	8 *	8	9
Sullivan	9 *	9	8	7 *	8	7	2 *	4	4	5 *	6	12	5 *	5	4
Texas	6 *	7	6	8 *	7	7	1 *	4	1	7 *	7	8	13 *	14	14
Vernon	4 *	5 *	5	8 *	8 *	8	1 *	3 *	1	5 *	6 *	7	10 *	9 *	9
Warren	5 *	5	5	6 *	6	6	1 *	3	0	9 *	7	9	0 *	0	0
Washington	4 *	5 *	5	5 *	8 *	5	2 *	3 *	1	8 *	4 *	5	0 *	0 *	0
Wayne	4 *	5 *	5	6 *	5 *	6	0 *	3 *	0	3 *	3 *	4	14 *	15 *	16
Webster	3 *	4	4	3 *	4	4	1 *	3	2	4 *	5	4	8 *	8	7
Worth	5 *	6 *	5	8 *	8 *	8	1 *	3 *	0	4 *	4 *	5	4 *	5 *	3
Wright	5 *	5 *	4	4 *	4 *	5	1 *	4 *	2	5 *	5 *	5	13 *	14 *	12
Average	6	6	6	6	6	6	1	3	2	7	6	7	8	8	8

* Unaudited (see Objective, Scope and Methodology section)

Schedule 4

MISSOURI 3RD CLASS COUNTIES
 PERCENTAGE COMPOSITION OF DISBURSEMENTS BY FUNCTION
 GENERAL REVENUE FUND

County	Treasurer			Collector			Recorder			Circuit Clerk			Associate Circuit		
	Year Ended			Year Ended			Year Ended			Year Ended			Year Ended		
	December 31,			December 31,			December 31,			December 31,			December 31,		
	2003	2002	2001	2003	2002	2001	2003	2002	2001	2003	2002	2001	2003	2002	2001
Adair	3 *	3 *	3	4 *	6 *	6	4 *	6 *	5	1 *	1 *	1	1 *	1 *	1
Andrew	2 *	3 *	4	4 *	6 *	7	0 *	0 *	1	1 *	1 *	2	0 *	1 *	1
Atchison	3 *	3 *	3	6 *	6 *	6	2 *	2 *	2	0 *	0 *	0	1 *	1 *	1
Audrain	2 *	2 *	2	4 *	4 *	4	4 *	3 *	4	1 *	0 *	0	1 *	0 *	1
Barry	1 *	1	1	3 *	3	5	1 *	1	1	0 *	0	1	0 *	1	1
Barton	8 *	8 *	8	0 *	0 *	0	7 *	5 *	4	1 *	2 *	1	0 *	0 *	0
Bates	9 *	9 *	9	0 *	0 *	0	9 *	11 *	9	1 *	1 *	1	1 *	1 *	1
Benton	2 *	2 *	2	6 *	6 *	6	2 *	2 *	2	1 *	1 *	2	0 *	0 *	0
Bollinger	2 *	2 *	2	5 *	5 *	6	4 *	2 *	2	1 *	1 *	1	0 *	0 *	1
Butler	2 *	1	1	3 *	3	3	4 *	3	3	0 *	0	0	1 *	1	1
Caldwell	6 *	5 *	5	0 *	0 *	0	5 *	0 *	0	1 *	3 *	4	1 *	1 *	1
Carroll	6 *	6	6	0 *	0	0	2 *	2	2	0 *	0	0	1 *	1	1
Carter	2 *	2 *	2	5 *	5 *	5	4 *	1 *	2	1 *	1 *	1	1 *	2 *	1
Cedar	4 *	3 *	2	6 *	6 *	4	6 *	4 *	2	4 *	4 *	2	0 *	0 *	0
Chariton	5 *	5 *	5	0 *	0 *	0	2 *	2 *	4	0 *	0 *	0	0 *	0 *	1
Clark	3 *	2	2	8 *	7	7	0 *	0	0	3 *	3	3	1 *	0	1
Clinton	3 *	2 *	2	4 *	4 *	4	2 *	3 *	3	0 *	0 *	0	0 *	0 *	0
Cooper	2 *	2	2	5 *	4	5	2 *	2	2	0 *	0	1	1 *	1	1
Crawford	1 *	1	1	5 *	4	4	2 *	2	2	0 *	0	0	0 *	0	0
Dade	10 *	11	13	0 *	0	0	7 *	3	1	4 *	2	0	0 *	0	5
Dallas	4 *	3	3	10 *	10	8	0 *	0	0	3 *	3	3	5 *	4	4
Daviess	7 *	7	5	0 *	0	0	8 *	3	0	0 *	0	3	2 *	3	2
DeKalb	4 *	4 *	3	1 *	1 *	0	0 *	0 *	0	5 *	4 *	4	1 *	2 *	1
Dent	3 *	3 *	3	5 *	6 *	6	2 *	2 *	2	1 *	1 *	1	1 *	1 *	1
Douglas	2 *	2 *	3	4 *	5 *	6	0 *	0 *	0	1 *	2 *	2	0 *	0 *	0
Dunklin	2 *	3	3	0 *	0	0	2 *	3	4	0 *	1	1	1 *	1	2
Gasconade	2 *	2 *	3	8 *	8 *	8	0 *	0 *	0	3 *	3 *	3	1 *	1 *	1
Gentry	5 *	4 *	5	0 *	0 *	0	0 *	0 *	0	1 *	1 *	1	1 *	1 *	1
Grundy	6 *	5	5	0 *	0	0	0 *	0	0	2 *	3	3	1 *	1	1
Harrison	8 *	6	6	0 *	0	0	5 *	2	2	0 *	0	0	0 *	0	0
Henry	4 *	4	4	0 *	0	0	5 *	4	4	1 *	1	1	0 *	1	1
Hickory	2 *	2 *	3	6 *	6 *	6	2 *	2 *	2	0 *	0 *	0	0 *	0 *	0
Holt	3 *	2	2	6 *	6	6	0 *	0	0	0 *	0	0	1 *	0	1
Howard	3 *	3	3	7 *	6	6	1 *	1	1	0 *	0	1	2 *	1	2
Howell	2 *	2	2	5 *	5	5	2 *	3	3	1 *	1	1	1 *	0	1
Iron	2 *	2 *	2	5 *	6 *	5	0 *	0 *	0	2 *	2 *	2	0 *	0 *	1
Knox	4 *	4 *	4	9 *	8 *	10	2 *	2 *	3	0 *	0 *	0	0 *	0 *	0
Laclede	2 *	1	1	3 *	3	3	3 *	2	2	1 *	1	1	0 *	0	0
Lawrence	1 *	1	1	2 *	3	3	2 *	3	3	0 *	1	0	1 *	1	1
Lewis	2 *	2	2	4 *	5	6	2 *	2	3	1 *	1	1	1 *	1	1
Lincoln	2 *	2 *	2	5 *	6 *	6	4 *	4 *	5	2 *	1 *	1	0 *	1 *	1
Linn	5 *	5 *	5	0 *	0 *	0	3 *	3 *	3	2 *	2 *	1	0 *	0 *	1
Livingston	5 *	5 *	4	0 *	0 *	0	2 *	3 *	3	1 *	1 *	1	1 *	1 *	1
Macon	3 *	2 *	2	4 *	4 *	4	2 *	2 *	2	0 *	1 *	0	0 *	0 *	0

* Unaudited (see Objective, Scope and Methodology section)

Schedule 4

MISSOURI 3RD CLASS COUNTIES
 PERCENTAGE COMPOSITION OF DISBURSEMENTS BY FUNCTION
 GENERAL REVENUE FUND

County	Treasurer			Collector			Recorder			Circuit Clerk			Associate Circuit		
	Year Ended			Year Ended			Year Ended			Year Ended			Year Ended		
	December 31,			December 31,			December 31,			December 31,			December 31,		
	2003	2002	2001	2003	2002	2001	2003	2002	2001	2003	2002	2001	2003	2002	2001
Madison	3 *	2	2	6 *	5	5	4 *	0	0	1 *	2	2	1 *	1	1
Maries	3 *	2	2	6 *	6	5	0 *	0	0	2 *	2	2	1 *	1	1
Marion	1 *	1	1	5 *	5	5	2 *	2	3	0 *	0	1	2 *	2	2
McDonald	3 *	2 *	2	10 *	5 *	5	4 *	2 *	2	0 *	1 *	1	0 *	0 *	0
Mercer	6 *	5	5	0 *	0	0	0 *	0	0	1 *	1	1	1 *	1	1
Miller	2 *	1	2	4 *	3	5	2 *	2	2	0 *	0	1	1 *	1	1
Mississippi	2 *	2 *	1	5 *	5 *	4	3 *	1 *	1	1 *	1 *	1	1 *	1 *	0
Moniteau	2 *	2	2	5 *	6	6	1 *	2	2	0 *	0	0	7 *	1	1
Monroe	2 *	2 *	2	5 *	5 *	5	3 *	0 *	0	1 *	3 *	3	0 *	1 *	1
Montgomery	1 *	2 *	2	3 *	3 *	4	2 *	1 *	0	0 *	1 *	1	1 *	1 *	1
Morgan	2 *	2	2	5 *	6	5	3 *	3	3	0 *	0	0	1 *	1	1
Nodaway	4 *	3	4	0 *	0	0	3 *	4	4	1 *	2	2	1 *	1	0
Oregon	3 *	2 *	3	7 *	6 *	7	3 *	3 *	3	1 *	1 *	1	1 *	1 *	1
Osage	3 *	3 *	2	7 *	7 *	7	4 *	3 *	3	0 *	0 *	0	1 *	1 *	1
Ozark	3 *	3 *	2	6 *	5 *	5	3 *	3 *	5	0 *	0 *	0	1 *	1 *	1
Pemiscot	1 *	1	1	3 *	3	4	2 *	3	4	0 *	0	0	0 *	0	1
Perry	2 *	2	2	4 *	4	3	4 *	0	0	0 *	3	3	0 *	0	0
Phelps	1 *	1	1	3 *	3	3	2 *	0	0	2 *	3	4	0 *	1	1
Pike	3 *	3 *	2	5 *	5 *	3	3 *	3 *	2	0 *	0 *	0	1 *	1 *	0
Polk	6 *	5 *	5	8 *	8 *	9	7 *	5 *	5	4 *	2 *	2	0 *	1 *	1
Pulaski	2 *	1	1	3 *	3	3	2 *	2	1	0 *	1	1	0 *	0	0
Putnam	7 *	5	8	0 *	0	0	2 *	0	0	0 *	1	4	1 *	1	2
Ralls	2 *	2	2	5 *	5	5	0 *	0	0	4 *	3	3	1 *	1	1
Randolph	1 *	1	1	4 *	3	4	3 *	3	3	1 *	1	1	0 *	0	1
Ray	2 *	2	2	5 *	5	6	4 *	5	5	1 *	0	0	2 *	1	2
Reynolds	2 *	3 *	3	6 *	6 *	7	0 *	0 *	0	2 *	2 *	2	0 *	1 *	1
Ripley	5 *	5	5	12 *	16	14	10 *	5	4	1 *	0	0	1 *	3	2
St. Clair	1 *	1	1	3 *	3	3	2 *	1	1	0 *	1	1	0 *	0	0
Ste. Genevieve	2 *	1	1	3 *	3	2	3 *	3	3	0 *	0	0	0 *	0	0
Schuyler	7 *	5	5	11 *	11	10	0 *	0	0	1 *	1	1	1 *	1	1
Scotland	4 *	3	2	8 *	8	7	2 *	3	1	0 *	0	0	1 *	1	1
Scott	2 *	2 *	2	3 *	4 *	4	3 *	3 *	4	1 *	0 *	1	1 *	1 *	1
Shannon	4 *	3 *	3	7 *	7 *	6	1 *	2 *	1	1 *	1 *	1	1 *	1 *	1
Shelby	4 *	3 *	3	5 *	5 *	5	3 *	4 *	4	0 *	0 *	0	1 *	1 *	1
Stoddard	4 *	5	4	0 *	0	0	4 *	5	4	1 *	1	1	1 *	2	2
Stone	1 *	1	1	3 *	3	4	2 *	1	2	0 *	0	0	1 *	1	1
Sullivan	6 *	6	5	0 *	0	0	6 *	0	0	2 *	3	3	0 *	0	0
Texas	4 *	5	4	0 *	0	0	3 *	3	2	1 *	1	1	1 *	1	1
Vernon	3 *	3 *	4	0 *	0 *	0	4 *	4 *	5	4 *	4 *	2	0 *	0 *	0
Warren	2 *	2	2	8 *	7	7	3 *	3	3	1 *	1	1	1 *	1	1
Washington	2 *	2 *	2	5 *	7 *	6	4 *	3 *	0	1 *	2 *	5	1 *	2 *	2
Wayne	2 *	2 *	2	4 *	5 *	5	1 *	1 *	1	0 *	1 *	1	1 *	1 *	1
Webster	1 *	2	1	4 *	4	4	3 *	2	2	1 *	0	1	2 *	1	1
Worth	3 *	3 *	3	5 *	5 *	5	4 *	0 *	0	0 *	0 *	0	0 *	0 *	0
Wright	2 *	2 *	3	5 *	6 *	4	2 *	2 *	3	1 *	1 *	1	1 *	1 *	1
Average	3	3	3	4	4	4	3	2	2	1	1	1	1	1	1

* Unaudited (see Objective, Scope and Methodology section)

Schedule 4

MISSOURI 3RD CLASS COUNTIES
 PERCENTAGE COMPOSITION OF DISBURSEMENTS BY FUNCTION
 GENERAL REVENUE FUND

County	Court Administration			Public Administrator			Other			Sheriff			Jail		
	Year Ended			Year Ended			Year Ended			Year Ended			Year Ended		
	December 31,			December 31,			December 31,			December 31,			December 31,		
	2003	2002	2001	2003	2002	2001	2003	2002	2001	2003	2002	2001	2003	2002	2001
Adair	1 *	0 *	0	2 *	3 *	3	25 *	19 *	26	0 *	0 *	2	0 *	0 *	0
Andrew	1 *	2 *	2	1 *	2 *	2	57 *	28 *	21	0 *	0 *	0	0 *	0 *	0
Atchison	0 *	0 *	0	2 *	2 *	2	6 *	4 *	4	27 *	28 *	13	0 *	0 *	10
Audrain	0 *	0 *	0	2 *	2 *	2	7 *	8 *	10	0 *	0 *	0	0 *	0 *	0
Barry	0 *	0	0	0 *	0	0	25 *	48	15	19 *	14	24	13 *	8	15
Barton	2 *	2 *	2	7 *	5 *	5	14 *	16 *	18	0 *	0 *	0	0 *	0 *	0
Bates	2 *	2 *	2	3 *	3 *	3	11 *	11 *	11	0 *	0 *	0	0 *	0 *	0
Benton	1 *	1 *	2	1 *	1 *	1	10 *	10 *	10	38 *	38 *	41	7 *	7 *	5
Bollinger	0 *	1 *	0	2 *	2 *	2	17 *	10 *	11	24 *	31 *	30	11 *	12 *	10
Butler	0 *	0	0	2 *	2	2	16 *	12	14	21 *	23	24	11 *	11	12
Caldwell	0 *	0 *	0	3 *	3 *	2	9 *	9 *	14	29 *	29 *	30	0 *	0 *	0
Carroll	5 *	0	0	2 *	1	3	0 *	6	5	25 *	26	21	10 *	8	12
Carter	0 *	0 *	0	3 *	3 *	3	9 *	10 *	10	28 *	29 *	30	10 *	5 *	3
Cedar	1 *	1 *	1	3 *	4 *	3	7 *	10 *	10	0 *	5 *	20	0 *	0 *	3
Chariton	1 *	1 *	1	1 *	1 *	2	7 *	9 *	6	38 *	36 *	35	4 *	5 *	3
Clark	0 *	1	0	2 *	2	2	15 *	16	17	34 *	33	38	0 *	0	0
Clinton	0 *	0 *	0	1 *	1 *	1	13 *	15 *	15	26 *	24 *	26	7 *	6 *	6
Cooper	2 *	2	3	2 *	2	3	17 *	19	14	15 *	14	13	1 *	2	2
Crawford	0 *	0	0	2 *	2	2	16 *	13	12	19 *	25	18	19 *	18	25
Dade	0 *	0	0	3 *	3	3	16 *	16	15	0 *	0	0	0 *	0	0
Dallas	1 *	0	3	3 *	3	3	17 *	14	16	0 *	0	0	0 *	0	0
Daviess	1 *	1	1	3 *	3	2	13 *	17	16	0 *	0	0	3 *	0	0
DeKalb	0 *	0 *	0	1 *	1 *	1	6 *	10 *	29	39 *	30 *	21	0 *	0 *	0
Dent	0 *	1 *	1	3 *	2 *	3	12 *	7 *	8	21 *	20 *	21	12 *	10 *	10
Douglas	1 *	1 *	1	2 *	2 *	3	20 *	17 *	11	24 *	24 *	26	5 *	4 *	5
Dunklin	1 *	0	1	2 *	2	2	4 *	6	4	13 *	19	20	11 *	15	15
Gasconade	0 *	0 *	0	2 *	2 *	2	11 *	14 *	9	25 *	24 *	24	12 *	12 *	12
Gentry	3 *	1 *	1	3 *	2 *	3	22 *	19 *	17	20 *	25 *	27	7 *	12 *	10
Grundy	1 *	1	1	2 *	2	2	5 *	6	7	19 *	19	19	12 *	11	12
Harrison	1 *	1	0	4 *	3	3	20 *	14	26	0 *	21	21	0 *	12	5
Henry	2 *	2	2	0 *	0	0	8 *	8	7	16 *	15	16	11 *	12	11
Hickory	0 *	0 *	0	2 *	2 *	2	13 *	12 *	11	34 *	33 *	33	3 *	2 *	3
Holt	0 *	0	0	1 *	1	1	19 *	21	21	15 *	14	15	8 *	8	7
Howard	1 *	4	3	4 *	4	4	10 *	5	6	0 *	0	0	0 *	0	0
Howell	0 *	0	0	2 *	2	2	18 *	20	18	0 *	0	0	0 *	0	0
Iron	1 *	1 *	0	4 *	3 *	3	7 *	10 *	12	32 *	29 *	30	5 *	7 *	4
Knox	0 *	0 *	0	4 *	6 *	7	10 *	15 *	12	0 *	0 *	0	0 *	0 *	0
Laclede	0 *	1	1	2 *	2	2	14 *	14	12	12 *	12	12	17 *	17	16
Lawrence	1 *	1	1	2 *	2	2	8 *	5	8	22 *	26	27	10 *	10	8
Lewis	0 *	0	0	3 *	3	4	17 *	22	22	0 *	0	0	0 *	0	0
Lincoln	3 *	2 *	2	1 *	2 *	2	34 *	9 *	8	0 *	0 *	0	0 *	0 *	0
Linn	2 *	2 *	2	2 *	2 *	3	11 *	10 *	15	20 *	19 *	19	14 *	14 *	8
Livingston	0 *	0 *	0	4 *	4 *	3	6 *	5 *	15	23 *	22 *	18	26 *	26 *	24
Macon	1 *	0 *	0	3 *	3 *	3	10 *	9 *	14	23 *	23 *	24	10 *	11 *	4

* Unaudited (see Objective, Scope and Methodology section)

Schedule 4

MISSOURI 3RD CLASS COUNTIES
 PERCENTAGE COMPOSITION OF DISBURSEMENTS BY FUNCTION
 GENERAL REVENUE FUND

County	Court Administration			Public Administrator			Other			Sheriff			Jail		
	Year Ended			Year Ended			Year Ended			Year Ended			Year Ended		
	December 31,			December 31,			December 31,			December 31,			December 31,		
	2003	2002	2001	2003	2002	2001	2003	2002	2001	2003	2002	2001	2003	2002	2001
Madison	0 *	0	1	1 *	1	1	44 *	29	14	0 *	0	20	0 *	0	6
Maries	0 *	0	1	2 *	1	2	20 *	14	21	11 *	17	16	12 *	13	13
Marion	0 *	1	1	3 *	3	4	13 *	10	7	16 *	13	13	32 *	35	35
McDonald	0 *	1 *	1	5 *	3 *	3	24 *	13 *	12	0 *	18 *	18	0 *	14 *	17
Mercer	0 *	1	1	3 *	3	3	10 *	9	9	28 *	31	25	3 *	3	2
Miller	0 0	0	1	1 0	1	2	12 0	9	6	28 0	23	26	0 0	0	0
Mississippi	1 *	1 *	1	1 *	1 *	1	14 *	29 *	48	11 *	0 *	0	0 *	0 *	0
Moniteau	1 *	2	1	2 *	2	3	26 *	14	9	13 *	16	16	13 *	14	15
Monroe	0 *	0 *	0	2 *	2 *	2	8 *	5 *	8	21 *	24 *	26	5 *	8 *	6
Montgomery	1 *	1 *	1	1 *	1 *	1	18 *	21 *	24	18 *	18 *	17	24 *	26 *	27
Morgan	0 *	0	0	3 *	3	3	19 *	13	11	0 *	0	0	0 *	0	0
Nodaway	1 *	1	4	1 *	1	3	10 *	7	9	17 *	16	16	16 *	13	12
Oregon	0 *	0 *	0	3 *	3 *	3	10 *	11 *	14	22 *	23 *	23	2 *	2 *	2
Osage	0 *	0 *	0	1 *	1 *	1	6 *	11 *	7	29 *	25 *	31	4 *	5 *	5
Ozark	1 *	1 *	0	4 *	3 *	2	14 *	12 *	13	0 *	0 *	15	0 *	0 *	14
Pemiscot	0 *	0	0	1 *	1	2	8 *	9	9	30 *	28	26	15 *	15	10
Perry	1 *	1	1	1 *	1	1	17 *	22	24	15 *	16	18	13 *	12	10
Phelps	1 *	1	1	1 *	1	1	7 *	4	4	22 *	19	17	11 *	13	12
Pike	2 *	2 *	2	3 *	3 *	2	25 *	25 *	13	0 *	0 *	0	0 *	0 *	0
Polk	0 *	0 *	0	4 *	4 *	4	13 *	29 *	13	0 *	0 *	0	0 *	0 *	0
Pulaski	4 *	3	2	2 *	3	2	11 *	12	14	31 *	29	25	13 *	10	10
Putnam	1 *	0	0	3 *	2	3	36 *	54	24	0 *	0	0	0 *	0	0
Ralls	0 *	1	1	2 *	2	2	8 *	9	12	33 *	31	31	0 *	0	0
Randolph	0 *	0	0	2 *	2	2	7 *	5	5	22 *	21	23	16 *	20	17
Ray	0 *	0	0	3 *	3	3	8 *	3	3	17 *	15	17	25 *	23	24
Reynolds	1 *	0 *	0	2 *	2 *	3	12 *	9 *	6	41 *	40 *	38	2 *	2 *	1
Ripley	0 *	1	1	4 *	4	4	17 *	15	21	0 *	0	0	0 *	0	0
St. Clair	0 *	0	1	1 *	1	1	13 *	6	5	8 *	9	10	60 *	61	55
Ste. Genevieve	0 *	0	0	1 *	1	1	15 *	11	16	22 *	21	20	40 *	44	44
Schuyler	1 *	1	1	4 *	4	3	12 *	11	11	0 *	0	0	0 *	0	0
Scotland	0 *	1	0	2 *	2	2	11 *	5	7	24 *	27	32	0 *	0	0
Scott	0 *	0 *	0	1 *	2 *	2	10 *	11 *	10	0 *	0 *	0	0 *	0 *	0
Shannon	0 *	0 *	0	2 *	2 *	2	7 *	3 *	7	20 *	25 *	24	6 *	8 *	6
Shelby	0 *	0 *	0	2 *	2 *	2	6 *	7 *	9	20 *	21 *	20	9 *	8 *	7
Stoddard	0 *	0	0	1 *	1	1	7 *	5	5	26 *	27	25	0 *	0	0
Stone	1 *	1	2	1 *	1	1	16 *	13	14	20 *	21	23	9 *	9	12
Sullivan	1 *	1	1	3 *	3	3	7 *	7	8	34 *	35	31	3 *	3	5
Texas	5 *	3	3	3 *	3	3	6 *	4	10	15 *	14	14	12 *	12	11
Vernon	1 *	1 *	1	2 *	2 *	3	9 *	8 *	5	21 *	19 *	26	12 *	11 *	3
Warren	0 *	1	0	1 *	1	1	29 *	24	28	0 *	0	0	0 *	0	0
Washington	1 *	1 *	0	2 *	2 *	2	41 *	30 *	44	0 *	0 *	0	0 *	0 *	0
Wayne	0 *	0 *	0	1 *	1 *	2	11 *	10 *	9	33 *	28 *	27	8 *	8 *	10
Webster	2 *	0	1	2 *	3	3	22 *	14	22	21 *	34	32	11 *	5	0
Worth	0 *	0 *	0	2 *	2 *	2	39 *	38 *	40	7 *	6 *	7	4 *	8 *	6
Wright	1 *	1 *	1	1 *	1 *	2	8 *	6 *	9	18 *	18 *	18	14 *	8 *	6
Average	1	1	1	2	2	2	15	13	13	16	17	18	7	8	7

* Unaudited (see Objective, Scope and Methodology section)

Schedule 4

MISSOURI 3RD CLASS COUNTIES
 PERCENTAGE COMPOSITION OF DISBURSEMENTS BY FUNCTION
 GENERAL REVENUE FUND

County	Prosecuting Attorney			Juvenile Officer			Coroner			Health and Welfare			Operating Transfers		
	Year Ended			Year Ended			Year Ended			Year Ended			Year Ended		
	December 31,			December 31,			December 31,			December 31,			December 31,		
	2003	2002	2001	2003	2002	2001	2003	2002	2001	2003	2002	2001	2003	2002	2001
Adair	8 *	10 *	10	0 *	0 *	11	1 *	1 *	1	3 *	4 *	0	21 *	13 *	4
Andrew	4 *	7 *	7	2 *	3 *	3	1 *	1 *	1	0 *	0 *	1	3 *	9 *	8
Atchison	7 *	11 *	14	1 *	1 *	1	1 *	1 *	1	0 *	0 *	0	4 *	3 *	4
Audrain	12 *	11 *	10	9 *	9 *	9	1 *	1 *	1	3 *	2 *	0	32 *	37 *	37
Barry	9 *	6	9	4 *	3	5	1 *	1	1	0 *	0	0	0 *	0	0
Barton	11 *	11 *	11	3 *	3 *	3	0 *	0 *	0	2 *	2 *	1	4 *	3 *	3
Bates	0 *	0 *	0	0 *	0 *	0	0 *	0 *	0	0 *	0 *	0	0 *	0 *	0
Benton	11 *	8 *	8	1 *	1 *	1	1 *	1 *	1	0 *	0 *	0	1 *	0 *	1
Bollinger	6 *	7 *	7	1 *	0 *	3	1 *	2 *	1	0 *	0 *	0	1 *	1 *	0
Butler	5 *	5	5	4 *	4	5	1 *	1	1	0 *	0	0	0 *	1	0
Caldwell	8 *	10 *	9	1 *	1 *	1	1 *	1 *	1	0 *	0 *	0	0 *	0 *	5
Carroll	7 *	7	7	0 *	0	1	1 *	1	1	0 *	0	0	1 *	1	0
Carter	7 *	7 *	8	4 *	4 *	4	1 *	1 *	1	0 *	0 *	0	6 *	8 *	10
Cedar	0 *	0 *	5	0 *	0 *	2	0 *	0 *	1	0 *	0 *	0	20 *	24 *	0
Chariton	5 *	5 *	5	1 *	1 *	1	1 *	1 *	1	0 *	0 *	0	1 *	0 *	2
Clark	8 *	6	6	1 *	3	1	1 *	1	1	0 *	0	0	5 *	4	4
Clinton	6 *	7 *	7	1 *	1 *	1	1 *	1 *	1	0 *	0 *	0	1 *	1 *	1
Cooper	9 *	7	7	3 *	1	2	1 *	1	1	10 *	11	10	1 *	3	2
Crawford	8 *	7	7	2 *	2	2	1 *	1	1	13 *	12	12	0 *	0	0
Dade	0 *	0	0	0 *	0	0	0 *	0	0	0 *	0	0	21 *	18	30
Dallas	12 *	11	10	5 *	10	11	2 *	2	1	0 *	0	0	8 *	8	11
Daviess	11 *	12	11	1 *	1	1	2 *	2	2	0 *	0	0	4 *	8	17
DeKalb	8 *	8 *	8	1 *	1 *	1	1 *	1 *	1	0 *	0 *	0	1 *	0 *	3
Dent	9 *	10 *	9	2 *	3 *	2	2 *	2 *	1	0 *	0 *	0	0 *	0 *	2
Douglas	9 *	8 *	9	2 *	1 *	2	1 *	1 *	1	0 *	0 *	0	5 *	3 *	3
Dunklin	5 *	7	8	2 *	3	3	1 *	1	1	0 *	0	0	2 *	1	0
Gasconade	8 *	7 *	8	2 *	2 *	2	1 *	1 *	1	0 *	0 *	0	8 *	0 *	8
Gentry	6 *	5 *	5	1 *	1 *	1	1 *	1 *	1	1 *	2 *	1	2 *	2 *	3
Grundy	7 *	7	7	6 *	6	6	1 *	1	1	0 *	0	0	6 *	5	6
Harrison	11 *	7	6	2 *	1	1	2 *	1	2	0 *	0	0	13 *	1	0
Henry	7 *	7	7	14 *	15	19	1 *	1	1	0 *	0	0	6 *	4	5
Hickory	6 *	6 *	7	1 *	1 *	1	1 *	1 *	1	0 *	0 *	0	3 *	3 *	3
Holt	6 *	6	6	1 *	1	1	1 *	1	1	0 *	0	0	1 *	1	1
Howard	8 *	7	8	7 *	6	5	1 *	1	1	20 *	17	18	0 *	7	12
Howell	7 *	6	6	6 *	6	5	1 *	1	1	0 *	0	0	34 *	34	33
Iron	7 *	6 *	7	2 *	1 *	2	1 *	1 *	1	0 *	0 *	0	1 *	0 *	1
Knox	10 *	8 *	10	6 *	5 *	5	2 *	1 *	1	0 *	0 *	0	10 *	10 *	3
Laclede	6 *	6	6	2 *	1	1	1 *	1	1	0 *	0	0	9 *	14	16
Lawrence	7 *	7	8	2 *	2	2	1 *	1	1	12 *	13	12	11 *	0	0
Lewis	4 *	7	6	5 *	6	6	1 *	1	1	19 *	2	0	21 *	25	24
Lincoln	12 *	12 *	12	4 *	5 *	6	1 *	1 *	1	0 *	0 *	0	11 *	29 *	30
Linn	9 *	6 *	5	4 *	4 *	3	1 *	1 *	1	0 *	0 *	0	0 *	0 *	0
Livingston	6 *	6 *	5	2 *	2 *	3	2 *	2 *	1	0 *	0 *	0	0 *	0 *	0
Macon	7 *	7 *	7	5 *	4 *	5	1 *	1 *	1	1 *	1 *	0	0 *	0 *	1

* Unaudited (see Objective, Scope and Methodology section)

Schedule 4

MISSOURI 3RD CLASS COUNTIES
 PERCENTAGE COMPOSITION OF DISBURSEMENTS BY FUNCTION
 GENERAL REVENUE FUND

County	Prosecuting Attorney			Juvenile Officer			Coroner			Health and Welfare			Operating Transfers		
	Year Ended			Year Ended			Year Ended			Year Ended			Year Ended		
	December 31,			December 31,			December 31,			December 31,			December 31,		
	2003	2002	2001	2003	2002	2001	2003	2002	2001	2003	2002	2001	2003	2002	2001
Madison	7 *	5	6	0 *	0	2	2 *	1	2	0 *	0	0	0 *	20	5
Maries	7 *	5	5	2 *	2	2	1 *	1	1	1 *	1	1	0 *	2	2
Marion	7 *	8	8	3 *	3	2	1 *	1	1	0 *	0	0	1 *	0	3
McDonald	0 *	10 *	11	0 *	1 *	1	0 *	1 *	1	0 *	0 *	0	16 *	2 *	2
Mercer	8 *	8	8	1 *	1	1	1 *	1	1	0 *	0	0	0 *	0	0
Miller	8 0	6	9	3 0	2	3	1 0	1	1	0 0	0	0	7 0	28	10
Mississippi	7 *	7 *	6	1 *	1 *	1	1 *	1 *	1	2 *	2 *	1	25 *	22 *	14
Moniteau	7 *	8	9	2 *	3	4	1 *	1	1	0 *	0	0	0 *	0	3
Monroe	5 *	5 *	6	2 *	2 *	2	1 *	1 *	1	0 *	0 *	0	16 *	12 *	7
Montgomery	7 *	7 *	6	2 *	2 *	2	1 *	1 *	1	0 *	0 *	0	9 *	1 *	0
Morgan	7 *	7	7	2 *	2	2	1 *	1	1	0 *	0	0	40 *	42	46
Nodaway	7 *	6	7	3 *	6	5	1 *	1	1	0 *	0	0	7 *	5	5
Oregon	8 *	7 *	7	4 *	4 *	4	1 *	1 *	1	0 *	0 *	0	5 *	4 *	2
Osage	10 *	8 *	9	3 *	3 *	3	2 *	1 *	1	3 *	3 *	3	1 *	0 *	0
Ozark	8 *	7 *	6	2 *	2 *	0	2 *	2 *	1	0 *	0 *	0	21 *	24 *	4
Pemiscot	7 *	8	10	2 *	2	2	1 *	1	1	0 *	0	0	1 *	1	2
Perry	5 *	5	5	1 *	1	3	1 *	1	1	0 *	0	0	6 *	0	0
Phelps	9 *	8	10	7 *	12	13	1 *	1	1	2 *	2	2	4 *	4	5
Pike	11 *	10 *	5	3 *	3 *	2	2 *	2 *	1	0 *	0 *	43	16 *	11 *	2
Polk	0 *	0 *	0	0 *	0 *	0	0 *	0 *	0	0 *	0 *	0	5 *	2 *	2
Pulaski	8 *	8	7	3 *	3	4	2 *	1	1	0 *	0	0	3 *	2	3
Putnam	12 *	8	13	1 *	1	1	2 *	1	2	0 *	0	0	0 *	1	1
Ralls	7 *	6	6	2 *	1	1	1 *	1	1	0 *	0	0	5 *	5	5
Randolph	11 *	10	10	9 *	9	9	1 *	1	1	0 *	0	0	0 *	0	0
Ray	12 *	9	11	1 *	1	1	1 *	1	1	0 *	5	5	0 *	0	2
Reynolds	7 *	7 *	9	1 *	2 *	2	1 *	1 *	1	0 *	0 *	0	0 *	0 *	2
Ripley	0 *	0	0	0 *	0	0	0 *	0	0	0 *	0	0	14 *	16	14
St. Clair	3 *	3	4	1 *	1	1	0 *	0	0	0 *	0	0	1 *	1	1
Ste. Genevieve	3 *	3	3	2 *	3	0	1 *	1	1	0 *	0	0	0 *	0	0
Schuyler	0 *	0	0	0 *	0	0	0 *	0	0	2 *	3	1	24 *	23	24
Scotland	8 *	7	7	5 *	6	4	1 *	1	1	2 *	4	4	6 *	2	2
Scott	7 *	6 *	8	4 *	4 *	4	1 *	1 *	1	0 *	0 *	0	49 *	46 *	42
Shannon	7 *	7 *	7	5 *	4 *	4	2 *	1 *	1	0 *	0 *	0	1 *	2 *	1
Shelby	8 *	8 *	8	8 *	5 *	5	1 *	1 *	1	0 *	0 *	0	3 *	3 *	3
Stoddard	5 *	6	5	14 *	10	9	1 *	1	1	0 *	0	0	10 *	8	19
Stone	6 *	6	7	1 *	1	1	0 *	1	1	0 *	0	0	23 *	22	9
Sullivan	6 *	6	6	1 *	1	1	1 *	1	1	0 *	0	0	2 *	2	1
Texas	7 *	7	7	4 *	4	4	1 *	1	1	0 *	0	0	3 *	3	3
Vernon	7 *	6 *	7	7 *	9 *	9	1 *	1 *	1	0 *	0 *	0	1 *	1 *	4
Warren	13 *	10	10	4 *	4	4	1 *	2	1	0 *	0	0	16 *	23	22
Washington	11 *	11 *	9	3 *	4 *	4	1 *	1 *	1	0 *	0 *	0	9 *	15 *	9
Wayne	6 *	7 *	7	2 *	2 *	1	2 *	1 *	1	1 *	0 *	0	1 *	2 *	2
Webster	9 *	7	6	1 *	1	2	1 *	1	1	0 *	1	2	1 *	1	1
Worth	8 *	8 *	10	0 *	0 *	1	1 *	1 *	1	1 *	1 *	1	4 *	2 *	3
Wright	7 *	7 *	7	6 *	10 *	12	1 *	1 *	1	2 *	1 *	2	3 *	3 *	2
Average	7	7	7	3	3	3	1	1	1	1	1	1	7	7	7

* Unaudited (see Objective, Scope and Methodology section)

Schedule 5

MISSOURI 3RD CLASS COUNTIES
TOTAL RECEIPTS, DISBURSEMENTS, AND CASH BALANCES
SALES TAX FUNDS

		Year Ended December 31,											
		2003						2002			2001		
County	Fund Type	Receipts	Disbursements	Cash	Balance	Receipts	Disbursements	Cash Balance	Receipts	Disbursements	Cash Balance		
Adair	LEST	\$ 1,754,722 *	1,707,874 *	283,228 *	1,720,090 *	1,633,868 *	236,380 *	1,569,851	2,442,251	150,158			
Andrew	CIST	115,258 *	110,035 *	67,234 *	123,380 *	211,497 *	62,011 *	110,440	210,799	150,128			
	LEST	527,184 *	582,761 *	381,992 *	523,021 *	501,183 *	437,569 *	497,880	498,065	415,731			
Atchison	RBST	212,630 *	226,936 *	172,698 *	217,195 *	232,054 *	187,004 *	231,752	281,913	201,863			
Audrain	LEST	1,957,801 *	1,961,671 *	7,618 *	1,672,315 *	1,667,776 *	11,488 *	1,511,985	1,505,523	6,949			
	RBST	2,290,523 *	1,840,181 *	565,080 *	1,533,697 *	1,662,809 *	114,738 *	1,253,326	1,298,444	243,850			
Barry		0 *	0 *	0 *	0 *	0 *	0 *	0	0	0			
Barton	LEST	608,958 *	658,880 *	205,308 *	679,500 *	618,172 *	255,230 *	535,011	587,041	193,902			
Bates	LEST	900,840 *	991,440 *	25,383 *	710,572 *	732,092 *	115,983 *	688,565	684,576	137,503			
	CIST	420,000 *	420,000 *	0 *	313,841 *	313,841 *	0 *	0	0	0			
Benton	CIST	774,260 *	564,355 *	644,386 *	722,702 *	814,207 *	434,481 *	695,059	675,706	525,986			
Bollinger		0 *	0 *	0 *	0 *	0 *	0 *	0	0	0			
Butler	LEST	1,218,070 *	1,360,404 *	172,648 *	1,222,155 *	1,370,249 *	314,982 *	1,223,352	1,316,087	463,076			
	RBST	1,453,580 *	1,746,040 *	484,060 *	1,556,364 *	1,102,338 *	776,520 *	1,392,761	1,419,514	322,494			
Caldwell	LEST	1,507,862 *	1,516,855 *	(16,393) *	245,504 *	253,596 *	(7,400) *	252,182	253,731	692			
	RBST	227,548 *	211,044 *	159,485 *	230,308 *	241,063 *	142,981 *	239,874	250,449	153,736			
Carroll	CIST	310,310 *	99,433 *	336,184 *	448,195 *	517,526 *	125,307 *	297,349	149,139	194,638			
Carter		0 *	0 *	0 *	0 *	0 *	0 *	0	0	0			
Cedar	LEST	1,148,907 *	1,004,935 *	260,913 *	1,015,477 *	930,845 *	116,941 *	34,929	2,620	32,309			
Chariton	LEST	276,840 *	453,239 *	905,982 *	268,534 *	227,705 *	1,082,381 *	267,761	197,839	1,041,552			
Clark	CIST	365,345 *	523,032 *	13,814 *	551,595 *	668,830 *	171,501 *	426,546	391,361	288,736			
	RBST	208,143 *	233,824 *	195 *	219,628 *	199,840 *	25,876 *	190,988	186,765	6,088			
Clinton	CIST	544,584 *	466,903 *	539,680 *	538,447 *	461,525 *	461,999 *	718,113	617,758	385,077			
Cooper	LEST	847,936 *	914,512 *	630,344 *	764,112 *	822,716 *	696,920 *	782,471	795,662	755,524			
	RBST	678,615 *	682,014 *	386,763 *	684,376 *	738,063 *	390,162 *	684,596	430,828	443,849			
Crawford	CIST	141,744 *	72,409 *	365,942 *	132,861 *	72,020 *	296,607 *	137,284	92,689	235,766			
Dade	LEST	517,681 *	461,415 *	68,114 *	559,724 *	548,319 *	11,848 *	546,121	546,217	443			
Dallas	CIST	560,312 *	572,658 *	257,250 *	535,340 *	301,348 *	269,596 *	630,399	651,610	35,604			
	LEST	726,814 *	723,447 *	27,608 *	721,088 *	723,318 *	24,241 *	718,641	729,293	26,471			
Daviess	LEST	349,735 *	391,898 *	1,588 *	383,369 *	395,980 *	43,751 *	313,058	334,991	56,362			
Dekalb	CIST	597,192 *	439,063 *	224,338 *	582,346 *	531,100 *	66,209 *	549,762	701,873	14,963			
Dent		0 *	0 *	0 *	0 *	0 *	0 *	0	0	0			
Douglas		0 *	0 *	0 *	0 *	0 *	0 *	0	0	0			
Dunklin	LEST	89,663 *	13,575 *	76,088 *	0 *	0 *	0 *	0	0	0			
Gasconade		0 *	0 *	0 *	0 *	0 *	0 *	0	0	0			
Gentry		0 *	0 *	0 *	0 *	0 *	0 *	0	0	0			
Grundy		0 *	0 *	0 *	0 *	0 *	0 *	0	0	0			

Tickmark Legend

CIST - Capital Improvement Sales Tax Fund

LEST - Law Enforcement Sales Tax Fund

RBST - Road and Bridge Sales Tax Fund

* Unaudited (see Objective, Scope and Methodology section)

Schedule 5

MISSOURI 3RD CLASS COUNTIES
TOTAL RECEIPTS, DISBURSEMENTS, AND CASH BALANCES
SALES TAX FUNDS

		Year Ended December 31,								
County	Fund Type	2003			2002			2001		
		Receipts	Disbursements	Cash Balance	Receipts	Disbursements	Cash Balance	Receipts	Disbursements	Cash Balance
Harrison	CIST	11,387 *	5,458 *	314,593 *	11,152	14,175	308,664	32,260	4,831	311,687
	LEST	552,488 *	574,799 *	12,645 *	34,956	0	34,956	0	0	0
Henry		0 *	0 *	0 *	0	0	0	0	0	0
Hickory		0 *	0 *	0 *	0 *	0 *	0 *	0	0	0
Holt		0 *	0 *	0 *	0	0	0	0	0	0
Howard	LEST	370,501 *	371,608 *	4,526 *	388,327	384,108	5,633	401,600	401,898	1,414
Howell	LEST	2,242,960 *	2,412,246 *	457,647 *	2,024,301	1,942,667	626,933	1,855,851	1,377,030	545,299
Iron		0 *	0 *	0 *	0 *	0 *	0 *	0	0	0
Knox	LEST	179,994 *	191,048 *	2,000 *	200,169 *	187,239 *	13,054 *	148,980	152,462	124
Laclede	LEST	1,715,322 *	1,586,178 *	1,187,001 *	1,659,909	1,513,523	1,057,857	1,663,628	1,546,188	911,471
Lawrence		0 *	0 *	0 *	0	0	0	0	0	0
Lewis	CIST	367,593 *	344,853 *	26,117 *	680,813	678,557	3,377	366,913	436,937	1,121
	LEST	537,112 *	535,221 *	6,286 *	563,005	558,805	4,395	507,680	536,830	195
Lincoln	CIST	1,009,870 *	472,309 *	1,856,167 *	982,222 *	0 *	1,318,606 *	961,412	1,327,040	336,384
	LEST	3,679,791 *	3,814,616 *	342,033 *	3,535,036 *	3,136,823 *	476,858 *	2,967,307	2,861,407	78,645
Linn		0 *	0 *	0 *	0 *	0 *	0 *	0	0	0
Livingston	LEST	31,753 *	0 *	31,753 *	0 *	0 *	0 *	0	0	0
Macon	RBST	1,498,581 *	1,453,073 *	285,630 *	971,676 *	1,029,468 *	240,122 *	792,862	781,957	297,914
Madison	LEST	563,281 *	531,996 *	48,478 *	491,751	491,754	17,193	30,046	12,850	17,196
Maries	CIST	0 *	0 *	0 *	4	246	0	90,313	126,951	242
Marion	CIST	2,037,905 *	1,656,520 *	1,271,335 *	1,625,052	935,411	889,950	1,497,291	1,700,516	200,309
	RBST	85,641 *	1,229,296 *	515,332 *	697,068	658,118	1,658,987	738,005	181,709	1,620,037
McDonald		0 *	0 *	0 *	0 *	0 *	0 *	0	0	0
Mercer		0 *	0 *	0 *	0	0	0	0	0	0
Miller	CIST	1,279,150 *	1,469,254 *	369,269 *	1,284,434 *	1,151,542 *	559,373 *	1,784,167	1,777,192	426,481
Mississippi	CIST	857 *	0 *	1,565 *	708 *	0 *	708 *	79,837	226,596	0
	LEST	2,251,141 *	2,279,118 *	165 *	2,247,527 *	2,243,907 *	28,142 *	2,295,839	2,297,802	24,522
Moniteau		0 *	0 *	0 *	0	0	0	0	0	0
Monroe		0 *	0 *	0 *	0 *	0 *	0 *	0	0	0
Montgomery	CIST	385,674 *	437,995 *	292,243 *	453,139 *	433,943 *	344,564 *	477,614	434,667	325,368
Morgan	LEST	1,875,596 *	1,875,596 *	0 *	1,771,543	1,771,543	0	1,810,492	1,819,952	0
Nodaway		0 *	0 *	0 *	0	0	0	0	0	0
Oregon		0 *	0 *	0 *	0 *	0 *	0 *	0	0	0
Osage		0 *	0 *	0 *	0 *	0 *	0 *	0	0	0
Ozark	CIST	88,732 *	189,421 *	126,528 *	240,336 *	225,820 *	227,217 *	238,040	205,640	212,701
	LEST	672,156 *	697,211 *	34 *	617,480 *	608,502 *	25,089 *	268,582	252,516	16,111

Tickmark Legend

CIST - Capital Improvement Sales Tax Fund

LEST - Law Enforcement Sales Tax Fund

RBST - Road and Bridge Sales Tax Fund

a - This Capital Improvement Sales Tax expired.

* Unaudited (see Objective, Scope and Methodology section)

Schedule 5

MISSOURI 3RD CLASS COUNTIES
TOTAL RECEIPTS, DISBURSEMENTS, AND CASH BALANCES
SALES TAX FUNDS

County	Fund Type	Year Ended December 31,								
		2003			2002			2001		
		Receipts	Disbursements	Cash Balance	Receipts	Disbursements	Cash Balance	Receipts	Disbursements	Cash Balance
Pemiscot	CIST	607,130 *	598,745 *	243,951 *	626,666	980,682	235,566	615,913	650,115	589,582
	LEST	291,522 *	334,235 *	286 *	325,828	746,821	42,999	336,520	367,667	463,992
Perry		0 *	0 *	0 *	0	0	0	0	0	0
Phelps	LEST	1,948,155 *	4,191,565 *	3,057,458 *	2,376,999	825,046	5,300,868	2,761,420	721,607	3,748,915
Pike	LEST	1,078,535 *	1,122,864 *	(64,004) *	1,049,377 *	1,078,484 *	(19,675) *	927,017	960,446	9,432
Polk	LEST	1,465,420 *	1,689,770 *	145,200 *	1,395,024 *	1,604,731 *	369,550 *	1,471,437	1,479,526	579,257
	RBST	1,200,180 *	1,337,183 *	161,260 *	1,156,091 *	972,538 *	298,263 *	1,119,418	1,447,624	114,710
Pulaski	CIST	124,246 *	55,270 *	2,471,432 *	123,735	131,731	2,402,456	120,049	30,836	2,410,452
	RSBT	17 *	54 *	0 *	70	152	37	8	0	119
Putnam	LEST	212,705 *	257,874 *	2,717 *	242,306	231,301	47,886	240,457	221,422	36,881
Ralls		0 *	0 *	0 *	0	0	0	0	0	0
Randolph		0 *	0 *	0 *	0	0	0	0	0	0
Ray	RBST	1,020,240 *	1,244,049 *	420,900 *	1,070,273	640,254	644,709	752,724	778,181	214,690
Reynolds		0 *	0 *	0 *	0 *	0 *	0 *	0	0	0
Ripley	LEST	585,736 *	586,564 *	331 *	595,780	594,897	1,159	528,780	545,789	276
St. Clair		0 *	0 *	0 *	0	0	0	0	0	0
Ste. Genevieve	CIST	18,597 *	695,507 *	572,837 *	56,136	441,149	1,249,747	95,595	91,403	1,634,760
Schuyler	LEST	236,221 *	237,518 *	812 *	235,030	242,499	2,109	249,472	241,644	9,578
	RBST	131,377 *	127,173 *	135,287 *	128,911	128,007	131,083	131,914	126,521	130,179
Scotland	CIST	227,792 *	233,700 *	23,624 *	307,531	296,521	29,532	77,905	59,383	18,522
	LEST	119,955 *	120,541 *	542 *	86,229	85,101	1,128	0	0	0
Scott	LEST	3,150,943 *	3,151,040 *	(1) *	2,898,364 *	2,898,608 *	96 *	2,642,709	2,731,514	340
Shannon		0 *	0 *	0 *	0 *	0 *	0 *	0	0	0
Shelby		0 *	0 *	0 *	0 *	0 *	0 *	0	0	0
Stoddard		0 *	0 *	0 *	0	0	0	0	0	0
Stone		0 *	0 *	0 *	0	0	0	0	0	0
Sullivan		0 *	0 *	0 *	0	0	0	0	0	0
Texas		0 *	0 *	0 *	0	0	0	0	0	0
Vernon		0 *	0 *	0 *	0 *	0 *	0 *	0	0	0
Warren	CIST	1,117,053 *	697,635 *	2,828,588 *	1,145,400	699,385	2,409,170	1,133,356	597,727	1,963,155
	LEST	2,355,822 *	2,335,208 *	60,635 *	2,080,442	2,159,813	40,021	2,193,952	2,082,375	119,392
Washington	CIST	643,936 *	491,204 *	872,773 *	613,534 *	1,217,821 *	720,041 *	689,469	698,485	1,324,328
	LEST	1,120,915 *	1,129,016 *	1,330 *	1,169,054 *	1,159,723 *	9,431 *	1,094,998	1,094,898	100
Wayne		0 *	0 *	0 *	0 *	0 *	0 *	0	0	0
Webster	CIST	1,425,924 *	1,494,032 *	23,943 *	1,238,341	1,230,452	92,051	1,069,872	1,029,499	84,162
Worth	CIST	49,904 *	45,832 *	42,143 *	42,758 *	52,253 *	38,071 *	38,860	38,723	47,566
	LEST	55,898 *	44,255 *	31,032 *	73,825 *	61,390 *	19,389 *	50,444	47,115	6,954
Wright		0 *	0 *	0 *	0 *	0 *	0 *	0	0	0
	Total	<u>61,958,765</u>	<u>65,299,483</u>	<u>25,431,953</u>	<u>58,394,048</u>	<u>54,939,390</u>	<u>28,772,671</u>	<u>53,851,064</u>	<u>51,758,215</u>	<u>25,318,013</u>

Tickmark Legend

CIST - Capital Improvement Sales Tax Fund

LEST - Law Enforcement Sales Tax Fund

RBST - Road and Bridge Sales Tax Fund

* Unaudited (see Objective, Scope and Methodology section)



**CITY OF HERMANN, MISSOURI
YEAR ENDED JUNE 30, 2003**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-88
November 22, 2004
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

November 2004

The following problems were discovered as a result of an audit conducted by our office of the City of Hermann, Missouri.

User fees for electric, water and sewer, and natural gas have not been established at levels consistent with the costs of providing those services. The Board of Aldermen (board) uses utility funds, especially the Electric Fund, to help finance other city operations. It appears the city has established higher than necessary utility rate structures in lieu of increasing general revenues or reducing services provided by the city. These utility services should not generate profits to fund other services provided by the city.

Transfers from the utility and refuse/waste funds represented approximately 15 percent of the revenues of these funds in fiscal year 2003. Although city officials indicated some of the transfers from the Electric Fund to other funds were loans, there was no supporting documentation that these transfers would be repaid, and the city's audit report showed no evidence of such receivables/payables between funds. Additionally, documentation was not available to support the charges for the other transfers, including the gross receipts tax, billing and collection fee, and communication fee.

Engineering services were not always obtained in accordance with state law, and the city did not solicit proposals in accordance with its policy for many professional services, including:

- The city hired several consultants and engineering firms to provide services such as gas and electric service analysis, engineering for gas pipeline upgrade, traffic study, water study, geotechnical services, general and structural engineering services, and water line replacement. The city paid over \$124,000 for these services in fiscal year 2003.
- The city paid over \$242,000 for trash pickup services, for which proposals have not been solicited for more than ten years.
- The city pays \$500 a month for the city's web-site maintenance and \$27,496 for its city attorney's salary, fees and expenses.

In 2002, the city gave \$21,484, to the Highway 19 Missouri River Corporation, a not-for-profit organization, for various expenses of the corporation; however, the specific services to be provided for the financial assistance were not clearly defined in a written agreement.

(over)

YELLOW SHEET

Some expenditures do not appear to be a necessary or prudent use of city funds, including, \$9,400 for planning/goals setting meetings for city officials at various resorts in the state, \$3,100 for a staff meeting for 8 people at a resort in Excelsior Springs, and approximately \$2,000 and \$2,500 in December 2003 and 2002, respectively, for a holiday dinner and gifts for employees and their families.

During the year ended June 30, 2003, the city paid \$1,922 to a business, whose president is a board member, for trucking services which were not competitively bid. The board minutes do not indicate the board member abstained from approving expenditures to his business. Additionally, board minutes do not indicate that the mayor and board members abstained from approving the salary of relatives, as applicable.

Some clauses in the former City Administrator's employment contract did not appear to be in the best interest of the city. Also, the City Collector received a raise during her term of office, which appears to violate state law.

In spring 2003, the city apparently assisted a local winery purchase real estate in the downtown area; however, the city did not obtain an independent appraisal of the property to determine the fair value of the property. According to city officials, there was an oral understanding that the winery would dedicate other property to the city for use as a city park. However, to-date this transaction has not occurred. Additionally, in April 2004, the city agreed to sell a building to another local winery for \$350,000 without obtaining an appraisal or advertising the sale.

In April 2004, the city purchased a motel for \$175,000, without obtaining a formal independent appraisal. Instead the city relied upon its agent to value the property, and then paid the agent 5 percent of the purchase price as his commission.

Also included in the report are recommendations to improve meetings and minutes, accounting controls, records and procedures, and capital assets.

Because most of the present members of the Board of Aldermen are newly elected and were not in office during the time period audited and some city officials are no longer employed by the city, we met with several former city officials regarding the findings. Their responses to certain issues are included in the report.

All reports are available on our website: www.auditor.mo.gov

STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the Honorable Mayor
and
Members of the Board of Aldermen
City of Hermann, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the city of Hermann, Missouri. The city engaged Tochtrop & Associates, P.C., Certified Public Accountants (CPAs), to audit the city's financial statements for the year ended June 30, 2003. To minimize duplication of effort, we reviewed the report and substantiating working papers of the CPA firm. The scope of our audit of the city included, but was not necessarily limited to, the year ended June 30, 2003. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review internal controls over significant management and financial functions.
3. Review compliance with certain legal provisions.

To accomplish these objectives, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents; interviewed various personnel of the city, as well as certain external parties; and tested selected transactions. Our methodology included, but was not necessarily limited to, the following:

1. We obtained an understanding of petitioner concerns and performed various procedures to determine their validity and significance.
2. We obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.
3. We obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and

violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the city's management and was not subjected to the procedures applied in the audit of the city.

The accompanying Management Advisory Report presents our findings arising from our audit of the city of Hermann, Missouri.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

April 14, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Toni M. Crabtree, CPA
In-Charge Auditor:	Julie Vollmer

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

CITY OF HERMANN, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Utility Transfers
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User fees for electric, water and sewer, and natural gas have not been established at levels consistent with the costs of providing those services. The Board of Aldermen (board) uses utility funds, especially the Electric Fund, to help finance other city operations. It appears the city has established higher than necessary utility rate structures in lieu of increasing general revenues or reducing services provided by the city. In total, the transfers from the utility and refuse/waste funds represented approximately 15 percent of the revenues of these funds in fiscal year 2003.

Transfers for administrative type costs to the General Fund and other transfers for the three years ended June 30, 2003 were:

	Year Ended June 30,		
	2003	2002	2001
<u>ELECTRIC FUND</u>			
Transfers to other funds	\$ 332,000	433,800	50,000
Transfers of gross receipts tax	306,668	283,257	299,229
Transfers of billing/collection fee	44,744	40,017	33,308
Transfers of communication fee	37,896	0	0
Total	<u>721,308</u>	<u>757,074</u>	<u>382,537</u>
<u>NATURAL GAS FUND</u>			
Transfers of gross receipts tax	96,682	0	0
Transfers of billing/collection fee	14,266	0	0
Transfers of communication fee	37,885	0	0
Total	<u>148,833</u>	<u>0</u>	<u>0</u>
<u>WATER AND SEWER FUND</u>			
Transfers to other funds	675	0	3,513
Transfers of gross receipts tax	23,708	22,966	22,934
Transfers of billing/collection fee	6,254	35,633	36,034
Transfers of communication fee	37,885	0	0
Total	<u>68,522</u>	<u>58,599</u>	<u>62,481</u>
<u>REFUSE AND WASTE FUND</u>			
Transfers of billing/collection fee	\$ <u>8,347</u>	<u>8,266</u>	<u>8,281</u>

We noted the following concerns with these transfers:

- A. Although city officials indicated some of the transfers from the Electric Fund to other funds were loans, there was no supporting documentation such as an ordinance approved by the board, that these transfers would be repaid. Additionally, the city's audit report showed no evidence of such receivables/payables between funds. For the three years ended June 30, 2003, the city transferred the following monies from the Electric Fund to other city funds:

		Year Ended June 30,		
		2003	2002	2001
General Fund	\$	200,000	187,500	0
Recreation Fund		105,000	206,300	0
Park Fund		15,000	40,000	40,000
Cemetery Fund		0	0	5,000
Airport Fund	\$	12,000	0	5,000

- B. Although an ordinance defines the gross receipts tax as ten percent of gross receipts, the ordinance does not identify why ten percent is used.

The city makes quarterly transfers, identified as gross receipts tax, from the utility funds to the General Fund. It appears the city established these transfers because a gross receipts tax is not received from public utility companies. The city should develop a methodology for determining the gross receipts tax transfer.

- C. The city has not performed time studies of the activities performed by city personnel to ensure the billing and collection fee is properly allocated to the various funds. The city makes monthly transfers, identified as billing and collection fee, from the utility and refuse/waste funds to the General Fund to cover administrative expenditures incurred. Actual time and expenses spent on the billing and collection effort are not used. Additionally, the billing and collection fee is not established by ordinance.

The billing and collecting fee for refuse/waste is a set 55 cent fee added to the customer's bill. However, this fee is not based upon activities performed by city personnel for the fund.

For the utility funds, part of the billing and collection fee is based on the city collector's salary and one-half of the deputy city collector's salary, regardless of what activities they perform. That amount and the time charged by various city employees involved in the billing and collection activity, and other billing expenses, is then charged to the various funds based on the percentage of budgeted receipts to total budgeted receipts for the utility funds.

The city should base this fee on the actual time and expenses spent on the billing and collection effort and establish this fee by ordinance.

- D. Documentation was not available to support how the communication fee was determined. In fiscal year 2003, the city started charging the utility funds a monthly communication fee for dispatching services. The dispatching costs are split fifty percent to the police, with the other fifty percent split equally between the utility funds. In addition, this fee is not established by ordinance. The city should base this fee on the actual time and expense spent on the dispatching services and establish this fee by ordinance.

The utility funds are separate accounting entities designed to account for specific city activities. Utility revenues should be used to fund the operations of the respective utility services only. Rates for utility services should be set to cover the costs of producing and delivering services (including administrative costs), repaying bonds, and repairing and replacing infrastructure. These utility services should not generate profits to fund other services provided by the city. The existing utility rate structures have allowed the city to, in effect, levy additional taxes without a vote of the citizens. Property taxes, sales taxes and other fees can be established or increased; but, these require a vote of the citizens.

The city needs to properly allocate expenses to the utility and refuse/waste funds to establish appropriate user fees. The city should ensure expenditures are allocated to the various funds in proportion to the benefits received from the expenditures. Documentation should be retained to support the percentages used for allocating expenditures.

WE RECOMMEND the Board of Aldermen discontinue subsidizing general city operations and the operations of other funds with utility funds. The City needs to establish utility rates to cover only those costs necessary to provide the related utility services.

If the city continues making the transfers for the gross receipts tax, billing and collection fee, and communication fee, the city needs to develop a methodology for determining the amount of the transfers, retain adequate documentation to support the transfers, and establish ordinances for the applicable transfers.

AUDITEE'S RESPONSE

The City maintains that it may continue to subsidize general city operations and the operations of other funds with utility funds; provided, however, that the city will accept the Auditor's recommendation that such subsidies should be periodically planned and budgeted and should not exceed a certain reasonable percentage of the utility funds' revenues.

The City's research has revealed no Missouri case, statutory or regulatory law prohibiting such subsidies. The City would certainly be willing to review the Auditor's legal authority for her position.

The City maintains departments funded by the General Fund to keep track of Billing, Collecting and Communications expenditures. These expenditures can be reasonably allocated among the Proprietary Funds and the General Fund based on the approximate time required for each activity. Although we do not feel the need to go to the extent of purchasing time and billing software to arrive at the allocation percentages, we agree that the actual costs for these activities should be charged to the Proprietary Funds.

The Gross Receipts Fee is similar to the type of fee a public utility company would have to pay to operate in the City. Using a set percentage of gross revenue is a reasonable way of charging the fee. When the City first decided to establish and operate the Electric Department, it did so in an effort to provide good and affordable service to the citizens. As a public utility company pays a reasonable rate of return to its investors, the City employs area residents and provides a higher Gross Receipts Fee to help fund Governmental operations. The Gross Receipts Fee percentage can be set at different rates depending on each enterprise fund's ability to cover the costs necessary to provide the utility service, while charging customers rates that compare favorably with the surrounding area. This should eliminate or at least minimize the need for special transfers from the Proprietary Funds to the Governmental Funds.

FORMER CITY ATTORNEY'S RESPONSE

Although the field auditor inquired into the history of the city's electrical distribution system and transfers of funds to and from the account maintained for that system, none of the information was carried over into the audit report. Had it been, the report would have revealed that there had been a consistent history, stretching back approximately 50 years, of electric system surplus funds being transferred, either as loans or as means of financing other municipal functions, to other accounts likewise maintained by the city, such as for industrial development, capital improvements and additions, and other enterprise funds. The relative amount of such transfers has varied from year to year, many of which were far greater than the amounts referenced in the two years focused on by the audit, and some less than those amounts. What did not vary, however, was the dependence of city government upon the availability of such funds.

When the city government proposed to purchase the electric distribution system, a public vote was taken to approve or disapprove that purchase. The voters did approve acquisition of the system from the predecessor to AmerenUE. Within a few years after that purchase, the city obtained the benefit of a very favorable contract with the Southwestern Power Administration for the right to receive, at a price far below the prevailing market price, quantities of hydroelectric power generated from water impounded by dams in the federal flood control system. In granting those contract rights to the city, the federal government recognized that one of the advantages to be realized by the city was the ability to furnish its citizens with dependable electrical energy at a very favorable price. But another consequence that was also recognized was that the city could simultaneously pass on those energy savings to its citizens in low electric rates and still operate at a profit which could then be used for funding other municipal services. That contractual relationship continues to this day, with the same recognition of benefits that accrue to the City of Hermann.

In that context, the recent transfers described in the audit report are neither unusual, improper, or unauthorized by the public, which approved the acquisition of the electric system and benefited consistently from the revenues generated by that system.

AUDITOR'S COMMENT

Although a city may charge for delivering services, the question is whether the city is collecting so much more revenue than they need to provide the service, which would indicate a hidden tax. Attorney General's Opinion No. 124, 1981 to Holt, concluded that the purpose of a user charge was to "defray the cost of providing the service for which the charge is made, rather than to provide additional revenue for the general support of the local subdivision." Additionally, *Keller v. Marion County Ambulance District*, 820 S.W. 2d 301 (Mo. 1991) provided that a user charge is dependent on the level of goods or services provided. Thus, a rational relationship between the amount charged and the costs of providing the service should exist.

2. Expenditures

The city's procurement procedures are not always followed and written agreements are not always obtained for professional services. In addition, supporting documentation for credit card purchases is not adequate, money was given to a not-for-profit entity without a written agreement, and some expenditures do not appear to be prudent uses of public funds.

A. The city needs to improve its policies and procedures over the procurement of goods and services. The city's bidding/purchasing policy provides that expenditures for goods and services in excess of \$5,000 be based on public bids, with the request for proposals/bids advertised in the local newspaper for a minimum of one week prior to when the proposals/bids are due. The city administrator is authorized to purchase goods/services under \$5,000 without proposals/bids. We noted the following problems during our review of expenditures in fiscal year 2003:

1. The city did not solicit proposals in accordance with its policy for many professional services, and engineering services were not always obtained in accordance with state law. In addition, a written agreement was not always prepared and adequate supporting documentation was not always obtained for professional services.

- The city hired several consultants and engineering firms to provide services such as gas and electric service analysis, engineering for gas pipeline upgrade, traffic study, water study, geotechnical services, general and structural engineering services, and water line replacement. The city paid over \$124,000 for these services, and no written agreement was prepared for three engineering projects, one construction project, and the meter reading service.

Additionally, there was no documentation that the city considered at least three qualified firms for the engineering services, as provided by state law.

- The city paid over \$242,000 for trash pickup services. According to city personnel, the city has not solicited proposals for this service for more than ten years.
 - The city pays \$500 a month for maintenance of the city's web-site and for public relations services, and does not have a written agreement for these services. Additionally, the monthly invoice does not describe any tasks performed or when performed, but is simply a request for payment of the monthly "contract services".
 - The city hired an individual to act as the city's building inspector; however, a written agreement was not signed for these services. From March 2003 to the middle of July 2003, the city paid the building inspector a fee for each inspection. These fees totaled \$1,913. However, since that time the city has paid the building inspector \$1,941 a month for his services but does not require him to submit an invoice or time sheet.
 - The city paid \$27,496 for its city attorney's salary, fees and expenses, and a written agreement was not prepared for these services.
2. Public bids were not solicited for some goods and/or equipment purchases including recycling bins, totaling \$27,787; dispatching equipment, totaling \$139,991; and street lights, totaling \$50,210. Although city personnel indicated the recycling bins and dispatching equipment were sole source purchases, documentation of these sole source procurement situations was not maintained. Requests for bids for the street lights were faxed to various companies, rather than advertising for bids.

The city needs to ensure its procurement procedures are followed. Formal bidding procedures for major purchases provide a framework for economical management of city resources and help ensure the city receives fair value by contracting with the lowest and best bidders. Also, soliciting proposals for professional services provide a range of possible choices and allow the city to make a better-informed decision to ensure necessary services are obtained from the best qualified vendor at the lowest and best costs. Complete documentation should be maintained of all bids/proposals received and reasons noted why the bid/proposal was selected. If circumstances provide that bidding is not necessary or practical, such as sole source providers or emergency situations, the reasons for not soliciting proposals/bids in accordance with the city's policies should be documented.

Additionally, Sections 8.285 to 8.291, RSMo, provide that when obtaining engineering services, at least three highly qualified firms should be considered. The firms should be evaluated based on specified criteria and qualifications for the type of service required.

Furthermore, Section 432.070, RSMo, requires contracts for political subdivisions to be in writing. The written agreements should specify the services to be rendered and the manner and amount of compensation to be paid. The city should also ensure adequate supporting documentation is obtained for services provided, including a description of the tasks performed and time spent on these tasks, if applicable. Lack of adequate documentation prevents the city from evaluating the appropriateness of the services being billed.

B. Supporting documentation for credit card purchases needs to be improved. The city has eleven credit cards used by officials and employees for paying city-related expenses. Charges to these cards include expenses for hotels, meals, car rentals, airline tickets, and office supplies. Credit card expenditures totaled over \$14,000 for the year ended June 30, 2003.

1. The actual itemized charge receipt is usually not submitted. Generally, only the signed totaled charge slip is submitted to support the credit card charge. We also noted several charges for which no supporting documentation was submitted.
2. The supporting documentation for business meals does not always include the specific business purpose and/or guest(s). Meal charges sometimes included the card holder and other city personnel and charges were incurred both within and outside the city limits.

Adequate supporting documentation should be obtained and retained for all credit card purchases and reconciled to credit card statements to ensure the propriety of the charges. Without adequate supporting documentation, the city cannot evaluate the necessity and reasonableness of credit card purchases.

C. In 2002, the city gave \$21,484, to the Highway 19 Missouri River Corporation, a not-for-profit organization, for various expenses of the corporation; however, the specific services to be provided for the financial assistance were not clearly defined in a written agreement. It appears the money was used for lobbying services and advertising.

The Missouri Constitution prohibits the use of public money or property to benefit any private individual, associations, or corporations except as provided in the constitution. Without a written agreement that clearly indicates the governmental purpose being provided by the entity, these uses could be considered to be a violation of the constitution. Written agreements are necessary to quantify the services to be performed and the compensation to be paid for the services, provide

a means for the city to monitor compliance with the contract terms, and protect the city in the event of a dispute over the terms of the agreement. In addition, Section 432.070, RSMo, requires all contracts to be in writing.

D. Some expenditures do not appear to be a necessary or prudent use of city funds.

- In April 2003 and 2002, the city spent more than \$9,400 for planning/goal setting meetings. Each year, the board holds a 3-day planning/goal setting meeting in other locations within the state. In fiscal year 2003 and 2002, these meetings were held at resorts in Excelsior Springs and Branson, respectively.

Generally, the mayor, aldermen, city administrator and his assistant, city clerk, city collector, and the city attorney attended these meetings. Meeting costs included lodging, meals, mileage, and conference room fees. In addition, we noted meal costs, per individual, exceeded the city's travel expense policy of a \$20 per diem. For example, dinner theater tickets, costing \$37 per individual, were purchased for an evening meal. Also, the city paid the resort in Branson over \$250 in state sales tax.

- In January 2003, the city spent approximately \$3,100 for a staff meeting which included the city administrator and his assistant, plus department heads (8 people) at a resort in Excelsior Springs.
- The city spent approximately \$2,000 and \$2,500 in December 2003 and 2002, respectively, for a holiday dinner and gifts for employees and their families.

City personnel indicated these meetings were necessary at these locations to avoid distractions. Additionally, city personnel indicated the timing of these meetings was important to discuss plans and goals for the upcoming fiscal year. While the importance of the meetings is not questioned, the costs related to holding such meetings at a distant location appears to be an unnecessary expenditure of public funds.

The city's residents place a fiduciary trust in their public officials to expend public funds in a manner that provides the greatest benefit to the city. The above expenses do not appear to represent a necessary or prudent use of public funds.

WE RECOMMEND the Board of Aldermen:

- A. Ensure bids and/or proposals are solicited for purchases in accordance with the city's bidding/purchasing procedure, or fully document reasons why bids/proposals are not solicited. Engineering services should be procured in accordance with state law. In addition, written agreements should be prepared for professional services.

- B. Require credit card charges be supported by the actual itemized charge receipts. Additionally, the city should require employees to submit proper documentation for city-related expenses, including the name(s) of the guest(s) and the business purpose for meals.
- C. Ensure financial assistance to other entities provide a governmental benefit to the city and do not violate state law or the state constitution. Written agreements should be prepared which specifically address the services to be provided and compensation to be paid.
- D. Ensure expenditures are a necessary and prudent use of public funds and provide a benefit to the city.

AUDITEE'S RESPONSE

A-D. *We agree with your recommendations.*

FORMER MAYOR'S RESPONSE

- D. *The audit report did not reflect any consideration of the utility of the meetings or the relative effectiveness of the site and format chosen for them. The unanimous conclusion each year by those officials in attendance was that the results far exceeded their expectations and that the consensus that was developed on identifying goals and objectives for the city and the means of achieving them would have been impossible to obtain in any normal three day period. The attendees were able to use the extended time away from personal business and family obligations, and normal interruptions that arise routinely, to delve deeply into issues and offer their own special concerns about a broad range of topics. After they were able to hear each other's concerns, it became far easier to resolve their different opinions and find a common ground on which to base policy and action. By meeting in communities that shared tourism-related issues with Hermann and visiting with officials from those communities, the Hermann officials had a rare opportunity to learn from others' successes and failures and to hear first-hand the analyses of the other cities' officials of the reasons for their successes or failures.*

3.	Meetings, Minutes, and Records
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Minutes for board meetings are not always adequate, and several weaknesses were noted with the board's procedures for closed meetings. Additionally, the city needs to improve its controls over information requested by the public.

- A. Advance notice and a tentative agenda were not always posted as required by law. Also, minutes for board meetings are not always adequate and public access is not provided for telephone polls of board members.

1. Some board meeting notices and tentative agendas were not always posted as required by law, nor did the city document the reason for not giving the required notice for these meetings. City personnel indicated these meetings were held without the required notice due to the urgency of the matters.

Section 610.020, RSMo, requires all public governmental bodies to give advance notice of their meetings. When it is necessary to hold a meeting on less than twenty-four hours' notice, the reason justifying the departure from the normal requirements shall be stated in the minutes.

2. Although a notice appears to have been posted for board workshops, the minutes did not adequately document issues discussed and decisions made. Annually, the board, mayor, city administrator, and other personnel meet for a 3-day planning/goal setting workshop. The city needs to ensure that adequate minutes are maintained for all meetings.

Complete and accurate minutes provide an official record of board proceedings and actions. Section 610.010, RSMo, provides that any meeting of a public governmental body at which any public business is discussed, decided, or public policy formulated is subject to the provisions of the open meeting law, which includes the preparation of minutes documenting any actions taken or decisions made.

3. No minutes are taken for telephone polls of board members, and the notice and tentative agenda for the telephone polls are not posted. Additionally, the board does not provide public access to these meetings. The board holds telephone polls for various reasons, such as when a decision needs to be made before the next scheduled meeting.

Section 610.020, RSMo, requires at any public meeting conducted by telephone, the public shall be given advance notice in order to observe and attend the meeting. This statute also requires minutes be taken and retained for meetings.

B. Several weaknesses were noted with the board's procedures for closed meetings.

1. Sometimes the board discussed issues other than the specific reason(s) for going into a closed session. For example, personnel was listed as the reason for a closed session in the regular board minutes and meeting agenda; however, both personnel and real estate was discussed. In another instance, litigation was discussed in a closed session; however, litigation was not listed as a reason for going into closed session in the regular board minutes and meeting agenda.

Section 610.021, RSMo, allows the board to close meetings to the extent the meetings relate to certain specified subjects, including litigation, real estate transactions, and personnel issues. Section 610.022, RSMo, requires a closed meeting, record or vote be held only for the specific reasons announced publicly at an open session. In addition, this law provides that public governmental bodies shall not discuss any other business during the meeting that differs from the specific reasons used to justify such meeting, record, or vote.

2. It was unclear how some items discussed by the board during closed meetings are allowed under the provisions of the Sunshine law. Examples include discussions about potential city developments, approval of utility extensions, approval of a fee agreement with an attorney, and new employee positions.

Section 610.021, RSMo, allows the board to discuss certain subjects in closed meetings. The board should restrict the discussion in closed sessions to the specific topics listed in Chapter 610 of the state statutes.

3. The minutes for the closed meetings are not signed. Rather, the name of the city clerk and mayor are typed. The minutes should be signed by the city clerk and mayor to provide an attestation that the minutes are a correct record of the matters discussed and actions taken during the board meetings.

- C. The minutes and records of meetings of city affiliated boards, committees, and commissions were not always complete and were not maintained by the City Clerk, the official custodian of records.

A summarization of meeting discussions was not always prepared, minutes were not always signed by the preparer and/or chairperson, and some minutes were not properly approved. In addition, documentation of notice for meetings was not always maintained.

Complete and accurate minutes provide an official record of board, committee, and commission actions. In addition, Section 610.020, RSMo, requires minutes be taken and include the date, time, place, members present, members absent, and a record of votes taken. Minutes should be approved and signed to provide an independent attestation that the minutes are a accurate record of the matters discussed and actions taken during the meetings. Furthermore, notice of the meeting and agenda should be posted at least twenty-four hours before the meeting.

- D. The city does not have adequate controls to ensure compliance with the Sunshine Law in following up on information requested by the public. The city does not maintain a log of public requests. In addition, based upon an opinion from the

city attorney, the city denied requests for draft minutes. However, the Attorney General's web-site on the Sunshine Law indicates that draft minutes should be made available to the public. According to city personnel, draft minutes are now released.

Section 610.023, RSMo, provides each request for access to a public record shall be acted upon as soon as possible, but in no event later than the end of the third business day following the date the request was received by the custodian of records of a public governmental body. If access to the public record is not granted immediately, the custodian shall give a detailed explanation of the cause for further delay and the place and earliest time and date that the record will be available for inspection.

To ensure the city is complying with statute, the city should document adequate information in a request log to determine if requests are completed timely and that all requests are adequately fulfilled.

WE RECOMMEND the Board of Aldermen:

- A. Allow access to and maintain minutes for all meetings, as required by state law. In addition, the board should ensure notices and tentative agendas of all board meetings are posted.
- B. Ensure minutes state the specific reasons for going into closed session and limit closed meetings to only those purposes specifically allowed by state law. In addition, the closed meeting minutes should be properly signed to attest to their accuracy.
- C. Ensure meetings of city affiliated boards, committees, and commissions are publicly posted and minutes are maintained, approved, and signed. In addition, the City Council should ensure copies of these minutes are maintained by the City Clerk.
- D. Ensure a public request log is maintained and that the city is complying with the Sunshine law.

AUDITEE'S RESPONSE

A-C. *We agree with your recommendations.*

D. *The recommendation has been implemented.*

4.**Conflict of Interest**

Competitive bids were not obtained for purchases from a board member. In addition, it appears that the mayor and several board members did not abstain from voting on salary issues involving relatives.

- A. During the year ended June 30, 2003, the city paid \$1,922 to a business, whose president is a board member, for trucking services which were not competitively bid. In addition, the board minutes do not indicate the board member abstained from approving expenditures to his business.

Section 105.454, RSMo, prohibits financial transactions between a city and an officer (or spouse, dependent child, or business and corporate interest of the officer or employee) of the city that involved more than \$1,500 per year or \$500 per transaction unless there had been public notice to solicit proposals and (except for real property) competitive bidding, provided that the bid or offer was the lowest received.

- B. Board minutes do not indicate that the mayor and board members abstained from approving the salary of relatives, as applicable. The mayor and several board members have relatives employed by the city, and the salary range for city employees is included in the salary ordinance approved by the board.

Discussions and decisions concerning situations where nepotism or a conflict of interest exist should be completely documented so that the public has assurance that no city official has acted improperly. City officials should refrain from approving the salary of relatives and their abstention should be clearly documented in the minutes.

WE RECOMMEND the Board of Aldermen refrain from entering into business transactions with city officials unless there has been public notice and competitive bidding in accordance with state law. In addition, board members should abstain from discussing and voting on issues related to a relative's employment. Such matters should be fully documented so that the public has assurance that no city official has acted improperly.

AUDITEE'S RESPONSE

We agree with your recommendation.

5.**Accounting Controls, Records, and Procedures**

The city has not solicited bids for its checking and depository services nor entered into a written agreement with its depository banks. The use of facsimile signature stamps on

checks has decreased the controls over disbursements, and the board minutes do not include a list of all approved disbursements.

- A. The city has not solicited bids for its checking and depositary services nor entered into a written agreement with its depositary banks. The city currently has accounts at three local banks. Section 95.335, RSMo, provides for the selection of depositary banks and authorizes that the rights and duties of the parties be entered into a depositary contract.

To ensure the quality of banking services and ensure interest earnings received by the city are maximized, the city should procure its banking services through a competitive bid process. A written depositary contract helps both the bank and the city understand and comply with the requirements of any banking arrangement. The contract, among other things, may specify the bank fees for check printing, checking account services, safe deposit boxes, interest charges for borrowing funds, interest rates for invested funds, and a requirement for the bank to pledge collateral security for any deposits in excess of Federal Deposit Insurance Corporation (FDIC) coverage.

- B. The use of facsimile signature stamps on checks has decreased the controls over disbursements. The city's bank accounts require three signatures for all disbursements, and five people are authorized to sign checks. However, checks are generally signed only by the deputy collector, using the facsimile stamps of the city clerk, mayor, and city treasurer, and the stamped signatures are not accompanied by the stamp user's initials. Furthermore, many employees have access to these stamps.

The use of facsimile stamps and the unrestricted access to the stamps diminishes the controls intended by multiple signatures and increases the risk of unauthorized payments being processed. The city should evaluate whether the volume of checks justify using facsimile signature stamps. If the city decides to continue the practice of using facsimile stamps, then the stamped signatures should be accompanied by the stamp user's initials, and access to the stamps should be restricted.

- C. The board minutes usually only make a general reference that a list of checks is approved for payment. This list is not signed or initialed by the aldermen to indicate approval and a detailed list of the approved checks is not included with the official minutes. Invoices are not provided to the board for their review; however, they are available upon request.

To adequately document the board's review and approval of all disbursements, a detailed list of checks should be prepared, signed or initialed by the aldermen to denote their approval, and retained with the official minutes. In addition, supporting documentation should be reviewed by the board or someone independent of the disbursement process before payment is made. Failure to

properly review all invoices and supporting documentation, and to document authorizations, increases the possibility of inappropriate disbursements occurring.

WE RECOMMEND the Board of Aldermen:

- A. Seek competitive bids for its banking services on a periodic basis, and enter into a written agreement with the depository banks, as provided by state law.
- B. Evaluate whether the volume of checks justify using facsimile signature stamps. If the city decides to continue the practice of using facsimile stamps, then the stamped signatures should be accompanied by the stamp user's initials, and access to the stamps should be restricted.
- C. Ensure the approval of all disbursements is adequately documented by including a listing of all approved disbursements in the board minutes. In addition, the board should review and approve the disbursement of city funds prior to the disbursement being made.

AUDITEE'S RESPONSE

A-C. *We agree with your recommendations.*

6. Payroll and Personnel Matters

Concerns were noted regarding the former city administrator's employment contract, vacation pay, and commuting mileage. In addition, the City Collector received a raise during her term of office, not all employees prepare time sheets, and taxes are paid on the city's contributions to its deferred compensation plan.

- A. We noted concerns regarding the former city administrator's employment contract, vacation pay, and commuting mileage.
 - 1. Some clauses in the former city administrator's contract did not appear to be in the best interest of the city. The city entered into a new employment contract with the former city administrator, effective April 1, 2002 through March 31, 2004, with the contract automatically renewing each subsequent year until termination of the contract by either party.
 - The severance pay clause appeared excessive. If the contract was terminated by the city before expiration of the initial or subsequent term of employment, the city was to pay a lump sum cash payment equal to twelve months' aggregate salary and benefits.
 - The contract provided for salary increases of a minimum of five percent each year. This five percent minimum was not based on

performance. By obligating the city in advance for a salary increase, the city has little flexibility in establishing his compensation based upon an evaluation of his performance or upon the financial condition of the city. The contract did provide for any salary increase above the five percent be based on performance. Generally, pay increases should be based on performance and monies available in the budget, not an automatic minimum amount each year.

The city should ensure the employment contract for its city administrator is in the best interest of the city, and limit the city's potential liability for termination pay and salary increases.

2. In April 2003, the former city administrator received \$6,596 for 196 hours of accumulated vacation; however, the reason for this payment was not documented. The city's personnel policy provides that in the event of an employee's financial emergency or when deemed in the best interest of the city, an employee may be paid for all or a portion of the employee's unused vacation.

The reasons for paying unused vacation should be documented, to ensure the city personnel policy is followed and that all employees are treated fair and equitable. Although the mayor approved the payment of the unused vacation hours, there was no documentation there was a financial emergency or that the payment was in the best interest of the city. City monies should not be expended in a manner that primarily benefits individuals.

3. The city did not report the value of personal automobile (commuting) use in a city vehicle by the former city administrator as compensation. Federal regulations require all employers to withhold payroll taxes and include the value of personal automobile (commuting) use in taxable income. The Internal Revenue Service (IRS) Code provides several methods to determine automobile commuting values.

The city should ensure that commuting use in city vehicles is properly reported as taxable income and payroll taxes withheld for all applicable employees.

- B. The City Collector received a raise during her term of office, which appears to violate state law. City ordinance 1375 established her salary at \$26,467 and \$28,055 for the years ended March 31, 2003 and 2004, respectively.

Article VII, Section 13 of the Missouri Constitution states that compensation to municipal officers shall not be increased during a term of office. In addition,

Section 70.270 RSMo, states that the salary of a municipal officer shall not be changed during the time for which he was elected or appointed.

- C. Salaried employees and the court clerk do not prepare time sheets. Time sheets are necessary to document hours actually worked, to substantiate payroll expenditures and the allocation of payroll expenditures to the various funds, and to provide the board with a method to monitor hours worked. To support payroll expenditures, the city should require all employees prepare detailed time sheets that are reviewed and approved by a supervisor.
- D. Due to the type of deferred compensation plan utilized, the city is paying Federal Insurance Contribution Act (FICA) withholdings and Medicare tax on its contributions. The city pays 5.6 percent of each full time employee's gross salary into a deferred compensation plan. In fiscal year 2003, the city paid \$47,766 to the deferred compensation plan for employees and paid an additional \$3,654 for FICA and Medicare.

Some deferred compensation incentive plans do not tax contributions made by the governmental entity. The city should consider establishing a deferred compensation incentive plan which does not require the payment of taxes on its contributions.

WE RECOMMEND the Board of Aldermen:

- A.1. Ensure employment contracts contain severance pay clauses which are reasonable given the length of the contract. Additionally, pay raises should be based on performance and monies available in the budget, not an automatic minimum amount each year.
- 2. Document the reasons for paying unused accumulated vacation.
- 3. Ensure commuting use in city vehicles is reported as taxable income and payroll taxes are withheld for the applicable employees.
- B. Ensure the salaries of the city's officials are not changed during their term of office.
- C. Require all city employees to prepare time sheets reflecting the actual time worked. In addition, time sheets should be signed by the employee and the applicable supervisor.
- D. Consider establishing a deferred compensation incentive plan which does not require the payment of taxes on the city's contributions.

AUDITEE'S RESPONSE

A.1&3,

B, C. *We agree with your recommendations.*

A.2. *The City will review its policy on paying accumulated vacation hours.*

D. *The City will review the deferred compensation incentive plan suggested by the Auditor.*

7. City Policies, Procedures, and Records
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Significant problems were noted with the city's procedures over the purchase/sale of real property, and the city has not developed a formal plan for the use of all real property. In addition, formal policies/procedures have not been established for requests for services from the public, an appeal board and procedures for an appeal process have not been developed for building inspections, and an annual maintenance plan is not prepared for city streets.

A. We noted significant problems with the city's procedures over the purchase and sale of real property.

1. In spring 2003, the city apparently assisted a local winery purchase real estate in the downtown area; however, the city did not obtain an independent appraisal of the property to determine the fair value of the property.

According to the former city attorney, the purchasers acquired the property through the use of a third party. The Industrial Development Authority (IDA), with funds from the city, and the winery each paid \$33,750 to the attorney for the purchase. The title was transferred from the third party to the IDA, who in turn transferred the title to the winery. According to city officials, there was an oral understanding that the winery would dedicate other property to the city for use as a city park. However, to-date this transaction has not occurred. It appears the city did not receive any value for the public funds expended.

2. In April 2004, the city agreed to sell a building to a local winery for \$350,000, without obtaining an appraisal or advertising the sale. This property was purchased by the city in December 1998 for approximately \$281,000 to be used as a community center. According to city personnel, the city obtained an appraisal in June 1998 which valued the property at \$350,000. In 1999, the city received bids on the property, with the local winery being the highest bidder at approximately \$316,000. However, the city discovered an environmental clean-up was needed on the property.

The property was subsequently sold to the winery, after the clean-up costs totaling approximately \$51,000 were completed.

3. In April 2004, the city purchased a motel for \$175,000, without obtaining a formal independent appraisal. Instead the city relied upon its agent to value the property, and then paid the agent 5 percent of the purchase price as his commission. An independent appraisal helps ensure fair value is given for property. According to city personnel, the city plans to demolish the motel to address storm water problems and to relocate the replica of the pilot house to the site.

The city should ensure that all transactions involving the purchase and/or sale of real property is in the best interest of the city. Good business practices require major real estate transactions be formally and independently appraised to ensure fair value is given or received for properties. In addition, adequate planning should be performed and public input be obtained prior to approving significant capital expenditures. Also, to ensure the best price is received, bids should be requested when selling real estate.

- B. The city was unable to readily identify all real property owned and has not developed formal plans for the use of all city property. The city's financial statements at June 30, 2003 show real estate totaling over \$2.9 million.

At our request, the city prepared a list of real property owned by the city, identified the location of the property on a city map, and indicated the purpose/use of the property. Although the city maintains two lists of its property, one for use by its independent auditor and one by legal description (tax records), city personnel were not sure that either property list was completely accurate. Therefore, the list was prepared from county records. However, this list included many instances where the date of purchase or the purpose/use of the property was unknown. The city also identified six tracts of land, purchased between 1962 and 1994, which were not on the city's tax records. To-date, the city has not reconciled the list prepared for us with the list used by the independent auditor.

Adequate records of city property are necessary to ensure all property is properly accounted for. In addition, a comprehensive plan for the present and future use of city property would help the board to plan and budget for community development. The plan should be reviewed and updated periodically, as needed.

- C. The city has not established a formal written policy/procedure for the review and approval of requests for services from developers, businesses, and property owners. As a result, the city has little assurance that all city residents, developers, and businesses are treated equitably.

Requests are handled on an individual basis and include the city furnishing infrastructure services, replacing parking lot lights, providing extra police

protection during city festivals, repairing/replacing sidewalks, and leasing city property. Additionally, the city does not always enter into written agreements defining services to be provided and benefits to be received.

The board should consider establishing a formal written policy which defines the guidelines for approving requests for services to help ensure fair and equitable treatment is extended to all citizens and businesses. This policy should be communicated to citizens and businesses. In addition, written agreements are necessary to ensure all parties are aware of their duties and responsibilities and to prevent misunderstandings. Section 432.070, RSMo, requires all contracts to be in writing.

- D.1. Although the city adopted the International Building Code (IBC) in January 2003, the city has not formed an appeal board or adopted procedures for an appeal process regarding building inspections, as provided by the code. An appeals process with a board of appeals is necessary to ensure citizens and businesses are treated in a fair and equitable manner.
- 2. The building inspector did not retain documentation of building inspections. According to the building inspector, the inspection documentation is recorded on the building permit copy which is retained by the individual who purchased the permit. As a result, the city does not have a record of the inspections performed, and the city has little assurance that each building is inspected and has met required standards.
- E. An annual maintenance plan for city streets is not prepared. A formal maintenance plan should be prepared in conjunction with the annual budget and include a description of the streets to be worked on, the type of work to be performed, an estimate of the quantity and cost of materials needed, the dates such work could begin, the amount of labor required to perform the work, and other relevant information. The plan should be referred to in the budget message and be approved by the board. In addition, a public hearing should be held to obtain input for the plan from city residents.

A formal maintenance plan would serve as a useful management tool and provide greater input into the overall budgeting process. Such a plan provides a means to more effectively monitor and evaluate the progress made in the repair and maintenance of streets throughout the year.

WE RECOMMEND the Board of Aldermen:

- A. Refrain from entering into real estate transactions in which the city does not receive fair value for the public funds expended. Any future significant purchases of real property should be done only upon the preparation of formal documented plans for its use. In addition, independent written appraisals should be obtained

prior to all real property transactions, and the city should require bids when selling real property.

- B. Ensure real property records are accurate, and include all relevant information. In addition, the city should establish a formal plan for the present and future use of real property. The plan should be reviewed and updated periodically, as needed.
- C. Establish a formal written policy which defines the guidelines for approving requests for city services. The city should enter into written agreements defining services to be provided and benefits to be received.
- D. Establish an appeal board and procedures for an appeal process for building inspections. In addition, documentation of building inspection should be retained by the city.
- E. Prepare a formal maintenance plan for city streets at the beginning of the fiscal year and periodically update the plan throughout the year. In addition, the board should review the progress made in the repair and maintenance of streets to make appropriate decisions on future projects.

AUDITEE'S RESPONSE

A-E. We agree with your recommendations.

8. Capital Assets

Various problems were noted regarding the city's capital asset records and related procedures. The city's financial records at June 30, 2003, show an investment in capital assets totaling over \$12.8 million. The city's capital assets include land, buildings, equipment, vehicles, and the utilities' infrastructure added to the systems since July 1, 1989. Our review of capital asset records and related procedures noted the following:

- A. The capital asset records are not complete and/or accurate. Although property is tagged for specific identification, the tag number is not recorded in the property records. Additionally, serial numbers or other identification are not always recorded in the property records. Such information is necessary to assist in the annual inventory and to provide complete and accurate capital asset records.

The capital asset records should include a detailed description of assets including the name, make and model numbers, an asset identification number, the physical location of the assets, and the date and method of disposition, if applicable.

- B. Capital asset duties are not adequately segregated. Each department head performs a physical inventory of their assets, and the individual who maintains the property records performs the physical inventory of assets in city hall. Also,

based on the physical inventories, adjustments are made to property records; however, these adjustments are not reviewed and approved by management.

To improve internal controls and to adequately safeguard assets from theft or misuse, the physical inventory should be performed by an individual independent of the custodial and record keeping functions, and adjustments to the capital asset records should be reviewed and approved by city management.

- C. The city's policy for property dispositions is not always followed, and the city needs to improve its policies and procedures to properly handle and account for property dispositions. The city's policy provides that the board should declare property to be surplus property and decide the method of disposition (public auction or sealed bid) for all real and personal property.

- The board does not approve the disposition of capital assets when the assets are traded in or thrown away.
- Although the surplus property lists are approved by the board, the lists are not retained with the official meeting minutes and are not signed or initialed by the board to indicate approval.
- Without obtaining bids, the city sold a laptop computer to the former city administrator for \$289.

The city needs to ensure its policies and procedures regarding the disposal of surplus property is followed. In addition, to ensure board approval of all dispositions, the surplus property lists should include all dispositions, be signed or initialed by the board, and be retained with the board minutes. Also, city property should not be sold directly to an employee.

- D. Control over the usage of vehicles is not adequate. The city owns over 20 vehicles, but does not maintain mileage/usage logs for these vehicles. Mileage and/or usage logs are necessary to document the appropriate use of vehicles. (see finding number 6.A.3. above)

The logs should document the beginning and ending odometer readings, destination, and purpose of each trip. These logs should be reviewed by city management to help ensure vehicles for city business are being properly utilized and help identify any vehicles that should be replaced. In addition, the logs should be reviewed in conjunction with gasoline and other maintenance charges.

- E. Although fuel usage logs are maintained, inventory records (purchases, gallons pumped, balance) for the city's bulk fuel tanks are not maintained. To help ensure the reasonableness of fuel expenditures and that gasoline is not being used for other than city business, inventory records for the city's fuel tanks should be maintained. In addition, on a periodic basis, the inventory records should be

reconciled to the fuel usage logs, and the fuel on hand should be measured and agreed to the inventory records.

- F. A vehicle purchased in December 2001 by the city from the State Agency for Surplus Property (SASP) was not properly utilized and had to be returned to SASP. According to the former city administrator, he obtained a 1953 Dodge pickup from SASP to be used in the Explorer program; however, it appears the pickup was never used and was stored at his residence. In January 2002, the former city administrator paid \$750, the cost of the vehicle, to the city. In October 2003, due to the vehicle not being utilized by the city, the U.S. General Services Administration required the vehicle be returned to the SASP.

Items purchased from SASP should be used by the city for carrying out or promoting for the residents one or more public purposes, and stored on city property to ensure full compliance with applicable rules and regulations.

WE RECOMMEND the Board of Aldermen:

- A. Ensure complete and accurate capital asset records are maintained.
- B. Ensure the physical inventory is conducted by persons independent of those having record keeping or custodial duties. In addition, adjustments to capital asset records should be reviewed and approved by management.
- C. Ensure the city's policy for surplus property is followed. The surplus property lists should include all dispositions, be signed or initialed by the board, and be retained with the board minutes. Also, city property should not be sold directly to an employee.
- D. Require complete and accurate mileage/usage logs be maintained for each city vehicles. Management should periodically review the logs for completeness and reasonableness.
- E. Require inventory records be maintained for the city's bulk fuel tanks. In addition, on a periodic basis, the inventory records should be reconciled to the fuel usage logs, and the fuel on hand should be measured and agreed to the inventory records.
- F. Ensure items purchased from SASP are used only for the benefit of the city and are stored on city property.

AUDITEE'S RESPONSE

A-F. We agree with your recommendations.

FORMER CITY ADMINISTRATOR'S RESPONSE

- C. *The laptop computer was sold to me based on value for the unit from Dell given that the unit was not repairable. Documentation for this value from the supplier was provided to the auditor.*

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

CITY OF HERMANN, MISSOURI
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The city of Hermann is located in Gasconade County. The city was incorporated in 1845 as a fourth-class city. The population of the city in 2000 was 2,674.

The city government consists of a mayor and four-member board of aldermen. The members are elected for 2-year terms. The mayor is elected for a two-year term, presides over the board of aldermen, and votes only in the case of a tie. The Mayor and Aldermen receive \$200 and \$75, respectively, for each month in office. The Mayor, Board of Aldermen, and other principal officials at June 30, 2003, are identified below.

Elected Officials	Term Expires	Compensation Paid for the Year Ended June 30, 2003
Doris Binkholder, Mayor (1)	April 2004	\$ 2,400
Suzanne Welker, Alderman (2)	April 2004	900
Larry Kallmeyer, Alderman (3)	April 2004	900
John Penning, Alderman	April 2005	900
Gary Buckler, Alderman (4)	April 2004	150
Marilyn Fricke, City Collector (5)	April 2004	26,864
 <u>Other Principal Officials</u>		
Charles Browne, City Administrator (6)		76,596
Dolores Grannemann, City Clerk		42,525
Lois Puchta, City Treasurer (7)		2,871
Russell Rost, Chief of Police (8)		50,500
Joseph Gandy, Street and Park Superintendent (9)		43,113
Philip Nolan, Electric Superintendent		46,480
Mark Wallace, Gas and Water Superintendent		46,292
P. Dennis Barks, City Attorney (10)		27,496
David Baylard, Municipal Judge		3,000

- (1) Replaced by Norbert Englert in the April 2004 election. Mr. Englert's term expires April 2006.
- (2) Resigned in October 2003. Jonathon Held was appointed to this position in November 2003. He was replaced by Elwood Wesselschmidt in the April 2004 election. Mr. Wesselschmidt's term expires April 2006.
- (3) Replaced by Duane Kraettli in the April 2004 election. Mr. Kraettli's term expires April 2006.
- (4) Orville Borgmeyer was elected in the April 2003 election to replace David Heberle; however, he resigned in April 2003. Mr. Buckler was appointed to this position in May

2003, and was replaced by Calvin Scheidegger in the April 2004 election. Mr. Scheidegger's term expires April 2005.

- (5) Re-elected in the April 2004 election. Ms. Fricke's term expires in April 2006.
- (6) The compensation includes \$6,596 paid for unused vacation leave. Mr. Browne did not renew his contract, effective April 2004.
- (7) Part-time position.
- (8) Resigned in September 2003. Frank Tennant was appointed to this position in March 2004.
- (9) Resigned in June 2004. Ben Cole Sr. was appointed to this position in July 2004.
- (10) The compensation includes a \$562 monthly salary for attending board meetings, other services billed at \$110 per hour. Mr. Barks resigned, effective April 2004. David P. Politte was appointed City Attorney in June 2004. He receives a \$500 monthly salary for attending board meetings, other services billed at \$110 an hour, and reimbursed expenses. Ada Brehe-Krueger was appointed city Prosecuting Attorney in June 2004. She receives \$90 an hour.

For all full-time employees, including the City Collector, the city contributes 5.6% of the employee's gross salary to a deferred compensation plan. This contribution is not included in the amounts above.

In addition to the elected and other principal officials identified above, the city employed 24 full-time employees and 10 part-time employees at June 30, 2003.

Assessed valuations and tax rates for 2002 were as follows:

ASSESSED VALUATION

Real estate	\$	18,606,660
Personal property		7,259,538
Railroad and utility		1,032,291
Total	\$	<u>27,674,669</u>

TAX RATES PER \$100 ASSESSED VALUATION

	Rate	Expiration Date
General Fund	\$.3833	None
Park Fund	.0100	None
Band Fund	.0100	None

The city has the following sales taxes; the rates are per \$1 of retail sales:

	Rate	Expiration Date
General	\$.0100	None
Transportation	.0050	None
Park	.0025	None



**OVERSIGHT OF UNIVERSITY
PROCUREMENT CARD PROGRAMS**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-87
November 19, 2004
www.auditor.mo.gov**

PERFORMANCE AUDIT



Office Of The
State Auditor Of Missouri
Claire McCaskill

November 2004

Improvements needed in oversight of university procurement card programs; management and oversight has not been consistent

Government and private organizations have implemented procurement card programs to reduce administrative costs and provide a more convenient and efficient procurement method than a purchase order system. Of the state's 10 four-year colleges and universities seven have implemented procurement card programs. We selected the three universities accounting for 98 percent of the total purchases and 95 percent of the cards issued for 2003 – the University of Missouri System, Truman State University and Central Missouri State University (CMSU).

We did not perform a detailed review of the University of Missouri System procurement card program because the university had adequate internal and external reviews of the program. Truman State University had limited its potential for procurement card abuse by only issuing 46 procurement cards and re-evaluating the need for each card every six months, and in October 2003 implemented an internal audit function which reviews the procurement card program on a semiannual basis.

CMSU had a significant number of unauthorized purchases

CMSU staff used procurement cards to purchase fast food, gasoline, computer equipment, leases/rentals, and personal purchases totaling approximately \$43,000 between January 1, 2003 and March 31, 2004. The CMSU procurement cardholder agreement and manual specifically list these items as unauthorized purchases. (See page 6)

Purchase documentation, review, and approval process not always adequate

Our office found 59 of 252 samples purchases, totaling \$46,066, had been approved by budget directors without itemized receipts as required in the university's procurement cardholder manual. Further review disclosed 26 of the 59 purchases, totaling \$17,000 had not been recorded in a "transaction log" which should be used to record cardholder purchases, as required in the university's procurement cardholder manual. In addition, budget directors were approving their own purchase, totaling approximately \$28,000, during our review period, because CMSU had not delegated anyone above the budget directors to review and approve their purchases. We also identified 8 instances where cardholders exceeded single transaction limits by splitting purchases to the same merchants, on the same date. The budget directors, who approved these purchases, told us they did not think making several purchases to the same vendor on the same day by the same cardholder would be inappropriate or an attempt to circumvent proper procurement procedures. (See page 7)

YELLOW SHEET

CMSU lacked standard procedures and training forums were poorly attended

The university did not establish standard procedures each department must follow in reviewing and approving procurement card purchases. CMSU's accounting department has conducted forums to discuss inadequacies in documentation and improper practices. However, attendance at the forums was not mandatory because the director said he did not believe he had the authority to make them mandatory. Additionally, CMSU did not ensure procurement card accounts were promptly closed for terminated employees. (See page 8)

CMSU cardholder use has not been analyzed

As of March 2004, we found 90 of the 373 individual or departmental procurement card accounts CMSU had issued, had not been used during the 15-month review period. An additional 13 accounts had been used only once during our audit period. Sound business practices dictate university personnel review procurement card usage to evaluate each employee's continued need for a card. (See page 9)

All reports are available on our website: www.auditor.mo.gov

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Abbreviations

CMSU	Central Missouri State University
SAO	State Auditor's Office



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Quentin Wilson, Commissioner
Department of Higher Education
and
Dr. Elson S. Floyd, President
University of Missouri System
and
Dr. Bobby R. Patton, President
Central Missouri State University
and
Dr. Barbara Dixon, President
Truman State University

Seven of Missouri's 10 four-year colleges and universities spent nearly \$84 million in procurement card purchases during calendar year 2003. We reviewed the three state universities accounting for almost all of the purchases—University of Missouri System (all four campuses), Central Missouri State University (CMSU), and Truman State University. The objectives of this audit were to determine whether these universities have effective management and oversight of the procurement card program.

We found Truman State University and the University of Missouri System had adequate program oversight. However, improvements are needed in the management and oversight of the program at CMSU because university officials approved procurement card billings for payment for (1) unauthorized purchases, (2) purchases not supported by required documentation and/or proper approval, and (3) purchases exceeding cardholder purchase limits. In addition, university officials had not ensured cardholder accounts had been promptly closed or analyzed procurement card usage.

We have included recommendations to improve the CMSU procurement card program.

We conducted our work in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such tests of the procedures and records as were considered appropriate under the circumstances.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

The following staff contributed to this report:

Director of Audits:	Kirk Boyer
Audit Manager:	John Mollet, CISA
Auditor-in-Charge:	Michelle Holland, CFE
Audit Staff:	Amy Meyer

Improvements Needed In Oversight of CMSU Procurement Card Program

Management and oversight of procurement card programs at the states four-year colleges and universities has not been consistent. Truman State University and the University of Missouri System had adequate oversight procedures; however, Central Missouri State University (CMSU) did not. CMSU officials approved purchase card billings for payment for (1) unauthorized purchases of food, gasoline and other items, (2) purchases not supported with required documentation or properly approved, and (3) purchases exceeding cardholder purchase limits. This situation occurred because university officials had not enforced current procedures, established standardized procedures for departments to follow in approving procurement card purchases, and required university personnel to attend training forums. In addition, the university had not ensured cardholder accounts were promptly closed or analyzed procurement card usage which left unneeded accounts open exposing the university to unnecessary risk.

Background

Government and private organizations have implemented procurement card programs to reduce administrative costs of processing small dollar purchases (\$1,000 or less), and to provide a more convenient and efficient procurement method than a purchase order system. Under a typical purchase order system, an employee obtained supervisory approval, prepared a purchase order and took the order to a local merchant to obtain the goods. The merchant would then bill the employee's organization for the purchase and the organization would pay the merchant during the next payment cycle. Under a procurement card program, employees can take their card directly to a merchant (with or without prior supervisory approval) and procure the needed goods. The merchant electronically bills the procurement card carrier, such as a bank, for payment, and the carrier sends the organization a single statement for all procurement charges during a one-month period. Accordingly, the organization only has to process one payment to the carrier rather than processing hundreds of payments to individual merchants.

Contracted procurement card carriers have the capabilities to place maximum purchase limits on purchases, and restrict questionable vendors and types of items allowed for purchase. Organizations normally have standard policies, procedures, and internal controls that are designed to reduce the risk of fraudulent, improper, and abusive procurement card practices, regardless of the centralized or de-centralized structure of the program. Organizations also develop a procurement card policy and cardholder agreement that reflects specific procurement regulations and policy which may include (1) maximum purchase limits set lower than bidding and other procurement procedural required levels, (2) monthly credit limits that reflect the purchasing authority of the cardholder, (3) a specific listing of types of unauthorized purchases, (4) standards of supporting documentation to be submitted, (5) pre-approval documentation requirements if necessary, and (6) billing statement reconciliation procedures and approval by a supervisor. Delegated or centralized approving authorities are normally trained and knowledgeable of the procurement card program's requirements and the standard reconciliation procedures.

Table 1 shows the state's seven four-year colleges or universities¹ having procurement card programs, procurement card purchases, and the number of procurement cardholders for calendar year 2003.

Table 1: Procurement Card Program Use By University for 2003

State University	Number of Cardholders	Total Spending	Average Monthly Charges per Cardholder
University of Missouri System ¹	5,133	\$ 80,499,005	\$ 1,307
Truman State University	46	1,139,503	2,064
Central Missouri State University	334	859,606	215
Missouri Western State College	140	638,000	380
Missouri Southern State University	77	367,962	398
Northwest Missouri State University	76	367,838	403
Southwest Missouri State University	5	67,699	1,128
Total	5,811	\$ 83,939,613	\$1,204

¹University of Missouri System includes four campuses at Columbia, Kansas City, Rolla, and St. Louis.

Source: Colleges and universities and SAO analysis.

Scope and Methodology

To determine which universities had procurement card programs and the size of the programs for 2003, we contacted the state's 10 four-year colleges and universities. Information provided by these institutions showed seven had implemented procurement card programs. We selected for testing the three universities accounting for 98 percent of the total purchases and 95 percent of the cards issued for 2003—the University of Missouri System, Truman State University, and CMSU.

We did not perform a detailed review of the University of Missouri System procurement card program because the university had adequate internal and external reviews of the program. Based on our review of the internal and external auditors' objectives, scope, and methodology, and the university's actions to implement auditors' recommendations to correct control weaknesses, we concluded we could rely on the auditors' work to accomplish our objectives.

Truman State University and CMSU were participating in the state contract with United Missouri Bank as the procurement card carrier.² To review procurement card programs at these institutions, we obtained detailed purchase data for a 15-month period—January 1, 2003 through March 31, 2004—for each of the institutions. This data showed procurement activity by department, each cardholder account, date of transaction (purchased date), merchant, merchant type and location, and amount of purchase. We performed preliminary analyses to determine (1) the number and dollar value of purchases for each procurement cardholder, (2) volume of sales by merchant types and locations, such as fast food restaurants, (3) cardholders circumventing

¹ The state's other four-year colleges and universities (Harris-Stowe State College, Lincoln University, Southeast Missouri State University) had not implemented procurement card programs.

² Truman State University and CMSU began their procurement card program in November 1999 and February 2002, respectively.

their purchase limits by splitting purchases to the same merchant on the same day, and (4) cardholders who had not used their cards or only used them once during our 15-month review period.

To conduct a detailed review of cardholder use and determine if cardholders followed prescribed procedures and policies, we selected statistical samples of transactions for each university based on the total number of purchases and the percentage of dollar values represented from (1) below \$100, (2) \$100 to \$499, (3) \$500 to \$999, and (4) \$1,000 and over which resulted in a minimum number of purchases of 137 for CMSU and 136 for Truman State University. In addition, we judgmentally selected additional purchases for testing based on the purchases exceeding \$1,000 and multiple purchases made by the same cardholders, on the same dates, to the same merchants. Purchases selected for testing totaled 343³ for CMSU and 302 for Truman State University.

We obtained and reviewed statements, purchase logs, and all supporting documentation such as receipts for each selected purchase to evaluate whether (1) the purchase fell within prescribed guidelines (within the cardholder's purchase limit), (2) two or more purchases had been made to the same vendor on the same day, by one cardholder, when combining that purchase would cause them to exceed their purchase limit (splitting purchases to circumvent card limits), (3) the item(s) purchased had been authorized according to the cardholder agreement, (4) the university had the purchasing cardholder's agreement and training documentation on file, (5) the original documentation (receipt, approval, etc.) had been retained, (6) the purchase had been recorded in the purchase log, and (7) the purchase had been made in the state.

We reviewed CMSU's and Truman State University's procurement card policy manuals and guidelines. We conducted interviews with the procurement card officials at both universities to determine procurement card documentation procedures and controls.

We obtained comments on a draft of this report in letters from the universities, and incorporated their comments as appropriate. We performed our work between April and August 2004.

Truman State University and the University of Missouri System had implemented effective controls to limit abuse in the procurement card program

Truman State University had limited its potential for procurement card abuse by only issuing 46 procurement cards and re-evaluating the need for each card every six months. In October 2003, the university also implemented an internal audit function which reviews the procurement card program on a semiannual basis. Our review of the university's procurement card program did not identify any problems related to unauthorized purchases or lack of supporting documentation, but did identify examples of employees exceeding their purchase limits by splitting purchases. An internal audit conducted in April 2004 also identified problems with split purchases. According to Truman State purchasing office manager, the university has taken actions to correct this problem.

³ CMSU officials could not locate statements and documentation for procurement card purchases made in January, February, March, and May of 2003. As a result, 91 of the 343 sample purchases could not be reviewed, which left 252 purchases for testing.

The University of Missouri System's independent external auditor performed several audits of its procurement card program from December 2001 to January 2004. In addition, internal auditors at each of the university system's four campuses performed periodic audits of the procurement card program. We reviewed nine external audit reports and one internal audit report. We also obtained and reviewed six status reports the university system prepared showing actions taken to implement the external auditor's recommendations. Review of the auditors' reports showed some problems with the university system issuing too many cards, having some cards with excessive credit limits and a few employees splitting purchases to circumvent credit limits. Discussions with university officials and review of the status reports showed the university took steps to correct these problems.

CMSU lacked adequate program controls and oversight

CMSU officials approved (1) procurement card payments for unauthorized purchases; (2) purchases without supporting documentation and/or proper approval; and (3) purchases that exceeded cardholder purchase limits. Officials had not enforced existing university guidance and had not standardized department procedures. In addition, officials did not ensure procurement card accounts were promptly closed for terminated employees and the university has incurred a potential annual liability of approximately \$5 million because numerous procurement cards had been issued that had not been used.

CMSU had a significant number of unauthorized purchases

CMSU procurement cardholders purchased food, gasoline, computer equipment, leases/rentals, and personal purchases totaling about \$43,000 during the 15-month period that were not authorized by CMSU's travel and procurement card policies.

CMSU staff used procurement cards to make 119 purchases totaling \$6,976 at fast food and restaurant facilities located in Warrensburg, where the university campus is located. A university official said the university's travel policy authorizes staff to use procurement cards to make food purchases. However, the university's travel policy states reimbursable travel expenses are those expenses authorized and incurred while transacting official business away from the campus site (Warrensburg), and CMSU's procurement cardholder agreement prohibits the purchase of food except for business travel.

CMSU procurement cardholders also made at least 77 purchases totaling \$1,332 for gasoline services,⁴ and used procurement cards in 104 instances to pay for rental cars, which cost \$25,265. We also identified 15 unauthorized purchases, totaling \$8,709, from the 252 sampled transactions, which included items such as computer hardware and software, and office furniture. The CMSU procurement cardholder agreement and manual specifically list gasoline, rentals/leases, furniture, and computer equipment (including software) as unauthorized purchases, and is available on-line at the university. CMSU budget directors,⁵ responsible for

⁴ The 77 purchases were for automated fuel dispense sales. For other transactions from facilities classified as service stations, we could not readily determine if fuel or other items were purchased.

⁵ We contacted nine budget directors regarding questionable purchases in nine departments.

reviewing and approving these purchases, stated they were unaware these purchases were considered unauthorized purchases.

In another example involving an unauthorized purchase, a CMSU staff charged \$578 in spousal, or personal travel expenses prohibited by the cardholder agreement. The unauthorized spousal expenses included additional lodging and meal charges. The budget manager approving the purchase said the employee did not seek reimbursement for additional authorized costs such as airfare, parking, and certain hotel charges and meals because they approximated the amount of unauthorized expenses charged to the card. As such, the budget manager opined no action needed to be taken against the employee to reimburse the university for the spouse's charges on the procurement card.

Purchase documentation, review, and approval process not always adequate

We found 59 of 252 sampled purchases, totaling \$46,044, had been approved by budget directors without requiring itemized receipts to show what items were purchased. The university's procurement cardholder manual requires cardholders to turn in an original itemized receipt with their procurement card statement. The manual also states "if a charge slip is missing, the cardholder should be immediately contacted to see if one has been received. If not, the vendor should be called and asked to provide a detailed invoice or an adequate substitute". A budget director said itemized and/or original receipts were not always available and cited examples where purchases have been made for on-line registrations and purchases at some restaurants. After discussing this issue with auditors, the budget director agreed on-line purchases could be documented by printing a confirmation page or email confirming the reservation for a conference. Two budget directors told us they were not aware they should review cardholders' statements to ensure the cardholders submitted itemized receipts, and believed it had been sufficient to have a receipt only showing the amount of purchase.

Further review disclosed 26 of the 59 purchases, totaling \$17,000, had not been recorded in a "transaction log" which should be used to record cardholder purchases. The university's procurement cardholder manual requires personnel to record purchases in the transaction log and use the log to reconcile statements. The approval authority (i.e., budget directors) is required to approve payments by signing off on the log. Budget directors and the university's Director of Accounting told us they believed this procedure was only suggested by the procurement card manual, and was not a mandatory procedure.

Test results also disclosed 7 purchases totaling \$12,000 had been paid without the review and approval by a budget director. In addition, budget directors were approving their own purchases⁶ because CMSU had not delegated anyone above the budget directors to review and approve their purchases. They approved 147 purchases they had made, totaling approximately \$28,000, during the 15-month review period. All card transactions need approval from someone independent of the person making the purchase.

⁶ All six of the nine budget directors we contacted who had procurement card accounts were doing this.

Cardholders exceeded card limits by splitting purchases

We identified 8 instances from 252 sampled purchases where cardholders exceeded single transaction limits by splitting purchases to the same merchants, on the same date. Five instances involved the same cardholder, whose single transaction limit was \$1,000, but by splitting purchases to the same merchant, on the same day, succeeded in exceeding purchase limits by up to approximately \$800. Another cardholder, with a \$3,000 single transaction limit, split a consulting fee charge for \$3,600 into two separate purchases of \$1,800 in order to exceed the single transaction limit. The budget directors, who approved these purchases, told us they did not understand the concept of splitting purchases. They said they understood the purchase limit only to be per purchase and did not think making several purchases to the same vendor on the same day by the same cardholder would be inappropriate or an attempt to circumvent proper procurement procedures.

CMSU lacked standard procedures and training forums poorly attended

CMSU officials delegated the procurement card program review and approval authority to departmental budget directors, and some directors have delegated approval authority to their respective budget managers. However, the university did not establish standard procedures each department must follow in reviewing and approving procurement card purchases.

CMSU's accounting department has conducted forums to discuss inadequacies in documentation and improper practices. However, attendance at the forums was not mandatory because the department director said he did not believe he had the authority to make them mandatory. Two budget directors told us they attended while the other seven budget directors told us they had been unable to attend because of scheduling conflicts.

CMSU did not ensure procurement card accounts were promptly closed for terminated employees

Three cardholders shown on the university's cardholder list at March 2004 could not be matched to the university's employee list. University officials confirmed the three cardholders were no longer employed by the university, but stated the accounts had been closed. One of the three employees should have reported for work on August 20, 2003, but did not. We confirmed, through the procurement card carrier, the account for this employee had not been closed, as of September 1, 2004. No charges were made on the account during our review period; however the open account could have been used and presented a potential liability. A second employee had been terminated on August 31, 2003, and the university did not close the account until June 10, 2004; after we had inquired on the employment status of the cardholder. The third employee had been terminated on April 4, 2003 and CMSU did not close the account until May 17, 2004. The procurement card coordinator had responsibility for closing the accounts once notified of a termination by the department budget director. The coordinator told us procurement cards had been turned in along with all other university property at the time of termination. However, she failed to have these accounts closed timely.

Cardholder use has not been analyzed leaving the university with unnecessary liability

As of March 2004, CMSU had issued 373 individual or departmental procurement card accounts representing a potential monthly liability of \$1.2 million, or \$14.9 million per year. We found 90 cardholder accounts had not been used during the 15-month review period representing nearly one-third of this annual potential liability. An additional 13 accounts, with combined annual potential liability of approximately \$340,000, had been used once during our audit period. The Director of Accounting Services told us he had been more concerned about the improper use of the university's procurement cards, and therefore had not performed any analysis to identify under used cards. We believe sound business practices dictate university personnel review procurement card usage to evaluate each employee's continued need for a card.

Conclusions

A procurement card program offers the opportunity for increased efficiencies and enhanced control features for procurement at state universities. However, CMSU's oversight of cardholder purchases had not been adequate. Budget directors had not enforced university procurement card guidelines, allowed cardholders to make food, gas, and other purchases clearly prohibited by university guidance, and not always required cardholders to submit documentation in support of purchases. In addition, seven purchases tested were paid without review and approval, and budget directors approved their own purchases for payment. Cardholders had split purchases in order to avoid exceeding cardholder purchase limits and budget directors responsible for approving these purchases were not aware it had occurred. The university did not establish standard procedures for each department to follow in reviewing and approving procurement card purchases or ensure budget directors attended training forums when program weaknesses were identified. Lax oversight and the lack of standardized review procedures increase the risk cardholders will misuse cards.

Officials also have not always ensured cardholder accounts have been closed timely once an employee left employment or analyzed the extent of cardholder usage. These problems leave unneeded accounts open increasing the university's liability risk.

Recommendations

We recommend the president, Central Missouri State University:

- 1.1 Ensure cardholders are trained on proper procurement card use under university policies.
- 1.2 Require budget directors submit their procurement card statements to a higher authority or independent department for review and approval.
- 1.3 Establish standard procedures for departments to follow in approving procurement card purchases and require budget directors attend training forums on weaknesses identified in the program.

- 1.4 Establish procedures that ensure cardholder accounts are closed timely once an employee has left employment.
- 1.5 Establish procedures to evaluate employee's continued need for cards by analyzing card usage on a periodic basis.
- 1.6 Establish procedures to periodically review and report on compliance with procurement card procedures, including the appropriate university official responsible for taking corrective action.

Agency Comments

The President, CMSU, provided us the following comments in a letter dated October 6, 2004:

- 1.1 *Central Missouri agrees with the recommendation. Since the inception of the program in April 2002, all employees have been required to attend a mandatory training session prior to being issued a procurement card. These training sessions include, but are not limited to, information regarding cardholder recordkeeping and documentation responsibilities, reconciliation and approval processes, and resources available such as the Transaction Summary Log and monthly Check List to ensure complete and adequate documentation is submitted to Accounts Payable prior to payment.*

During the mandatory training sessions, potential cardholders are also presented a Business Procurement Cardholder Agreement that delineates responsibilities and/or restrictions for use of the procurement card. The agreement clearly states only persons who have signed for and accepted such responsibilities will be issued a procurement card.

All of the materials referenced above (and other points of interest regarding the University's procurement card program) are available on the Accounts Payable Web site, www.cmsu.edu/payable, for continual guidance and review. The University anticipates that additional mandatory training sessions will be provided to cardholders and budget managers to foster an understanding of the procurement card procedures.

Central Missouri will review the university travel and fiscal guidelines for consistency with the procurement card procedures and make changes as necessary.

- 1.2 *Central Missouri agrees with the recommendation. The University's training and forms will be revised to emphasize the importance of supervisory approval.*
- 1.3 *Central Missouri agrees with the recommendation. The University has recently established a "listserv" to communicate with cardholders and other interested personnel regarding training forums and areas for improvement with the program. This communication will allow cardholders to be immediately notified of issues found during the review of procurement card purchases.*

Standard procedures are in place and will be revised to strengthen the procurement card purchasing process. As noted earlier, the university will offer required training forums as weaknesses are identified.

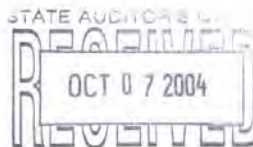
- 1.4 Central Missouri agrees with the recommendation. The University will implement improved coordination and monitoring between the Human Resources, Payroll and Accounting Services offices to ensure accounts are closed in a timely manner.*
- 1.5 Central Missouri agrees with the recommendation. The University will evaluate procurement card accounts every six months. Those employees who have not used, or had limited use of, the card will be required to provide justification for keeping the card open.*
- 1.6 Central Missouri agrees with the recommendation. The University is currently in the process of hiring an Internal Auditor. This person will report directly to the President. The procurement card program will continue to be monitored for improvement, and it is anticipated any weaknesses or other findings noted by Accounts Payable will be reported to the Internal Auditor for resolution with the President and/or Board of Governors as deemed appropriate.*

The President, University of Missouri System, provided the following comments in a letter dated September 30, 2004:

We concur with the findings that the University of Missouri has adequate management and oversight procedures for its procurement card program. As the report indicates, through the University of Missouri's internal audit program, we monitor our procurement card program on an on-going basis in order to mitigate the risks and maximize the benefits associated with such a program.

The President, Truman State University, provided the following comments in a letter dated September 30, 2004:

Truman State University will continue with our management and oversight procedures for our procurement card program.

Letter from CMSU

Office of the President
Administration 202
Warrensburg, MO 64093
Office 660-543-4112 FAX 660-543-8020

October 6, 2004

Claire C. McCaskill
Missouri State Auditor
224 State Capitol
Jefferson City, MO 65101

Dear State Auditor McCaskill:

On behalf of Central Missouri State University, I am responding in regard to the draft report of the *Oversight of University Procurement Card Programs* performance audit completed by staff members from The Office of the State Auditor. Central Missouri appreciates the time and effort that your staff has given to this important assessment. Our university has taken the policy audit seriously, and we are intent on following the recommendations brought forward in the report. Our responses to the specific recommendations are attached.

The policy audit by your office was timely, as we had internally identified problems within our procurement card program shortly before your office's announcement of the audit. Your staff provided a valuable service to our university. The need for an internal auditor for our campus has been brought forward from our strategic planning retreats, and we are currently in the process of hiring for that position. We expect this person to greatly enhance our capacity to review policy performance issues as well as financial audit functions. One role of the internal auditor will be to make recommendations to strengthen the integrity of the institution, safeguard assets, standardize procedures, and ensure compliance with university, state and federal regulations.

State Auditor McCaskill, Central Missouri State University takes its fiscal responsibilities seriously, and is a good steward of state taxpayers' money. We remain committed to the citizens of Missouri, and will continue to utilize our resources to pay even greater dividends for our state's future. Please don't hesitate to contact me if you have any questions regarding the information that I have provided.

Sincerely,

Bobby R. Patton, Ph.D.
President



**KANSAS CITY
BOARD OF POLICE COMMISSIONERS**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-86
November 18, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

November 2004

The following problems were discovered as a result of an audit conducted by our office of the Kansas City Board of Police Commissioners.

The Kansas City Board of Police Commissioners (KCBPC) assigns take-home vehicles to 377 personnel. At least 151 of these 377 personnel were sergeants and higher ranking officers. There are four general criteria for assignment of a take-home vehicle:

- The employee is subject to standby/on-call duty.
- The vehicle is assigned a security status because it contains department equipment or operates in an undercover capacity.
- The assigned workplace of the employee has very limited parking.
- The vehicle is funded by grants requiring the vehicle to be kept in high visibility status.

We noted that 248 of the 377 personnel assigned take-home vehicles fell under the standby/on-call criteria. Based on information provided by personnel assigned a take-home vehicle, we estimated that 168 employees with take-home standby/on-call vehicles were called back less than 3 times each month. The annual cost of the commuting mileage for the 168 take-home standby/on-call vehicles was about \$329,000. We estimated the cost of reimbursing the 168 employees for the use of their personal vehicles in lieu of providing a take-home vehicle in these limited use situations would have been about \$34,000 annually, resulting in an annual savings of about \$295,000. In addition, eliminating the commuting mileage placed upon the take-home vehicles would result in a reduction of nearly 1 million fleet miles annually.

We also found the KCBPC could further reduce cellular telephone expenses by ensuring established review procedures are fully performed each month, and by changing some phones to more economical plans. We obtained the cellular bills for 475 phones that were not assigned to undercover operations. During the three years ended April 30, 2004, the department spent about \$866,000 for cellular services for these 475 phones. Of that amount over \$133,000 was paid for excess minutes and roaming charges.

During the three years ended April 30, 2004, our review noted expenditures which do not appear to be a necessary and prudent use of public funds, including \$32,630 for retirement rings, \$32,398 for annual unit dinners, and \$23,949 for flowers and fruit baskets. A similar condition was noted in our prior report.

(over)

SHEET
MOT
YELLOW

The Records Unit receives mail-in requests for copies of accident reports primarily from insurance companies. The entity requesting a report must submit either a check or a coupon to pay the \$5 fee. On April 7, 2004, we noted that the report production section had a backlog of 643 unfilled requests and had 443 checks totaling \$2,546 and 200 coupons being held pending the mailing of the accident report. The oldest bundle was from March 16, 2004. The unit assistant supervisor indicated the sixteen working day backlog was fairly typical.

The current method of handling the mail-in accident report requests and monies results in a lack of detailed receipts, lack of segregation of duties, and delays in the transmittal of monies. In addition, the accounting unit cannot reconcile records unit receipts to monies transmitted to the accounting unit.

A follow-up on prior audit findings from audit report number 99-115, released December 6, 1999, found the KCBPC has not implemented our recommendation to reevaluate the department policy of compensating retiring employees for any unused sick leave. We found the department paid out approximately \$3.75 million for the three years ended April 30, 2004, under the sick leave buyout program. We still recommend the department consider reevaluating the current policy.

All reports are available on our website: www.auditor.mo.gov

STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Kansas City Board of
Police Commissioners
Kansas City, MO 64106

The State Auditor is authorized under Section 84.350, RSMo 2000, to audit the Kansas City Board of Police Commissioners (KCBPC). The board engaged BKD, LLP, Certified Public Accountants (CPAs), to audit the board's financial statements for the two years ended April 30, 2004. The board engaged KPMG, LLP, Certified Public Accountants (CPAs) to audit the board's financial statements for the year ended April 30, 2002. To satisfy our statutory obligation and minimize duplication of effort, the State Auditor has used the work of the CPA firms. We reviewed the reports and substantiating working papers of the CPA firms to satisfy ourselves as to the appropriateness of using the reports, and we accept them in partial fulfillment of our responsibility under Section 84.350, RSMo 2000. The additional objectives of this audit were to:

1. Review compliance with certain legal provisions.
2. Evaluate the economy and efficiency of certain management practices and operations.
3. Review certain revenues received and expenditures made by the KCBPC.
4. Follow-up on the status of recommendations made in our prior report.

Our methodology to accomplish these objectives included reviewing minutes of meetings, written policies, financial records, and other pertinent documents; interviewing various personnel of the KCBPC and the Kansas City Police Department; conducting on site visits; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. We also performed tests of certain controls to obtain evidence regarding the effectiveness of their design and operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed

and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the board's management and was not subjected to the procedures applied in the audit of the board.

The accompanying Management Advisory Report presents our findings arising from our audit of the Kansas City Board of Police Commissioners.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

August 23, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	John Blattel, CPA, CFE
In-Charge Auditors:	David Gregg
	Dennis Lockwood, CPA
Audit Staff:	Jennifer Carter
	Wendy Groner

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

KANSAS CITY
BOARD OF POLICE COMMISSIONERS
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Take-Home Vehicles
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The Kansas City Board of Police Commissioners (KCBPC) assigns take-home vehicles to 377 personnel meeting certain criteria. We estimated the Kansas City Police Department (KCPD) incurred costs of about \$329,000 annually related to commuting mileage of 168 take-home vehicles for employees who were required to return to work an average of less than 3 times per month under the standby/on-call criteria.

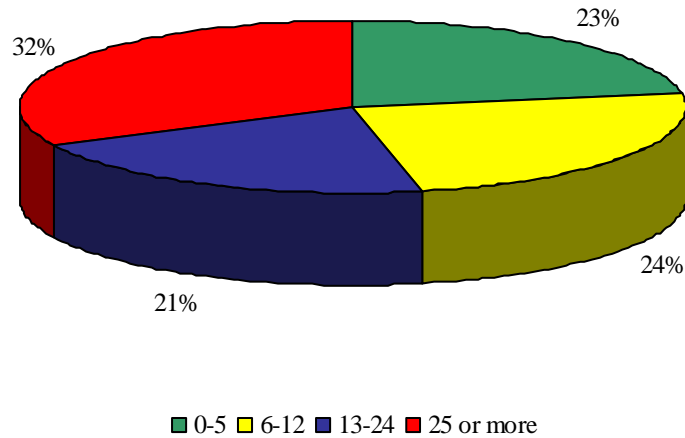
The police department has a fleet of about 900 vehicles. There are four general criteria for assignment of take-home vehicles:

- The employee is subject to standby/on-call duty.
- The vehicle is assigned a security status because it contains department equipment or operates in an undercover capacity.
- The assigned workplace of the employee has very limited parking.
- The vehicle is funded by grants requiring the vehicle to be kept in high visibility status, such as the DARE vehicles.

We noted at least 151 of 377 personnel assigned take-home vehicles were sergeants and higher ranking officers. In addition to the criteria discussed above, the KCBPC indicated several other reasons for providing certain personnel take-home vehicles, including the increased ability to respond to emergencies with a fully equipped police vehicle and the deterrence to crime arising from having a police vehicle located in residential areas.

We noted that 248 of 377 personnel assigned take-home vehicles fell under the standby/on-call criteria. We contacted half of those employees at random and requested they indicate the number of times in calendar year 2003 they had returned to work under the standby/on-call criteria. Sixty-eight percent of those contacted indicated they were required by their duties to return to work 2 or fewer times per month. The following chart summarizes the responses to our question:

Yearly Call Backs for Take-Home Vehicles



Based upon those results, we estimated that 168 personnel with take-home standby/on-call vehicles were called-back less than 3 times each month. The annual cost of the commuting mileage for those 168 take-home standby vehicles was about \$329,000. We estimated the cost of reimbursing those 168 employees for the use of their personal vehicles in lieu of providing a take-home vehicle would have been about \$34,000 annually. The department could realize annual savings of about \$295,000. In addition, eliminating the commuting mileage placed upon the take-home vehicles would result in a reduction of nearly 1 million fleet miles annually on a fleet with an average age of over 6.5 years and an average mileage of more than 96,000 miles during 2003. Our cost estimates were based using a mileage reimbursement rate of \$0.335 and a workday round trip commute of 25 miles.

We noted the City Auditor's Office of Kansas City had issued a report in November 2000 that also addressed the take-home vehicles and the lack of clear criteria for assignment and use of these vehicles. In response to that report the Chief of Police indicated the KCBPC would clarify, define, and formalize criteria for take-home vehicle assignments and develop a review system to evaluate take-home vehicle assignments based upon the newly established criteria. We noted the KCBPC has adopted new criteria and implemented a review system for take-home vehicles. As a result of that departmental review, the number of take-home vehicles classified as standby/on-call decreased by 28 between May 2000 and April 2003. However, the total number of take-home vehicles actually increased from 374 to 377 over the same time period. During this period some take-home vehicles were reclassified from standby/on-call to other classifications which gave the indication that a significant change had been made in the number of take-home vehicles. In fact, 3 vehicles were added to the take-home fleet. As a result, the cost of the take-home fleet is even greater than the cost was in 2000 when this area was reviewed by the City Auditor.

WE RECOMMEND the KCBPC reexamine the policies and criteria for authorization of take-home vehicle assignments and consider reducing the number of take-home vehicles to reduce this costly program.

AUDITEE'S RESPONSE

The Department agrees that a saving could be achieved by reducing the number of take-home vehicles. The Department believes that the number of take-home vehicles should not be determined solely on monetary issues. Department policy has clarified, defined, and formalized criteria for take-home vehicles. The Department has a system to review take-home vehicles. The Chief of Police must approve any additions to the number of take-home vehicles. The Department will continue to monitor take-home vehicles.

Focusing solely on the cost associated with take-home vehicles fails to take into account the need for the Department to respond rapidly to critical incidents. Certain Department elements and commanders maintain specialized equipment in their take-home vehicles. This equipment should be deployed along with law enforcement employees as soon as possible to a critical incident. Officers assigned take-home vehicles with specialized equipment may be called back to duty infrequently, however, when they are called back to duty the response must be rapid. The Department must error on the side of public safety rather than place a dollar figure on response time.

There are also ancillary benefits associated with take-home vehicles. Take-home vehicles provide a higher police visibility when commuting to and from work. Take-home vehicles parked in high crime areas may be a deterrent to crime. Officers commuting to and from work frequently engage in public safety activities.

2. Cellular Telephone Controls

The KCBPC could further reduce cellular telephone expenses by ensuring established review procedures are fully performed each month and by changing some phones to more economical plans. The KCBPC has acquired about 520 cellular telephones to improve the department's communications capabilities. We obtained the cellular bills for 475 phones that were not assigned to undercover operations. During the three years ended April 30, 2004, the department spent about \$866,000 for cellular services for these 475 phones. Of that amount, over \$133,000 was paid for excess minutes and roaming charges. The majority of these charges could have been avoided if the cellular phones had been placed in the most economical calling plans based upon their normal business usage patterns.

In early 2003 following implementation of KCBPC policy 03-4, the KCBPC began an enhanced review of the cellular phone bills and were able to identify and shift many phones to more appropriate calling plans. They also began monitoring for excessive personal calls for phones with charges that were exceeding the selected calling plan's

basic rate. However, the enhanced review process was not fully completed for August through November 2003 billings “due to workload restrictions.”

Following the implementation of the enhanced review, the excess minutes and roaming charges dropped from 18 percent to 10 percent of annual cellular phone costs. Annual estimated savings due to the enhanced review appear to be at least \$25,000. The enhanced review of cellular telephone bills should be continued and could result in significant additional savings.

WE RECOMMEND the KCBPC continue the enhanced review of cellular telephone billings to reduce the costs arising from excessive personal use and to ensure phones are assigned to the most economical calling plans.

AUDITEE'S RESPONSE

The Department continues to review the cellular telephone bills on a monthly basis. We are in agreement with the Missouri State Auditor's Office that the monitoring of cell phones reduces the Department's cell phone expenses.

3. Expenditures

- A. During the three years ended April 30, 2004, our review noted expenditures for which a public purpose was not demonstrated or documented. Questionable expenditures are as follows:

Retirement Rings	\$32,630
Annual Unit Dinners	32,398
Flowers and Fruit Baskets	23,949
Chief's Office Tee Shirts	5,231
Cakes/Cookies for Ceremonies	4,891
Chief's Office Coffee Mugs	2,969
Total	\$102,068

These expenditures do not appear to be a necessary and prudent use of public funds. The KCBPC needs to reevaluate the policies regarding the purchasing of items for which a public purpose cannot be clearly demonstrated.

A similar condition was noted in the our prior report.

- B. The KCBPC improperly recorded a 2003 purchase as a fiscal year 2000 purchase. The KCBPC issued a purchase order dated April 28, 2000, in the amount of \$5,381 for a helicopter part. The vendor was unable to obtain the part from the manufacturer. The KCBPC was able to salvage the needed part from a surplus machine that was acquired subsequent to the issuance of the purchase order. The open purchase order was not canceled for three fiscal years. In fiscal year 2003,

different parts were ordered from the vendor under the open purchase order and those items were received in March 2003. As a result, the purchase was charged against the fiscal year 2000 budget even though the purchase was not made until fiscal year 2003. It is unclear why the procedure for canceling open purchase orders was not followed in this instance.

WE RECOMMEND the KCBPC:

- A. Evaluate the policies regarding purchases of items for which a public purpose cannot be clearly demonstrated.
- B. Ensure prior year open purchase orders are canceled when it is determined the vendor cannot provide the authorized goods or services.

AUDITEE'S RESPONSE

- A. *The money spent for retirement rings, flowers, cakes, fruit baskets, etc. is essential to the continued morale of department employees. It is also felt that these small tokens of appreciation help in the area of employee retention. No change in policy has occurred or is anticipated.*
- B. *The transaction pertaining to the purchases made against the 2000 fiscal year encumbrance was a violation of accounting practices. The purchase order should have been cancelled and the funds should have been returned to the city. The department is allowed to make purchases against prior year encumbrances. The department is not allowed to purchase items that were not listed on the original purchase order that created the encumbrance. This was a one-time event. Employees have been reminded how prior year purchase orders should be administered.*

4. Records Unit Controls and Procedures
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The KCBPC Records Unit has not developed adequate controls and procedures to ensure timely deposit of monies received in the mail. The Records Unit receives mail-in requests for copies of accident reports, primarily from insurance companies. There are two employees assigned to handle these requests. The entity requesting a report must submit either a check or a coupon to pay the \$5 fee. On April 7, 2004, we noted that the report production section had a backlog of 643 unfilled requests and had 443 checks totaling \$2,546 and 200 coupons being held pending the mailing of the accident report. The oldest bundle was from March 16, 2004. The unit assistant supervisor indicated the sixteen working day backlog was fairly typical.

The record requests, checks, and/or coupons are bundled into batches as the mail is received. A coversheet listing the accident report numbers requested is prepared. As time allows the oldest bundles are worked and when a report is copied and readied for mailing, the checks and coupons are transmitted to the accounting unit. When an

accident report cannot be located because of a wrong report reference or case number is provided by the requestor, the original request and the check or coupon are returned to the requestor. The unit assistant supervisor indicated an average 50 to 100 checks or coupons are returned each month.

This method of handling the mail-in accident report requests and monies results in a lack of detailed receipts, lack of segregation of duties, and delays in the transmittal of monies. In addition, the accounting unit cannot reconcile records unit receipts to monies transmitted to the accounting unit. Since the records unit has an existing cashier function, the checks and coupons could be separated from the accident requests and included in the cashier's daily transmittals to the accounting unit. When the report production unit determined no accident report could be located, they could notify the cashier that a refund needs to be made. The cashier could then identify the specific receipt number for the original transmittal and notify the accounting unit to issue a refund.

WE RECOMMEND the KCBPC revise the procedures for handling the monies related to accident report requests received in the mail by separating the report production function from the cash handling function and establish a system for initiating and tracking refunds.

AUDITEE'S RESPONSE

The Department agrees with the recommendation. The Records Unit and the Accounting and Payroll Section are currently working on a solution to the practice and are implementing a procedure to handle this recommendation.

FOLLOW-UP ON PRIOR AUDIT FINDINGS

KANSAS CITY
BOARD OF POLICE COMMISSIONERS
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by the department on findings in the Management Advisory Report (MAR) of our prior audit report issued for the two years ended April 30, 1999.

The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the department should consider implementing those recommendations.

1. Fleet Operations

- A. The department had not adopted a vehicle replacement plan.
- B. The department had not adopted policies and procedures to ensure that fleet operations performance objectives were met.
- C. The department repaired vehicles which should have been replaced.

Recommendations:

The department:

- A. Develop and implement a vehicle replacement plan and continue to pursue adequate funding for the purchase of new and used replacement vehicles to accomplish the objectives of the plan.
- B. Review and monitor the fleet unit's performance using the internally prepared performance measures and, if necessary, make changes to its procedures to meet these objectives.
- C. Review policies and procedures for maintenance and repairs to wrecked or damaged vehicles. The department should also consider alternatives to repairing older high mileage wrecked vehicles such as purchasing used patrol cars from the Missouri State Highway Patrol (MSHP).

Status:

A&C. Implemented.

- B. Partially implemented. The department changed some of the performance objectives to more reasonable levels and have shown some improvement toward reaching their revised goals. Although not repeated in the current MAR, our recommendation remains as stated above.

2. Questionable Expenditures and Bidding

- A. Disbursements totaling approximately \$50,000 were made for which a public purpose was not demonstrated.
- B. The department paid \$7,050 to not-for-profit organizations for annual banquets.
- C. The board did not consistently follow its written bid policy.
- D. The department made transfers between funds that were not repaid.

Recommendations:

The department:

- A. Ensure disbursements are necessary and prudent uses of public funds.
- B. Obtain written agreements specifying terms of payments and the responsibilities of both parties for all services received.
- C. Ensure bids are solicited for all applicable purchases in accordance with the board's policy.
- D. Discontinue making operating transfers of funds from the Special Services Fund to the Alert II Computer System Fund, or if additional transfers are necessary, consider transferring the monies back when the Alert II Computer System Fund cash is available.

Status:

- A. Not implemented. See MAR finding number 3.
- B&C. Not implemented. The department continued to purchase tickets from non-profit organizations for annual dinner banquets. The department did not always ensure bids were solicited. Although not repeated in the current MAR, our recommendation remains as stated above.
- D. Implemented.

3. Sick Leave Buyout

Department Personnel Policy No. 450 provides that retiring employees will be compensated for any unused sick leave. For the two years ended April 30, 1999, \$3.9 million was paid out for unused sick leave.

Recommendations:

The department discuss with the city the reevaluation of the current sick leave buyout program, compare its program to those in other cities, and consider making revisions that would benefit the employees while also conserving available fiscal resources.

Status:

Not implemented. The department paid out approximately \$3.75 million for the three years ended April 30, 2004, under the sick leave buyout program. Although not repeated in the current MAR, our recommendation remains as stated above.

4. Records Unit Controls and Procedures

- A. Accounting duties were not adequately segregated.
- B. Receipt slips issued by the unit did not indicate the method of payment received.
- C.1. Mail logs were not kept to record each check received by mail.
- C.2. Mail receipts were not processed on a timely basis and were not adequately secured during working hours.
- D. Access to collections was not adequately controlled.

Recommendations:

The department:

- A. Adequately segregate duties between available employees and/or establish a documented periodic review of records by an independent person.
- B. Indicate the method of payment on receipt slips issued and reconcile total cash, check, and money orders received to transmittals to the Accounting Unit.
- C.1. Maintain a log of all mail receipts and reconcile the log to receipt records on a daily basis.
- C.2. Open, receipt, and transmit mail receipts when received.
- D. Restrict access to the cash drawers to only one person per drawer.

Status:

- A, B,
&C. Not implemented. See MAR finding number 4.

D. Implemented.

5. Accounting Unit Controls and Procedures

- A. Monies collected by the Legal Unit, Fingerprint Identification Unit, Private Officers Licensing Unit, Commissary, and the Private Alarm Unit were not transmitted to the Accounting Unit on a timely basis.
- B. The department did not account for the numerical sequence of outside warrants and bond monies collected at department headquarters and at the five patrol division. Bond forms were not always used in sequence.

Recommendations:

The department:

- A. Transmit receipts daily or whenever accumulated receipts exceed \$100.
- B. Account for the numerical sequence of outside warrant bond forms to ensure that bond forms are being used in sequence and are being recorded on the bond logs.

Status:

- A. Partially implemented. The department has established a schedule for transmittals from the various units to the accounting unit on daily, weekly, or monthly basis according to the amount of monies handled by the various units. Although not repeated in the current MAR, our recommendation remains as stated above.
- B. Not implemented. The department is considering development of financial software to assign and track the sequence of outside warrant bond forms. Although not repeated in the current MAR, our recommendation remains as stated above.

6. Inventory Controls and Procedures

- A. Inventory records for the Supply Unit, Helicopter Unit, and Radio Maintenance Unit were not maintained in a manner that would allow beginning balances, additions, and usages for each year to be reconciled to balances at the end of the year.
- B. Annual physical inventories for the Supply Unit were performed by the same employees that have custody of inventories.
- C. Accounting duties for Fleet Operations Unit were not adequately segregated.

Recommendations:

The department:

- A. Maintain the inventory records for the Supply Unit, Helicopter Unit, and Radio Maintenance Unit in a manner to identify beginning inventory balance, additions, usages, and ending inventory balance for each fiscal year.
- B. Require the supply unit to perform physical inventories by someone independent of custodial and record-keeping duties.
- C. Require the Fleet Operations Unit adequately segregate duties between available employees and/or establish a documented periodic review of records by an independent person.

Status:

A, B,

- &C. Not implemented. The department has made improvement in inventory procedures in some areas. Although not repeated in the current MAR, our recommendations remain as stated above.

7. Fixed Assets

- A. Physical inventories were performed by the same unit that had custody of the fixed assets.
- B. Some fixed assets were not properly numbered, tagged, or otherwise identified as department property.
- C. Department personnel were not preparing the "Property Inventory Action Form" and submitting it to the inventory control officer. This report should be used when equipment is transferred within or between departments and if this equipment is stolen, destroyed, surplus, or otherwise disposed of.

Recommendations:

The department:

- A. Require physical inventories to be conducted by persons independent of those having record-keeping or custodial duties.
- B. Properly number or tag all fixed asset items.
- C. Establish procedures to ensure that all transfers and disposals of property items are reported immediately to the inventory control officer.

Status:

A&B. Not implemented. Although not repeated in the current MAR, our recommendations remain as stated above.

C. Implemented.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

KANSAS CITY BOARD OF POLICE COMMISSIONERS
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The Kansas City Board of Police Commissioners was established by an act of the legislature in 1873 to provide law enforcement protection to the citizens of the city of Kansas City. The board operates under the provisions of Sections 84.350 to 84.860, inclusive, RSMo 2000.

The Board of Police Commissioners consists of five members. The governor, with the consent of the Senate, appoints four commissioners who, with the mayor of the city of Kansas City, control the operations of the Kansas City Police Department. The board members are appointed for a term of four years.

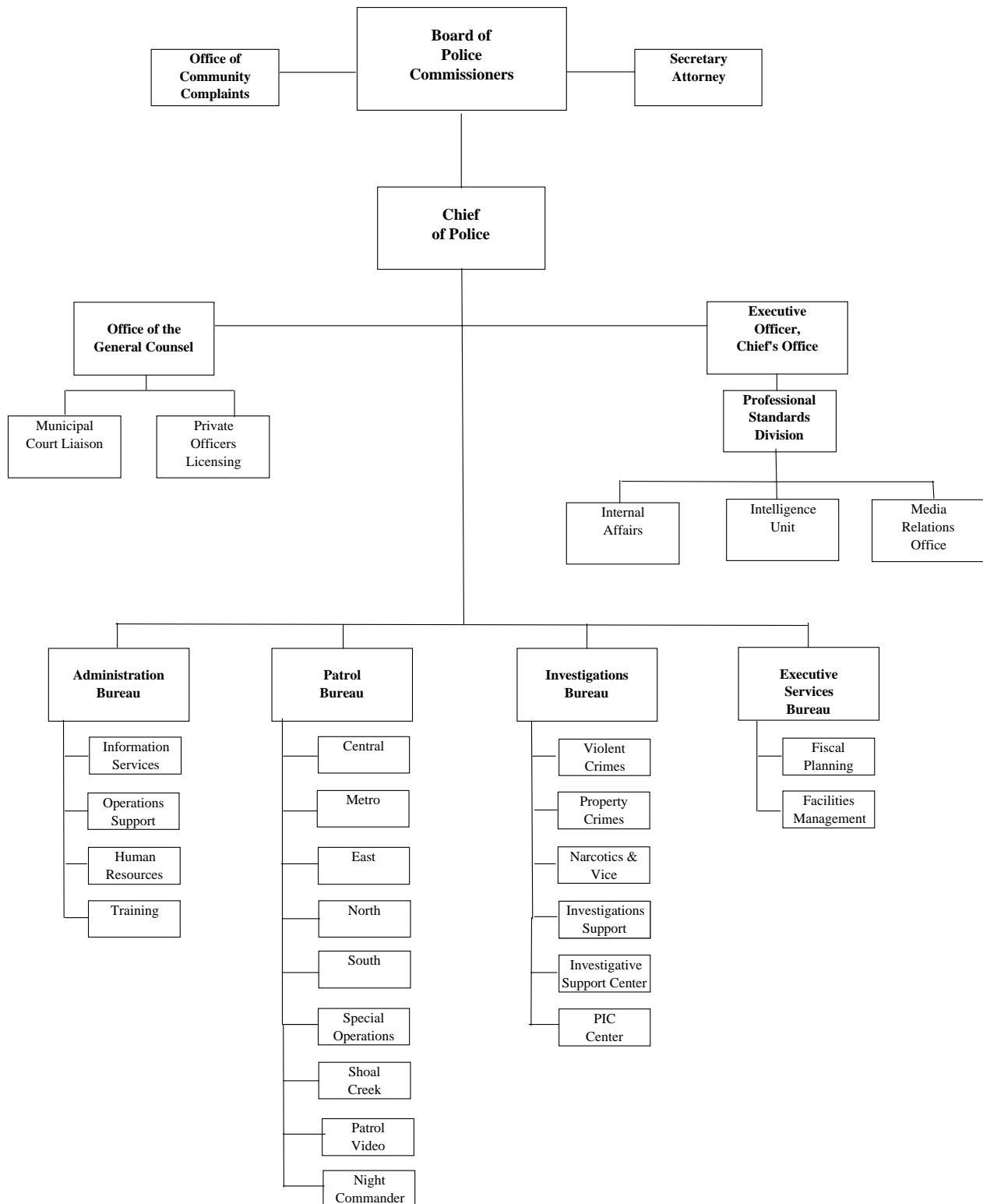
The members of the Board of Police Commissioners at April 30, 2004, were:

<u>Member</u>	<u>Term Expires</u>
Karl Zobrist, President	March 7, 2008
Javier Perez, Jr., Vice President	March 7, 2005
Angela Wasson-Hunt, Treasurer	March 7, 2006
James B. Wilson	March 7, 2007
Mayor Kay Barnes	April 10, 2007

Dr. Stacey Daniels-Young, Joseph J. Mulvihill, Dennis C. Eckold, and Rudolph R. Rhodes, III also served on the board during the 3 years ended April 30, 2004. Richard D. Easley served as Chief of Police from April 2, 1999, until his retirement effective September 9, 2004. On this date, Deputy Chief Rachel Whipple was named Interim Chief. James Corwin was appointed Chief of Police effective October 26, 2004. The KCBPC employed 1,324 law enforcement officers and 634 civilians as of April 30, 2004.

An organization chart follows:

KANSAS CITY BOARD OF POLICE COMMISSIONERS ORGANIZATION CHART



Appendix A

KANSAS CITY BOARD OF POLICE COMMISSIONERS COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GENERAL FUND THREE YEARS ENDED APRIL 30, 2004

	Year Ended April 30,		
	2004	2003	2002
Revenues			
Received from city of Kansas City	\$ 134,660,849	\$ 131,591,789	\$ 119,788,310
Intergovernmental	732,857	408,066	0
Other	27,394	23,251	70,929
Total Revenues	<u>135,421,100</u>	<u>132,023,106</u>	<u>119,859,239</u>
Expenditures			
Personal Services	112,618,788	107,145,226	101,513,245
Contractual Services	18,156,824	19,836,065	13,549,995
Commodities	4,261,060	4,672,610	4,068,927
Capital Outlay	147,000	564,215	639,480
Total Expenditures	<u>135,183,672</u>	<u>132,218,116</u>	<u>119,771,647</u>
Excess (deficiency) of revenues over (under) expenditures	<u>237,428</u>	<u>(195,010)</u>	<u>87,592</u>
Other Financing Sources (Uses)			
Transfers	(135,598)	308,941	(151,094)
Total Other Financing Sources and Uses	<u>(135,598)</u>	<u>308,941</u>	<u>(151,094)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>101,830</u>	<u>113,931</u>	<u>(63,502)</u>
Fund Balance Beginning of Year	<u>123,079</u>	<u>39,148</u>	<u>102,650</u>
Change in Accounting Principle (1)	<u>0</u>	<u>(30,000)</u>	<u>0</u>
Adjusted Fund Balance Beginning of Year	<u>0</u>	<u>9,148</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 224,909</u>	<u>\$ 123,079</u>	<u>\$ 39,148</u>

(1) Due to Implementation of GASB No. 34

Source: KCBPC audited financial statements

Appendix B

KANSAS CITY BOARD OF POLICE COMMISSIONERS COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS* THREE YEARS ENDED APRIL 30, 2004

	Year Ended April 30,		
	2004	2003	2002
Revenues			
Received from city of Kansas City	\$ 1,957,697	\$ 2,459,191	\$ 2,338,204
Intergovernmental	7,170,410	7,743,710	7,804,599
Charges for Services	3,296,255	3,380,235	3,154,869
Other	222,483	426,751	1,101,177
Total Revenues	12,646,845	14,009,887	14,398,849
Expenditures			
Personal Services	4,959,473	4,649,603	4,896,294
Contractual Services	4,299,910	4,291,760	3,941,383
Commodities	326,474	576,651	753,670
Capital Outlay	3,983,357	4,176,440	4,472,807
Total Expenditures	13,569,214	13,694,454	14,064,154
Excess (deficiency) of revenues over (under) expenditures	(922,369)	315,433	334,695
Other Financing Sources (Uses)			
Disposal of Capital Assets	17,324	42,280	0
Transfers	135,598	(308,941)	151,094
Total Other Financing Sources and Uses	152,922	(266,661)	151,094
Excess (deficiency) of revenues and other financing sources over expenditures and other financing	(769,447)	48,772	485,789
Fund Balance Beginning of Year	4,917,194	4,868,422	4,253,397
Residual Equity Transfer	0	0	129,236
Fund Balance End of Year	\$ 4,147,747	\$ 4,917,194	\$ 4,868,422

* Other Funds include the combined activity of the Special Services, ALERT Computer, and 13 other special revenue funds which record proceeds of specific revenue sources that are restricted by law or administrative action to expenditures for specified purposes.



**OFFICE OF ATTORNEY GENERAL
MISSOURI OFFICE OF PROSECUTION SERVICES
FIVE YEARS ENDED JUNE 30, 2004**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-85
November 12, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

November 2004

The following problem was discovered as a result of an audit conducted by our office of the Office of Attorney General, Missouri Office of Prosecution Services (MOPS).

Two administrative assistants have access to the Executive Director's user ID and password for the state's accounting system (SAM II). Office personnel indicated this access allows documents to be approved and processed in a timely manner. As a result, the administrative assistants can approve payment documents that they have processed, without oversight or review by their supervisor. This situation circumvents the system controls that are provided by the SAM II system and increases the risk of unauthorized use and modification of data. MOPS has already implemented our recommendation.

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YELLOW SHEET

FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON
THE FINANCIAL STATEMENTS**

Prosecutors Coordinators Training Council
and
Missouri Office of Prosecution Services
and
Honorable Jeremiah W. (Jay) Nixon, Attorney General
Jefferson City, Missouri 65102

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash and Investments of the General Revenue Fund-Federal, Missouri Office of Prosecution Services Fund, and Missouri Office of Prosecution Services Revolving Fund, and Statement of Appropriations and Expenditures of the various funds of the Missouri Office of Prosecution Services as of and for the years ended June 30, 2004, 2003, 2002, 2001, and 2000. These financial statements are the responsibility of the office's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting or the state's legal budgetary basis of accounting, which are comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash and investments of the General Revenue Fund-Federal, Missouri Office of Prosecution Services Fund, and Missouri Office of Prosecution Services Revolving Fund, and the appropriations and expenditures of the various funds of the Missouri Office of Prosecution Services as of and for the years ended June 30, 2004, 2003, 2002, 2001, and 2000, on the bases of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated August 2, 2004, on our consideration of the office's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying financial information listed as supplementary data in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the office's management and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.

An integral part of the office's funding comes from federal awards. Those federal awards are reported on in the State of Missouri Single Audit Report issued by the State Auditor's office. The single audit is conducted in accordance with the provisions of U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.



Claire McCaskill
State Auditor

August 2, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Toni M. Crabtree, CPA
In-Charge Auditor:	Norma L. Payne



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

Prosecutors Coordinators Training Council
and
Missouri Office of Prosecution Services
and
Honorable Jeremiah W. (Jay) Nixon, Attorney General
Jefferson City, Missouri 65102

We have audited the financial statements of the Missouri Office of Prosecution Services as of and for the years ended June 30, 2004, 2003, 2002, 2001, and 2000, and have issued our report thereon dated August 2, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of the Missouri Office of Prosecution Services are free of material misstatement, we performed tests of the office's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of the Missouri Office of Prosecution Services we considered the office's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However,

we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the office's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Management Advisory Report.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weaknesses.

This report is intended for the information and use of the management of the Missouri Office of Prosecution Services and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

August 2, 2004 (fieldwork completion date)

Financial Statements

Exhibit A-1

OFFICE OF ATTORNEY GENERAL
MISSOURI OFFICE OF PROSECUTION SERVICES
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH AND INVESTMENTS
YEAR ENDED JUNE 30, 2004

	General Revenue Fund-Federal	Missouri Office of Prosecution Services Fund	Missouri Office of Prosecution Services Revolving Fund	Total (Memorandum Only)
RECEIPTS				
Court fees	\$ 0	366,739	0	366,739
Registration fees	0	0	90,024	90,024
Federal receipts	217,312	0	0	217,312
Interest	0	5,579	0	5,579
Miscellaneous	0	736	7,703	8,439
Total Receipts	217,312	373,054	97,727	688,093
DISBURSEMENTS				
Personal service	36,529	138,489	0	175,018
Employee fringe benefits	12,193	36,608	0	48,801
Expense and equipment	170,744	61,263	109,597	341,604
Real property lease	0	16,860	0	16,860
Cost allocation plan	0	3,586	850	4,436
Total Disbursements	219,466	256,806	110,447	586,719
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,154)	116,248	(12,720)	101,374
TRANSFERS				
Transfers to other funds	0	(1,093)	(532)	(1,625)
Total Transfers	0	(1,093)	(532)	(1,625)
RECEIPTS OVER (UNDER) DISBURSEMENTS AND TRANSFERS	(2,154)	115,155	(13,252)	99,749
CASH AND INVESTMENTS, JULY 1, 2003	6,622	303,090	35,891	345,603
CASH AND INVESTMENTS, JUNE 30, 2004	\$ 4,468	418,245	22,639	445,352

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

OFFICE OF ATTORNEY GENERAL
MISSOURI OFFICE OF PROSECUTION SERVICES
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH AND INVESTMENTS
YEAR ENDED JUNE 30, 2003

	General Revenue Fund-Federal	Missouri Office of Prosecution Services Fund	Missouri Office of Prosecution Services Revolving Fund	Total (Memorandum Only)
RECEIPTS				
Court fees	\$ 0	292,797	0	292,797
Registration fees	0	0	87,143	87,143
Federal receipts	480,139	0	0	480,139
Interest	0	4,453	0	4,453
Miscellaneous	0	0	4,186	4,186
Total Receipts	480,139	297,250	91,329	868,718
DISBURSEMENTS				
Personal service	66,684	100,362	0	167,046
Employee fringe benefits	24,161	22,185	0	46,346
Expense and equipment	380,064	22,859	94,584	497,507
Real property lease	6,586	9,879	0	16,465
Cost allocation plan	0	2,952	863	3,815
Total Disbursements	477,495	158,237	95,447	731,179
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,644	139,013	(4,118)	137,539
TRANSFERS				
Transfers to other funds	0	(345)	0	(345)
Total Transfers	0	(345)	0	(345)
RECEIPTS OVER (UNDER) DISBURSEMENTS AND TRANSFERS	2,644	138,668	(4,118)	137,194
CASH AND INVESTMENTS, JULY 1, 2002	3,978	164,422	40,009	208,409
CASH AND INVESTMENTS, JUNE 30, 2003	\$ 6,622	303,090	35,891	345,603

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-3

OFFICE OF ATTORNEY GENERAL
MISSOURI OFFICE OF PROSECUTION SERVICES
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH AND INVESTMENTS
YEAR ENDED JUNE 30, 2002

	General Revenue Fund-Federal	Missouri Office of Prosecution Services Fund	Missouri Office of Prosecution Services Revolving Fund	Total (Memorandum Only)
RECEIPTS				
Court fees	\$ 0	274,015	0	274,015
Registration fees	0	0	104,152	104,152
Federal receipts	546,014	0	0	546,014
Interest	0	2,568	0	2,568
Miscellaneous	0	2,820	0	2,820
Total Receipts	546,014	279,403	104,152	929,569
DISBURSEMENTS				
Personal service	66,684	102,451	0	169,135
Employee fringe benefits	22,515	22,883	0	45,398
Expense and equipment	492,419	40,671	86,380	619,470
Real property lease	6,586	10,224	0	16,810
Cost allocation plan	0	2,952	863	3,815
Total Disbursements	588,204	179,181	87,243	854,628
RECEIPTS OVER (UNDER) DISBURSEMENTS	(42,190)	100,222	16,909	74,941
CASH AND INVESTMENTS, JULY 1, 2001	46,168	64,200	23,100	133,468
CASH AND INVESTMENTS, JUNE 30, 2002	\$ 3,978	164,422	40,009	208,409

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-4

OFFICE OF ATTORNEY GENERAL
MISSOURI OFFICE OF PROSECUTION SERVICES
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH AND INVESTMENTS
YEAR ENDED JUNE 30, 2001

	General Revenue Fund-Federal	Missouri Office of Prosecution Services Fund	Missouri Office of Prosecution Services Revolving Fund	Total (Memorandum Only)
RECEIPTS				
Court fees	\$ 0	184,820	0	184,820
Registration fees	0	0	96,079	96,079
Federal receipts	364,424	0	0	364,424
Interest	0	3,935	0	3,935
Miscellaneous	0	3,076	340	3,416
Total Receipts	364,424	191,831	96,419	652,674
DISBURSEMENTS				
Personal service	50,513	102,286	0	152,799
Employee fringe benefits	15,590	22,588	0	38,178
Expense and equipment	246,657	64,619	78,999	390,275
Real property lease	5,496	6,608	0	12,104
Total Disbursements	318,256	196,101	78,999	593,356
RECEIPTS OVER (UNDER) DISBURSEMENTS	46,168	(4,270)	17,420	59,318
TRANSFERS				
Transfers to other funds	0	(990)	0	(990)
Total Transfers	0	(990)	0	(990)
RECEIPTS OVER (UNDER) DISBURSEMENTS AND TRANSFERS	46,168	(5,260)	17,420	58,328
CASH AND INVESTMENTS, JULY 1, 2000	0	69,460	5,680	75,140
CASH AND INVESTMENTS, JUNE 30, 2001	\$ 46,168	64,200	23,100	133,468

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-5

OFFICE OF ATTORNEY GENERAL
MISSOURI OFFICE OF PROSECUTION SERVICES
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH AND INVESTMENTS
YEAR ENDED JUNE 30, 2000

	General Revenue Fund-Federal	Missouri Office of Prosecution Services Fund	Missouri Office of Prosecution Services Revolving Fund	Total (Memorandum Only)
RECEIPTS				
Court fees	\$ 0	199,562	0	199,562
Registration fees	0	0	66,941	66,941
Federal receipts	20,500	0	0	20,500
Interest	0	2,511	0	2,511
Miscellaneous	0	310	0	310
Total Receipts	20,500	202,383	66,941	289,824
DISBURSEMENTS				
Personal service	0	99,285	0	99,285
Employee fringe benefits	0	22,131	0	22,131
Expense and equipment	25,500	65,505	64,829	155,834
Total Disbursements	25,500	186,921	64,829	277,250
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,000)	15,462	2,112	12,574
TRANSFERS				
Transfers to:				
General Revenue Fund-State	0	(4,736)	(40)	(4,776)
Other funds	0	(5,391)	0	(5,391)
Total Transfers	0	(10,127)	(40)	(10,167)
RECEIPTS OVER (UNDER) DISBURSEMENTS AND TRANSFERS	(5,000)	5,335	2,072	2,407
CASH AND INVESTMENTS, JULY 1, 1999	5,000	64,125	3,608	72,733
CASH AND INVESTMENTS, JUNE 30, 2000	\$ 0	69,460	5,680	75,140

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

OFFICE OF ATTORNEY GENERAL
MISSOURI OFFICE OF PROSECUTION SERVICES
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30,					
	2004			2003		
	Appropriation	Expenditures	Lapsed Balances	Appropriation	Expenditures	Lapsed Balances
GENERAL REVENUE FUND - FEDERAL						
Personal Service	\$ 123,248	36,529	86,719	122,420	66,684	55,736
Expense and Equipment	930,900	170,744	760,156	930,900	380,064	550,836
Total General Revenue Fund - Federal	1,054,148	207,273	846,875	1,053,320	446,748	606,572
MISSOURI OFFICE OF PROSECUTION SERVICES FUND						
Payment of real property leases, related services, utilities and systems furniture; and structural modifications - Expense and Equipment	34,506	16,465	18,041 *	9,879	9,879	0
Personal Service	147,724	138,490	9,234	116,452	100,362	16,090
Expense and Equipment	160,419	61,263	99,156	139,844	22,859	116,985
Total Missouri Office of Prosecution Services Fund	342,649	216,218	126,431	266,175	133,100	133,075
MISSOURI OFFICE OF PROSECUTION SERVICES REVOLVING FUND						
Expense and Equipment	150,000	109,597	40,403	150,000	94,584	55,416
Total Missouri Office of Prosecution Services Revolving Fund	150,000	109,597	40,403	150,000	94,584	55,416
Total All Funds	\$ 1,546,797	533,088	1,013,709	1,469,495	674,432	795,063

The accompanying Notes to the Financial Statements are an integral part of this statement.

* Biennial appropriations set up in fiscal year 2004 are re-appropriations to fiscal year 2005.

Exhibit B

OFFICE OF ATTORNEY GENERAL
MISSOURI OFFICE OF PROSECUTION SERVICES
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30,					
	2002			2001		
	Appropriation	Expenditures	Lapsed Balances	Appropriation	Expenditures	Lapsed Balances
GENERAL REVENUE FUND - FEDERAL						
Personal Service	\$ 122,420	66,684	55,736	80,000	50,513	29,487
Expense and Equipment	940,675	492,419	448,256	945,300	246,657	698,643
Total General Revenue Fund - Federal	1,063,095	559,103	503,992	1,025,300	297,170	728,130
MISSOURI OFFICE OF PROSECUTION SERVICES FUND						
Personal Service	116,452	102,451	14,001	115,927	102,286	13,641
Expense and Equipment	139,844	40,671	99,173	139,844	61,224	78,620
Total Missouri Office of Prosecution Services Fund	256,296	143,122	113,174	255,771	163,510	92,261
MISSOURI OFFICE OF PROSECUTION SERVICES REVOLVING FUND						
Expense and Equipment	110,000	86,380	23,620	80,000	78,999	1,001
Total Missouri Office of Prosecution Services Revolving Fund	110,000	86,380	23,620	80,000	78,999	1,001
Total All Funds	\$ 1,429,391	788,605	640,786	1,361,071	539,679	821,392

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

OFFICE OF ATTORNEY GENERAL
MISSOURI OFFICE OF PROSECUTION SERVICES
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

Year Ended June 30,			
2000			
	Appropriation	Expenditures	Lapsed Balances
GENERAL REVENUE FUND - FEDERAL			
Expense and Equipment	\$ 40,000	13,080	26,920
Total General Revenue Fund - Federal	40,000	13,080	26,920
MISSOURI OFFICE OF PROSECUTION SERVICES FUND			
Personal Service	111,668	99,849	11,819
Expense and Equipment	125,094	58,666	66,428
Total Missouri Office of Prosecution Services Fund	236,762	158,515	78,247
MISSOURI OFFICE OF PROSECUTION SERVICES REVOLVING FUND			
Expense and Equipment	90,000	63,428	26,572
Total Missouri Office of Prosecution Services Revolving Fund	90,000	63,428	26,572
Total All Funds	\$ 366,762	235,023	131,739

The accompanying Notes to the Financial Statements are an integral part of this statement.

Supplementary Data

Schedule 1

OFFICE OF ATTORNEY GENERAL
MISSOURI OFFICE OF PROSECUTION SERVICES
COMPARATIVE STATEMENT OF EXPENDITURES (FROM APPROPRIATIONS)

	Year Ended June 30,				
	2004	2003	2002	2001	2000
Salaries and wages	\$ 175,018	167,046	169,135	152,799	99,849
Travel, in-state	35,781	34,098	39,285	46,310	38,973
Travel, out-of-state	8,625	7,377	7,813	10,031	11,958
Fuel and utilities	1,787	1,720	1,915	1,468	0
Supplies	23,620	12,505	12,195	11,919	14,124
Professional development	1,495	1,725	1,743	1,508	1,003
Communication services and supplies	3,629	3,337	109	1,811	0
Services:					
Business	0	0	0	5,231	74
Professional	40,090	164,889	212,165	123,077	7,250
Housekeeping and janitorial	1,512	1,512	1,512	1,134	0
Maintenance and repair	21,387	123,834	97,641	44,552	5,823
Equipment:					
Computer	49,848	3,116	5,832	73,277	492
Office	3,052	0	15,432	4,882	0
Other	4,372	1,908	210	430	0
Real property rentals and leases	16,715	10,004	100	1,737	2,720
Equipment rental and leases	12,712	7,968	11,895	11,862	8,034
Miscellaneous expenses	68,624	56,545	42,752	38,811	41,922
Rebillable expenses	5,434	2,498	11,268	8,840	2,801
Registration fee refunds	0	0	790	0	0
Program distributions	59,387	74,350	156,813	0	0
Total Expenditures	\$ 533,088	674,432	788,605	539,679	235,023

Note: Certain classifications of expenditures changed during the four-year period, which may affect the comparability of the amounts.

The accompanying Note to the Supplementary Data is an integral part of this statement.

Schedule 2

OFFICE OF ATTORNEY GENERAL
MISSOURI OFFICE OF PROSECUTION SERVICES
STATEMENT OF CHANGES IN GENERAL CAPITAL ASSETS

All Funds	Furniture and Equipment	Motor Vehicles	Total
Balance, July 1, 1999	\$ 34,623	7,500	42,123
Additions	35,934	0	35,934
Dispositions	(2,397)	0	(2,397)
Balance, June 30, 2000	68,160	7,500	75,660
Additions	20,248	0	20,248
Dispositions	(5,275)	0	(5,275)
Balance, June 30, 2001	83,133	7,500	90,633
Additions	20,043	0	20,043
Dispositions	(1,286)	(7,500)	(8,786)
Balance, June 30, 2002	101,890	0	101,890
Additions	4,075	0	4,075
Dispositions	(16,287)	0	(16,287)
Balance, June 30, 2003	89,678	0	89,678
Additions	22,824	0	22,824
Dispositions	(18,005)	0	(18,005)
Balance, June 30, 2004	\$ <u>94,497</u>	<u>0</u>	<u>94,497</u>

Fund of Acquisition	Balance June 30, 2004
General Revenue Fund-Federal	\$ 34,090
Missouri Office of Prosecution Services Fund	60,407
Total All Funds	\$ <u>94,497</u>

The accompanying Note to the Supplementary Data is an integral part of this statement.

Notes to the Financial Statements and Supplementary Data

OFFICE OF ATTORNEY GENERAL
MISSOURI OFFICE OF PROSECUTION SERVICES
NOTES TO THE FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Notes to the Financial Statements:

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present only selected data for each fund of the Missouri Office of Prosecution Services.

Receipts, disbursements, and changes in cash and investments are presented in Exhibit A for the General Revenue Fund-Federal, Missouri Office of Prosecution Services Fund, and Missouri Office of Prosecution Services Revolving Fund. Appropriations from these funds are expended by or for the office for restricted purposes.

The "Total (Memorandum Only)" column is presented as additional analytical data. Because this column does not identify the restrictions that exist by fund, it should be read only with reference to the details of each fund.

Appropriations, presented in Exhibit B, are not separate accounting entities. They do not record the assets, liabilities, and equity or other balances of the related funds but are used only to account for and control the office's expenditures from amounts appropriated by the General Assembly.

Expenditures presented for each appropriation may not reflect the total cost of the related activity. Other direct and indirect costs provided by the office and other state agencies are not allocated to the applicable fund or program.

B. Basis of Accounting

The Statements of Receipts, Disbursements, and Changes in Cash and Investments, Exhibit A, prepared on the cash basis of accounting, present amounts when they are received or disbursed.

The Statements of Appropriations and Expenditures, Exhibit B, are presented on the state's legal budgetary basis of accounting. For years ended on or after June 30, 2001, expenditures generally consist of amounts paid by June 30, with no provision for lapse period expenditures unless the Office of Administration approves an exception. Amounts encumbered at June 30 must be either canceled or paid from the next year's appropriations.

However, the General Assembly may authorize continuous (biennial) appropriations, for which the unexpended balances at June 30 of the first year of the 2-year period are reappropriated for expenditure during the second year. Therefore, such appropriations have no lapsed balances at the end of the first year.

The cash basis of accounting and the budgetary basis of accounting differ from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Fiscal Authority and Responsibility

The office administers transactions in the funds listed below. The state treasurer as fund custodian and the Office of Administration provide administrative control over fund resources within the authority prescribed by the General Assembly.

General Revenue Fund-Federal: The office administers several programs financed wholly or partially by federal monies maintained in the state treasury in the Office of Attorney General's Federal Account. These federal monies may be received in advance, when related expenditures are made, or after they are made. Appropriations from this fund authorize disbursement of the office's federal monies.

Missouri Office of Prosecution Services Fund: This fund was established pursuant to Section 56.765, RSMo, to assist prosecuting attorneys in their efforts against criminal activity in the state. Court fees are assessed by courts in the state and are deposited into the fund. Expenditures are authorized by appropriation, and balances remaining in the fund are perpetually maintained for the purpose of the fund.

Missouri Office of Prosecution Services Revolving Fund: This fund was established pursuant to Section 56.765, RSMo, to receive funds from registration fees, federal and state grants, or any other source in connection with the purpose of the Missouri Office of Prosecution Services. Expenditures are authorized by appropriation, and balances remaining in the fund are perpetually maintained for the purpose of the fund.

D. Employee Fringe Benefits

In addition to the social security system, employees are covered by the Missouri State Employees' Retirement System (MOSERS) (a noncontributory plan) and may participate in the state's health care, optional life insurance, cafeteria, and deferred compensation and deferred compensation incentive plans. The optional life insurance and cafeteria plans involve only employee contributions or payroll reductions. The deferred compensation plan involves employee payroll deferrals and the deferred compensation incentive plan a state contribution for each employee who

participates in the deferred compensation plan and has been employed by the state for at least 1 year.

The state's required contributions for employee fringe benefits are paid from the same funds as the related payrolls. Those contributions are for MOSERS (retirement, basic life insurance, and long-term disability benefits); social security and medicare taxes; health care premiums; and the deferred compensation incentive amount.

Employee fringe benefits in the financial statements at Exhibit A are the transfers from the General Revenue Fund-Federal and Missouri Office of Prosecution Services Fund for costs related to salaries paid from those funds. Transfers related to salaries are not appropriated by agency and thus are not presented in the financial statements at Exhibit B.

2. Cash

The balances of the General Revenue Fund-Federal, Missouri Office of Prosecution Services Fund, and Missouri Office of Prosecution Services Revolving Fund are pooled with other state funds and invested by the state treasurer.

3. Article X Refunds

The transfers to the state's General Revenue Fund are the funds' applicable share of fiscal year 1998 refunds paid in fiscal year 2000 under Article X, Sections 16 through 24 of the Missouri Constitution.

4. Cost Allocation Plan

The Office of Administration calculated the state's costs of services provided by the Office of Administration, Department of Revenue, State Auditor, State Treasurer, and retiree health care to be allocated to the various state funds based on how the various funds create work for the agencies in the pools. Transfers were made from the Missouri Office of Prosecution Services Fund and Missouri Office of Prosecution Services Revolving Fund to the state's General Revenue Fund to cover each fund's share of the costs.

5. Reconciliation of Total Disbursements to Appropriated Expenditures

Disbursements on Exhibit A reconcile to appropriated expenditures on Exhibit B as follows:

General Revenue Fund - Federal					
Year Ended June 30,					
	2004	2003	2002	2001	2000
DISBURSEMENTS, EXHIBIT A	\$ 219,466	477,495	588,204	318,256	25,500
Employee fringe benefits	(12,193)	(24,161)	(22,515)	(15,590)	0
Real property lease	0	(6,586)	(6,586)	(5,496)	0
Lapse period expenditures:					
1999	0	0	0	0	(12,420)
EXPENDITURES, EXHIBIT B	\$ 207,273	446,748	559,103	297,170	13,080

Missouri Office of Prosecution Services Fund					
Year Ended June 30,					
	2004	2003	2002	2001	2000
DISBURSEMENTS, EXHIBIT A	\$ 256,806	158,237	179,181	196,101	186,921
Employee fringe benefits	(36,608)	(22,185)	(22,883)	(22,588)	(22,131)
Real property lease	(394)	0	(10,224)	(6,608)	0
Cost allocation plan	(3,586)	(2,952)	(2,952)	0	0
Lapse period expenditures:					
2000	0	0	0	(3,395)	3,395
1999	0	0	0	0	(8,871)
Accounts payable, June 30:					
1999	0	0	0	0	(799)
EXPENDITURES, EXHIBIT B	\$ 216,218	133,100	143,122	163,510	158,515

Missouri Office of Prosecution Services Revolving Fund					
Year Ended June 30,					
	2004	2003	2002	2001	2000
DISBURSEMENTS, EXHIBIT A	\$ 110,447	95,447	87,243	78,999	64,829
Cost allocation plan	(850)	(863)	(863)	0	0
Lapse period expenditures:					
1999	0	0	0	0	(1,345)
Accounts payable, June 30:					
1999	0	0	0	0	(56)
EXPENDITURES, EXHIBIT B	\$ 109,597	94,584	86,380	78,999	63,428

Note to the Supplementary Data:

6. General Capital Assets

During fiscal year 2001, the office converted its capital asset records to the Statewide Advantage for Missouri (SAM II) System. General capital assets are recorded at cost in the general capital assets account. General capital assets are depreciated on a straight-line basis using various useful life classifications and a salvage value of zero. Accumulated depreciation on general capital assets at June 30, 2004, was approximately \$36,600.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Finding

OFFICE OF ATTORNEY GENERAL
MISSOURI OFFICE OF PROSECUTION SERVICES
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of the Missouri Office of Prosecution Services as of and for the years ended June 30, 2004, 2003, 2002, 2001, and 2000, and have issued our report thereon dated August 2, 2004.

The following Management Advisory Report presents our finding arising from our audit of the Missouri Office of Prosecuting Service's financial statements.

Computer System Controls

The Missouri Office of Prosecution Services (MOPS) permits users to share user identification codes (IDs) and associated passwords, which allows employees unauthorized access to the Statewide Advantage for Missouri (SAM II) system.

Although all employees are issued confidential and unique user IDs, the two administrative assistants have access to the Executive Director's user ID and password. Office personnel indicated this access allows documents to be approved and processed in a timely manner. As a result, the administrative assistants can approve payment documents that they have processed, without oversight or review by their supervisor. This process circumvents the system controls that are provided by the SAM II system and increases the risk of unauthorized use and modification of data.

The office processes its financial accounting activity including budget, purchasing, revenues, and expenditures (on-line) using the SAM II system. The SAM II system includes numerous on-line screens for data entry, inquiry, or modification. The significance of the information processed through SAM II system requires that controls be in place to adequately restrict access to the system. To provide access control over SAM II, employees are assigned a unique user ID and password. The MOPS is responsible for determining what each user is allowed to do in SAM II, and grants these permissions by assigning specific access rights to each user ID. This control technique provides a method to limit employees' access rights, including data entry and document approval capabilities, to only functional areas of SAM II that are necessary for the employees to perform their assigned job duties. Therefore, controls over the issuance and maintenance of user IDs and access rights are critical to the effectiveness of system access controls.

To ensure that system controls are effective and employees are not accessing unauthorized system functions, all user IDs and passwords for the SAM II system should be kept confidential and not be shared.

WE RECOMMEND the MOPS require all user IDs and passwords be kept confidential and not be shared.

AUDITEE'S RESPONSE

We agree with the recommendation. The MOPS office oversees financial transactions and expenditures in a variety of ways, including review of all expenditures through the signature of both the Executive Director and Chair of the Prosecutor's Council, and review of financial statements by both the Executive Director and Training Council. The particular issue raised regarding SAM II access and authorizations has been resolved through the creation of a new workflow of authorization for the two administrative assistants. MOPS will require that all user IDs and passwords be kept confidential and not be shared.

This report is intended for the information and use of the management of the Missouri Office of Prosecution Services and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

STATISTICAL SECTION

History, Organization, and Statistical Information

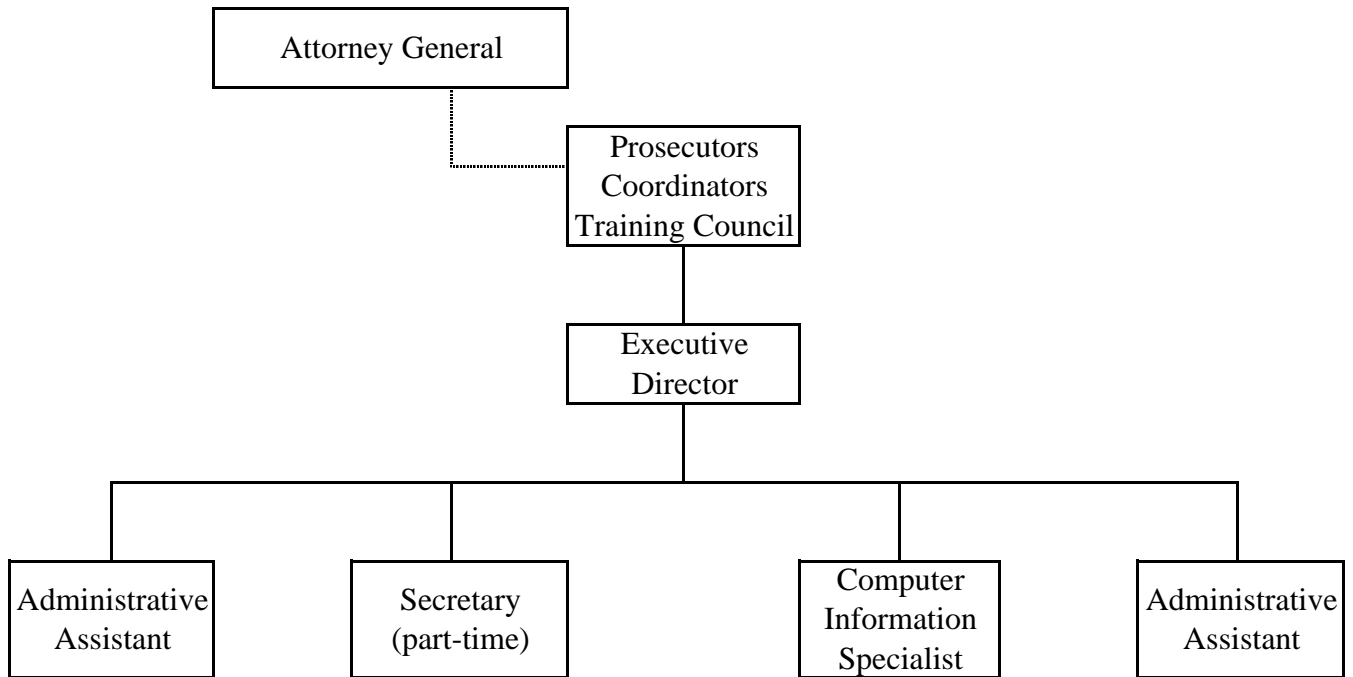
OFFICE OF ATTORNEY GENERAL
MISSOURI OFFICE OF PROSECUTION SERVICES
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Missouri Office of Prosecution Services was established pursuant to Section 56.750, RSMo, "as an autonomous entity in the Missouri attorney general's office." Certain oversight responsibilities for the office are given to the Prosecutors Coordinators Training Council, of which the attorney general or his designees is a member. The primary purpose of this office is to assist the prosecuting attorneys throughout the state through training and other means in their efforts against criminal activity.

Elizabeth L. Ziegler served as Executive Director during the five years ended June 30, 2004, and continues in this position.

As of June 30, 2004, the Missouri Office of Prosecution Service employed four full-time employees and one part-time employee. An organization chart follows:

OFFICE OF ATTORNEY GENERAL
MISSOURI OFFICE OF PROSECUTION SERVICES
ORGANIZATION CHART
JUNE 30, 2004





**CRIME VICTIMS' COMPENSATION PROGRAM
TWO YEARS ENDED JUNE 30, 2004**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-84
November 10, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

November 2004

Our office conducted an audit of the Crime Victims' Compensation Program.

Missouri state law authorizes the Crime Victims' Compensation Program to assist victims who suffer actual bodily harm as a direct result of a crime. The program, adopted in 1981, is located within the Division of Workers' Compensation. The program consists of the Crime Victims' Compensation Fund, the Services to Victims Fund, and the State Forensic Laboratory Fund. The Crime Victims' Compensation Fund will pay a crime victim's actual losses for medical bills, lost earnings or support, and other miscellaneous expenses up to a maximum of \$25,000, which are not reimbursed by any other means.

The Services to Victims Fund provides funding to local service providers, law enforcement agencies, prosecutors, and other public and private non-profit organizations to assist crime victims in Missouri. The State Forensic Laboratory Fund provides financial assistance to defray expenses of crime laboratories.

All reports are available on our website: www.auditor.state.mo.us

YELLOW SHEET

CRIME VICTIMS' COMPENSATION PROGRAM

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON
THE FINANCIAL STATEMENTS**

Honorable Bob Holden, Governor
and
Catherine Leapheart, Director
Department of Labor and Industrial Relations
and
Charles Jackson, Director
Department of Public Safety
Jefferson City, MO 65102

We have audited the accompanying Combined Statements of Receipts, Disbursements, and Changes in Cash and Investments of the Crime Victims' Compensation Fund, the Services to Victims Fund, and the State Forensic Laboratory Fund; and Statements of Appropriations and Expenditures of the various funds of the Crime Victims' Compensation Program as of and for the years ended June 30, 2004 and 2003. These financial statements are the responsibility of the program's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting or the state's legal budgetary basis of accounting, which are comprehensive bases of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash and investments of the Crime Victims' Compensation Fund, the Services to Victims Fund, and the State Forensic Laboratory Fund; and the appropriations and expenditures of the various funds of the Crime Victims' Compensation Program as of and for the years ended June 30, 2004 and 2003, on the bases of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated July 23, 2004, on our consideration of the program's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying financial information listed as supplementary data in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the program's management and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.

An integral part of the Crime Victims' Compensation Program funding comes from federal awards. Those federal awards are reported on in the State of Missouri Single Audit Report issued by the State Auditor's office. The single audit is conducted in accordance with the provisions of U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.



Claire McCaskill
State Auditor

July 23, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Jeannette Eaves, CPA
In-Charge Auditor:	Jeffrey Wilson
Audit Staff:	Chad Hampton



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

Honorable Bob Holden, Governor
and
Catherine Leapheart, Director
Department of Labor and Industrial Relations
and
Charles Jackson, Director
Department of Public Safety
Jefferson City, MO 65102

We have audited the financial statements of the Crime Victims' Compensation Program as of and for the years ended June 30, 2004 and 2003, and have issued our report thereon dated July 23, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of the Crime Victims' Compensation Program are free of material misstatement, we performed tests of the program's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of the Crime Victims' Compensation Program, we considered the program's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial

statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the management of the Crime Victims' Compensation Program and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

July 23, 2004 (fieldwork completion date)

Financial Statements

Exhibit A-1

CRIME VICTIMS' COMPENSATION PROGRAM
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH AND INVESTMENTS
 YEAR ENDED JUNE 30, 2004

		Crime Victims' Compensation Fund	Services to Victims Fund	State Forensic Laboratory Fund	Total (Memorandum Only)
RECEIPTS					
Court fees and costs	\$	7,044,685	3,198,061	250,000	10,492,746
Interest		132,074	0	0	132,074
Other		516,956	3,053	19,021	539,030
Total Receipts		<u>7,693,715</u>	<u>3,201,114</u>	<u>269,021</u>	<u>11,163,850</u>
DISBURSEMENTS					
Personal service		313,131	0	0	313,131
Expense and equipment		982,408	0	40,040	1,022,448
Employee fringe benefits		121,593	0	0	121,593
State Forensic Crime Labs		0	0	188,166	188,166
State Services to Victims		6,326,189	2,364,006	0	8,690,195
Total Disbursements		<u>7,743,321</u>	<u>2,364,006</u>	<u>228,206</u>	<u>10,335,533</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS		(49,606)	837,108	40,815	828,317
CASH AND INVESTMENTS, JULY 1,		7,813,312	3,617,498	0	11,430,810
CASH AND INVESTMENTS, JUNE 30,	\$	<u>7,763,706</u>	<u>4,454,606</u>	<u>40,815</u>	<u>12,259,127</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

CRIME VICTIMS' COMPENSATION PROGRAM
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH AND INVESTMENTS
 YEAR ENDED JUNE 30, 2003

		Crime Victims' Compensation Fund	Services to Victims Fund	State Forensic Laboratory Fund	Total (Memorandum Only)
RECEIPTS					
Court fees and costs	\$	6,560,164	3,068,820	250,000	9,878,984
Interest		180,673	0	0	180,673
Other		558,005	2,736	0	560,741
Total Receipts		<u>7,298,842</u>	<u>3,071,556</u>	<u>250,000</u>	<u>10,620,398</u>
DISBURSEMENTS					
Personal service		265,744	0	0	265,744
Expense and equipment		389,998	0	53,464	443,462
Employee fringe benefits		98,652	0	0	98,652
Hancock Refunds		3,814	2,242	201	6,257
State Forensic Crime Labs		0	0	251,240	251,240
State Services to Victims		6,390,585	3,163,752	0	9,554,337
Total Disbursements		<u>7,148,793</u>	<u>3,165,994</u>	<u>304,905</u>	<u>10,619,692</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS		150,049	(94,438)	(54,905)	706
CASH AND INVESTMENTS, JULY 1,		7,663,263	3,711,936	54,905	11,430,104
CASH AND INVESTMENTS, JUNE 30,	\$	<u>7,813,312</u>	<u>3,617,498</u>	<u>0</u>	<u>11,430,810</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B-1

CRIME VICTIMS' COMPENSATION PROGRAM
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
YEAR ENDED JUNE 30, 2004

	Appropriations	Expenditures	Lapsed Balances
CRIME VICTIMS' COMPENSATION FUND			
State Services to Victims-			
Department of Labor and Industrial Relations \$	6,576,189	6,276,446	299,743
Department of Public Safety	50,000	49,744	256
Total State Services to Victims	6,626,189	6,326,189	300,000
Personal Service-			
Department of Labor and Industrial Relations	286,294	205,027	81,267
Department of Public Safety	226,612	108,104	118,508
Total Personal Service	512,906	313,131	199,775
Expense and Equipment-			
Department of Labor and Industrial Relations	151,922	88,874	63,048
Department of Public Safety	657,828	389,952	267,876
Department of Corrections	82,500	41,400	41,100
Office of the State Courts Administrator	352,000	351,999	1
Total Expense and Equipment	1,244,250	872,225	372,025
Total Crime Victims' Compensation Fund	8,383,345	7,511,546	871,799
SERVICES TO VICTIMS FUND			
State Services to Victims	3,700,000	2,314,730	1,385,270
STATE FORENSIC LABORATORY FUND			
Department of Public Safety-State Forensic Labs	266,000	184,693	81,307
Highway Patrol-crime labs expense and equipment	60,000	40,040	19,960
Total State Forensic Laboratory Fund	326,000	224,733	101,267
Total All Funds	\$ 12,409,345	10,051,009	2,358,336

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B-2

CRIME VICTIMS' COMPENSATION PROGRAM
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
YEAR ENDED JUNE 30, 2003

	Appropriations	Expenditures	Lapsed Balances
CRIME VICTIMS' COMPENSATION FUND			
State Services to Victims-			
Department of Labor and Industrial Relations \$	7,199,999	6,350,671	849,328
Department of Public Safety	50,000	39,913	10,087
Total State Services to Victims	<u>7,249,999</u>	<u>6,390,585</u>	<u>859,414</u>
Personal Service-			
Department of Labor and Industrial Relations	284,509	197,905	86,604
Department of Public Safety	226,396	67,839	158,557
Total Personal Service	<u>510,905</u>	<u>265,744</u>	<u>245,161</u>
Expense and Equipment-			
Department of Labor and Industrial Relations	160,394	102,592	57,802
Department of Public Safety	206,073	11,680	194,393
Department of Corrections	82,500	82,500	0
Total Expense and Equipment	<u>448,967</u>	<u>196,772</u>	<u>252,196</u>
Total Crime Victims Compensation Fund	<u>8,209,871</u>	<u>6,853,100</u>	<u>1,356,771</u>
SERVICES TO VICTIMS FUND			
State Services to Victims	<u>3,700,000</u>	<u>3,136,507</u>	<u>563,493</u>
STATE FORENSIC LABORATORY FUND			
Department of Public Safety-State Forensic Labs	266,000	248,845	17,155
Highway Patrol-crime labs expense and equipment	60,000	53,464	6,536
Total State Forensic Laboratory Fund	<u>326,000</u>	<u>302,309</u>	<u>23,691</u>
Total All Funds \$	<u>12,235,871</u>	<u>10,291,916</u>	<u>1,943,956</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Supplementary Data

Schedule

CRIME VICTIMS' COMPENSATION PROGRAM
SCHEDULE OF PROGRAM PAYMENTS

Fund/Agency	City	Year Ended June 30,				
		2004	2003	2002	2001	2000
CRIME VICTIMS' COMPENSATION FUND						
Douglas County	Ava	\$ 822	21,831	24,930	23,574	0
Safe Passage Domestic Violence	Moberly	2,944	18,082	13,601	19,140	0
Citizens Against Domestic Violence	Camdenton	16,760	0	0	0	0
FAITH, Inc.	Clinton	29,218	0	0	0	0
Comprehensive Human Services, Inc.	Columbia	0	0	0	0	46,046
Total Crime Victims' Compensation Fund		49,744	39,913	38,531	42,714	46,046
SERVICES TO VICTIMS FUND						
Douglas County	Ava	18,499	0	0	0	22,686
Women's Crisis Center of Taney County	Branson	12,325	8,967	10,103	10,230	10,676
Stone County	Branson West	17,925	19,262	24,879	17,964	19,400
Stone County Assistance Team	Branson West	10,662	18,810	19,068	18,552	14,316
Moniteau County	California	10,756	28,005	30,158	23,277	26,982
Citizens Against Domestic Violence	Camdenton	1,663	19,675	20,574	17,938	9,500
Safe House for Women, Inc.	Cape Girardeau	14,869	24,122	20,060	19,877	19,399
Barry County	Cassville	25,661	26,653	26,272	25,064	26,500
FAITH, Inc.	Clinton	2,105	40,382	44,738	34,961	30,450
Boone County	Columbia	31,683	32,465	29,361	28,324	30,926
Comprehensive Human Services, Inc.	Columbia	39,610	48,516	53,293	50,707	0
Midwest L.E.A.D. Institute	Columbia	67,865	88,401	78,903	82,181	84,997
Susanna Wesley Family Learning Center	East Prairie	3,307	30,972	27,766	27,842	29,654
Whole Health Outreach	Ellington	34,853	41,949	49,595	41,965	43,600
Southeast Missouri Family Violence Council	Farmington	33,142	42,396	43,452	35,295	36,777
Card V/Coalition Against Rape	Fulton	18,117	23,683	23,683	21,709	18,385
Avenues	Hannibal	50,624	62,954	68,670	68,670	53,843
Cass County Prosecuting Attorney	Harrisonville	0	0	1,323	13,563	14,178
Hope Haven of Cass County	Harrisonville	20,393	26,825	26,825	26,825	17,039
Hope House, Inc.	Independence	87,427	103,283	118,598	101,754	82,410
Jefferson City Rape and Abuse Crisis Center	Jefferson City	28,913	43,101	42,645	36,996	39,000
Missouri Coalition Against Domestic Violence	Jefferson City	37,000	33,216	33,267	28,549	32,204
Missouri Victim Assistance Network	Jefferson City	60,969	130,141	99,461	113,247	84,806
Children's Center of SWMO	Joplin	30,495	36,444	37,849	32,175	35,000
Lafayette House	Joplin	58,066	71,551	75,765	70,036	75,000
City of Kansas City	Kansas City	46,662	44,910	52,144	43,363	50,544
Jackson County	Kansas City	31,270	37,319	39,805	34,776	36,830
Metropolitan Organization to Counter Sexual Assault	Kansas City	41,123	66,259	67,370	60,667	65,000
NEWHOUSE	Kansas City	74,918	111,947	103,289	117,326	100,000
Rose Brooks Center	Kansas City	90,072	111,633	110,210	116,945	99,091
Synergy Services, Inc.	Kansas City	63,897	88,613	97,154	74,611	86,718
Christian Associates of Table Rock Lake	Kimberling City	24,183	34,557	34,731	29,633	25,520
Victim Support Service Inc.	Kirksville	53,918	73,920	71,643	57,343	64,009
Cope	Lebanon	37,080	47,859	51,229	44,519	49,700
Parents of Murdered Children	Lee Summit	3,874	4,060	4,445	4,387	4,235

Schedule

CRIME VICTIMS' COMPENSATION PROGRAM
SCHEDULE OF PROGRAM PAYMENTS

Fund/Agency	City	Year Ended June 30,				
		2004	2003	2002	2001	2000
SERVICES TO VICTIMS FUND (continued)						
House of Hope, Inc.	Lexington	49,381	80,177	68,055	64,971	53,911
Center for Family Resources, Inc.	Malden	36,924	49,023	45,360	46,442	45,683
Lighthouse Shelter Inc.	Marshall	30,100	42,097	41,036	38,892	27,515
Audrain County Crisis Intervention	Mexico	20,139	17,710	22,850	20,040	24,310
Safe Passage Domestic Violence	Moberly	13,211	0	0	0	18,879
Council on Families in Crisis, Inc.	Nevada	41,825	51,766	46,390	52,500	50,000
New Start Domestic Violence	New Franklin	0	0	0	0	5,120
Perry County Women's Crisis Center	Perryville	0	0	0	0	54,158
Regional Family Crisis Center	Perryville	40,329	66,504	67,976	55,285	0
Platte County	Platte City	14,011	15,028	17,768	15,675	14,941
Haven House, Inc.	Poplar Bluff	30,151	40,266	39,077	34,861	35,403
Phelps County Family Crisis Services, Inc.	Rolla	49,892	70,346	67,046	63,865	65,000
Phelps County	Rolla	25,968	35,836	33,466	34,770	36,650
Citizens Against Spouse Abuse, Inc.	Sedalia	43,216	54,492	59,250	38,106	45,907
Family Violence Center, Inc.	Springfield	55,715	61,198	74,614	63,997	62,495
Missouri Victim Center	Springfield	31,828	47,250	47,250	47,250	45,000
Bridgeway Counseling Services, Inc.	St. Charles	94,713	128,815	133,398	114,782	101,566
St. Charles County	St. Charles	42,361	53,029	52,068	52,473	54,669
Young Women's Christian Association	St. Joseph	25,590	31,132	37,873	34,056	37,000
Aid for Victims of Crime, Inc.	St. Louis	35,091	48,268	46,367	41,479	45,000
Family Resource Center	St. Louis	32,671	35,463	28,086	29,473	33,052
Fortress Outreach	St. Louis	15,540	21,000	21,084	20,915	10,000
Legal Advocates for Abused Women	St. Louis	14,895	15,180	17,080	15,065	15,500
Life Source Consultants	St. Louis	9,842	9,308	9,195	8,405	9,000
Lydia's House Inc.	St. Louis	17,923	15,513	21,000	21,000	20,000
St. Louis Circuit Attorney's Office	St. Louis	68,619	99,729	74,427	78,233	74,702
St. Martha's Hall	St. Louis	52,684	78,485	85,265	71,550	56,860
Women's Safe House	St. Louis	62,284	77,248	94,633	53,283	50,472
Women's Support and Community Services	St. Louis	18,118	22,144	28,928	26,207	24,234
YWCA of Metropolitan St. Louis	St. Louis	10,091	13,738	14,020	14,020	14,004
Crawford County	Steelville	16,445	19,086	18,404	11,373	17,030
Cedar County Prosecuting Attorney	Stockton	3,087	19,225	22,431	20,983	21,500
Franklin County	Union	14,421	16,487	17,722	16,182	12,432
University City Police Department	University City	231	14,044	14,632	13,918	13,595
Survival Adult Abuse, Inc.	Warrensburg	26,346	34,852	34,823	30,727	32,415
Warren County Council Against Domestic Violence	Warrenton	13,222	20,689	21,683	18,762	19,966
Genesis: A Place of New Beginnings	Waynesville	27,172	11,909	0	0	0
Pulaski County	Waynesville	14,914	20,629	22,068	18,440	20,551
Pulaski County Crisis Center	Waynesville	0	27,188	37,830	35,617	36,570
Christos House	West Plains	31,854	48,804	47,418	42,378	32,000
Total Services to Victims Fund		2,314,730	3,136,507	3,168,901	2,897,246	2,776,466

Schedule

CRIME VICTIMS' COMPENSATION PROGRAM
SCHEDULE OF PROGRAM PAYMENTS

Fund/Agency	City	Year Ended June 30,				
		2004	2003	2002	2001	2000
STATE FORENSIC LABORATORY FUND						
Southeast Missouri Regional Crime Lab	Cape Girardeau	14,868	22,000	22,000	22,000	22,000
St. Louis County Police Department	Clayton	35,097	38,775	34,562	36,291	29,458
Independence Police Department	Independence	13,993	12,000	11,764	11,989	12,000
MSSC Regional Crime Lab	Joplin	22,309	23,857	21,980	20,163	22,000
Kansas City Police Department	Kansas City	39,055	53,209	22,871	34,731	36,742
Truman State Regional Crime Lab	Kirksville	10,856	12,000	12,000	12,000	12,000
St. Charles County Police Department	St. Charles	13,964	11,670	14,789	8,980	12,013
St. Louis Metropolitan Police Department	St. Louis	34,551	61,854	9,320	35,016	34,615
Total State Forensic Laboratory Fund		184,693	235,365	149,286	181,170	180,828
Total		\$ 2,549,167	3,411,785	3,356,718	3,121,130	3,003,340

The accompanying Note to the Supplementary Data is an integral part of this statement.

Notes to the Financial Statements and Supplementary Data

CRIME VICTIMS' COMPENSATION PROGRAM
NOTES TO THE FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Notes to the Financial Statements:

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present only selected data for each fund of the Crime Victims' Compensation Program.

Receipts, disbursements, and changes in cash and investments are presented in Exhibit A for the Crime Victims' Compensation Fund, the Services to Victims Fund, and the State Forensic Laboratory Fund. Appropriations from these funds are expended by or for the program for restricted purposes.

The "Total (Memorandum Only)" column is presented as additional analytical data. Because this column does not identify the restrictions that exist by fund, it should be read only with reference to the details of each fund.

Appropriations, presented in Exhibit B, are not separate accounting entities. They do not record the assets, liabilities, and equity or other balances of the related funds but are used only to account for and control the program's expenditures from amounts appropriated by the General Assembly.

Expenditures presented for each appropriation may not reflect the total cost of the related activity. Other direct and indirect costs provided by the program and other state agencies are not allocated to the applicable fund or program.

B. Basis of Accounting

The Statements of Receipts, Disbursements, and Changes in Cash and Investments, Exhibit A, prepared on the cash basis of accounting, present amounts when they are received or disbursed.

The Statements of Appropriations and Expenditures, Exhibit B, are presented on the state's legal budgetary basis of accounting. For years ended on or after June 30, 2001, expenditures generally consist of amounts paid by June 30, with no provision for lapse period expenditures unless the Office of Administration approves an exception. Amounts encumbered at June 30 must be either canceled or paid from the next year's appropriations.

However, the General Assembly may authorize continuous (biennial) appropriations, for which the unexpended balances at June 30 of the first year of the 2-year period

are reappropriated for expenditure during the second year. Therefore, such appropriations have no lapsed balances at the end of the first year.

The cash basis of accounting and the budgetary basis of accounting differ from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Fiscal Authority and Responsibility

The program administers transactions in the funds listed below. The state treasurer as fund custodian and the Office of Administration provide administrative control over fund resources within the authority prescribed by the General Assembly.

Crime Victims' Compensation Fund: This fund was established by Chapter 595, RSMo, to determine and award compensation to, or on behalf of, victims of crimes. The fund receives funds and judgments assessed as court costs in proceedings filed in any court in the state for violation of a criminal law of the state. Appropriations from this fund authorize payments directly to the provider of the services for medical or funeral expenses, or expenses for other services as allowed as a last resort for the victim. Any monies remaining in the fund are perpetually maintained for the purposes of the fund.

Services to Victims Fund: This fund was established by Chapter 595, RSMo, to contract with public or private agencies to provide assistance to victims of crime through direct services, emergency services, crisis intervention counseling and victim advocacy. The fund accounts for the distribution by the Department of Revenue of fees and judgments assessed as court costs in proceedings filed in any court in the state for violation of a criminal law of the state. Fund monies may also be spent to provide financial assistance to shelters for victims of domestic violence. Any monies remaining in the fund are perpetually maintained for the purposes of the fund.

State Forensic Laboratory Fund: This fund was established by Chapter 595, RSMo, to provide financial assistance to defray expenses of crime laboratories. The fund receives the first two hundred and fifty thousand dollars annually from fees and judgments assessed on criminal convictions. Appropriations from this fund authorize distributions to labs making analysis of a controlled substance or analysis of blood, breath or urine for a court proceeding. Monies may only be used for equipment or capital improvements. Any monies remaining in the fund are perpetually maintained for the purposes of the fund.

D. Employee Fringe Benefits

In addition to the social security system, employees are covered by the Missouri State Employees' Retirement System (MOSERS) (a noncontributory plan) and may participate in the state's health care, optional life insurance, cafeteria, and deferred compensation and deferred compensation incentive plans. The optional life insurance and cafeteria plans involve only employee contributions or payroll reductions. The deferred compensation plan involves employee payroll deferrals and the deferred compensation incentive plan a state contribution for each employee who participates in the deferred compensation plan and has been employed by the state for at least 1 year.

The state's required contributions for employee fringe benefits are paid from the same funds as the related payrolls. Those contributions are for MOSERS (retirement, basic life insurance, and long-term disability benefits); social security and medicare taxes; health care premiums; and the deferred compensation incentive amount.

Employee fringe benefits in the financial statements at Exhibit A are the transfers from the Crime Victims' Compensation Fund for costs related to salaries paid from that fund. Transfers related to salaries are not appropriated by agency and thus are not presented in the financial statements at Exhibit B.

2. Cash and Investments

The balances of the Crime Victims' Compensation Fund, the Services to Victims Fund, and the State Forensic Laboratory Fund are pooled with other state funds and invested by the state treasurer.

3. Reconciliation of Total Disbursements to Appropriated Expenditures

Disbursements on Exhibit A reconcile to appropriated expenditures on Exhibit B as follows:

		Year Ended June 30,					
		2004			2003		
		Crime	Services	State	Crime	Services	State
		Victims'	to	Forensic	Victims'	to	Forensic
		Compensation	Victims	Laboratory	Compensation	Victims	Laboratory
		Fund	Fund	Fund	Fund	Fund	Fund
DISBURSEMENTS PER EXHIBIT A	\$	7,743,321	2,364,006	228,206	7,148,793	3,165,994	304,905
employee fringe benefits		(121,593)	0	0	(98,652)	0	0
Administrative services transfers		(15,534)	0	0	(124,920)	0	0
Cost allocation transfers		(54,564)	(29,782)	(2,088)	(54,023)	(27,245)	(2,395)
bankcock refunds transfers		0	0	0	(3,815)	(2,242)	(201)
expense and equipment transfers		(40,084)	(19,494)	(1,385)	(14,283)	0	0
EXPENDITURES PER EXHIBIT B	\$	7,511,546	2,314,730	224,733	6,853,100	3,136,507	302,309

Note to the Supplementary Data:

4. Program Contracts

The Crime Victims' Compensation Program enters into contracts, on a fiscal year basis, with local agencies to provide services to victims of crime. Amounts presented in the Schedule of Program Payments are actual payment amounts made to local agencies. Amounts presented in the Schedule of Program Payments for the Crime Victims' Compensation Fund only include payments to local agencies for which a contract was awarded and do not include payments made to reimburse a crime victim's actual loss for medical bills, lost earnings or support, and other miscellaneous expenses. In addition, amounts presented in the Schedule of Program Payments for the State Forensic Laboratory Fund only include payments to local agencies for which a contract was awarded and do not include the purchase of rape test kits for laboratories as authorized by the state legislature.

STATISTICAL SECTION

History, Organization, and
Statistical Information

CRIME VICTIMS' COMPENSATION PROGRAM HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

Chapter 595, RSMo, authorizes the Crime Victims' Compensation Program (the Program) to assist victims who suffer actual bodily harm as a direct result of a crime. The Program, adopted in 1981, is located within the Division of Workers' Compensation. The agency rules are found in the Code of State Regulations at 8 CSR 50-6.010. The program consists of the Crime Victims' Compensation Fund, the Services to Victims Fund, and the State Forensic Laboratory Fund.

Funding for the Crime Victims' Compensation Program is from a \$7.50 court fee on all criminal cases and judgments assessed on criminal convictions determined by a graduated scale depending on the seriousness of the offense. The Director of Revenue shall deposit annually the amount of \$250,000 to the State Forensic Laboratory Fund. Of the remaining funds, if on the first of the month, the balance of the funds available exceeds \$1,000,000 plus 100 percent of the previous twelve months actual expenditures, the Director of Revenue shall deposit 50 percent to the credit of the Crime Victims' Compensation Fund and 50 percent to the Services to Victims Fund. If on the first of the month, the balance of the funds available is less than \$1,000,000 plus 100 percent of the previous twelve months actual expenditures, the Director of Revenue shall deposit 75 percent to the credit of the Crime Victims' Compensation Fund and 25 percent to the Services to Victims Fund.

The Crime Victims' Compensation Fund will pay a crime victim's actual losses for medical bills, lost earnings or support, and other miscellaneous expenses up to a maximum of \$25,000, which are not reimbursed by any other means. The primary purpose of the fund is to assist victims of violent crimes through a period of financial hardship, as a payor of last resort. The crime must have occurred in Missouri or the victim a resident of Missouri in order for the victim to be eligible for benefits. Specific expenses are subject to a maximum limit established by law. This includes funeral expenses for \$5,000; counseling expenses for \$2,500; and lost wages not to exceed \$200 per week. Legal expenses are established at a rate of \$100 per hour with the maximum reimbursement at 15 percent of the total award.

The Services to Victims Fund provides funding to local service providers, law enforcement agencies, prosecutors, and other public and private non-profit organizations to assist crime victims in Missouri. The State Forensic Laboratory Fund provides financial assistance to defray expenses of crime laboratories.

The Department of Labor and Industrial Relations has control over the majority of the Crime Victims' Compensation Fund, while the Departments of Corrections and Public Safety and the Office of the State Courts Administrator also have appropriation authority to expend monies from this fund. The Department of Public Safety has control over the Services to Victims Fund and the State Forensic Laboratory Fund.

Appendix A

CRIME VICTIMS' COMPENSATION PROGRAM
SCHEDULE OF DEPARTMENT OF REVENUE COLLECTIONS

County/Other	Year Ended June 30, 2004			Year Ended June 30, 2003		
	CVC fees/costs	CVC fees	Total	CVC fees/costs	CVC fees	Total
	Counties	Municipals		Counties	Municipals	
Adair	\$ 16,338	6,201	22,539	15,533	10,033	25,566
Andrew	13,167	0	13,167	12,837	0	12,837
Atchison	6,884	3,356	10,240	6,411	3,892	10,303
Audrain	14,121	8,691	22,813	14,230	7,394	21,624
Barry	21,043	16,732	37,776	25,598	12,887	38,485
Barton	10,380	5,376	15,756	8,843	4,271	13,114
Bates	16,360	7,609	23,969	23,710	8,571	32,281
Benton	17,541	1,091	18,632	13,805	1,041	14,846
Bollinger	4,078	392	4,470	4,499	95	4,594
Boone	95,779	85,291	181,069	89,897	71,465	161,362
Buchanan	46,182	103,644	149,826	44,298	112,292	156,589
Butler	27,164	19,631	46,795	22,499	25,672	48,171
Caldwell	4,863	3,562	8,425	4,526	2,899	7,424
Callaway	27,321	18,083	45,404	25,666	13,185	38,851
Camden	33,465	23,563	57,028	36,840	28,703	65,543
Cape Girardeau	30,609	58,641	89,250	28,254	67,060	95,314
Carroll	8,255	2,025	10,280	7,437	2,726	10,163
Carter	14,090	0	14,090	10,932	0	10,932
Cass	43,804	82,142	125,946	38,341	89,431	127,773
Cedar	8,787	5,639	14,426	10,395	4,185	14,581
Chariton	5,476	314	5,790	6,953	128	7,082
Christian	22,196	12,289	34,485	36,151	11,688	47,838
City of St Louis	0	808,433	808,433	0	679,523	679,523
Clark	15,573	0	15,573	12,788	0	12,788
Clay	63,075	212,603	275,678	58,872	204,260	263,132
Clinton	22,882	16,629	39,511	23,269	14,232	37,501
Cole	40,628	50,494	91,122	40,978	43,645	84,624
Cooper	23,512	0	23,512	29,971	0	29,971
Crawford	21,577	18,940	40,517	19,395	16,791	36,186
Dade	6,083	0	6,083	5,925	0	5,925
Dallas	20,318	0	20,318	18,158	0	18,158
Daviess	15,444	108	15,552	16,196	469	16,665
DeKalb	8,716	312	9,028	7,295	214	7,509
Dent	9,019	0	9,019	8,583	0	8,583
Douglas	7,379	2,621	10,000	7,088	2,601	9,690
Dunklin	22,328	15,095	37,423	22,105	11,213	33,318
Fine Collection Center*	419,775	0	419,775	372,204	0	372,204
Franklin	72,646	43,467	116,113	60,143	42,492	102,635
Gasconade	11,344	9,420	20,764	13,064	6,885	19,949
Gentry	5,516	307	5,824	4,292	335	4,627
Greene	136,587	258,495	395,082	139,390	232,775	372,165
Grundy	9,716	2,418	12,134	10,282	2,541	12,823
Harrison	27,764	1,824	29,588	26,472	1,646	28,118
Henry	15,277	5,169	20,446	18,137	5,872	24,009
Hickory	5,038	0	5,038	5,208	0	5,208
Holt	6,262	0	6,262	7,102	0	7,102

Appendix A

CRIME VICTIMS' COMPENSATION PROGRAM
SCHEDULE OF DEPARTMENT OF REVENUE COLLECTIONS

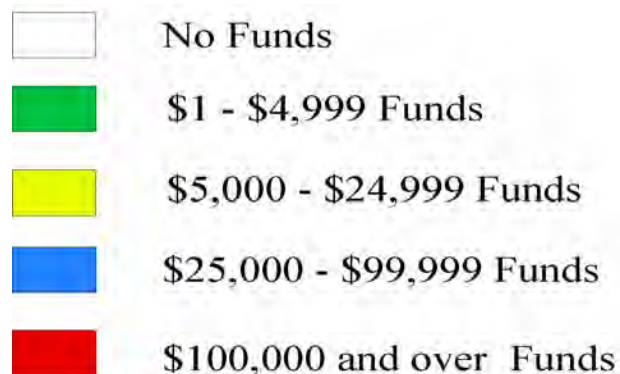
County/Other	Year Ended June 30, 2004			Year Ended June 30, 2003		
	CVC fees/costs	CVC fees	Total	CVC fees/costs	CVC fees	Total
	Counties	Municipals		Counties	Municipals	
Howard	6,975	3,258	10,233	8,537	4,694	13,231
Howell	37,593	18,520	56,112	35,596	18,126	53,722
Iron	9,940	728	10,668	7,898	578	8,475
Jackson	245,532	1,673,080	1,918,612	254,110	1,665,728	1,919,837
Jasper	42,155	122,925	165,080	41,273	120,723	161,996
Jefferson	124,712	134,598	259,310	127,685	124,368	252,053
Johnson	36,919	27,635	64,554	37,499	24,895	62,394
Knox	3,911	14	3,925	4,176	29	4,204
Laclede	23,252	9,039	32,291	22,345	13,273	35,618
Lafayette	41,343	22,928	64,271	39,908	23,758	63,665
Lawrence	28,295	13,800	42,095	24,954	8,902	33,856
Lewis	11,890	2,524	14,415	11,067	2,232	13,299
Lincoln	48,754	39,432	88,186	46,035	27,722	73,757
Linn	8,115	3,435	11,549	8,125	3,435	11,560
Livingston	13,842	4,475	18,316	18,498	4,368	22,866
Macon	15,111	6,153	21,264	15,256	5,064	20,321
Madison	19,927	2,476	22,403	12,665	3,104	15,769
Maries	4,078	1,340	5,418	4,496	0	4,496
Marion	26,801	22,568	49,369	27,152	19,686	46,838
McDonald	13,614	20,103	33,717	11,782	20,722	32,503
Mercer	3,739	71	3,810	4,358	72	4,429
Miller	23,544	10,284	33,828	25,107	13,246	38,354
Mississippi	18,773	5,253	24,026	11,843	4,460	16,303
Moniteau	10,508	3,133	13,642	8,707	2,156	10,863
Monroe	11,314	1,098	12,412	11,572	1,127	12,699
Montgomery	15,307	5,412	20,718	13,281	6,472	19,752
Morgan	18,870	4,585	23,455	15,200	5,298	20,498
New Madrid	17,612	13,017	30,629	19,283	13,795	33,078
Newton	32,183	22,255	54,438	44,967	23,159	68,126
Nodaway	10,367	8,970	19,337	10,317	12,271	22,587
Oregon	7,624	3,422	11,046	8,900	3,085	11,985
Osage	8,947	0	8,947	9,710	0	9,710
Ozark	7,952	401	8,353	8,297	143	8,439
Pemiscot	45,015	6,332	51,347	37,857	7,487	45,344
Perry	13,300	6,186	19,487	12,001	4,480	16,481
Pettis	35,971	19,981	55,952	31,639	20,929	52,569
Phelps	29,925	17,724	47,650	29,959	17,497	47,456
Pike	9,583	24,304	33,887	14,415	15,207	29,622
Platte	68,148	40,679	108,828	77,177	34,068	111,245
Polk	16,271	11,596	27,867	16,291	10,189	26,480
Pulaski	31,107	20,776	51,883	28,530	15,040	43,569
Putnam	3,950	247	4,197	4,445	311	4,757
Ralls	10,289	0	10,289	11,805	0	11,805
Randolph	20,352	16,480	36,833	24,933	17,654	42,587
Ray	20,102	11,153	31,255	19,132	11,067	30,200
Reynolds	7,503	974	8,477	7,061	998	8,058

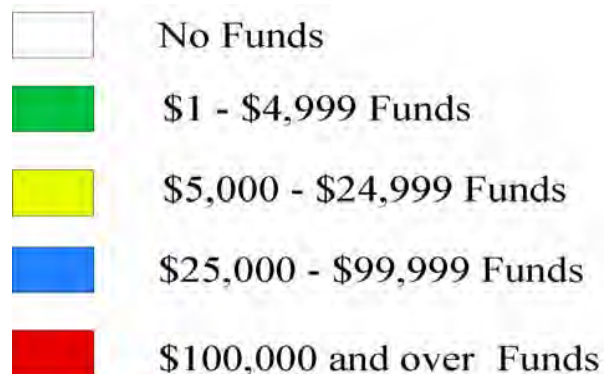
Appendix A

CRIME VICTIMS' COMPENSATION PROGRAM
SCHEDULE OF DEPARTMENT OF REVENUE COLLECTIONS

County/Other	Year Ended June 30, 2004			Year Ended June 30, 2003		
	CVC fees/costs	CVC fees	Total	CVC fees/costs	CVC fees	Total
	Counties	Municipals		Counties	Municipals	
Ripley	8,922	0	8,922	10,851	0	10,851
Saline	21,706	16,734	38,439	19,914	17,539	37,453
Schuyler	3,996	0	3,996	3,290	0	3,290
Scotland	5,367	0	5,367	4,482	0	4,482
Scott	37,631	28,934	66,565	34,472	25,146	59,618
Shannon	10,540	1,697	12,237	9,524	1,761	11,285
Shelby	7,133	1,924	9,057	6,765	1,690	8,455
St Charles	137,706	341,310	479,016	147,405	281,927	429,332
St Clair	14,090	0	14,090	14,591	214	14,805
St François	29,931	58,758	88,688	27,872	61,792	89,664
St Louis	542,141	1,855,410	2,397,551	441,368	1,697,028	2,138,395
Ste Genevieve	14,148	2,846	16,994	14,180	3,221	17,400
Stoddard	22,593	13,985	36,577	22,558	11,239	33,797
Stone	12,612	14,037	26,648	15,375	16,689	32,064
Sullivan	8,012	143	8,155	9,955	0	9,955
Taney	28,948	23,415	52,363	31,333	19,399	50,732
Texas	18,105	11,140	29,245	15,220	10,624	25,844
Vernon	14,244	16,575	30,819	14,285	13,388	27,673
Warren	50,902	0	50,902	46,584	0	46,584
Washington	17,578	7,757	25,335	17,615	5,849	23,463
Wayne	15,107	1,102	16,209	12,960	1,123	14,083
Webster	14,773	11,272	26,044	9,996	7,958	17,954
Worth	908	0	908	1,322	0	1,322
Wright	9,714	9,554	19,268	14,077	9,136	23,213
Total	\$ 3,782,183	6,710,564	10,492,747	3,626,406	6,260,448	9,886,854

* The Fine Collection Center, handled through the Office of State Courts Administrator, collects the appropriate fees for counties belonging to the center and remits the fees directly to the Department of Revenue.







**MCDONALD COUNTY, MISSOURI
YEARS ENDED DECEMBER 31, 2003 AND 2002**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-83
September 30, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

September 2004

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like McDonald County, that do not have a county auditor. In addition to a financial and compliance audit of various county operating funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of McDonald County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- Cash receipts totaling \$16,375 collected by the McDonald County Sheriff's office from January 2003 through March 2004, were not deposited and are missing. Unrecorded checks totaling \$12,148 of accountable fees were deposited into the Sheriff's bond bank account. These unrecorded checks were apparently substituted for the missing cash bond receipts. In an effort to further conceal the shortage, \$1,000 was transferred to the bond account from the civil fee bank account and \$1,600 of cash from the Sheriff's calendar sale proceeds and another \$500 unrecorded bond was deposited into the bond account.

In March 2003, our office performed a limited review of the Sheriff's management practices and provided recommendations of how accounting controls and procedures could be improved; however, the Sheriff failed to implement most of those recommendations. The Sheriff indicated that an employee of his office notified him in December 2003 that a \$300 cash bond recorded in the jail receipt book was not deposited into the bond account; however, there was no evidence that an investigation into the missing monies was performed by the Sheriff.

These shortages may have been prevented or detected if our recommendations had been implemented or had the Sheriff conducted an investigation of the missing bond or notified our office. These missing funds were not detected on a timely basis due to various internal control weaknesses including little or no review by someone independent of the Sheriff, lax cash receipting procedures, and the lack of appropriate reconciliations. The Sheriff indicated he is cooperating with the Missouri State Highway Patrol investigation.

- The Sheriff apparently claimed and was paid for more miles than he actually incurred in the personal vehicle used to conduct official business. In addition, the validity of civil service payments to the Sheriff and his office employees is questionable, and controls over fuel purchases for county patrol cars need improvement.

(over)

YELLOW SHEET

- Controls and procedures over the Sheriff's seized property need improvement. Three ATVs and two dirt bikes seized in October 2000 were not included on the current seized property listing, and as of August 3, 2004, the three ATVs and one of the dirt bikes were being stored at a former deputy's family property.
- Controls and procedures over the Sheriff's inmate and commissary funds need improvement. Duties are not adequately segregated, inmates' monies are not deposited or properly accounted for, and a system for tracking the profit and loss from the sales of commissary items has not been established.
- The county did not prepare budgets for various county funds, which resulted in significant omissions from the county's financial statements. In addition, the county's annual published financial statements did not include the financial activity of several county funds.
- As noted in our prior two reports, the county did not distribute a portion of its General Revenue Fund property tax collections to the Special Road and Bridge Fund as authorized by a ballot issue approved by voters. At December 31, 2003, the General Revenue Fund owed \$276,036 to the Special Road and Bridge Fund.
- Officials' salary increases of \$27,160 for the year ending December 31, 2004 are not supported by salary commission actions, and the Public Administrator, the County Collector, and the County Assessor salary amounts were questionable.
- Time sheets or other records of actual time worked and leave records of the Sheriff's office employees are not filed with the County Clerk. In addition, an employee of the Sheriff's office was supervised by her spouse, an adequate review of her timesheets was apparently not performed which allowed inaccuracies to go undetected, and as a result, compensatory wages paid to her upon termination totaling \$14,000 appear questionable.
- The County Treasurer does not prepare formal bank reconciliations; however, upon our request bank reconciliations were performed at December 31, 2003 and 2002. The reconciled bank balances were \$1,519 and \$548 less than the total book balances recorded on the Treasurer's semi-annual settlement. In addition, the County Treasurer does not properly reconcile her records with the County Clerk, and the County Commission does not review the Treasurer's semi-annual settlements. Also, county records are not always maintained at the county courthouse.

Also included in the audit were recommendations related to officials' bond coverage, county expenditures and closed meeting minutes, budgetary practices, general fixed assets and health department procedures. The audit also suggested improvements in the procedures of the Prosecuting Attorney, the Circuit Court, the Public Administrator, the Assessor, and the 911 Authority Board.

All reports are available on our website: www.auditor.mo.gov

MCDONALD COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of McDonald County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of McDonald County, Missouri, as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of McDonald County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2003 and 2002, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated August 3, 2004, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of McDonald County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

August 3, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Pamela A. Tillery, CPA
In-Charge Auditor:	Rachel A. Simons
Audit Staff:	Jay Ross
	Troy Royer
	Roberta Bledsoe



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission
and
Officeholders of McDonald County, Missouri

We have audited the financial statements of various funds of McDonald County, Missouri, as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated August 3, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of various funds of McDonald County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 03-1 and 03-2. We also noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of McDonald County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our

attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the county's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 03-1 and 03-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable conditions described above, finding numbers 03-1 and 03-2, to be material weaknesses. We also noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of McDonald County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

August 3, 2004 (fieldwork completion date)

Financial Statements

Exhibit A-1

MCDONALD COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2003

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 106,427	1,393,545	940,242	559,730
Special Road and Bridge	626,648	2,083,403	1,976,834	733,217
Assessment	449	199,093	201,337	(1,795)
Law Enforcement	224,032	1,116,733	1,190,851	149,914
Law Enforcement Training	(5,310)	4,590	7,654	(8,374)
Prosecuting Attorney Training	(1,097)	800	0	(297)
Health Department	19,884	276,857	294,198	2,543
Prosecuting Attorney Bad Check	7,197	27,352	32,813	1,736
Recorder's	26,995	13,813	6,918	33,890
Extradition and Transportation	(286)	10,783	10,225	272
Prosecuting Attorney Delinquent Sales Tax	541	818	358	1,001
Sheriff Civil	4,413	13,251	16,812	852
Health Department Building	3,270	560	3,830	0
Family Access	90	0	90	0
Domestic Violence	478	1,504	1,584	398
Election Service	2,867	923	3,484	306
Assistant Prosecuting Attorney Grant	(191)	19,500	28,370	(9,061)
Community Development Block Grant	0	286,937	286,937	0
Law Library	828	7,457	3,100	5,185
Circuit Court Interest	10,057	1,037	1,039	10,055
Collector Maintenance	0	19,069	12,882	6,187
Recorder's Interest	185	110	90	205
DARE	7,042	5,082	9,788	2,336
Total	\$ 1,034,519	5,483,217	5,029,436	1,488,300

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

MCDONALD COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 160,547	1,655,832	1,709,952	106,427
Special Road and Bridge	361,545	2,543,031	2,277,928	626,648
Assessment	(3,668)	171,329	167,212	449
Law Enforcement Training	(3,274)	10,327	12,363	(5,310)
Prosecuting Attorney Training	(1,936)	839	0	(1,097)
Health Department	63	266,879	247,058	19,884
Prosecuting Attorney Bad Check	7,795	27,449	28,047	7,197
Recorder's	26,539	11,117	10,661	26,995
Extradition and Transportation	(1,496)	16,248	15,038	(286)
Prosecuting Attorney Delinquent Sales Tax	623	11	93	541
Sheriff Civil	8,352	11,086	15,025	4,413
Health Department Building	9,431	0	6,161	3,270
Family Access	90	0	0	90
Domestic Violence	471	1,631	1,624	478
Election Service	2,198	3,058	2,389	2,867
Assistant Prosecuting Attorney Grant	179	27,978	28,348	(191)
Law Library	2,556	3,036	4,764	828
Circuit Court Interest	7,407	3,278	628	10,057
Law Enforcement	0	224,032	0	224,032
Community Development Block Grant	0	354,233	354,233	0
Recorder's Interest	328	148	291	185
DARE	1,767	10,835	5,560	7,042
Total	\$ 579,517	5,342,377	4,887,375	1,034,519

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

MCDONALD COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TOTALS - VARIOUS FUNDS</u>						
RECEIPTS	\$ 5,082,871	5,478,025	395,154	4,104,638	4,753,129	648,491
DISBURSEMENTS	5,477,608	5,019,558	458,050	4,518,699	4,527,291	(8,592)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(394,737)	458,467	853,204	(414,061)	225,838	639,899
CASH, JANUARY 1	1,026,354	1,027,292	938	576,323	577,422	1,099
CASH, DECEMBER 31	631,617	1,485,759	854,142	162,262	803,260	640,998
<u>GENERAL REVENUE FUND</u>						
RECEIPTS						
Property taxes	345,675	380,764	35,089	455,923	448,385	(7,538)
Sales taxes	600,000	704,543	104,543	630,000	642,892	12,892
Intergovernmental	37,500	53,464	15,964	211,240	185,645	(25,595)
Charges for services	190,500	244,631	54,131	289,000	319,833	30,833
Interest	6,000	4,466	(1,534)	10,000	7,317	(2,683)
Other	6,660	5,677	(983)	38,750	40,760	2,010
Transfers in	90	0	(90)	11,000	11,000	0
Total Receipts	1,186,425	1,393,545	207,120	1,645,913	1,655,832	9,919
DISBURSEMENTS						
County Commissioner	83,240	79,762	3,478	83,240	81,352	1,888
County Clerk	85,357	87,583	(2,226)	85,130	84,490	640
Elections	35,856	38,003	(2,147)	78,100	61,021	17,079
Buildings and grounds	119,000	106,239	12,761	78,500	72,078	6,422
Employee fringe benefit	65,000	52,651	12,349	156,500	151,693	4,807
County Treasurer	30,750	29,340	1,410	30,550	28,908	1,642
County Collector	92,834	89,324	3,510	92,033	87,312	4,721
Ex Officio Recorder of Deed	37,691	33,500	4,191	38,506	29,815	8,691
Circuit Clerk	0	0	0	14,800	9,599	5,201
Court administration	0	0	0	35,566	25,603	9,963
Public Administrator	43,600	44,070	(470)	43,250	42,890	360
Sheriff	0	0	0	286,818	303,642	(16,824)
Jail	0	0	0	228,165	237,016	(8,851)
Prosecuting Attorney	0	0	0	179,898	176,239	3,659
Juvenile Officer	0	0	0	31,105	20,446	10,659
County Coroner	0	0	0	18,100	16,305	1,795
Civil Defense	3,000	4,746	(1,746)	2,000	1,487	513
LEPC grant	9,275	10,713	(1,438)	9,398	4,958	4,440
Insurance	35,000	38,774	(3,774)	40,000	29,425	10,575
University Extension	27,864	27,864	0	27,480	27,480	0
Litter control grant	12,000	20,032	(8,032)	10,000	10,501	(501)
Debt service	40,377	40,421	(44)	66,384	47,441	18,943
Other	72,003	66,310	5,693	75,794	73,313	2,481
Transfers out	313,000	153,560	159,440	43,000	30,000	13,000
Emergency Fund	35,000	17,350	17,650	46,851	56,938	(10,087)
Total Disbursements	1,140,847	940,242	200,605	1,801,168	1,709,952	91,216
RECEIPTS OVER (UNDER) DISBURSEMENTS	45,578	453,303	407,725	(155,255)	(54,120)	101,135
CASH, JANUARY 1	106,975	106,427	(548)	160,547	160,547	0
CASH, DECEMBER 31	152,553	559,730	407,177	5,292	106,427	101,135

Exhibit B

MCDONALD COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	6,000	6,326	326	5,000	6,339	1,339
Sales taxes	600,000	704,265	104,265	620,000	642,905	22,905
Intergovernmental	1,145,000	1,314,403	169,403	1,260,930	1,877,022	616,092
Interest	6,000	5,894	(106)	10,000	6,904	(3,096)
Other	0	2,515	2,515	0	9,861	9,861
Transfers in	50,000	50,000	0	0	0	0
Total Receipts	1,807,000	2,083,403	276,403	1,895,930	2,543,031	647,101
DISBURSEMENTS						
Salaries	414,546	420,613	(6,067)	408,957	408,018	939
Employee fringe benefit	89,471	87,268	2,203	77,496	77,411	85
Supplies	75,000	80,060	(5,060)	75,000	57,600	17,400
Insurance	18,000	18,049	(49)	18,000	10,463	7,537
Road and bridge materials	695,000	635,012	59,988	485,000	534,461	(49,461)
Equipment repairs	140,000	143,849	(3,849)	116,000	129,472	(13,472)
Equipment purchases	130,000	12,932	117,068	76,500	83,076	(6,576)
Construction, repair, and maintenance	410,000	386,031	23,969	771,250	920,866	(149,616)
Debt service	145,000	158,719	(13,719)	100,707	24,281	76,426
Other	43,000	34,301	8,699	28,000	32,280	(4,280)
Total Disbursements	2,160,017	1,976,834	183,183	2,156,910	2,277,928	(121,018)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(353,017)	106,569	459,586	(260,980)	265,103	526,083
CASH, JANUARY 1	626,648	626,648	0	361,545	361,545	0
CASH, DECEMBER 31	273,631	733,217	459,586	100,565	626,648	526,083
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	140,000	136,315	(3,685)	147,000	135,761	(11,239)
Charges for services	2,000	3,060	1,060	0	1,686	1,686
Interest	150	138	(12)	300	134	(166)
Other	6,606	6,580	(26)	0	3,748	3,748
Transfers in	53,000	53,000	0	33,000	30,000	(3,000)
Total Receipts	201,756	199,093	(2,663)	180,300	171,329	(8,971)
DISBURSEMENTS						
Assessor	201,813	201,337	476	175,994	167,212	8,782
Total Disbursements	201,813	201,337	476	175,994	167,212	8,782
RECEIPTS OVER (UNDER) DISBURSEMENTS	(57)	(2,244)	(2,187)	4,306	4,117	(189)
CASH, JANUARY 1	449	449	0	(3,668)	(3,668)	0
CASH, DECEMBER 31	392	(1,795)	(2,187)	638	449	(189)

Exhibit B

MCDONALD COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT FUND</u>						
RECEIPTS						
Sales taxes	600,000	704,487	104,487			
Intergovernmental	125,344	216,111	90,767			
Charges for services	80,000	74,086	(5,914)			
Interest	0	2,372	2,372			
Other	46,000	61,337	15,337			
Transfers in	212,590	58,340	(154,250)			
Total Receipts	1,063,934	1,116,733	52,799			
DISBURSEMENTS						
Sheriff	469,116	495,754	(26,638)			
Jail	222,208	242,777	(20,569)			
Prosecuting Attorney	202,669	216,684	(14,015)			
Juvenile Officer	32,205	31,537	668			
Coroner	17,950	18,075	(125)			
Circuit Clerk	14,500	12,921	1,579			
Court Administration	55,107	52,176	2,931			
Employee fringe benefit	117,232	113,946	3,286			
Other	4,500	6,981	(2,481)			
Transfers out	5,500	0	5,500			
Total Disbursements	1,140,987	1,190,851	(49,864)			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(77,053)	(74,118)	2,935			
CASH, JANUARY 1	224,032	224,032	0			
CASH, DECEMBER 31	146,979	149,914	2,935			
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	1,500	1,298	(202)	1,300	1,560	260
Charges for services	3,500	3,292	(208)	10,000	3,767	(6,233)
Other	5,000	0	(5,000)	7,000	5,000	(2,000)
Transfers in	5,500	0	(5,500)	0	0	0
Total Receipts	15,500	4,590	(10,910)	18,300	10,327	(7,973)
DISBURSEMENTS						
Sheriff	10,000	7,654	2,346	15,000	12,363	2,637
Total Disbursements	10,000	7,654	2,346	15,000	12,363	2,637
RECEIPTS OVER (UNDER) DISBURSEMENTS	5,500	(3,064)	(8,564)	3,300	(2,036)	(5,336)
CASH, JANUARY 1	(5,310)	(5,310)	0	(3,274)	(3,274)	0
CASH, DECEMBER 31	190	(8,374)	(8,564)	26	(5,310)	(5,336)
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for services	950	800	(150)	700	839	139
Total Receipts	950	800	(150)	700	839	139
DISBURSEMENTS						
Prosecuting Attorney	0	0	0	0	0	0
Total Disbursements	0	0	0	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	950	800	(150)	700	839	139
CASH, JANUARY 1	(1,097)	(1,097)	0	(1,936)	(1,936)	0
CASH, DECEMBER 31	(147)	(297)	(150)	(1,236)	(1,097)	139

Exhibit B

MCDONALD COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>HEALTH DEPARTMENT FUND</u>						
RECEIPTS						
Intergovernmental	306,349	255,278	(51,071)	236,595	243,605	7,010
Charges for services	22,000	14,805	(7,195)	12,000	15,455	3,455
Other	11,100	6,774	(4,326)	4,510	7,819	3,309
Transfers in	10,000	0	(10,000)	10,000	0	(10,000)
Total Receipts	349,449	276,857	(72,592)	263,105	266,879	3,774
DISBURSEMENTS						
Salaries	163,304	170,385	(7,081)	140,084	136,537	3,547
Employee fringe benefit	28,093	26,266	1,827	25,328	23,956	1,372
Office	147,160	85,607	61,553	79,449	76,985	2,464
Equipment	2,500	3,897	(1,397)	1,600	1,207	393
Mileage and training	6,000	7,084	(1,084)	5,500	6,301	(801)
Other	500	959	(459)	2,090	2,072	18
Total Disbursements	347,557	294,198	53,359	254,051	247,058	6,993
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,892	(17,341)	(19,233)	9,054	19,821	10,767
CASH, JANUARY 1	19,884	19,884	0	63	63	0
CASH, DECEMBER 31	21,776	2,543	(19,233)	9,117	19,884	10,767
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for services	27,000	27,199	199	26,988	27,317	329
Interest	150	153	3	200	132	(68)
Total Receipts	27,150	27,352	202	27,188	27,449	261
DISBURSEMENTS						
Prosecuting Attorney	18,000	24,563	(6,563)	18,688	17,047	1,641
Transfers out	12,500	8,250	4,250	11,000	11,000	0
Total Disbursements	30,500	32,813	(2,313)	29,688	28,047	1,641
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,350)	(5,461)	(2,111)	(2,500)	(598)	1,902
CASH, JANUARY 1	7,197	7,197	0	7,795	7,795	0
CASH, DECEMBER 31	3,847	1,736	(2,111)	5,295	7,197	1,902
<u>RECORDER'S FUND</u>						
RECEIPTS						
Charges for services	9,000	10,290	1,290	9,000	10,152	1,152
Interest	1,000	804	(196)	800	965	165
Other	0	2,719	2,719	0	0	0
Total Receipts	10,000	13,813	3,813	9,800	11,117	1,317
DISBURSEMENTS						
Ex Officio Recorder of Deed	23,100	6,918	16,182	15,500	10,661	4,839
Total Disbursements	23,100	6,918	16,182	15,500	10,661	4,839
RECEIPTS OVER (UNDER) DISBURSEMENTS	(13,100)	6,895	19,995	(5,700)	456	6,156
CASH, JANUARY 1	26,995	26,995	0	26,539	26,539	0
CASH, DECEMBER 31	13,895	33,890	19,995	20,839	26,995	6,156

Exhibit B

MCDONALD COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>EXTRADITION AND TRANSPORTATION FUND</u>						
RECEIPTS						
Intergovernmental	15,000	10,783	(4,217)	10,000	16,248	6,248
Total Receipts	15,000	10,783	(4,217)	10,000	16,248	6,248
DISBURSEMENTS						
Sheriff	10,000	10,225	(225)	10,000	15,038	(5,038)
Total Disbursements	10,000	10,225	(225)	10,000	15,038	(5,038)
RECEIPTS OVER (UNDER) DISBURSEMENTS	5,000	558	(4,442)	0	1,210	1,210
CASH, JANUARY 1	(286)	(286)	0	(1,496)	(1,496)	0
CASH, DECEMBER 31	4,714	272	(4,442)	(1,496)	(286)	1,210
<u>PROSECUTING ATTORNEY DELINQUENT SALES TAX FUND</u>						
RECEIPTS						
Intergovernmental	967	818	(149)	1,852	11	(1,841)
Total Receipts	967	818	(149)	1,852	11	(1,841)
DISBURSEMENTS						
Prosecuting Attorney	1,500	358	1,142	1,852	93	1,759
Total Disbursements	1,500	358	1,142	1,852	93	1,759
RECEIPTS OVER (UNDER) DISBURSEMENTS	(533)	460	993	0	(82)	(82)
CASH, JANUARY 1	541	541	0	623	623	0
CASH, DECEMBER 31	8	1,001	993	623	541	(82)
<u>SHERIFF CIVIL FUND</u>						
RECEIPTS						
Intergovernmental	0	760	760	0	0	0
Charges for service:	12,000	10,926	(1,074)	19,000	11,086	(7,914)
Other	0	1,565	1,565	0	0	0
Total Receipts	12,000	13,251	1,251	19,000	11,086	(7,914)
DISBURSEMENTS						
Sheriff	15,500	16,812	(1,312)	23,296	15,025	8,271
Total Disbursements	15,500	16,812	(1,312)	23,296	15,025	8,271
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,500)	(3,561)	(61)	(4,296)	(3,939)	357
CASH, JANUARY 1	4,413	4,413	0	8,352	8,352	0
CASH, DECEMBER 31	913	852	(61)	4,056	4,413	357
<u>HEALTH DEPARTMENT BUILDING FUND</u>						
RECEIPTS						
Transfers in	0	560	560	0	0	0
Total Receipts	0	560	560	0	0	0
DISBURSEMENTS						
Renovations	3,270	3,830	(560)	0	6,161	(6,161)
Total Disbursements	3,270	3,830	(560)	0	6,161	(6,161)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,270)	(3,270)	0	0	(6,161)	(6,161)
CASH, JANUARY 1	3,270	3,270	0	9,431	9,431	0
CASH, DECEMBER 31	0	0	0	9,431	3,270	(6,161)

Exhibit B

MCDONALD COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>FAMILY ACCESS FUND</u>						
RECEIPTS						
Charges for service:	0	0	0	0	0	0
Total Receipts	0	0	0	0	0	0
DISBURSEMENTS						
Transfers out	90	90	0	90	0	90
Total Disbursements	90	90	0	90	0	90
RECEIPTS OVER (UNDER) DISBURSEMENTS	(90)	(90)	0	(90)	0	90
CASH, JANUARY 1	90	90	0	90	90	0
CASH, DECEMBER 31	0	0	0	0	90	90
<u>DOMESTIC VIOLENCE FUND</u>						
RECEIPTS						
Charges for service:	2,000	1,504	(496)	2,000	1,631	(369)
Total Receipts	2,000	1,504	(496)	2,000	1,631	(369)
DISBURSEMENTS						
Domestic Violence Shelte	2,478	1,584	894	2,471	1,624	847
Total Disbursements	2,478	1,584	894	2,471	1,624	847
RECEIPTS OVER (UNDER) DISBURSEMENTS	(478)	(80)	398	(471)	7	478
CASH, JANUARY 1	478	478	0	471	471	0
CASH, DECEMBER 31	0	398	398	0	478	478
<u>ELECTION SERVICE FUND</u>						
RECEIPTS						
Intergovernmental	0	0	0	0	1,813	1,813
Charges for service:	3,000	923	(2,077)	2,000	1,245	(755)
Total Receipts	3,000	923	(2,077)	2,000	3,058	1,058
DISBURSEMENTS						
Elections	3,500	3,484	16	3,000	2,389	611
Total Disbursements	3,500	3,484	16	3,000	2,389	611
RECEIPTS OVER (UNDER) DISBURSEMENTS	(500)	(2,561)	(2,061)	(1,000)	669	1,669
CASH, JANUARY 1	2,867	2,867	0	2,198	2,198	0
CASH, DECEMBER 31	2,367	306	(2,061)	1,198	2,867	1,669
<u>ASSISTANT PROSECUTING ATTORNEY GRANT FUND</u>						
RECEIPTS						
Intergovernmental	28,573	19,500	(9,073)	24,000	27,978	3,978
Total Receipts	28,573	19,500	(9,073)	24,000	27,978	3,978
DISBURSEMENTS						
Prosecuting Attorney	28,382	28,370	12	24,179	28,348	(4,169)
Total Disbursements	28,382	28,370	12	24,179	28,348	(4,169)
RECEIPTS OVER (UNDER) DISBURSEMENTS	191	(8,870)	(9,061)	(179)	(370)	(191)
CASH, JANUARY 1	(191)	(191)	0	179	179	0
CASH, DECEMBER 31	0	(9,061)	(9,061)	0	(191)	(191)

Exhibit B

MCDONALD COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>COMMUNITY DEVELOPMENT BLOCK GRANT FUND</u>						
RECEIPTS						
Intergovernmental	295,767	286,937	(8,830)			
Total Receipts	295,767	286,937	(8,830)			
DISBURSEMENTS						
Public Water Supply District #1	295,767	286,937	8,830			
Total Disbursements	295,767	286,937	8,830			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	0	0	0			
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for service:	5,000	7,450	2,450	3,300	3,036	(264)
Interest	0	7	7	50	0	(50)
Total Receipts	5,000	7,457	2,457	3,350	3,036	(314)
DISBURSEMENTS						
Law Library	3,500	3,100	400	3,400	4,764	(1,364)
Total Disbursements	3,500	3,100	400	3,400	4,764	(1,364)
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,500	4,357	2,857	(50)	(1,728)	(1,678)
CASH, JANUARY 1	828	828	0	2,556	2,556	0
CASH, DECEMBER 31	2,328	5,185	2,857	2,506	828	(1,678)
<u>CIRCUIT COURT INTEREST FUND</u>						
RECEIPTS						
Interest	2,400	1,037	(1,363)	1,200	3,278	2,078
Total Receipts	2,400	1,037	(1,363)	1,200	3,278	2,078
DISBURSEMENTS						
Circuit Court	2,800	1,039	1,761	2,100	628	1,472
Total Disbursements	2,800	1,039	1,761	2,100	628	1,472
RECEIPTS OVER (UNDER) DISBURSEMENTS	(400)	(2)	398	(900)	2,650	3,550
CASH, JANUARY 1	8,571	10,057	1,486	6,308	7,407	1,099
CASH, DECEMBER 31	8,171	10,055	1,884	5,408	10,057	4,649
<u>COLLECTOR MAINTENANCE FUND</u>						
RECEIPTS						
Charges for service:	56,000	19,013	(36,987)			
Interest	0	56	56			
Total Receipts	56,000	19,069	(36,931)			
DISBURSEMENTS						
Collector	56,000	12,882	43,118			
Total Disbursements	56,000	12,882	43,118			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	6,187	6,187			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	0	6,187	6,187			

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

MCDONALD COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of McDonald County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission or an elected county official. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Law Enforcement Fund	2002
Community Development Block Grant Fund	2002
Recorder's Interest Fund	2003 and 2002
DARE Fund	2003 and 2002

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Special Road and Bridge Fund	2002
Law Enforcement Fund	2003
Prosecuting Attorney Bad Check Fund	2003
Extradition and Transportation Fund	2003 and 2002
Sheriff Civil Fund	2003
Health Department Building Fund	2003 and 2002
Assistant Prosecuting Attorney Grant Fund	2002
Law Library Fund	2002

Although Section 50.740, RSMo 2000, requires a balanced budget, deficit budget balances were budgeted in the Prosecuting Attorney Training Fund for the years ended December 31, 2003 and 2002 and the Extradition and Transportation Fund for the year ended December 31, 2002.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Community Development Block Grant Fund	2002
Law Library Fund	2003 and 2002
Circuit Court Interest Fund	2003 and 2002
Collector Maintenance Fund	2003
Recorder's Interest Fund	2003 and 2002
DARE Fund	2003 and 2002

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political

subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's deposits at December 31, 2003 and 2002 were entirely covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name.

To protect the safety of county deposits, Section 110.020, RSMo 2000, requires depositaries to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

3. Prior Period Adjustment

The Health Department Fund cash balance at January 1, 2002, as previously stated was separated into two funds for the purpose of presenting the Health Department Building Fund as a separate fund.

The 911 Fund cash balance of \$216,303 at January 1, 2002, was previously reported but has been removed as the McDonald County 911 Authority Board is audited and separately reported on by other independent auditors.

The Family Access Fund's, Election Service Fund's and Assistant Prosecuting Attorney Grant Fund's cash balances of \$90, \$2,198, and \$179, respectively, at January 1, 2002, were not previously reported but have been added.

The Circuit Court Interest Fund's cash balance at January 1, 2002, as previously stated has been increased by \$1,234 to reflect interest earned that was not reported in the prior audit.

Supplementary Schedule

Schedule

MCDONALD COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2003	2002
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state				
Department of Health and Senior Services -				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS-045-2160	\$ 0	72,192
		ERS-045-3160W	82,424	22,087
		ERS-045-4160	25,359	0
	Program total		107,783	94,279
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state				
Department of Economic Development -				
14.228	Community Development Block Grants/State Program	2001-ED-11	295,767	354,233
U.S. DEPARTMENT OF JUSTICE				
Direct programs:				
16.609	Community Prosecution and Project Safe Neighborhoods		19,500	23,249
Passed through				
State Department of Public Safety				
16.523	Juvenile Accountability Incentive Block Grants	99JAIBG-INT-10	0	10,000
16.554	National Criminal History Improvement Program	2000-RH-CX-K024	0	3,278
16.575	Crime Victim Assistance	2001-VOCA-0015	12,687	1,669
		2002-VOCA-0051	3,328	0
	Program total		16,015	1,669
16.592	Local Law Enforcement Block Grants Program	2001-LBG-082	0	9,000
		2002-LBG-050	9,000	0
	Program total		9,000	9,000
Missouri Sheriffs' Association -				
16	Domestic Cannabis Eradication/Suppression Program	N/A	760	0
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state				
Highway and Transportation Commission				
20.205	Highway Planning and Construction	BRO-060-6	0	556,423

Schedule

MCDONALD COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2003	2002
GENERAL SERVICES ADMINISTRATION				
Passed through state Office of Administration				
39.003	Donation of Federal Surplus Personal Property	N/A	0	236
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Passed through state Department of Public Safety				
83.544	Public Assistance Grants ^a	FEMA-1412-DR	430,690	586,992
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state				
Department of Health and Senior Services -				
93.197	Childhood Lead Poisoning Prevention Projects State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	ERS146-3160L	6,150	0
93.268	Immunization Grants	N/A	58,966	52,114
		PGA064-216C	0	4,755
		PGA064-3160A	5,750	550
	Program total		<u>64,716</u>	<u>57,419</u>
93.288	Bioterrorism Enhanced Communication	N/A	6,158	0
Department of Social Services -				
93.563	Child Support Enforcement	N/A	19,790	17,491
Department of Health and Senior Services -				
93.575	Child Care and Development Block Grant	PGA067-2160C	0	1,745
		PGA067-3160C	1,550	450
		PGA064-4160C	380	0
	Program total		<u>1,930</u>	<u>2,195</u>
Department of Social Services -				
93.994	Maternal and Child Health Services Block Grant to the States	ERS146-2160M	0	16,253
		ERS146-3160M	16,328	5,442
		ERS146-4160M	5,518	0
		N/A	545	491
	Program total		<u>22,391</u>	<u>22,186</u>
Total Expenditures of Federal Award			<u>\$ 1,000,650</u>	<u>1,738,650</u>

* The CFDA number for this program changed to 97.046 in October 2001

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule

Notes to the Supplementary Schedule

MCDONALD COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by McDonald County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals. . . .

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Federal Surplus Personal Property Program (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt.

Amounts for Immunization Grants (CFDA number 93.268) and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

Of the federal expenditures presented in the schedule, the county provided \$295,767 and \$354,233 to a subrecipient under the Community Development Block Grant/State's Program (CFDA number 14.228) during the years ended December 31, 2003 and 2002, respectively.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of McDonald County, Missouri

Compliance

We have audited the compliance of McDonald County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2003 and 2002. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, McDonald County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2003 and 2002.

Internal Control Over Compliance

The management of McDonald County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the management of McDonald County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

August 3, 2004 (fieldwork completion date)

Schedule

MCDONALD COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2003 AND 2002

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

Material weaknesses identified?

 x yes no

Reportable conditions identified that are
not considered to be a material weaknesses?

 yes x none reported

Noncompliance material to the financial statements
noted?

 x yes no

Federal Awards

Internal control over major programs:

Material weakness identified?

 yes x no

Reportable condition identified that is
not considered to be a material weakness?

 yes x none reported

Type of auditor's report issued on compliance for
major programs:

Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of OMB
Circular A-133?

 yes x no

Identification of major programs:

CFDA or
Other Identifying

Number

Program Title

14.228

Community Development Block Grant/State's Program

20.205

Highway Planning and Construction

83.544

Public Assistance Grants

Dollar threshold used to distinguish between Type A
and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

 yes

 x no

Section II - Financial Statement Findings

This section includes the audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

03-1.

Budgets and Financial Statements

The County did not prepare budgets for various county funds, which resulted in significant omissions of receipts and disbursements from the county's financial statements. In addition, the county's annual published financial statements did not include the financial activity of the Community Development Block Grant (CDBG) Fund and several other county funds.

- A. The county does not have adequate procedures to ensure budgets are prepared for all county funds and as a result, budgets were not prepared for various county funds for the years ending December 31, 2003 and 2002. The lack of budgetary information for these funds, especially the Law Enforcement Fund and the CDBG Fund, is a significant omission from the county's financial statements. Receipts and disbursements which were not budgeted during the year ending December 31, 2002 totaled approximately \$589,000 and \$360,000, respectively. The Law Enforcement Fund and the CDBG Fund were new funds in 2002 and budgets were not prepared and submitted during that year. Both funds were budgeted for the year ended December 31, 2003.

Chapter 50, RSMo 2000, requires preparation of annual budgets for all funds to present a complete financial plan for the ensuing year. By preparing or obtaining budgets for all county funds, the County Commission and other county officials would be able to more effectively evaluate all county financial resources.

- B. The county's annual published financial statements did not include the financial activity of the CDBG Fund and several other county funds. Receipts and disbursements of approximately \$371,000 and \$365,000, respectively, were omitted from the 2002 annual published financial statements. Section 50.800, RSMo 2000, provides that the financial statements are required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for all county funds. For the published financial statements to adequately inform the citizens of the county's financial activities, all monies received and disbursed by the county should be included.

Similar conditions were noted in the prior report.

WE RECOMMEND the County Commission and other applicable officials:

- A. Ensure budgets are prepared for all county funds as required by state law.
- B. Ensure the financial information for all county funds is properly reported in the annual published financial statements.

AUDITEE'S RESPONSE

The County Commission and County Clerk provided the following responses:

A&B. We were not aware the CDBG fund had to be budgeted and published since the funds passed through to the water district. We will ensure this is done for all special revenue funds in the future.

03-2.

County Road Monies

In April 1998, McDonald County voters renewed a fifty cent county revenue property tax levy for an additional four years. The ballot designated that thirty-eight cents (or 76 percent) of the levy was for general revenue and twelve cents (or 24 percent) was for road and bridge. The County Commission subsequently ordered that 24 percent of the General Revenue Fund property tax collections be allocated to the Special Road and Bridge Fund. In the prior audit, it was reported that at December 31, 1999 the General Revenue Fund owed \$217,580 to the Special Road and Bridge Fund.

Although the county levied property taxes during the years ended December 31, 2002, 2001, and 2000, the county did not transfer 24 percent of property taxes levied totaling \$321,363 to the Special Road and Bridge Fund. However, the county did not make the 3 percent administrative transfer from the Special Road and Bridge Fund as allowed by statute in 2003, 2002, 2001, and 2000, which totaled to \$212,907. The County Commission indicated, during our prior audit for the years ended December 31, 1999 and 1998, that by not taking the transfers it considered this as at least partially offsetting the amount owed to the Special

Road and Bridge Fund. During the year ending December 31, 2003, the county transferred \$50,000 from the General Revenue Fund to the Special Road and Bridge Fund. Taking these adjustments and transfers into consideration, at December 31, 2003 the General Revenue Fund owed \$276,036 to the Special Road and Bridge Fund. The county has budgeted to transfer an additional \$50,000 in 2004.

In addition, the County Commission indicated in the prior audit for the years ending December 31, 2001 and 2000, that it would repay the outstanding amount with interest when funds became available. Given that the General Revenue Fund's balance at December 31, 2003 was \$559,730, the County Commission should reevaluate its plans to repay the Special Road and Bridge Fund.

This condition was noted in the prior two reports.

WE RECOMMEND the County Commission continue to transfer funds from the General Revenue Fund to the Special Road and Bridge Fund and reevaluate its plans to repay the Special Road and Bridge Fund.

AUDITEE'S RESPONSE

The County Commission provided the following response:

We will continue to transfer funds to the Special Road and Bridge Fund as funds become available.

Section III - Federal Award Findings and Questioned Costs

This section includes no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

MCDONALD COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by McDonald County, Missouri, on the applicable finding in the prior audit report issued for the two years ended December 31, 2001.

01-1. County Road Monies

The prior audit report for the two years ended December 31, 1999 disclosed that a balance of \$217,580 was due to the Special Road and Bridge Fund from the General Revenue Fund, and the balance had not been repaid.

Recommendation:

The county authorize a transfer of \$217,580 from the General Revenue Fund to the Special Road and Bridge Fund.

Status:

Partially implemented. The prior audit did not report additional amounts due to the Special Road and Bridge Fund from the General Revenue Fund for taxes levied during the two years ending December 31, 2001 and 2000. See finding number 03-2. for amounts due to the Special Road and Bridge Fund for the four years ending December 31, 2003, 2002, 2001, and 2000.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

MCDONALD COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

The prior audit report issued for the two years ended December 31, 2001, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

MCDONALD COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of McDonald County, Missouri, as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated August 3, 2004. We also have audited the compliance of McDonald County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2003 and 2002, and have issued our report thereon dated August 3, 2004.

Because the McDonald County 911 Authority Board is audited and separately reported on by other independent auditors, the related fund is not presented in the financial statements. However, we reviewed that audit report and other applicable information.

In addition, we have audited the operations of elected officials with funds other than those presented in the financial statements to comply with the State Auditor's responsibility under Section 29.230, RSMo 2000, to audit county officials at least once every 4 years. The objectives of this audit were to:

1. Review the internal controls over the transactions of the various county officials.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents; interviewing various personnel of the county officials, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials and the county board referred to above. In addition, this report includes any findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These MAR findings resulted from our audit of the financial statements of McDonald County or of its compliance with the types of compliance requirements applicable to each of its major federal programs but do not meet the criteria for inclusion in the written reports on compliance and on internal control over financial reporting or compliance that are required for audits performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

1. Sheriff Missing Bond Monies

Cash receipts totaling \$16,375 collected by the McDonald County Sheriff's office from January 2003 through March 2004, were not deposited.

Jail employees collect bond monies from defendants, issue jail receipt slips which indicate the method of payment received (cash or check), and place the monies collected in a locked box. The Sheriff's bookkeeper removes the monies from the locked box, records the amounts received in a bond receipt book, prepares the deposit slip, and deposits the monies into the bond bank account. The bookkeeper is also responsible for subsequent disbursements of the bond monies including refunds and remittance to the applicable courts.

A comparison of jail receipts issued to amounts deposited from January 2003 through March 2004 identified bond monies that were not deposited as shown in the following table:

2003	Jail Receipts Issued	Unrecorded Receipts	Amounts Deposited	Unaccounted Monies
January	\$ 7,694	\$ 1,000	\$ 7,821	\$ (873)
February	5,499	600	5,630	(469)
March	4,009	0	3,637	(372)
April	3,596	792	4,038	(350)
May	6,738	0	3,933	(2,805)
June	6,225	1,286	5,362	(2,149)
July	9,395	1,664	11,514	455
August	8,057	500	4,649	(3,908)
September	17,879	1,516	19,096	(299)
October	5,855	5,279	10,199	(935)
November	6,681	428	3,209	(3,900)
December	8,300	388	8,402	(286)
2004				
January	5,945	1,212	7,398	241
February	7,992	0	5,040	(2,952)
March	8,079	583	10,889	2,227
Total	<u>111,944</u>	<u>15,248</u>	<u>110,817</u>	<u>(16,375)</u>

Items actually contained in deposits did not always agree to the cash bond receipts listed on the deposit slips. Unrecorded checks totaling \$12,148 of accountable fees (which should have been turned over to the county) were actually deposited into the Sheriff's bond bank account. These unrecorded checks were apparently substituted for the missing cash bond receipts that were recorded on the deposit slips. In addition, in an effort to conceal the shortage, the Sheriff transferred \$1,000 from the civil fee bank account to the bond bank account. The Sheriff indicated the bookkeeper advised him that she had erroneously deposited a bond into the civil account; however, he did not review the related accounts prior to transferring the monies. To further conceal the shortage, \$1,600 of cash from the Sheriff's calendar sale proceeds was deposited into the bond account. Additionally, a \$500 check for a bond was deposited, but this was not recorded in the bond receipt book. This bond was subsequently refunded to the defendant from the bond account.

In addition, the March 31, 2004 bond account reconciled cash balance was \$399; however, the account has liabilities totaling \$18,194, including the unrecorded transactions above which total to \$14,748 and cash bonds received totaling \$3,446 which have not been distributed. The majority of this shortage has been identified in the table above. Further contributing to the shortage, bond monies were disbursed to various courts for which evidence of a corresponding receipt or deposit could not be identified. For example, a bond form prepared by the Sheriff's office indicated a \$100 cash bond was received on

February 12, 2003; however, a jail receipt slip was apparently not issued, and the bond monies were not subsequently deposited. In addition, a check was issued to a local city for the bond monies received.

Based on concerns brought to our attention (relating to how monies were being handled by the Sheriff's office), representatives of the State Auditor's Office performed a limited review of citizen concerns and management practices and issued a letter to the Sheriff in March 2003, which provided recommendations of how accounting controls and procedures could be improved. However, the Sheriff failed to implement most of these recommendations.

Further, the Sheriff indicated that an employee of his office notified him in December 2003 that a \$300 cash bond recorded in the jail receipt book had not been deposited into the bond account; however, there was no evidence that an investigation into the missing bond monies was performed by the Sheriff, or that any other office was contacted.

These shortages may have been prevented or detected if our recommendations reported in the letter to the Sheriff in March 2003 had been implemented. In addition, the misappropriations may have been identified earlier and further misappropriations may have been prevented had the Sheriff conducted an investigation of the missing bond or contacted our office.

The discrepancies noted above were not detected due to various internal control weaknesses including little or no review by someone independent of the bookkeeper. (See MAR finding number 2).

WE RECOMMEND the Sheriff take the necessary action to recover the missing funds and work with law enforcement officials regarding any criminal prosecution.

AUDITEE'S RESPONSE

The Sheriff provided the following response:

Your audit uncovered potential criminal activities, namely theft by an employee in the bookkeeper position in the Sheriff's office. During your audit, preliminary examination revealed some problems. These initial findings were investigated further. After the audit was started, the bookkeeper began avoiding the auditor and then began avoiding work and eventually terminated her employment during the audit.

I will take your recommendation and cooperate with the Missouri Highway Patrol during a criminal investigation into the matter.

2. Sheriff Accounting Controls and Procedures
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Many significant problems were identified in the control procedures of the Sheriff's office to account for monies collected, including lack of proper segregation of duties or an

independent review of accounting records. Formal bank reconciliations were not prepared on the bond account, open items (liabilities) listings were not prepared on the bond or civil accounts, and accountable fees in the civil account were used for various office expenditures. Other controls and procedures regarding the handling of calendar sales have not been established. Given the Sheriff's office processes approximately \$153,000 annually, overall controls need improvement.

The Sheriff's office maintains a civil fee account for the deposit of criminal and civil process and gun permit fees and another account for the deposit of bonds. The Sheriff also provides meals to prisoners, houses prisoners for other entities, sells advertising space for Sheriff's office calendars, and conducts partition sales.

- A. The duties of receiving, recording, depositing and disbursing monies, and reconciling the bank accounts are not adequately segregated. The Sheriff's bookkeeper performs all of these duties. In addition, there is no indication that supervisory reviews are performed to ensure all transactions are accounted for properly and assets are adequately safeguarded.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls could be improved by segregating accounting and bookkeeping duties among available employees or by implementing an independent documented review of records by another employee or the Sheriff.

- B. Receipt slips are not always issued for some monies received. For example, as noted in MAR finding number 1., receipt slips were not issued for several checks received for accountable fees and bonds. To help ensure receipts are properly recorded and deposited, prenumbered receipt slips should be issued for all monies received immediately upon receipt. The receipt slips should indicate the method of payment (i.e. cash, checks, or money orders) and the composition should be reconciled to the bank deposits.
- C. Deposits are not always made intact and on a timely basis. For example, a \$250 cash bond received on November 14, 2003 was held and not deposited until February 23, 2004, over 3 months after being received. In addition, unrecorded checks were substituted for cash bond receipts (as discussed in MAR finding number 1). Failure to deposit receipts intact daily or when accumulated receipts exceed \$100 increases the risk of loss or misuse of funds.
- D. We noted the following concerns with the Sheriff's bond bank account and the related open items listing:
 - 1. Formal bank reconciliations were not performed for the bond bank account. In addition, a running balance in the checkbook register has not been

maintained. The reconciled bank balance (per audit) at March 31, 2004, was \$399.

2. Monthly listings of open items (liabilities) were not prepared, and consequently, liabilities were not reconciled with cash balances. We identified various liabilities of the bond account as of March 31, 2004 as follows.

Due to	Description	Amount
General Revenue Fund	Jail telephone commissions	\$ 6,788
General Revenue Fund	State extradition reimbursement	5,279
Applicable Courts	Bonds from defendants	3,446
General Revenue Fund	Calendar sale proceeds	1,600
General Revenue Fund	Transfer from the civil fee account	1,000
General Revenue Fund	Vending machine commission	81
Total		<u>\$ 18,194</u>

To ensure all receipts and disbursements are properly recorded and accounted for, it is essential that a balance be maintained in the check register, and reconciled to the monthly bank balance. Monthly listings of open items should be prepared and reconciled to the cash balances to ensure the records are in balance and that sufficient cash is available for the payment of all liabilities.

- E. We noted the following concerns with the Sheriff's civil fee bank account and the related open items listing:

1. Monthly listings of open items (liabilities) were not prepared, and consequently, liabilities were not reconciled with cash balances. We prepared an open items listing as of December 31, 2003, and liabilities exceeded the cash balance (per audit) by \$2,112. A portion of this shortage is due to the \$1,000 transfer to the bond account noted above and to expenditures made from the civil account (see E.2). Additional differences exist due to payments made for civil process fees noted in MAR finding number 3.

Monthly listings of open items should be prepared and reconciled to the cash balances to ensure the records are in balances and that sufficient cash is available for the payment of all liabilities.

2. The Sheriff used monies deposited into his civil fee bank account to purchase computer equipment (\$1,559), candy for the DARE program (\$317), office equipment (\$240), rifle repairs (\$125), association dues (\$165), flowers

(\$54), and post office box rental (\$50). These expenditures totaling \$2,510 were not approved by the County Commission and were not handled through the county's normal procurement process.

Monies deposited into the civil fee account represent accountable fees which should be turned over to the County Treasurer. There is no statutory authority for the Sheriff to maintain such accounts outside the county treasury to make purchases. In addition, Attorney General's Opinion No. 45, 1992 to Henderson, states, “. . . sheriffs of third class counties are not authorized to maintain a bank account for law enforcement purposes separate from the county treasury.”

- F. The Sheriff did not maintain records to document the number and average cost of meals served to inmates. During the years ended December 31, 2003 and 2002, the county expended approximately \$24,000 and \$18,000, respectively, on food costs for the jail. In addition, employees have been provided meals at no cost from the jail, and the county's personnel policy does not address whether employees of the Sheriff's office are to be provided meals by the county.

To properly account for all meals and the average cost of meals served, these records should be maintained. In addition, a written personnel policy addressing this issue is needed to control and reduce unnecessary expenditures.

- G. The Sheriff does not bill other cities and counties for housing prisoners resulting in lost revenues to the county. By not billing other cities and counties an amount sufficient to recover all costs, the county may be subsidizing the cost to house other entity's prisoners. In addition, the Sheriff indicated that he received bills from other entities for housing McDonald County prisoners that he refused to pay since it is his policy to not charge for housing prisoners. The Sheriff may be incurring liabilities for housing costs because he does not have written agreements with other entities to house McDonald County prisoners at no cost.

The County Commission and Sheriff should periodically review the costs of operating the jail, including any indirect costs, establish an appropriate billing rate for housing prisoners in the county jail, and bill those entities accordingly. In addition, Section 432.070 RSMo 2000, requires all contracts to be in writing. Further, Section 221.105 RSMo 2000, requires the governing body of any county to fix the amount to be expended for the cost of incarceration of prisoners confined in the jail.

- H. Advertising space was sold for the Sheriff's office 2003 calendars. Our review revealed the following:
1. The Sheriff did not deposit all of these monies into a bank account or properly account for the monies. For example, proceeds from the sale of advertising space on the calendars should have totaled to \$4,490 based upon

the prices and sizes of the advertisements contained on the calendar. As noted in MAR finding number 1, \$1,600 was deposited into the Sheriff's bond account. An additional \$1,565 was deposited into the Sheriff's civil fee account. The monies deposited into the Sheriff's civil fee account were subsequently remitted to the County Treasurer. The Sheriff also paid \$1,110 for printing costs related to the calendars from these funds. The remaining \$215 was unaccounted for.

These monies represent accountable fees and should be paid to the County Treasurer as required by Section 50.360, RSMo 2000. The Sheriff should ensure any future calendar sale proceeds are remitted to the County Treasurer and calendar expenditures are purchased through the county expenditure process.

2. Monies received from the sale of advertisements were not reconciled to the advertisements contained on the calendar. For example, receipt slips were not issued to two local businesses, including one business owned by the Sheriff's mother-in-law, which had advertisements on the calendar that were typically sold for \$90. As a result, there is no assurance that the advertisements were actually paid. In addition, the calendar did not include an advertisement for one business that paid \$200.

To help ensure receipts are properly accounted for and deposited, prenumbered receipt slips should be issued for all monies received and reconciled to the number of advertisement sold. In addition, the Sheriff should review calendar records and determine whether a \$200 refund is due to the business owner.

- I. The Sheriff failed to withhold \$1,605 in accountable fees from a partition sale held in October, 2003. The Sheriff deposited the proceeds from the sale into his civil fee account and issued a check for the entire amount to the parties involved. A month later the Sheriff sent the attorney in the case a bill for these fees. As of August 3, 2004, the Sheriff had not received payment nor had he made any further attempts to collect the fees which are due to the county.

Attorney General's Opinion No. 108, 1970 to Holman, provides that commissions on partition sales are accountable fees and should be paid into the county's General Revenue Fund. The Sheriff should make further attempts to collect these fees due to the county, and in the future, withhold partition sale fees from the proceeds of the sale.

- J. The Sheriff's office received approximately \$16,000 in donations during the years ended December 31, 2003 and 2002, that were deposited into a bank account to operate the DARE program. The Sheriff has no authority to maintain custody of this account. These monies represent accountable fees and should be turned over to the

County Treasurer. At December 31, 2003, the account balance totaled \$2,336. Attorney General's Opinion No. 45, 1992 to Henderson, concluded that the Sheriff of a third class county is not authorized to maintain a bank account for law enforcement purposes separate from the county treasury.

Conditions similar to parts A., B., D., E., and J. were also noted in our prior report.

WE RECOMMEND the Sheriff:

- A. Adequately segregate accounting and bookkeeping duties to the extent possible. At a minimum, the Sheriff should perform documented reviews of the accounting records.
- B. Issue prenumbered receipt slips for all monies received and reconcile the composition of receipts to the composition of bank deposits.
- C. Deposit all monies intact daily or when accumulated receipts exceed \$100.
- D.1. Maintain a balance in the checkbook register and prepare monthly bank reconciliations for the bond bank account.
 - 2. Prepare monthly listings of open items and reconcile the listing to the bank balance. In addition, remit liabilities of \$14,748 to the General Revenue Fund and \$3,446 of bond monies to the applicable courts.
- E.1. Prepare monthly listings of open items and reconcile the listing to the bank balance of the civil fee bank account.
 - 2. Cease all bank account transactions except for the deposit and disbursement of accountable monies received for the performance of official duties. In addition, expenditures should be authorized by the Sheriff and made through the County Commission's normal expenditure process as provided for in the budgets of the various funds.
- F. Maintain attendance records for all prisoners held in the county jail and periodically calculate the prisoner meal cost. In addition, the Sheriff and the County Commission should review whether employees should be provided meals at the county's expense and, if necessary, update the county personnel policy.
- G. And the County Commission review the cost of housing prisoners, establish a billing rate, and bill the applicable entities. In addition, obtain written agreements with other entities detailing the costs to be billed for housing prisoners.
- H. In the future, remit all calendar proceeds to the County Treasurer, issue receipt slips for all calendar monies received, and reconcile amounts received to advertisements sold. In addition, review calendar records and determine whether the business owner

- is due a refund.
- I. Ensure fees from partition sales are collected and turned over to the County Treasurer for deposit into the General Revenue Fund.
 - J. Turn over custody of the DARE account to the County Treasurer.

AUDITEE'S RESPONSE

The Sheriff provided the following responses:

- A. *Some segregation of accounting and bookkeeping duties has been put into place. An additional employee has been hired to perform these duties. Both administrative employees review each other's work and jointly make deposits and account for monies received. In addition, another part time employee reviews end of month reports and ensures that bank accounts balance.*
- B. *Prenumbered receipts are now used for some types of receipts and will be used for all receipts in the near future.*
- C. *All monies are currently deposited daily, or when they total over \$100.*
- D. *These recommendations have been put into place as well.*
- E. *We will implement this suggestion as soon as possible.*
- F. *An average cost per meal is now maintained. The jail menu has been simplified and tighter controls have been put into place regarding meals. Jail staff is still allowed to eat meals in the jail, as they are not regularly allowed to leave the facility for meal breaks. This also suppresses inmate complaints regarding quality of food.*
- G. *I take exception to this recommendation, as I feel that there is no need to prepare a written agreement to do nothing. If the County Commission resolves to bill municipalities and other counties, I will abide by their decision.*
- H. *No calendar was done for 2004 and a calendar company will do any future calendars and all monies will be remitted to the County Treasurer.*
- I. *I will implement this recommendation.*
- J. *The DARE program is chartered by, but not controlled by the Sheriff's office specifically or the county in general. The DARE bank account is not associated with the Sheriff's office. DARE officers are exploring the formation of a board of directors who would independently control any expenditures associated with the local DARE program.*

The County Commission provided the following response:

G. We will contact the Sheriff regarding this matter.

3. Sheriff Mileage, Civil Process Fees, and Fuel Purchases

The Sheriff apparently claimed and was paid for more miles than he actually incurred. His mileage reimbursement claims did not detail destination, beginning and ending mileage, or the purpose of each trip. In addition, the validity of civil process mileage paid to the Sheriff and his deputies is questionable, and controls over fuel purchases for county patrol cars need improvement.

A. The Sheriff apparently claimed and was reimbursed for more miles than he actually incurred, and the reimbursement claim forms did not include the destination and purpose of each trip. The Sheriff submits monthly reimbursement claim forms to the county which report the date and total miles driven in his personal vehicle used to conduct official duties. The county reimbursed the Sheriff 30 cents per mile for mileage incurred during the period January through June 2004, and years ending December 31, 2003 and 2002, totaling \$3,660, \$8,307 and \$8,524, respectively. Mileage reimbursement claims filed for April, May, and June 2004 were compared to the odometer readings of the Sheriff's personal vehicle for the same time period. The total mileage claimed by the Sheriff for the three month period was 5,446 miles; however, the odometer reading of his personal vehicle for this same period was 4,017 miles or a difference of 1,429 miles. This resulted in the Sheriff being overpaid \$429 during April through June 2004.

Section 57.430, RSMo 2000, requires the Sheriff to file accurate and itemized mileage statements showing in detail the miles traveled, the date of the trip, the nature of the business engaged in during each trip, and the places to and from which the Sheriff has traveled, when he is driving a personal vehicle. To ensure mileage reimbursements are reasonable and represent valid expenditures, payments should be made only for actual mileage incurred. The reimbursement claim forms should include sufficient detail, including actual odometer readings, and be reviewed for accuracy.

B. The validity of civil process mileage paid to the Sheriff and his office employees is questionable. The Sheriff and his employees frequently serve papers for attorneys, courts, and other counties relating to civil cases and collect fees and mileage reimbursements for such process. Accountable fees, typically consisting of a \$20 base fee for each civil paper service request and \$16 for mileage, are deposited into the Sheriff's civil fee account. Monthly, the bookkeeper remits the \$20 base fee to the County Treasurer and pays the \$16 mileage fee directly to the Sheriff or the employee who performed the paper service. A civil process log is maintained by the Sheriff's bookkeeper that lists the defendant, the party to be served, the amount of

fees collected, and the person who performed the paper service. There was \$8,968 and \$5,028 paid from the civil fee account for civil process fees during the years ended December 31, 2003 and 2002, respectively. During our review we noted the following concerns:

1. The Sheriff is reimbursed for official business mileage incurred on his personal vehicle (as discussed in point A. above) and each deputy drives a county-owned vehicle; therefore, the \$16 mileage payments appear questionable. The Sheriff indicated the deputies use their personal cars to serve papers; however, there was no documentation supporting that papers were served by deputies while in a personal vehicle. In addition, the mileage reimbursement claims submitted by the Sheriff do not detail the nature of county business being conducted; therefore, there is no assurance that the mileage claimed on the monthly reimbursement report is not civil process mileage.

Further, the Sheriff indicated that his officers are off duty when serving papers and that this \$16 fee also compensates them for their time, as well as the mileage incurred. These fees are not subject to payroll withholdings and are not reported on the employees' W-2 forms. Any full-time county employee serving as a deputy should be compensated under normal county payroll procedures, calculating hours worked and any overtime incurred. In addition, all compensation should be reported on the employees' W-2 forms.

2. The bookkeeper paid herself \$207 for civil papers that she did not serve in April and August 2003. For example, court records and the civil process log indicate the Sheriff served papers for a case in April 2003; however, the bookkeeper paid herself the related \$68 civil process fee. In addition, the bookkeeper paid herself amounts in excess of those recorded on the civil process log during both April and August 2003. The Sheriff's bookkeeper paid herself \$3,657 in civil process fees during the year ending December 31, 2003.

To ensure all monies are accounted for properly, all receipts relating to civil process, including the base fee and the mileage reimbursement should be deposited in the Sheriff's civil fee account and remitted to the county treasury. Section 57.407, RSMo 2000, requires the Sheriff to turn over accountable fees to the county treasury.

- C. Receipts or other documentation of fuel purchased by each deputy is not always retained, and each deputy's activity and patrol car usage logs are not compared to fuel purchases for propriety. In addition, other control procedures, such as requiring deputies to record the vehicle being fueled and the odometer reading when they purchase fuel, have not been established. Fuel is purchased from local vendors with credit cards assigned to each deputy. Fuel purchases were \$30,735 and \$22,716 for the years ended December 31, 2003 and 2002, respectively. The county's personnel

policy allows deputies to drive county owned patrol cars home each day as long as the car is used for county business only. Our review of fuel purchases noted the following concerns:

1. Credit card receipts or other documentation of fuel purchased by each deputy is not always retained; therefore, the Sheriff cannot reconcile credit card receipts for fuel purchases to the monthly credit card statements prior to payment. In addition, the Sheriff does not adequately review the credit card statement prior to approving them for payment. For example, the February 2003 statement indicated that 5.5 gallons of diesel fuel was purchased by a deputy; however, the Sheriff indicated that none of the patrol cars use diesel fuel. (See C.2. for additional examples).

Fuel purchases should be supported by credit card receipts or other documentation. Such documentation is necessary to ensure purchases are valid and necessary expenditures of county funds. In addition, credit card receipts should be retained and reconciled to the monthly credit card statement prior to payment. Further, the Sheriff needs to ensure an adequate review is performed to ensure fuel purchases are necessary, reasonable, and adequately documented.

2. Deputies daily activity and daily patrol car usage logs are maintained; however, the logs are not compared to fuel purchases for propriety. In addition, other control procedures, such as requiring deputies to record the vehicle being fueled and the odometer reading when they purchase fuel, have not been established. For example, the same deputy noted above purchased fuel at three different times during a ten hour period when he was off duty on February 16, 2003. In another instance, he purchased fuel at two different times during a 15 hour period when he was off duty on February 22, 2003. Given that the deputy was off duty, it appears questionable whether the fuel purchased was solely used for county business.

The daily activity and daily patrol car usage and maintenance logs should be reviewed by the Sheriff and County Commission to verify the propriety of fuel purchases.

WE RECOMMEND the Sheriff:

- A. And the County Commission require the submission of detailed and accurate mileage claims to verify the actual miles driven by the Sheriff. The County Commission should also review the claims to determine if the number of miles claimed appears reasonable.
- B. Discontinue reimbursing mileage costs and paying civil service fees to himself and his employees. All paper service fees should be remitted to the County Treasurer.

The Sheriff's office should use the county owned patrol cars to serve papers, and the papers should be served during employee's regular working hours or pre-approved over-time hours.

- C. Retain documentation of fuel purchases and reconcile those credit card receipts to the monthly statement prior to payment. In addition, adequately review fuel purchases, including comparing daily activity logs to fuel purchases. Also, require deputies to record the vehicle being fueled and the odometer reading when they purchase fuel.

AUDITEE'S RESPONSE

The Sheriff provided the following responses:

- A. *I have provided a monthly mileage log to the County Clerk and County Commission regarding my mileage reimbursement. During the first year of my term, I requested a county provided vehicle, but this request was turned down as economically unfeasible. Mileage paid has never exceeded mileage budgeted. Total miles turned in are actual miles driven.*
- B. *This recommendation would be up to the County Commission to release funds for additional automobiles and personnel.*
- C. *This recommendation can be implemented.*

The County Commission provided the following response:

- A. *We will request this information from the Sheriff.*

4. Sheriff Seized Property

Under the Criminal Activity Forfeiture Act, Section 513.600, RSMo 2000, the Sheriff may seize property after an investigation reveals that the property was purchased from proceeds of drug sales by a defendant. The Sheriff also routinely seizes property to be used as evidence for cases that are not drug-related. Controls and procedures over seized property need improvement.

- A. In October 2000, the Sheriff's office seized three ATVs and two dirt bikes in connection with a drug arrest. These items were not included on the seized property listing and the value of the property was not documented. In addition, the Sheriff indicated that he did not know the current disposition or location of the seized property. The Sheriff's office stored the property at a local storage facility until October 2001, when the court ordered the Sheriff to dispose of the property. The Sheriff released one of the dirt bikes to the storage facility in exchange for storage fees; however, there was no invoice for storage fees and the value of the dirt bike was not known. In addition, the county and the storage company did not have a written

agreement related to the storage of the property. Further, at our request, the Sheriff contacted a former deputy involved in the case to determine the status of the remaining seized property. The deputy indicated in an email to the Sheriff that the three ATVs and one dirt bike were located at his family's property. As of August 3, 2004, the Sheriff has not reclaimed this property.

Considering the often sensitive nature of the seized property, adequate internal controls are essential and would significantly reduce the risk of theft or misuse of the stored items. To properly account for seized property, the Sheriff should reclaim the property and dispose of it in accordance with law.

B. The Sheriff's chief deputy is responsible for maintaining the inventory listing of seized property, which was started in June 2003. During our review of the listing, several weaknesses were noted:

1. The seized property listing maintained is not accurate or complete. For example, on March 4, 2004 the listing indicated a rifle was on hand; however, the rifle could not be located in the seized property room. Subsequently, the chief deputy located a release form for the rifle indicating it was released on May 19, 2003, over nine months earlier.

In addition, the Sheriff's office seized cash from a local business totaling \$1,052. These monies were deposited and are still on hand in the Sheriff's civil fee bank account and were never added to the seized property listing.

A complete and accurate seized property listing should be maintained and periodically reconciled to items in the seized property room.

2. The seized property room contained several guns that did not have any property tags indicating the case number or other identifying information. The Sheriff indicated that these guns were not tagged or otherwise identified when he came into office in January 2001.

Section 542.301(5), RSMo 2000, states seized property may be ordered sold or destroyed by a judge if not claimed within one year from the date of seizure. Proper disposal of such items would eliminate the significant risks of unauthorized access, use, or theft, and the related potential liability of the county for such possible improper access or use.

A condition similar to part B. was noted in our prior report.

WE RECOMMEND the Sheriff:

- A Reclaim the three ATVs and one dirt bike from the former deputy and dispose of the property in accordance with law.

- B. Maintain a complete and accurate listing of all seized property received including information such as a description, persons involved, current location, case number, and disposition of such property. In addition, periodically reconcile the listing to the property items in the seized property room, and obtain a court order to dispose of unclaimed seized property.

AUDITEE'S RESPONSE

The Sheriff provided the following responses:

A&B. I will implement these recommendations.

5. Sheriff Commissary

The Sheriff operates a commissary for inmates to purchase various snacks and personal items. The duties related to the inmate and commissary funds are not adequately segregated, and the Sheriff does not have an account for inmates' monies. In addition, prenumbered receipt slips are not always issued for some monies received from (or for) inmates and adequate documentation was not always retained for some cash refunds to inmates. Also, the Sheriff's office does not have a system for tracking the profit and loss from commissary sales and does not maintain a perpetual inventory of commissary items. Further, the commissary inventory does not appear to be adequately secured.

- A. The duties related to the inmate and commissary funds are not adequately segregated. One person is responsible for receiving monies, recording receipts to the inmates' ledger, and transmitting the funds to individual inmate envelopes. In addition, the same person is responsible for conducting the commissary sales, recording the sales to the inmates' accounts, and purchasing commissary items for resale. To ensure these monies are properly recorded and handled, the duties of receipting and transmitting the inmate funds needs to be segregated from those of recording receipts to the inmates' ledger. Also, someone without access to cash receipts should record the commissary sales to the inmates' ledgers and determine the commissary profits.
- B. The Sheriff does not have an account for inmates' monies, rather cash is held in separate envelopes for each inmate. Each inmate envelope contains a ledger sheet that indicates the original amount received and any additions and subtractions from the monies; however, cash contained in the inmates' envelopes did not always agree to the amounts indicated on the ledger. For example, one inmate's ledger indicated a balance of \$24; however, no cash was contained in the envelope.

To adequately protect such monies from loss or misuse, it should be deposited into a separate inmate bank account and an accurate ledger should be maintained documenting each inmate's balance, receipts, and disbursements. This ledger should be reconciled monthly to the inmate account.

- C. Prenumbered receipt slips are not issued for monies received from (or for) inmates. In addition, unnumbered receipt slips issued for some inmate monies did not identify the method of payment (i.e., cash, check, or money order). To ensure receipts are handled properly, prenumbered receipt slips should be issued for all monies received, and the method of payment should be recorded on the receipt slip.
- D. Inmates are often given a cash refund of their monies upon release from jail, however adequate supporting documentation, such as a receipt signed by the inmate, is not always retained for some cash refunds. To ensure all monies are properly accounted for, adequate supporting documentation should be obtained for all cash refunds.
- E. The Sheriff's office does not have a system for tracking the profit or loss from the sale of commissary items. A jailer distributes order forms weekly to each inmate reflecting the items available for purchase. The jailer indicated each item for sale is marked up for a minimal profit. The jailer then records the amount of each inmate's purchases on the inmate's ledger sheet, removes the amount of the purchase from the applicable inmate's envelope, and places the proceeds into a lock box. On May 3, 2004, we conducted a cash count and found \$530 on hand from commissary proceeds. The proceeds are also used to replenish the commissary inventory and to purchase computer equipment.

To adequately account for activity of the commissary fund, records should be maintained in a manner to allow for the tracking of profit and loss on all sales from the commissary. Commissary proceeds represent accountable fees which should be turned over to the County Treasurer. In addition, invoices for the replenishment of the commissary inventory and computer equipment should be paid by the county.

- F. During our review of commissary inventory and the related records, we noted the following concerns:

- 1. The Sheriff's office does not maintain a running inventory (perpetual inventory) of items purchased from vendors, items sold to inmates, and inventory balances.

To ensure commissary items are properly recorded and handled, purchases and sales should be compared with actual inventory on hand. Loss, misuse, or theft of commissary inventory may go undetected without adequate inventory records. In addition, a physical inventory count should be made periodically and reconciled to the inventory balances.

- 2. The commissary inventory does not appear to be adequately secured. Although the commissary inventory is maintained in a locked closet, the Sheriff allows employees access to the closet to purchase commissary items. To establish accountability and adequately protect commissary inventory from loss, theft or misuse, commissary inventory should be secured in a

location with access limited to the individual responsible for the inventory. In addition, Sheriff's office employees should be prohibited from purchasing items from the commissary.

WE RECOMMEND the Sheriff:

- A. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. Deposit all inmate money into a separate bank account and maintain an accurate ledger indicating balances, receipts, and disbursements by inmate. This ledger should be reconciled monthly to the bank account balance.
- C. Issue prenumbered receipt slips for all monies received. In addition, the composition of the receipts should be reconciled to the composition of the deposits.
- D. Obtain adequate supporting documentation for any refunds not made by check.
- E. Develop records to adequately track profits or losses on the commissary operations and turn all profits over to the County Treasurer as accountable fees. In addition, invoices for the replenishment of the commissary inventory and computer equipment should be paid by the county.
- F.1. Ensure perpetual inventory records are maintained and are periodically reconciled to a physical inventory.
- 2. Ensure commissary inventory is adequately secured. In addition, discontinue allowing employees to purchase items from the commissary.

AUDITEE'S RESPONSE

The Sheriff provided the following responses:

A,C,

E&F. I will implement these recommendations.

- B. I will discuss the opening of an inmate account with the County Treasurer. If this were implemented there would be no problem with maintaining an accurate ledger and reconciling the balances.*
- D. Inmates are required to sign for any monies returned to them. These records are being maintained at this time.*

6.**Officials' Compensation and Bond Coverage**

Officials' salary increases for the year ending December 31, 2004 are not supported by salary commission actions. In addition, the Public Administrator, the County Collector, and the County Assessor were apparently overpaid. Also, the County Assessor and County Coroner did not obtain bond coverage as required by state law.

- A. Salary increases paid to elected officials totaling \$27,160 during the year ending December 31, 2004 (except as noted) are not supported by salary commission actions. Salary increases by official are as follows:

Official	2004 Salary Increase
Presiding Commissioner	\$ 1,980
Eastern Commissioner	1,980
Western Commissioner	1,980
County Clerk	3,000
Treasurer	2,220
Collector (year ended February 28, 2005)	3,000
Coroner	2,000
Public Administrator	1,000
Assessor (year ended August 31, 2005)	3,000
Sheriff	3,000
Prosecuting Attorney	4,000
Total	\$ <u>27,160</u>

The salary commission met on November 16, 2001 and voted not to take any salary increases based on increases in assessed valuation until the county's financial condition improved. The salary commission did not meet in 2003 to re-evaluate their financial condition or approve any salary increases.

Section 50.333, RSMo 2000, provides for the salary commission to meet in each odd-numbered year to determine the compensation to be paid to county officials beginning with their next term of office. The County Commission should ensure future salary decisions are documented and supported by actions of the salary commission. In addition, the County Commission should review this situation and consider obtaining repayment of these salary overpayments.

- B. Effective in 2000, state law provided for the Public Administrator to elect to receive a salary based on a salary schedule or to receive fees on her assigned cases. The Public Administrator elected to receive a salary starting in January 2001. The County Clerk calculated the Public Administrator's salary based on the county's assessed valuation level in 2001, while all other officials' salaries paid during this time period

were calculated based upon the assessed valuation level in 1997 of \$130,390,502. The Public Administrator was paid \$40,000 annually instead of \$38,000 during the three years ending December 31, 2003 resulting in an apparent overpayment of \$6,000.

The County Commission should review this situation and consider obtaining reimbursement from the Public Administrator.

- C. The County Collector and Assessors' salaries increased in January 2004 due to an increase in the county's assessed valuation. The increase in salary should not have become effective until March 1 and September 1, 2004, respectively, the date of these office holders' incumbency. The county should review this situation and consider obtaining reimbursement of the \$500 and \$2,000 in overpayments, respectively. Section 50.333.8 RSMo 2000, states that the elected officials' salaries shall be adjusted each year on the official's year of incumbency for any increase in the maximum allowable salary caused by a change in the last completed assessment.
- D. The County Assessor and County Surveyor have not obtained bond coverage as required by state law.

Section 52.040, RSMo 2000, provides that every County Assessor shall before entering upon the duties of his office, obtain a bond of \$1,000. Section 60.030, RSMo 2000, requires the County Surveyor to be covered by a bond in an amount not less than \$1,000 or more than \$5,000 with the amount to be determined by the County Commission.

WE RECOMMEND the County Commission:

- A. Review these salary increases and consider obtaining repayment of the salary overpayments. In addition, ensure the salary commission approves all salary increases and salary commission minutes clearly document all decisions made.
- B. Review this situation and consider obtaining reimbursement of the \$6,000 from the Public Administrator, and in the future, ensure the correct salary amounts are calculated.
- C. Review this situation and consider obtaining reimbursement of the salary increases.
- D. Require the County Assessor and County Surveyor to obtain a bond as required by state law.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. We will consult with the Prosecuting Attorney regarding this situation. We will also address this at the next salary commission meeting.*
- B&C. We will review these situations and address them at the next salary commission meeting.*
- D. We will obtain bond coverage for the Assessor and Surveyor.*

7. Personnel Policies and Procedures

Time sheets or other records of actual time worked and records of compensatory, vacation, and sick leave earned (used) and accumulated of the Sheriff's office employees are not always filed with the County Clerk. In addition, an employee of the Sheriff's office was supervised by her spouse, an adequate review of her time sheets was apparently not performed which allowed inaccuracies to go undetected, and as a result, compensatory wages paid to her upon termination totaling \$14,000 appear questionable. Also, the Sheriff nor the County Commission have implemented proper controls to ensure compensatory time balances are reviewed for excessive balances. Further, the Health Department Administrator does not prepare a time sheet, and time sheets for some county employees are not always signed by the employee or their supervisor.

- A. Deputies earn compensatory time for any time worked in excess of 171 hours in a 28 day cycle as required by the Fair Labor Standards Act (FLSA). Time sheets are prepared and signed by deputies and approved by either the Sheriff or the chief deputy. The chief deputy is responsible for tracking compensatory, vacation, and sick leave time earned (taken) to accumulated balances on a computerized spreadsheet. The chief deputy also prepares payroll vouchers from the employee time sheets and submits the vouchers to the County Clerk's office for payment. Our review of the Sheriff's office payroll records revealed the following:
 - 1. Time sheets or other records of actual time worked and records of compensatory, vacation, and sick leave earned (used) and accumulated of the Sheriff's office employees are not always filed with the County Clerk. As a result, the County Commission has no documentation of work performed to support some payroll expenditures. The time records should be filed in a central location with the county's payroll records. In addition, without centralized leave records, the County Commission cannot ensure that employees' compensatory, vacation, and sick leave balances are accurate and that all employees are treated equitably. Centralized leave records will also aid in determining final pay for employees leaving employment.

2. The chief deputy's spouse was an employee of the Sheriff's office and was directly supervised by her husband. The chief deputy routinely approved her time sheet. Employees should not be supervised by a closely related family member. This type of relationship should be avoided to ensure all employees are treated equitably and fairly. A comprehensive personnel policy manual would provide guidance and control to ensure equitable treatment among employees, and the avoidance of misunderstandings.
3. An adequate review of the employee's time sheets (noted in A.2.) was apparently not performed which allowed inaccuracies to go undetected. The time sheets prepared by employees of the Sheriff's office report the beginning and ending times of work, and the employee calculates and records the total hours worked each day on the timesheet based upon these times; however, we noted numerous errors in this employee's calculation of total hours worked. For example, the employee's August 2002 time sheet reported total hours worked of 236 hours; however, the calculation of total hours worked based on the beginning and ending times of work was 220, this resulted in an overage of 24 hours of compensatory time or \$240 in wages. The time sheets prepared by this employee were not properly reviewed by the Sheriff, the County Clerk, or the County Commission to ensure their accuracy. In addition, neither the Sheriff nor the chief deputy signed this time sheet documenting their approval.

Further, in January 2003 this employee was terminated, and the county paid her for 1,400 hours of accumulated compensatory time or \$14,000 based upon her time sheets. Compensatory wages paid to the employee appear to be questionable due to inaccuracies in the time sheets noted above.

Proper control over payroll requires documentation, such as time sheets prepared and signed by employees and approved by their supervisors, to provide evidence of actual time worked each month. The lack of adequate review procedures allows the potential for errors and misstatements which may not be detected. In addition, the FLSA requires accurate records of actual time worked by employees be maintained.

4. The computer spreadsheet of leave balances maintained by the chief deputy is inaccurate. The beginning balances do not always agree to the prior year's balances and the spreadsheet calculations are incorrect causing erroneous leave balances to be reported. For example, one deputy's compensatory balance was understated by 105 hours in December 2003 due to an error in calculations on the spreadsheet.

To ensure employees receive leave benefits as allowed by law and the county's personnel policy, leave records should be reviewed for accuracy. The accumulated leave balances should be carefully reviewed for consistency

and mathematical accuracy to ensure that employee leave balances are correct and employees receive the proper amount of leave and overtime compensation.

5. The Sheriff nor the County Commission have implemented proper controls to ensure compensatory time balances are reviewed for excessive balances. The employee noted in A.1. had an accumulated balance of 1,400 hours, and two other Sheriff's office employees had accumulated compensatory time in excess of 1,000 hours at December 31, 2003. In addition, another three Sheriff's office employees were carrying in excess of 480 hours of compensatory time at December 31, 2003. The FLSA provides for employees regularly engaged in public safety activities to accumulate a maximum of 480 hours of compensatory time. Hours in excess of this maximum are to be paid or taken off by the employee in the next pay period.

Proper controls over the management of compensatory time balances require the county to evaluate balances for reasonableness, the reasons for large or increasing balances, and provide solutions to prevent excessive balances. Excessive compensatory time represents a large liability for the county which could require significant cash resources upon payment.

- B. The County Treasurer also serves as the county's Health Department Administrator; however, a time sheet is not prepared for the Health Department Administrator's position documenting the number of hours worked. The Health Department Administrator's position is paid an annual salary of \$27,500. As a result, the County Commission has no documentation of work performed to support these payroll expenditures. Records of actual time worked should be prepared and filed in a central location with the county's payroll records.
- C. Time sheets submitted to the County Clerk are not always signed by the employee or the employee's supervisor. Time sheets should be signed by the employee and the employee's supervisor to indicate their agreement to the actual time reported each month.

A condition similar to part A. was also noted in our prior report.

WE RECOMMEND the County Commission:

- A. Require the Sheriff's employees to file timesheets with the County Clerk's office, and establish a written policy which restricts related employees from directly supervising each other, and ensure all employees are not supervised by closely related family member. In addition, the Sheriff and the County Clerk should review time sheets and leave records for accuracy. Leave balances should also be monitored to minimize excessive leave balances.

- B. Require the Health Department Administrator to prepare a time sheet and file it with the County Clerk.
- C. Ensure all time sheets have been signed by both the employee and the employee's supervisor.

AUDITEE'S RESPONSE

The County Commission provided the following response:

- A. *We will require the Sheriff to submit timesheets for all employees and review them for accuracy.*

We refused to pay the \$14,000 of overtime for a long period of time until the Prosecuting Attorney advised us to pay versus the cost of going to court. We will work with the Sheriff to resolve these concerns.

- B. *Beginning September 2004, a timesheet will be required for the Health Department Administrator.*
- C. *This will be implemented immediately.*

The Health Department Administrator provided the following response:

- B. *Beginning in September, I will prepare a time sheet and file it with the County Clerk.*

8.	Property Tax System
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Several control weaknesses exist over the property tax system. The County Assessor makes changes to the property tax system during periods when she has no statutory authority. In addition, controls over property tax additions and abatements are not adequate, and the County Clerk does not maintain an account book with the County Collector. Also, amounts reported on the County Collector's annual settlements for delinquent taxes, additions, and abatements were not always accurate.

The county's assessment lists and tax books are maintained on a computerized property tax system. The County Assessor is responsible for entering the assessed valuation data, and the computer room staff are responsible for entering the tax rates and extending and printing the tax books. The County Clerk verifies the tax books and the County Collector collects the property taxes.

- A. The County Assessor is responsible for entering the assessed valuation data from the assessment sheets. This data is to be completed by May 31 of each year. In addition, the County Assessor has access to the assessment data in the property tax system

during the meetings of the county Board of Equalization so she can change assessed valuations when approved by the board. After the meetings of the Board of Equalization are completed, the County Assessor has no statutory authority to make changes to the assessment data. However, the County Assessor and her staff are allowed access to the assessment data at all times. As a result, there is an increased risk that unauthorized changes can be made to the assessment data. In addition, Section 137.260, RSMo 2000, requires that the tax book only be changed by the County Clerk under order of the County Commission.

- B. Controls over property tax additions and abatements are not adequate. The County Collector makes manual changes to the property tax records for additions and abatements occurring throughout the year, while the County Assessor makes these changes to the computer property tax data files. The County Collector provides totals of abatements and additions to the County Commission for their approval. However, the manual changes to the tax books are not compared to the actual changes in the tax data files or to amounts reflected on the County Collector's annual settlement by someone independent of tax collection duties. As a result, amounts reported for additions and abatements on the County Collector's annual settlements are not accurate as noted in point E. below. Since the County Collector is responsible for collecting the taxes, this procedure for making changes, without independent and subsequent review of actual changes made, weakens controls over the collection of taxes.

Section 137.260, RSMo 2000, requires the tax books only be changed by the County Clerk under order of the County Commission. Controls should be established so that the County Clerk periodically reconciles all additions and abatements to changes made to the property tax system and charge these amounts to the County Collector.

- C. The County Clerk does not maintain an account book with the County Collector. An account book would summarize all taxes charged to the County Collector, monthly collections, delinquent credits, abatements and additions, and protested amounts by tax book. These figures could then be verified by the County Clerk from aggregate abstracts, court orders, monthly collection reports, and totals of all charges and credits. Section 51.150(2), RSMo 2000, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury. A complete account book would help the County Clerk ensure that the amount of taxes charged and credited to the County Collector each year is complete and accurate and could also be used by the County Commission to verify the County Collector's annual settlements.
- D. Passwords and other procedures are not in place to limit access to the various data files and programs utilized by the County Assessor and County Collector. Lack of such passwords and procedures provides the potential for personnel to make undetected and unauthorized changes to information.

To establish individual responsibility, as well as help preserve the integrity of computer programs and data files, access to information should be limited to authorized individuals. A system of passwords and other procedures can be used to properly restrict access. A unique password should be assigned to each user of a system, and these passwords should be kept confidential and changed periodically to help limit the effect of unauthorized access to computer files.

- E. Amounts reported on the County Collector's annual settlement for delinquent taxes, additions, and abatements were not always accurate. Delinquent taxes reported on the County Collector's annual settlements did not agree to the delinquent tax books. For example, for the year ended February 28, 2004, current delinquent real estate taxes were understated by \$31,000 in comparison to the related delinquent tax book. Rather than reporting the delinquent tax amount from the tax book on her annual settlement, the County Collector calculated the amount reported by beginning with current charges, subtracting collections and abatements, and adding additions. In addition, amounts reported on the annual settlement for additions and abatements were not accurate due to the poor controls noted in part B. Because of the poor controls noted in parts A.-D. above and in addition to the County Collector not reconciling the delinquent tax amount reported to the delinquent tax book, the amounts reported on the annual settlements were incorrect. Although the County Collector has since attempted to correct these errors, differences between the annual settlement and the related tax records still remain.

Section 139.160, RSMo 2000, states that “. . . the collector shall . . . settle his accounts of all monies received by him on account of taxes and other sources of revenue . . .” By incorrectly reporting delinquent taxes, additions, and abatements, the County Collector has not provided the County Commission with an accurate and complete settlement.

WE RECOMMEND the County Commission work with the applicable county officials to:

- A. Restrict access to the assessment data during periods when changes to the data are not statutorily allowed.
- B. Establish controls over the property tax addition and abatements process that would allow the County Clerk to periodically reconcile all additions and abatements to changes made to the property tax records and charge these amounts to the County Collector.
- C. Ensure the County Clerk maintains an account book with the County Collector and use this information to verify the accuracy of the County Collector's annual settlement.
- D. Establish procedures to restrict access to computer files, including the use of unique passwords, to authorized individuals.

- E. Require the County Collector to file complete and accurate annual settlements.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

A, B

- &D. *We will work with the computer programmer to implement these recommendations for the upcoming tax year.*

The County Clerk provided the following response:

- C. *I will implement an account book in the upcoming tax year.*

The County Collector provided the following responses:

- D. *I will discuss implementing passwords with the computer programmer.*

- E. *I will continue to strive to balance with the charges to which I am assigned. I will continue to work with the Assessor and the County Clerk to endeavor to determine whether the charges are correct or not. When my office balances and then I have to balance with another office, differences do exist and have since I took office. I have been using the old method of balancing with the Assessor's office. I feel that each of my annual settlements is true based upon the information available.*

9. County Expenditures and Closed Meeting Minutes
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Bids were not always solicited or retained for proper documentation, the need for cellular telephones was not documented, and Forms 1099 Miscellaneous were not always prepared. In addition, the county did not always enter into written agreements, and minutes were not always prepared to document matters discussed in closed meetings.

- A. The county did not always solicit bids or retain bid documentation for various purchases. Examples of items purchased for which bid documentation could not be located are as follows:

<u>Item or Services</u>	<u>Cost</u>
Fuel for the Sheriff's office (annually)	\$ 30,735
Food for the jail (annually)	23,682
Election supplies (annually)	19,733
Office equipment	10,303
Computer equipment	7,520
Painting of the old courthouse	5,600
Asphalt	4,994

The County Commission and County Clerk indicated that bids were solicited for some of these purchases through telephone calls or some items were only available from one vendor; however, documentation of these calls and sole source procurement situations were not maintained.

Section 50.660, RSMo 2000, requires bids for all purchases of \$4,500 or more from any one person, firm, or corporation during any period of ninety days. Bidding procedures for major purchases provide a framework for economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best bidders. Competitive bidding ensures all parties are given equal opportunity to participate in county business.

- B. The County Clerk purchased 11 cellular telephones in 1998 for election workers to use at polling sites. The County Clerk paid monthly services on these telephones which totaled to approximately \$1,600 during the nine months ending September 30, 2003 (or approximately \$12,798 during the six year period from 1998 to 2003). The County Clerk indicated some of the cellular telephones did not get reception at the polling sights, and all of the phones were subsequently donated to the domestic abuse shelter in September 2003.

Given that elections take place approximately three to four times a year and the cellular phones were apparently not used at other times, it does not appear reasonable for the County Clerk to have purchased cellular phones and to have incurred monthly service charges. In addition, the county has not established guidelines to determine whether a cellular telephone is needed or a benefit to the county.

- C. The county did not have adequate procedures in place to ensure Forms 1099-MISC are always filed with the Internal Revenue Service (IRS) when required. As a result, the county did not file Forms 1099-MISC with the IRS for payments in 2002 totaling \$31,500 and \$4,400 for special prosecutor and painting services, respectively.

Sections 6041 and 6051 of the Internal Revenue Code require payments of at least \$600 or more in one year to an individual for professional services or for services performed as a trade or business by nonemployees (other than corporations) be reported to the federal government on Form 1099.

- D. The county does not always enter into written agreements. For example:
 - 1. The county was unable to produce documentation that a written contract existed with the special prosecutor to whom they paid \$31,500 during the year ending December 31, 2003.
 - 2. Although the county has a written rental agreement with the 911 Authority Board to provide a building in exchange for a monthly rental fee, the county has not entered into a written agreement with the board to share costs of any

improvements made to the building. The County Commission met in June 2004, and agreed to share the costs of a new air conditioning unit with the board.

Written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to prevent misunderstandings. Written contracts should specify the services to be rendered and the manner and amount of compensation to be paid.

- E. Fuel and maintenance logs are maintained for each vehicle or piece of equipment of the Road and Bridge Department, which reports the date and amount of fuel pumped or purchased and any maintenance service provided; however, the logs are not periodically reconciled to fuel purchases. One fuel tank is maintained at the Road and Bridge Department and six other tanks are located at various employees' residences through out the county. Fuel can also be purchased at various gas stations in the county. During the years ending December 31, 2003 and 2002, the county spent approximately \$79,000 and \$56,000, respectively, for fuel. In addition, vehicle mileage and equipment usage logs, which report the number of miles driven or hours used, are not maintained for some vehicles and equipment in the Road and Bridge Department.

The fuel and maintenance logs maintained should be periodically reconciled to fuel purchases and other maintenance charges. In addition, mileage and usage logs are necessary to document appropriate use of the vehicles and to also support fuel charges. The logs should include the date, vehicle operator, purpose and destination of each trip, and the daily beginning and ending odometer readings. These logs should be reviewed by the County Commission to ensure all mileage is recorded and the vehicles are being properly utilized.

- F. Minutes were not always prepared to document the matters discussed in closed meetings. The County Commission held six closed sessions between February and August 2003, and while the regular meeting minutes did disclose the reason for entering into closed session, minutes were not maintained for the closed portion of the meetings.

Section 610.021, RSMo 2000, allows the County Commission to close meetings to the extent they relate to certain specified subjects, including litigation, real estate transactions, and personnel issues. Without the preparation of closed minutes, there is less evidence that the provisions of the Sunshine Law, Chapter 610, RSMo, regarding these closed meetings have been followed.

A condition similar to part A. was noted in our prior report.

WE RECOMMEND the County Commission:

- A. And other applicable officials solicit bids for all purchases in accordance with state law and maintain documentation of bids. If bids cannot be obtained and sole source procurement is necessary, the official commission minutes should reflect the necessitating circumstances.
- B. In the future, document the need for each cellular telephone and its usage to ensure the reasonableness of such costs.
- C. Ensure Forms 1099-MISC are prepared and submitted as required.
- D. Enter into written contracts as required by state law.
- E. Ensure the Road and Bridge Department maintains logs for vehicles and equipment which include the purpose and destination of each trip, and the daily beginning and ending odometer readings for vehicles or hour readings for equipment. Ensure the logs are reviewed by a supervisor to ensure vehicles and equipment are used only for county business and to help identify vehicles and equipment which should be replaced. In addition, ensure information on the logs is periodically reconciled to fuel purchases and other maintenance charges.
- F. Ensure minutes are prepared and retained for all closed meetings.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *We will continue to improve in this area and will document sole source providers.*
- C. *We will continue to improve on issuing 1099-MISC forms to all applicable parties.*
- D. *In the future, we will obtain written agreements when necessary.*
- E. *We will reconcile the fuel logs to fuel purchases periodically and require vehicle and equipment logs to be maintained on all vehicles and equipment.*
- F. *This will be done in the future.*

The County Clerk provided the following response:

- B. *I need telephones in each polling place, and I will have phones there by any means that I have to.*

The County Commission deferred to the County Clerk's response on part B.

AUDITOR'S COMMENT

- B. The need for telephones is not being questioned, however, the reasonableness of the related costs should be considered and written policies and procedures developed for their use.

10. Budgetary Practices

The County Clerk and County Commission are responsible for preparing and approving a county budget which serves as a complete financial plan for the county. Expenditures were approved in excess of budgeted amounts and available monies for several county funds. In addition, budgets prepared for two funds had deficit balances.

- A. The County Commission and other officials approved expenditures in excess of budgeted amounts for the following funds during the years ended December 31, 2003 and 2002:

Fund	Year Ended December 31,	
	2003	2002
Special Road and Bridge Fund	\$ N/A	121,018
Law Enforcement Fund	49,864	N/A
Prosecuting Attorney Bad Check Fund	2,313	N/A
Extradition and Transportation Fund	225	5,038
Sheriff Civil Fund	1,312	N/A
Health Department Building Fund	560	6,161
Assistant Prosecuting Attorney Grant Fund	N/A	4,169
Law Library Fund	N/A	1,364

The County Clerk indicated that she did not amend the Special Road and Bridge Fund's budget because the county received and expended federal emergency management assistance in an emergency situation. The remaining budgets were not amended because they were apparently not properly monitored by other county officials.

It was ruled in State ex. Rel. Strong v. Cribbs, 364 Mo. 1122, 273 S.W.2d 246 (1954), that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess disbursements, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. In addition, Section 50.622, RSMo 2000, provides that counties may amend the annual budget during any year in which the county receives additional funds, which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend the budget. To allow the budgets to be used as a planning tool and to ensure compliance with state law, budget amendments should be made prior to

incurring the actual expenditures, valid reasons which necessitate excess disbursements should be provided to support amendments, and public hearings should be held prior to the adoption of all budget amendments.

- B. The County Commission and other officials allowed the following funds to incur expenditures in excess of available monies which resulted in deficit fund balances at December 31, 2003 and 2002:

Fund	December 31,	
	2003	2002
Assessment Fund	\$ (1,795)	N/A
Law Enforcement Training Fund	(8,374)	(5,310)
Prosecuting Attorney Training Fund	(297)	(1,097)
Extradition and Transportation Fund	N/A	(286)
Assistant Prosecuting Attorney Grant Fund	(9,061)	(191)

The County Clerk indicated that other officials did not properly monitor expenditures, which resulted in these deficit fund balances.

Counties are not authorized to have deficit fund balances. Article VI, Section 26(a) of the Missouri Constitution states, "No county ...shall become indebted in an amount exceeding in any year the income and revenue provided for such year plus any unencumbered balances from previous years..." The County Commission and other officials should review cash balances prior to approving expenditures for all funds to prevent this situation from reoccurring.

- C. The budgets prepared for the Prosecuting Attorney Training Fund had projected deficit ending fund balances of \$147 and \$1,236 for the years ending December 31, 2003 and 2002, respectively. In addition, the budget prepared for the Extradition and Transportation Fund projected a deficit ending fund balance of \$1,496 for the year ending December 31, 2002.

Appropriating expenditures in excess of available resources reduces the County Commission's ability to effectively manage the county's resources. In addition, counties are not authorized to prepare budgets with deficit fund balances. Article VI, Section 26 (a) of the Missouri Constitution states, "no county...shall become indebted in an amount exceeding in any year the income and revenue provided for such year plus any unencumbered balances from previous years..."

Conditions similar to parts A. and B. were noted in our prior report.

WE RECOMMEND the County Commission and other applicable officials:

- A. Ensure expenditures are kept within the amounts budgeted. In addition, if valid reasons necessitate excess expenditures, the budget should be formally amended following the same process by which the annual budget is approved.
- B. Ensure expenditures are not incurred in excess of available monies.
- C. Discontinue appropriating expenditures in excess of available resources.

AUDITEE'S RESPONSE

The County Commission and County Clerk provided the following responses:

- A. *We will work with other county officials and amend budgets as necessary.*
- B. *We will work with other county officials to monitor balances.*
- C. *We will work with other county officials to correct this in the future.*

11.

General Fixed Assets

The County Commission or its designee is responsible for maintaining a complete detailed record of county property. In addition, each county official or their designee is responsible for performing periodic inventories and inspections. The County Clerk does not periodically reconcile equipment purchases with additions to the fixed asset records, and physical inventories are not being performed for assets assigned to some officials. Several fixed assets purchased during the years ended December 31, 2003 and 2002 were not added to the listing, including a trailer used to haul equipment and a copy machine. In addition, the value of the county's building and grounds have not been included on the listing. Property records do not always include the necessary information for some assets, such as serial number, make, model, identification number, acquisition by fund, acquisition date, and the date and method of disposal. Also, property items were not always properly numbered, tagged, or otherwise identified.

Adequate general fixed asset records are necessary to secure better internal control over county property, meet statutory requirements, and provide a basis for determining proper insurance coverage required on county property. Section 49.093, RSMo 2000, provides the county officer of each county department shall annually inspect and inventory county property used by that department with an individual original value of \$250 or more and any property with an aggregate original value of \$1,000 or more. After the first inventory is taken, an explanation of material changes shall be attached to subsequent inventories. All remaining property not inventoried by a particular department shall be inventoried by the County Clerk. The reports required by this section shall be signed by the County Clerk.

Property control tags should also be affixed to all fixed asset items to help improve accountability and to ensure that assets are properly identified as belonging to the county.

WE RECOMMEND the County Commission establish a written policy related to the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, discuss procedures for the handling of asset disposition, and any other concerns associated with county property. Also, inventories and inspections should be performed by each county official and the County Clerk, and general fixed asset purchases should be periodically reconciled to general fixed asset additions. In addition, property control tags should be affixed.

AUDITEE'S RESPONSE

The County Clerk indicated she will take care of her office's fixed asset records, and all other officials should be responsible for their own office's fixed assets.

The County Commission concurred with the County Clerk's response.

12. County Treasurer Accounting Controls and Procedures
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The County Treasurer does not prepare formal bank reconciliations, financial records are not reconciled with the County Clerk's records, and the County Commission does not review the Treasurer's semi-annual settlements (SAS). In addition, outstanding checks are not adequately followed up on, and documentation of how bank interest is allocated to the various funds is not retained. Also, county records are not always maintained at the county courthouse, and unclaimed fees were not remitted to the state. The County Treasurer processes county monies of approximately \$11.5 million annually and is also employed as the health department administrator.

A. The County Treasurer's SAS, which are reports to the County Commission of the receipts, disbursements, and ending cash balances of all county funds, should provide a reconciliation of these ending fund cash balances to the reconciled bank account balances. During our review of the SAS and the related bank reconciliations, the following concerns were noted:

1. The County Treasurer does not prepare formal bank reconciliations, and as a result, fund balances reported on the SAS were incorrect. Upon our request, the County Treasurer prepared formal bank reconciliations for December 31, 2003 and 2002. The reconciled bank balances were \$1,519 and \$548 less than the total book balances recorded on the County Treasurer's SAS. Adjustments have been made to the audited financial statements to correct these errors.

Complete formal reconciliations between the bank receipts, disbursements, and balances and the county fund ledgers are necessary to ensure all monies have been accounted for properly. Any discrepancies noted should be investigated and resolved on a timely basis. In addition, the SAS should be reconciled to bank records to ensure accounting records are accurate and complete.

2. The County Treasurer does not properly reconcile her accounting records with the County Clerk. As a result, errors in reconciling items such as stop payments on county checks went undetected. The County Clerk ordered stop payments on checks that were lost. These checks were subsequently voided and re-issued.

Section 51.150.1, RSMo 2000, requires the County Clerk to keep regular accounts with the County Treasurer. To provide the type of check-and-balance system required by state law, to ensure errors and omissions are detected on a timely basis, and to provide accurate financial reporting, the County Clerk and the County Treasurer should regularly reconcile their accounting records.

3. The County Treasurer files a copy of her SAS with the County Clerk, but it is not reviewed by the County Commission. Section 54.150, RSMo 2000, provides the County Treasurer shall settle her accounts with the County Commission semi-annually.

- B. At December 31, 2003, the County Treasurer's bank account had outstanding checks totaling \$1,560 that were over one year old. These old outstanding checks create additional and unnecessary record keeping responsibilities. The County Treasurer should adopt procedures to routinely follow up on outstanding checks and reissue them if the payees can be located. If the payees cannot be located or identified, these monies should be disposed of in accordance with state law.
- C. The County Treasurer allocates interest earned on county bank accounts to various funds based on approximate percentages she calculates monthly. Documentation of how these allocations are calculated is not retained. For example, the County Treasurer indicated she generally allocates interest based on average fund balances for the General Revenue Fund, the Special Road and Bridge Fund, and the Law Enforcement Fund. The School Fund and the Recorder's Fund receive approximately five percent of earned bank interest, and the County Employees Retirement Fund (CERF), the Assessment Fund, and the Prosecuting Attorney Bad Check Fund receive between one half and one percent of earned interest based on her calculations.

Section 110.150, RSMo 2000, requires the interest upon each fund shall be computed upon the daily balances with the depository, and shall be credited to the applicable county funds.

- D. The County Treasurer does not always maintain custody of the county's financial records at the courthouse because she normally works at home or at the health department. The most up-to-date county fund ledger is maintained on the health department's computer system and can not be accessed at the courthouse. Also, the County Treasurer typically carries county monies received, receipt slips, check books, deposit slips, and bank statements in a book bag or stores the records in the trunk of her car or at her residence. The county's financial records are official documents and should be maintained at the county courthouse.
- E. In 2003, the County Commission (at the County Treasurer's request) authorized the County Treasurer to turnover \$5,300 of unclaimed fees to the Law Enforcement Fund instead of remitting the fees to the state. The majority of these funds represented unidentified monies from the Circuit Court. The County Treasurer indicated that it is her normal procedure to turnover all unclaimed fees to the applicable county fund. It is not clear whether the county had the authority to retain these unclaimed monies. Sections 447.500 through 447.595, RSMo 2000, requires unidentified monies be turned over to the state Unclaimed Property Section. The County Commission and County Treasurer should review these sections of state law and take appropriate action.

WE RECOMMEND the County Treasurer:

- A. Reconcile the SAS to the bank account balances, document detailed monthly bank reconciliations, and resolve any discrepancies on a timely basis. In addition, the accounting records of the County Clerk and County Treasurer should be periodically reconciled and all reconciling items documented and fully investigated. Further, the County Commission should review and approve the Treasurer's SAS.
- B. Ensure procedures to routinely follow up and reissue old outstanding checks are adopted. If the payees cannot be located, these monies should be disposed of in accordance with state law.
- C. Ensure interest is properly allocated to applicable funds and retain documentation of those interest allocations.
- D. Maintain all official county financial records at the county courthouse.
- E. And the County Commission review the procedures for turning over unidentified amounts to state Unclaimed Property.

AUDITEE'S RESPONSE

The Treasurer provided the following responses:

- A. The receipts I record and the disbursements given to me by the County Clerk are reconciled monthly with my monthly report, bank statement, and fund balances and an outstanding check list. I then turn the reports over to County Clerk's office to be reconciled with her records. If I am not notified of any differences, I believe all records are reconciled. In addition to the three or four daily balance reports the County Commission receives from me, the County Commission will also review and sign off on my SAS.*
- B. Procedures will be adopted. I will schedule a meeting with the County Commission to review state law regarding how to dispose of old outstanding checks where the payee can not be located.*
- C. This has been implemented.*
- D. This will be implemented. My county financial records are maintained at the courthouse. The records I work on at home are in my possession at all times until completed and filed at the courthouse. I am now utilizing the office computer to keep records on.*
- E. Sections 447.500 through 447.595 will be reviewed with the County Commission and procedures will be adopted. The unidentified monies received from the Circuit Court will be turned over to the state's Unclaimed Property Section.*

13. Health Department Procedures

Donations are not recorded on the Health Department's daily receipt log, and each receipt is not always itemized on the log. In addition, the method of payment received is not always indicated on the log, and receipts are not always deposited timely by the Health Department Administrator.

- A. Donations are not recorded on the daily receipt log, and monies received for death and birth certificates, sanitation permits, health inspections, and state reimbursement checks are recorded in total by type of receipt, on the log rather than being itemized. In addition, the method of payment received (cash, check, money order, etc.) is not always indicated on the receipt log.

To ensure receipts are accounted for properly and deposited intact, all receipts should be itemized and recorded on the receipt log. In addition, the method of payment received should be recorded on the receipt log and the composition of recorded receipts should be reconciled to the composition of amounts deposited.

- B. Receipts are not deposited in a timely manner by the Health Department Administrator. Deposits are generally made twice a month. For example, health department receipts dating from October 2 through October 10, 2003, totaling \$14,518, were deposited on October 10, 2003. Receipts included in this deposit totaling \$2,094 were received prior to or on October 6, 2003. To adequately safeguard receipts and to reduce the risk of loss, theft, or misuse of funds, receipts should be deposited daily or when accumulated receipts exceed \$100.

Conditions similar to parts A. and B. were noted in our prior report.

WE RECOMMEND the Health Department Administrator/County Treasurer:

- A. Ensure all receipts are itemized and recorded, including method of payment, on the cash control log and reconcile the composition of receipts to the composition of deposits.
- B. Deposit all monies intact daily or when receipts exceed \$100.

AUDITEE'S RESPONSE

The Health Department Administrator provided the following responses:

- A. *All staff have been instructed to always note the method of payment on the daily log which was created upon the recommendation by the State Auditor's Office during the prior audit. All receipts are being reconciled to the composition of deposits.*
- B. *This has been implemented.*

14. Prosecuting Attorney Accounting Controls and Procedures
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Duties are not adequately segregated, monthly bank reconciliations and listings of open items (liabilities) are not performed, and receipts are not deposited intact or on a timely basis.

The Prosecuting Attorney processed bad check fees and restitution totaling approximately \$57,000 during the years ended December 31, 2003 and 2002. The Prosecuting Attorney maintains an account for the deposit of bad check fees, bad check restitution (money orders made out to the Prosecuting Attorney), and court-ordered restitution. Money orders for bad check restitution that are made payable to the merchant are remitted directly to the merchant.

- A. The duties of receiving, recording, depositing and disbursing monies are not adequately segregated. One individual performs all of these duties. In addition, there is no indication that supervisory reviews are performed to ensure that all transactions are accounted for properly and assets are adequately safeguarded.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls could be improved by segregating accounting and bookkeeping duties among available employees or by implementing an independent documented review of records by another employee or the Prosecuting Attorney.

B. We noted the following concerns with the Prosecuting Attorney's bank account and the related open items listing:

1. Monthly bank reconciliations have not been performed since August 2000. In addition, the check book register was not properly maintained. At our request, monthly bank reconciliations were performed for the calendar years 2003 and 2002, and the check book register balance was updated. The December 31, 2003 reconciled bank balance was \$5,057 and exceeded the check book register balance by \$2,079.

Without maintaining records of cash balances and preparing monthly bank reconciliations, there is little assurance that cash receipts and disbursements have been properly handled and recorded or that bank or book errors will be detected and corrected in a timely manner.

2. Monthly listings of open items (liabilities) are not prepared, and consequently, liabilities are not reconciled with cash balances. Although our office had requested an open items listing to be prepared, a listing had not been prepared and reconciled with cash balances as of August 3, 2004.

Only by preparing open items listings on a monthly basis and reconciling them to the cash balance can the Prosecuting Attorney be assured the records are in balance and that sufficient cash is available to cover liabilities.

C. Receipts are not deposited intact or in a timely manner. For example, a cash count conducted on June 30, 2004, identified \$774 of money orders on hand. Money orders totaling \$491 were deposited that day; however, the remaining \$283 of money orders were held and not deposited until July 6, 2004. Receipts are immediately recorded into a one-write receipt book and are then posted to the computerized bad check system as time permits. The Prosecuting Attorney's clerk indicated that she typically holds money orders received until she has time to post the money order into the bad check system. To adequately safeguard receipts and to reduce the risk of loss, theft,

or misuse of funds, receipts should be deposited daily or when accumulated receipts exceed \$100.

- D. Cashiers checks and money orders received are not restrictively endorsed immediately upon receipt. Instead, the endorsement is applied at the time the payments are processed into the bad check computer program. To reduce the risk of loss or misuse of funds, cashiers checks and money orders should be restrictively endorsed immediately upon receipt.

Conditions similar to parts A and B were noted in our prior report.

WE RECOMMEND the Prosecuting Attorney:

- A. Adequately segregate accounting and bookkeeping duties to the extent possible. At a minimum, the Prosecuting Attorney should perform documented reviews of the accounting records.
- B.1. Maintain a checkbook balance and prepare monthly bank reconciliations. In addition, identify the difference between the reconciled bank balance and the check book register balance.
 - 2. Prepare monthly listings of open items and reconcile the listing to the cash balance.
- C. Deposit all monies intact daily or when accumulated receipts exceed \$100.
- D. Restrictively endorse cashiers checks and money orders immediately upon receipt.

AUDITEE'S RESPONSE

The Prosecuting Attorney provided the following responses:

- A. *The four areas mentioned in this category are broken down as receiving, recording, depositing, and disbursing monies. In our office, the receiving and recording of payments are now handled by various employees. While this is primarily the responsibility of one employee, all employees are cross trained, capable and willing to assist with this function. With the size of our office and the volume of payments that come through here, it is impossible to dedicate another individual to this duty. All the employees carry a heavy workload which seems to be increasing on a daily basis. Our budget and office space do not allow the addition of more employees at this time.*

Deposits will be handled solely by one person with back up support in the event of her absence due to sickness and/or vacation.

The disbursing of funds again falls under the responsibility of this same person. We are comfortable with this arrangement since she does not have check signing capabilities.

- B.1. *We are currently correcting past issues concerning the reconciliation of the bank statements and any open items. Monthly bank reconciliations are occurring with proper identification of the difference between the reconciled bank statement and the check book register.*
- 2. *We are preparing an open items list and reconciling the listing to the cash balance as recommended.*
- C. *Duties have been shifted within the office to allow dedicated time for an employee to process payments and to make daily deposits.*
- D. *We currently endorse all money orders as we receive them as recommended.*

15.	Circuit Court Accounting Controls and Procedures
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The Circuit Clerk maintains several old bank accounts that create additional and unnecessary record keeping. In addition, open items (liabilities) listings are not reconciled to the related cash balance of the court's consolidated account, and some open items have been held for several years.

The Circuit Clerk's office processed receipts from fines and costs for criminal and civil cases of \$551,393 and \$3,460,666 during the years ending December 31, 2003 and 2002, respectively. Receipts totaling \$2,909,208 were received from cases related to the condemnation of land due to the construction of highway 71 during the year ending December 31, 2002.

- A. The Circuit and Associate Division Courts maintain several old bank accounts that are no longer utilized. The accounts and balances at December 31, 2003, are as follows:

<u>Account</u>	<u>Bank Balance at December 31, 2003</u>
Associate Division Civil I	\$ 13,542
Associate Division Civil II	4,960
Child Support	1,821
Probate Division	85

In addition, the Associate Division Civil I account contained an unidentified balance of \$2,208 at December 31, 2003. Maintaining these old bank accounts creates additional and unnecessary record keeping responsibilities. Monies in these accounts should be disbursed and the accounts closed. The court should make an effort to identify the cases that are associated with the excess cash balance in the Associate Division Civil I account. If the proper disposition of the monies cannot be determined, the monies should be disposed of as provided by state law.

B. The Circuit, Associate, and Probate Courts were consolidated in 1998 and each court deposited its receipts into one consolidated court bank account; however, each division continued to maintain a separate monthly listing of open items (liabilities) which were applicable to this account. During our review of the listings of open items, we noted the following concerns:

1. Although the three courts prepare listings of open items, the court did not consolidate the listings and properly reconcile them with the cash balance of the consolidated bank account. At December 31, 2003, the reconciled cash balance of \$75,682 exceeded the open item listing balance by \$16,772. A similar unreconciled balance existed during our prior audit.

A complete and accurate listing of open items should be prepared monthly and reconciled to the cash balance to ensure records are in balance and sufficient funds are available for the payment of all liabilities.

2. The open items listings for the Circuit, Associate, and Probate Courts included more than \$36,090 that had been held since 2002 with at least one case dating back to 1992.

The status of old open items should be routinely reviewed to determine if any disbursement is necessary. If disbursement is possible but proper payees cannot be located, the monies should be disposed of in accordance with state law. Various statutory provisions including Sections 50.470 through 50.490, RSMo 2000, and Sections 447.500 through 447.995, RSMo 2000, provide for the disposition of unclaimed monies.

C. The Circuit Clerk has not established procedures to routinely follow up on old outstanding checks for the Associate Division Criminal/Traffic, Associate Division Civil I, and Child Support bank accounts maintained by his office. At December 31, 2003, outstanding checks totaling \$801 for the various bank accounts had been outstanding for more than one year. These old outstanding checks create additional and unnecessary record keeping responsibilities. An attempt should be made to locate the payees of the old outstanding checks and the checks should be reissued, if possible. If the payee cannot be located, the monies should be disposed of as provided by state law. In addition, procedures should be established to periodically investigate checks outstanding for a considerable amount of time.

D. Disbursements to the state, county, and other applicable parties for fees collected in the Probate Court are not made timely. The fees collected in January, February, March, and April 2002 totaling approximately \$2,703, were not disbursed until May 2002. State law requires that all fees collected by the Probate Clerk for court cases to be distributed monthly to the state and the County Treasurer. Timely disbursement of fees collected is necessary to provide adequate controls over account balances and to increase the likelihood that discrepancies are detected in a timely manner.

- E. A complete listing of accrued costs owed to the court is not maintained by the Circuit Clerk and monitoring procedures related to accrued costs are not adequate. The Circuit Clerk relies on the probation and parole officers to ensure that monies owed to the court are paid. A complete and accurate accrued cost listing would allow the Circuit Clerk to more easily review the amounts owed to the court and take the appropriate steps to ensure all amounts owed are collected on a timely basis.
- F. Documentation was not retained for a \$75 disbursement made payable to the Cole County Circuit Judge from the Circuit Court Interest Fund. The Associate Circuit Division Judge indicated the disbursement was for a voluntary contribution to a lobbyist organization for circuit judges.

All expenditures should be adequately supported by paid receipts or vendor provided invoices. Such documentation is necessary to ensure purchases are valid expenditures of county funds. In addition, this expenditure does not appear to be a prudent use of the Circuit Court Interest Funds.

Conditions similar to parts A., B., and C. were noted in our prior report.

WE RECOMMEND the Circuit Clerk:

- A. Disburse the monies held in the old bank accounts to the appropriate parties so the accounts can be closed, and attempt to identify the excess cash balance which exists in the Associate Division Civil I account. Amounts which cannot be identified and remain unclaimed should be disposed of as provided by state law.
- B. Reconcile the monthly listings of open items to the cash balance and attempt to investigate the unidentified monies. In addition, adopt procedures to periodically follow up on old open items, and any unclaimed or unidentified monies should be disposed of in accordance with state law.
- C. Attempt to resolve the old outstanding checks, and establish procedures to periodically investigate checks outstanding for a considerable amount of time.
- D. Disburse Probate Court fees collected to the applicable parties each month.
- E. Establish procedures to monitor and collect accrued costs.
- F. Maintain adequate supporting documentation of all disbursements, and ensure expenditures are a prudent use of Circuit Court Interest Funds.

AUDITEE'S RESPONSE

The Circuit Clerk provided the following responses:

A. *The probate account was closed in the first quarter of 2004, and the other old accounts were closed in July and August 2004. Unidentified amounts have been disposed of according to statute.*

B. *We are in the process of disbursing monies to identified parties and any remaining balances to unclaimed fees related to this consolidated account.*

On January 14, 2004, the McDonald County Courts converted to the state JIS court operating procedure and opened a new consolidated account. Under JIS, all accounts are reconciled and balanced daily, with open items lists being printed monthly.

C. *All old outstanding checks have been reviewed and taken care of. We have implemented a review program by clerks and supervisors on all outstanding checks on a quarterly basis.*

D. *All Probate Court fees are disbursed monthly from the primary account utilizing the new JIS accounting program.*

E. *All cases where the costs are setup on a payment schedule are tracked monthly and reviewed. We are also now using the Missouri tax offset program.*

F. *This recommendation is being fully implemented.*

16. Public Administrator Accounting Controls and Procedures
--

The Public Administrator has not filed final and/or annual settlements for 15 decedent estates in a timely manner, and a potential note receivable for a ward has not been adequately investigated. In addition, documentation of a formal appraisal was not retained, and a Form 1099-MISC was not prepared.

The Public Administrator acts as the court appointed personal representative for wards or decedent estates of the Probate Court. During the years ending December 31, 2003 and 2002, the Public Administrator handled approximately sixty-one cases.

A. The Public Administrator has not filed final and/or annual settlements for 15 decedent estates, and some of these wards have been deceased for several years. For example, a final settlement has not been filed for a ward that has been deceased for four years, and has assets valued at approximately \$25,000. The Associate Circuit Division Judge indicated that he was unaware of the number of decedent estates that had not been finalized and filed with the court. In addition, the Probate Court has not established procedures to ensure that settlements are filed in a timely manner.

Section 475.290 RSMo 2000, requires final settlements to be filed within sixty days of termination of the estate. In addition, Section 473.540, RSMo 2000, requires settlements to be filed annually. Failure to file settlements on a timely basis for review by the Associate Circuit Division Judge increases the risk that error or misuse of funds could go undetected.

- B. The court assigned a new ward to the Public Administrator in December 2002. In January 2003, the Public Administrator received \$8,850 on behalf of the ward that she believed was related to a promissory note receivable from the sale of the ward's property located in another state. The Public Administrator indicated she attempted to contact the payor of the monies to determine the nature of the monies received; however, no further investigation into the ward's potential asset has been made by the Public Administrator, and the ward has since deceased.

Failure to follow up on the status of the note receivable could result in the loss of assets of the estate.

- C. Documentation of an appraisal was not retained for a ward's property sold in September 2002 for \$25,000. The Public Administrator obtained a letter in May 2004 from the real estate company which conducted this sale indicating the property's appraised value was \$26,500. The annual settlement for the year ending June 10, 2003, which reported this sale, had been prepared by the Public Administrator; however, it had not been filed with the Probate Court as of April 2004. To ensure the amount received from the sale was reasonable, the Public Administrator should retain documentation of appraisals.
- D. A Form 1099-MISC was not prepared for an individual who was paid \$965 for cleaning services from one estate. Sections 6041 and 6051 of the Internal Revenue Code requires an IRS Form 1099-MISC be completed for every payee other than corporations receiving \$600 or more in aggregate during a calendar year for services performed as a trade or business by non employees.
- E. Some voided checks were not always properly defaced and retained. To adequately account for all disbursements, voided checks should be properly defaced and retained.

WE RECOMMEND the Public Administrator:

- A. And the Associate Circuit Division Judge ensure final and/or annual settlements are filed on a timely basis, and the Probate Court should implement procedures to track and notify the Public Administrator when a settlement is due.
- B. Investigate the status of the note receivable.
- C. Retain documentation of property appraisals.

- D. Ensure 1099-MISC forms are issued in accordance with IRS regulations.
- E. Ensure voided checks are properly defaced and retained.

AUDITEE'S RESPONSE

The Public Administrator provided the following responses:

- A. *I am working on filing final settlements on all these decedent estates.*
- B. *I will contact the Associate Circuit Division Judge regarding a spending limit for researching this note receivable and will follow his orders.*
- C. *This will be implemented in the future.*
- D. *In the future, I will issue 1099-MISC forms as necessary.*
- E. *I will implement this immediately.*

The Associate Circuit Division Judge provided the following response:

- A. *Statistics on decedent estates can be accessed from Probate Court records; however, the Probate Clerk had not made him aware of the number of delinquent decedent estates.*

The Probate Clerk provided the following response:

- A. *The new computer system, implemented in January 2004, will help notify the court that settlements are due. The court will send out notifications 40 days prior to the due date. If settlements are not filed, a delinquent notice will be sent. If settlements are not filed within 30 days of the delinquent notice, citations will be sent. In addition, the Public Administrator had not filed suggestions of death on 8 of these estates.*

17. Assessor Accounting Controls and Procedures
--

Accounting duties are not adequately segregated. In addition, receipt slips are not issued for some monies received, receipts are not always transmitted timely or intact, and checks are not restrictively endorsed immediately upon receipt. A monthly report of fees collected is also not prepared. While the Assessor does not collect a large amount of fees, control weaknesses such as these need to be improved.

The Assessor transmitted approximately \$5,100 and \$7,100 to the County Treasurer during the years ended December 31, 2003 and 2002, respectively, from the sale of maps, plat books, and photocopies.

A. Accounting duties are not adequately segregated. One employee is primarily responsible for receiving, recording, and transmitting monies to the County Treasurer. To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and duties are properly segregated. At a minimum, there should be a documented independent comparison of receipt slips to amounts transmitted to the County Treasurer.

B. The County Assessor's office accepts cash, checks, and money orders. Prenumbered receipt slips are not issued for some monies received. In addition, receipt slips do not always indicate the method of payment.

To help ensure receipts are properly recorded and transmitted, prenumbered receipt slips should be issued for all monies received immediately upon receipt. In addition, the receipt slips should indicate the method of payment and the composition should be reconciled to the transmittals.

C. Receipts are not always transmitted to the County Treasurer intact or in a timely manner. Receipts are typically transmitted every two to three months. For example, receipt slips issued for monies received during the period November 1, 2003 through January 31, 2004 totaled to \$1,804; however, on February 12, 2004 only \$1,661 was transmitted for these months to the County Treasurer which resulted in a shortage of \$143.

To safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be transmitted intact to the County Treasurer monthly. The Assessor should investigate the \$143 in receipts which could not be traced to transmittal and take appropriate action to recover any missing amounts.

D. Checks are not restrictively endorsed immediately upon receipt. Instead, endorsements are applied after monies are turned over to the County Treasurer. To adequately safeguard receipts, all checks should be restrictively endorsed immediately upon receipt.

E. The Assessor does not file monthly reports of fees collected with the County Commission. Section 50.370, RSMo 2000, requires county officials to prepare and file with the County Commission monthly reports of fees collected.

WE RECOMMEND the Assessor:

A. Adequately segregate duties among available employees and/or establish a documented periodic review of the accounting records by an independent person.

- B. Issue prenumbered receipt slips for all monies received. In addition, ensure the method of payment is indicated on all receipt slips and reconcile total cash, checks, and money orders received to amounts transmitted to the County Treasurer.
- C. Transmit all monies intact to the County Treasurer on a monthly basis and investigate the \$143 shortage and take appropriate action to recover any missing amounts.
- D. Restrictively endorse all checks and money orders immediately upon receipt.
- E. Prepare monthly reports of fees as required by state law.

AUDITEE'S RESPONSE

The Assessor provided the following responses:

*A, B,
D&E. These have already been implemented.*

C. I have already started transmitting monies intact to the County Treasurer monthly, and I am currently investigating the shortage.

18.	911 Authority Board Accounting Controls and Procedures
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Accounting duties are not adequately segregated and dual signatures on checks are not required by the 911 Authority Board.

In August 2000 under Section 190.335, RSMo 2000, the voters of McDonald County passed a one-half cent local sales tax for the purpose of providing central dispatching of fire protection, emergency ambulance service, including emergency telephone services, and other emergency services.

- A. Accounting duties are not adequately segregated. The 911 Authority Board bookkeeper is primarily responsible for collecting, recording, depositing, and disbursing all monies. To ensure proper recording of all transactions, the duties of handling, recording, distributing, and reconciling cash should be segregated. If the duties cannot be adequately segregated, at a minimum, an independent person should review and initial bank reconciliations and agree recorded receipts to deposits.
- B. Dual signatures on checks are not required by the 911 Authority Board. The board's bookkeeper usually signs all checks. Dual signatures would help provide assurance that checks represent payment for legitimate Emergency 911 Authority expenditures.

WE RECOMMEND the 911 Authority Board:

- A. Adequately segregate accounting and bookkeeping duties to the extent possible. At a minimum, the board should perform documented reviews of the work performed.
- B. Require dual signatures on checks.

AUDITEE'S RESPONSE

The 911 Authority Board provided the following responses:

- A. *We are not able to segregate the accounting duties at this time since we only have one bookkeeper. However, we have already taken appropriate action to insure the board reviews and records approval on all detailed income statements, cash reports, bank reconciliations, and financial statements.*
- B. *We are not able to require dual signature on checks at this time since we only have one bookkeeper and the non-compensated board members meet once a month. However, we have already taken appropriate action to insure all purchase orders, invoices, and time cards are created and approved by the 911 Director, and that the board reviews and records approval on all detailed asset, operating, and payroll disbursements.*

Follow-Up on Prior Audit Findings

MCDONALD COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by McDonald County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 1999.

The prior recommendations which have not been implemented are repeated in the current MAR.

1. County Financial Condition

The McDonald County General Revenue Fund experienced a decline in cash balances. The county exhausted most of its accumulated cash balance, improperly retained road monies, and borrowed funds to purchase patrol cars. In addition, the county levied taxes at a lower rate than required.

Recommendation:

The County Commission consider various alternatives of increasing receipts and/or reducing disbursements to ensure that the General Revenue Fund's financial condition improves and is able to maintain an adequate operating cash reserve.

Status:

Partially implemented. The county passed a one-half cent law enforcement sales tax in February 2002, that funds all law enforcement activities and alleviates the burden on the General Revenue Fund. In addition, the loan for the patrol cars has been paid in full, and the General Revenue Fund and Law Enforcement Fund balances at December 31, 2003 were \$559,730 and \$149,914, respectively. However, the county has continued to improperly retain road monies. See finding number 03-2.

2. Budgetary and Reporting Practices

- A. Actual expenditures exceeded budgeted amounts in various county funds.
- B. Formal budgets were not prepared for various county funds.
- C. The annual published financial statements of the county did not include the financial activity of some county funds.
- D. The Health Center Fund and the Sheriff Civil Fund had negative cash balances at December 31, 1999.

Recommendation:

The County Commission:

- A. Ensure expenditures are kept within the amounts budgeted. If additional disbursements are necessary, the circumstances should be fully documented and the budgets properly amended.
- B. Ensure budgets are prepared or obtained for all county funds.
- C. Ensure financial information for all county funds is properly reported in the annual published financial statements.
- D. Ensure expenditures are not incurred in excess of available monies.

Status:

A&D. Not implemented. See MAR finding number 10.

B&C. Not implemented. See finding number 03-1.

3. County Expenditures

- A. Bids were not always solicited nor was bid documentation always retained for various purchases.
- B. The County received monies from the Department of Public Safety for Peace Officers Standards and Training (POST) commission; however, these monies were not receipted by the County Treasurer, the check was endorsed and turned directly over to the local law enforcement academy to pay for training, and documentation of disbursing these funds was not retained.
- C. The road and bridge grader operators were allowed to grade private roads in the county, even though the county had a written policy prohibiting the use of county equipment and resources on private property. In addition, a log was not maintained to document the roads graded.
- D. The county did not obtain a professional appraisal prior to purchasing land located next to the county's road and bridge barn.

Recommendation:

- A. The County Commission and other County Officials solicit bids for all items in accordance with state law. Documentation of bids solicited and justification for bid awards should be maintained. If bids are not obtained and/or sole source

procurement is necessary, the official minutes should reflect the necessitating circumstances.

- B. The County Treasurer ensure all monies received by the county are deposited, posted to the fund ledger, and payments are made through the county disbursing system.
- C. The County Commission discontinue the practice of allowing county equipment and resources to be used on private property and ensure usage logs are maintained to monitor the use of county equipment.
- D. The County Commission obtain professional appraisals on land it considers purchasing and review all possible options for the most cost-effective method of obtaining land.

Status:

- A. Not implemented. See MAR finding number 9.

B&D. Implemented.

- C. Partially implemented. Although the County Commission does not allow county equipment to be used on private property, usage logs are not maintained for county equipment. See MAR finding number 9.

4. Personnel Policies and Procedures

- A. The county's employee policy regarding the accumulation of overtime may not have been in compliance with the Fair Labor Standards Act (FLSA).
- B. Centralized records of leave balances and leave used and earned were not maintained for all offices.

Recommendation:

The County Commission:

- A. Review the current overtime and compensatory time policies to ensure such policies comply with the FLSA.
- B. Maintain centralized records of leave earned, used, and accumulated for all county employees.

Status:

- A. Partially implemented. The personnel policy was revised in March 2004 to comply with the FLSA; however, adequate reviews of Sheriff's office employee time sheets were apparently not performed which allowed inaccuracies to go undetected, and the Sheriff nor the County Commission have implemented proper controls to ensure compensatory time balances are reviewed for excessive balances. See MAR finding number 7.
- B. Not implemented. See MAR finding number 7.

5. Property Tax Books

The County Assessor entered the assessment information into the county's computer system, and the county's computer operator entered the tax rates and generated tax books. There was no evidence that the County Clerk was adequately verifying the tax books charged to the County Collector.

Recommendation:

The County Clerk review the tax books for accuracy, test individual tax bills for accuracy, and document all procedures performed.

Status:

Implemented.

6. Court Accounting Controls and Procedures

- A. The Circuit Clerk did not adequately supervise the various courts under his control.
- B. The reconciled cash balances of the consolidated Circuit Court account exceeded the open items listing.
- C. Cash bonds had been held in the criminal account of the Associate Division for more than two years.
- D. Fines and costs collected for traffic cases filed prior to January 1998 were not disbursed in a timely manner.
- E. A listing of accrued cases owed to the court was not maintained by the Circuit Clerk and monitoring procedures related to accrued costs were not adequate.
- F. The Associate and Probate Divisions maintained several old bank accounts that were no longer utilized.

Recommendation:

The Circuit Clerk:

- A. Actively supervise the various offices under his supervision.
- B. Attempt to identify the excess cash balance which currently exists in the consolidated Circuit Court account.
- C. Ensure bond monies are distributed on a timely basis. Unclaimed bonds should be disposed of in accordance with Chapter 447, RSMo 1994.
- D. Ensure Associate Division court costs are distributed on a monthly basis as required.
- E. Maintain a complete listing of accrued costs and establish procedures to routinely follow-up and pursue timely collection.
- F. Identify the monies held in the old bank accounts and disburse the monies so that the accounts can be closed.

Status:

A&D. Implemented.

B,C,

E&F. Not implemented. See MAR finding number 15.

7. Sheriff's Accounting Controls and Procedures

- A. Accounting and bookkeeping duties were not adequately segregated.
- B. Monthly listings of open items (liabilities) were not prepared for the fee account.
- C.1. Receipt slips were not always issued for monies received.
 - 2. Checks received and deposited into the fee account were not endorsed immediately upon receipt.
- D. Adequate controls over seized property had not been established and periodic inventories of the property on hand was not conducted.
- E.1. The Sheriff did not have authority to maintain custody of the DARE and River Patrol bank accounts.
 - 2. Bank reconciliations were not performed for the DARE and River Patrol accounts.

Recommendations:

The Sheriff:

- A. Segregate the duties of receipting, recording, disbursing, and reconciling cash. There should be a supervisory review of reconciliations between receipts and deposits and bank reconciliations should be reviewed and signed by the Sheriff or another designated individual independent of cash duties.
- B. Prepare an open items listing monthly and reconcile it to the fee account cash balance.
- C.1. Issue prenumbered receipt slips for bond monies immediately upon receipt and account for their numerical sequence.
 - 2. Restrictively endorse checks and money orders immediately upon receipt.
- D. Maintain a complete inventory record of all seized property. In addition, a periodic inventory should be performed and compared to the inventory listing and any differences investigated.
- E. Turn over the remaining \$1,819 of funds to the County Treasurer. Until such time as the funds are turned over, the Sheriff's department should prepare and retain bank reconciliations for all accounts.

Status:

A.-

C.1. Not implemented. See MAR finding number 2.

C.2. Implemented.

D. Not implemented See MAR finding number 4.

E. Partially implemented. The River Patrol bank account was closed and is now handled by the county. The Sheriff still maintains custody of the DARE bank account; however, bank reconciliations are now performed. See MAR finding number 2.

8. Prosecuting Attorney's Accounting Controls and Procedures

- A. Accounting and bookkeeping duties were not adequately segregated.
- B. Checks and money orders were not restrictively endorsed until the deposit was prepared.

- C. A monthly report of bad check fees turned over to the County Treasurer was not filed with the County Commission.

Recommendation:

The Prosecuting Attorney:

- A. Adequately segregate accounting and bookkeeping duties to the extent possible. At a minimum, the Prosecuting Attorney should perform documented review of the work performed.
- B. Restrictively endorse checks and money orders immediately upon receipt.
- C. File monthly reports of bad check fees in accordance with state law.

Status:

A&B. Not implemented. See MAR finding number 14.

C. Implemented.

9. Health Department Procedures

- A. Receipt slips were not written for all monies received.
- B. Receipts were not transmitted to the County Treasurer intact and the change fund was not kept at a constant amount.

Recommendation:

The Health Center Administrator:

- A. Issue prenumbered receipt slips for all monies received and account for the numerical sequence of all receipts.
- B. Remit all monies received to the County Treasurer intact daily or when accumulated receipts exceed \$100. If a change fund is needed, the fund should be established and maintained at a constant amount.

Status:

- A. Partially implemented. The Health Department has established a receipt log; however, donations are not recorded on the log, and the method of payment received is not always recorded on the log. See MAR finding number 13.

- B. Partially implemented. The Health Department maintains a change fund at a constant amount; however, receipts are not deposited in a timely manner. See MAR finding number 13.

STATISTICAL SECTION

History, Organization, and
Statistical Information

MCDONALD COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1849, the county of McDonald was named after Alexander McDonald, a Revolutionary War soldier and congressman. McDonald County is a county-organized, third-class county and is part of the 40th Judicial Circuit. The county seat is Pineville.

McDonald County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 731 miles of county roads and 42 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 14,917 in 1980 and 21,681 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,				
		2003	2002	2001	2000	1985* 1980**
		(in millions)				
Real estate	\$	100.1	90.1	88.3	86.1	46.0 13.6
Personal property		49.5	47.5	46.8	46.4	16.3 7.1
Railroad and utilities		14.4	16.0	16.6	17.7	6.1 4.7
Total	\$	164.0	153.6	151.7	150.2	68.4 25.4

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

McDonald County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,			
		2003	2002	2001	2000
General Revenue Fund*	\$	N/A	.2854	.3007	.2960

* The voter approved levy designates that 76 percent was for the General Revenue Fund and 24 percent was for the Special Road and Bridge Fund. This temporary levy was not renewed in 2003.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to

penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

Year Ended February 28 (29),				
	2004	2003	2002	2001
State of Missouri	\$ 50,525	46,159	46,649	45,134
General Revenue Fund	61,252	437,888	461,102	438,376
Special Road and Bridge Fund	6,931	6,326	6,423	6,457
Assessment Fund	54,247	54,747	56,365	54,634
School districts	4,934,912	4,246,016	4,283,912	4,159,645
Cities	30,359	29,735	29,860	32,644
Library district	164,363	152,305	153,390	148,277
Crowder College	655,294	599,379	602,927	590,252
Overplus Fund	21,849	3,339	20,042	0
Tax Sale Advertising	1,602	1,042	1,050	588
Tax Maintenance Fund	19,351	6,574	N/A	N/A
County Clerk	3,829	1,215	729	971
County Employees' Retirement	51,683	48,519	47,809	39,317
Commissions and fees:				
General Revenue Fund	85,273	98,688	109,879	82,282
Total	\$ 6,141,470	5,731,932	5,820,137	5,598,577

Percentages of current taxes collected were as follows:

Year Ended February 28 (29),				
	2004	2003	2002	2001
Real estate	88	88	89	88 %
Personal property	86	86	88	88
Railroad and utilities	100	99	99	100

McDonald County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$.0050	None	50	%
Road and bridge operations	.0050	None	100	
911 services	.0050	None	None	
Law enforcement	.0050	None	None	

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2004	2003	2002	2001	2000
County-Paid Officials:	\$				
Bill Wilson, Presiding Commissioner		27,080	27,080	27,080	27,080
Lawrence Myers, Associate Commissioner		25,080	25,080	25,080	14,580
Gayle Brock, Associate Commissioner		14,630	N/A	N/A	N/A
John Hobbs, Associate Commissioner		10,450	25,080	25,080	N/A
Henry Smith, Associate Commissioner		N/A	N/A	N/A	14,580
Joye Helm, County Clerk		38,000	38,000	38,000	38,000
Stephen Geeding, Prosecuting Attorney		45,000	45,000	45,000	45,000
Robert Evenson, Sheriff		42,000	42,000	42,000	N/A
Don Schlessman, Sheriff		N/A	N/A	N/A	29,520
Mary Lou Shaddox, County Treasurer		28,120	28,120	28,120	28,120
Gale Duncan, County Coroner		11,000	11,000	11,000	5,330
Donna Underwood, Public Administrator (1)		40,000	40,000	40,000	10,518
Cloteel Atkins, County Collector , year ended February 28 (29),	38,500	38,000	38,000	38,000	
Laura Pope, County Assessor (2), year ended August 31,		38,900	38,675	38,900	N/A
Kenneth Christerson, County Assessor (3), year ended August 31,		N/A	N/A	N/A	38,900
James Loncarich, County Surveyor (4)		N/A	N/A	N/A	N/A
(1) Includes salary of \$4,000 and fees received from probate cases of \$6,518 in 2000.					
(2) Includes annual compensation received from the state of \$900 for 2003 and 2001 and \$675 in 2002.					
(3) Includes \$900 annual compensation received from the state for 2000.					
(4) Compensation on a fee basis.					
State-Paid Officials:					
Gene Hall, Circuit Clerk and Ex Officio Recorder of Deeds		47,300	47,300	47,300	46,127
John LePage, Associate Circuit Judge		96,000	96,000	96,000	97,382

General obligation bonds, dated October 1, 1994, were issued in the original amount of \$1,950,000. These bonds were issued to provide funds loaned to Sibley Industries pursuant to an agreement to acquire, construct, extend, and improve an industrial plant. Bonds payable at December 31, 2003, totaled \$1,395,000 and this debt issue is scheduled to be fully liquidated in 2014.

All improvements are owned by Sibley Industries. The loan agreement requires Sibley Industries to pay the principal, interest, and fiscal charges as they become due. All payments

servicing the debt are paid directly to the trustee bank by Sibley Industries. If Sibley Industries defaults on the payments, the improvements and/or plant reverts to the county and the county is obligated to make the debt service payments and may levy a property tax for such purpose.



**POLK COUNTY, MISSOURI
YEARS ENDED DECEMBER 31, 2003 AND 2002**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-82
September 30, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

September 2004

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Polk, that do not have a county auditor. In addition to a financial and compliance audit of various county operating funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Polk County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- Bids were not always solicited nor was bid documentation always retained by the county for various purchases. While the county provided some explanations, documentation of the bids or sole source procurement was not maintained or recorded in the County Commission minutes. Additionally, the county provided assistance to various political subdivisions and organizations within Polk County without written agreements or requiring supporting documentation of the use of the monies.
- The county's annual published financial statement did not include the appropriate expenditure detail as required by Section 50.800, RSMo 2000 and the financial activity for some county funds was not included. Most of these unreported funds were controlled by entities outside of the control of the County Commission.
- The Thirtieth Judicial Circuit Juvenile Detention Center (JDC) has accumulated a substantial unrestricted cash balance with no documented plans for its use. The JDC cash balance at December 31, 2003 totaled more than \$1 million and according to the JDC's 2004 budget, is expected to be more than \$1.2 million by December 31, 2004. While the Circuit Judge indicated these funds would be used for facility expansion and repairs, the number of juveniles housed by the JDC has been decreasing and the JDC's 2004 budget did not reflect an increase in the amount needed for building repairs. Additionally, the agreement between the JDC and the five counties in the Thirtieth Circuit (Benton, Dallas, Hickory, Polk, and Webster) indicates that the JDC will operate on or near a break-even basis; however, the JDC has continued to bill the counties for costs associated with the facility. Further, the JDC has not solicited bids for banking services, not entered into a written agreement with its depository banks, and not adequately secured all deposits. Bids were not solicited for food purchases and the JDC does not have a policy to address meals provided to employees.

(over)

YELLOW SHEET

- The Senate Bill 40 Board provided funds approximating \$57,000 and \$38,000 in 2003 and 2002 to various organizations, but did not enter into written contracts with the entities or ensure monies distributed were expended on the item or services requested. In addition, a complete and accurate budget was not prepared, and actual expenditures exceeded the amount budgeted in 2003 by \$10,015. Finally, the regular board minutes did not always document the specific reasons for closing the meeting and actions taken by the board in closed meetings.
- The financial condition of the Emergency 911 Central Dispatch needs to be reviewed by the Board. During December 2003 accounting records showed a negative \$732 cash balance. Federal grant funds totaling \$147,535 were used to cover the negative balance, while loans were obtained to purchase the equipment required under the grant. In addition, the Dispatch Center's budget contained errors, and actual expenditures exceeded the amount budgeted in 2003 by \$144,926. Finally, board minutes did not document the specific reasons for closing the meeting and actions taken by the board in closed meetings.

Also included in the audit are recommendations related to the preparation of the county's schedule of expenditures of federal awards, filing of Form 1099 Miscellaneous, cellular telephones, vending machine procedures, officials' salaries, general fixed assets, and changes to the tax books. The audit also suggests improvements in the procedures of the Circuit Clerk, Prosecuting Attorney, Sheriff, Juvenile Division, and Health Center.

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POLK COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Polk County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Polk County, Missouri, as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Polk County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2003 and 2002, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated August 18, 2004, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Polk County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.



Claire McCaskill
State Auditor

August 18, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Donna Christian, CPA, CGFM
In-Charge Auditor:	Sharon Eagleburger, CPA
Audit Staff:	Monte Davault
	Roberta Bledsoe
	Mark Hubbell



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission
and
Officeholders of Polk County, Missouri

We have audited the financial statements of various funds of Polk County, Missouri, as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated August 18, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of various funds of Polk County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Polk County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition

in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Polk County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

August 18, 2004 (fieldwork completion date)

Financial Statements

Exhibit A-1

POLK COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2003

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 1,135,963	1,193,747	1,200,534	1,129,176
Special Road and Bridge	104,647	2,424,894	2,441,478	88,063
Assessment	2	203,243	203,243	2
Law Enforcement Training	14,722	7,317	7,757	14,282
Prosecuting Attorney Training	7,801	1,166	1,230	7,737
Law Enforcement Sales Tax	369,550	1,465,420	1,689,770	145,200
Capital Improvement Sales Tax	298,263	1,200,180	1,337,183	161,260
Emergency 911	39,932	216,765	256,636	61
Child Support Enforcement	0	118,770	118,770	0
Prosecuting Attorney Bad Check	55,072	25,256	45,668	34,660
Recorder User Fee	9,197	28,669	15,157	22,709
Prosecuting Attorney Delinquent Tax	4,500	96	3,600	996
Sheriff Civil Fees	18,997	35,748	16,274	38,471
Special Trust	1,025	1,020	1,025	1,020
Moore Cemetery Trust	3,866	170	123	3,913
Recycling Project	0	23,131	22,943	188
Local Emergency Planning Committee	7,893	6,761	4,985	9,669
Juvenile Detention Center	80,876	30,855	12,128	99,603
Veterans Memorial	2,620	358	0	2,978
Election Services	6,900	1,441	753	7,588
Collector Tax Maintenance	705	19,399	10,438	9,666
Health Center	142,271	578,602	521,497	199,376
Senate Bill 40 Board	44,262	39,924	58,626	25,560
Emergency 911 Central Dispatch	0	741,661	594,858	146,803
Sheriff Special Operations	502	3,543	606	3,439
Law Library	8,187	13,621	16,925	4,883
Circuit Clerk Interest	1,751	1,065	684	2,132
Associate Interest	9,374	75	0	9,449
Total	\$ 2,368,878	8,382,897	8,582,891	2,168,884

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

POLK COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 965,255	1,355,114	1,184,406	1,135,963
Special Road and Bridge	8,100	2,259,488	2,162,941	104,647
Assessment	0	193,942	193,940	2
Law Enforcement Training	17,986	5,780	9,044	14,722
Prosecuting Attorney Training	7,437	1,140	776	7,801
Law Enforcement Sales Tax	579,257	1,395,024	1,604,731	369,550
Capital Improvement Sales Tax	114,710	1,156,091	972,538	298,263
Emergency 911	10,007	307,427	277,502	39,932
Child Support Enforcement	0	118,500	118,500	0
Prosecuting Attorney Bad Check	42,700	37,650	25,278	55,072
Recorder User Fee	15,409	26,657	32,869	9,197
Prosecuting Attorney Delinquent Tax	5,357	184	1,041	4,500
Sheriff Civil Fees	29,082	33,803	43,888	18,997
Special Trust	709	1,025	709	1,025
Moore Cemetery Trust	3,776	195	105	3,866
Recycling Project	13,206	7,026	20,232	0
Local Emergency Planning Committee	10,821	5,323	8,251	7,893
Juvenile Detention Center	58,195	35,477	12,796	80,876
Veterans Memorial	2,492	128	0	2,620
Election Services	5,235	2,690	1,025	6,900
Collector Tax Maintenance	0	705	0	705
Health Center	72,069	527,307	457,105	142,271
Senate Bill 40 Board	43,575	40,113	39,426	44,262
Sheriff Special Operations	4,488	5,885	9,871	502
Law Library	5,975	13,760	11,548	8,187
Circuit Clerk Interest	1,650	301	200	1,751
Associate Interest	8,907	467	0	9,374
Total	\$ 2,026,398	7,531,202	7,188,722	2,368,878

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

POLK COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TOTALS - VARIOUS FUNDS</u>						
RECEIPTS	\$ 8,068,106	8,364,593	296,487	7,044,230	7,510,084	465,854
DISBURSEMENTS	9,126,577	8,564,676	561,901	7,896,853	7,167,103	729,750
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,058,471)	(200,083)	858,388	(852,623)	342,981	1,195,604
CASH, JANUARY 1	2,357,970	2,349,064	(8,906)	1,990,710	1,995,371	4,661
CASH, DECEMBER 31	1,299,499	2,148,981	849,482	1,148,094	2,348,359	1,200,265
<u>GENERAL REVENUE FUND</u>						
RECEIPTS						
Property taxes	651,753	638,914	(12,839)	631,025	636,376	5,351
Intergovernmental	36,819	57,458	20,639	245,299	236,198	(9,101)
Charges for services	341,000	382,178	41,178	322,300	349,169	26,869
Interest	32,000	28,554	(3,446)	58,000	37,630	(20,370)
Other	59,725	83,143	23,418	81,377	95,741	14,364
Transfers in	3,500	3,500	0	0	0	0
Total Receipts	1,124,797	1,193,747	68,950	1,338,001	1,355,114	17,113
DISBURSEMENTS						
County Commissior	108,430	108,829	(399)	102,820	100,475	2,345
County Clerk	85,702	82,933	2,769	83,268	80,172	3,096
Elections	76,335	65,297	11,038	113,275	110,937	2,338
Building and grounds	337,995	316,799	21,196	242,422	191,164	51,258
Employee fringe benefit	55,964	66,220	(10,256)	51,947	51,731	216
County Treasurer	74,077	73,077	1,000	61,758	59,579	2,179
County Collector	113,040	96,243	16,797	111,284	98,997	12,287
Recorder of Deeds	85,602	78,776	6,826	56,544	56,874	(330)
Circuit Clerk	68,400	43,718	24,682	67,100	39,132	27,968
Public Administrator	46,600	45,824	776	47,845	46,394	1,451
Court Reporter	1,355	665	690	1,352	969	383
Circuit Judge	10,547	3,826	6,721	11,005	2,856	8,149
Senior Citizen Grant	0	0	0	202,500	202,500	0
Other	167,106	158,685	8,421	139,982	114,731	25,251
Transfers out	80,909	59,642	21,267	42,937	27,895	15,042
Emergency Fund	33,400	0	33,400	40,200	0	40,200
Total Disbursements	1,345,462	1,200,534	144,928	1,376,239	1,184,406	191,833
RECEIPTS OVER (UNDER) DISBURSEMENTS	(220,665)	(6,787)	213,878	(38,238)	170,708	208,946
CASH, JANUARY 1	1,135,963	1,135,963	0	965,255	965,255	0
CASH, DECEMBER 31	915,298	1,129,176	213,878	927,017	1,135,963	208,946

Exhibit B

POLK COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	292,950	327,766	34,816	256,931	319,565	62,634
Intergovernmental	908,000	928,663	20,663	947,000	1,130,963	183,963
Interest	2,800	2,776	(24)	3,000	2,879	(121)
Other	1,000	5,689	4,689	500	6,081	5,581
Transfers in	1,176,000	1,160,000	(16,000)	969,700	800,000	(169,700)
Total Receipts	2,380,750	2,424,894	44,144	2,177,131	2,259,488	82,357
DISBURSEMENTS						
Salaries	537,500	524,859	12,641	526,000	521,195	4,805
Employee fringe benefit	147,033	143,288	3,745	132,453	128,892	3,561
Supplies	159,000	158,228	772	147,165	149,237	(2,072)
Insurance	32,000	34,856	(2,856)	31,000	30,049	951
Road and bridge materials	1,070,500	1,103,763	(33,263)	915,000	814,497	100,503
Equipment repairs	135,000	107,470	27,530	90,000	138,554	(48,554)
Uniform rental	7,600	7,735	(135)	6,800	7,554	(754)
Equipment purchases	203,795	205,424	(1,629)	80,000	131,242	(51,242)
Construction, repair, and maintenance	3,000	2,187	813	91,000	110,066	(19,066)
Other	32,500	23,348	9,152	16,700	2,622	14,078
Distribution to road districts	129,000	130,320	(1,320)	127,000	129,033	(2,033)
Total Disbursements	2,456,928	2,441,478	15,450	2,163,118	2,162,941	177
RECEIPTS OVER (UNDER) DISBURSEMENTS	(76,178)	(16,584)	59,594	14,013	96,547	82,534
CASH, JANUARY 1	104,647	104,647	0	8,100	8,100	0
CASH, DECEMBER 31	28,469	88,063	59,594	22,113	104,647	82,534
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	165,931	173,155	7,224	176,040	173,647	(2,393)
Interest	890	476	(414)	1,800	893	(907)
Other	1,700	2,296	596	4,500	2,202	(2,298)
Transfers in	47,927	27,316	(20,611)	32,137	17,200	(14,937)
Total Receipts	216,448	203,243	(13,205)	214,477	193,942	(20,535)
DISBURSEMENTS						
Assessor	216,450	203,243	13,207	214,477	193,940	20,537
Total Disbursements	216,450	203,243	13,207	214,477	193,940	20,537
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2)	0	2	0	2	2
CASH, JANUARY 1	2	2	0	0	0	0
CASH, DECEMBER 31	0	2	2	0	2	2

Exhibit B

POLK COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	500	2,135	1,635	3,000	545	(2,455)
Charges for services	4,700	4,772	72	4,000	4,813	813
Interest	400	258	(142)	500	420	(80)
Other	0	152	152	0	2	2
Total Receipts	5,600	7,317	1,717	7,500	5,780	(1,720)
DISBURSEMENTS						
Sheriff	13,000	7,757	5,243	12,800	9,044	3,756
Total Disbursements	13,000	7,757	5,243	12,800	9,044	3,756
RECEIPTS OVER (UNDER) DISBURSEMENTS	(7,400)	(440)	6,960	(5,300)	(3,264)	2,036
CASH, JANUARY 1	14,722	14,722	0	17,986	17,986	0
CASH, DECEMBER 31	7,322	14,282	6,960	12,686	14,722	2,036
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for services	1,140	1,166	26	1,000	1,140	140
Total Receipts	1,140	1,166	26	1,000	1,140	140
DISBURSEMENTS						
Prosecuting Attorney	1,550	1,230	320	1,750	776	974
Total Disbursements	1,550	1,230	320	1,750	776	974
RECEIPTS OVER (UNDER) DISBURSEMENTS	(410)	(64)	346	(750)	364	1,114
CASH, JANUARY 1	7,801	7,801	0	7,437	7,437	0
CASH, DECEMBER 31	7,391	7,737	346	6,687	7,801	1,114
<u>LAW ENFORCEMENT SALES TAX FUND</u>						
RECEIPTS						
Sales tax	1,100,000	1,195,831	95,831	1,000,000	1,149,579	149,579
Intergovernmental	134,996	45,223	(89,773)	32,048	33,584	1,536
Charges for services	110,000	91,387	(18,613)	109,000	110,899	1,899
Interest	12,500	4,754	(7,746)	30,000	12,929	(17,071)
Other	115,500	100,531	(14,969)	100,500	86,992	(13,508)
Transfers in	24,700	27,694	2,994	11,200	1,041	(10,159)
Total Receipts	1,497,696	1,465,420	(32,276)	1,282,748	1,395,024	112,276
DISBURSEMENTS						
Sheriff	998,592	984,685	13,907	964,886	946,775	18,111
Jail	271,954	236,536	35,418	234,400	219,868	14,532
Prosecuting Attorney	201,100	209,292	(8,192)	190,874	182,974	7,900
Juvenile Office	37,953	19,490	18,463	39,644	26,117	13,527
County Coroner	31,965	16,601	15,364	28,581	18,738	9,843
Employee fringe benefit	228,015	223,166	4,849	285,600	180,259	105,341
Emergency Fund	45,000	0	45,000	36,000	0	36,000
Transfers out	0	0	0	30,000	30,000	0
Total Disbursements	1,814,579	1,689,770	124,809	1,809,985	1,604,731	205,254
RECEIPTS OVER (UNDER) DISBURSEMENTS	(316,883)	(224,350)	92,533	(527,237)	(209,707)	317,530
CASH, JANUARY 1	369,550	369,550	0	579,257	579,257	0
CASH, DECEMBER 31	52,667	145,200	92,533	52,020	369,550	317,530

Exhibit B

POLK COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CAPITAL IMPROVEMENT SALES TAX FUND</u>						
RECEIPTS						
Sales Tax	1,180,000	1,195,827	15,827	1,000,000	1,149,578	149,578
Interest	6,500	4,353	(2,147)	20,000	6,513	(13,487)
Total Receipts	1,186,500	1,200,180	13,680	1,020,000	1,156,091	136,091
DISBURSEMENTS						
Distributions to road district:	177,000	177,183	(183)	165,000	172,538	(7,538)
Transfers out	1,176,000	1,160,000	16,000	969,700	800,000	169,700
Total Disbursements	1,353,000	1,337,183	15,817	1,134,700	972,538	162,162
RECEIPTS OVER (UNDER) DISBURSEMENTS	(166,500)	(137,003)	29,497	(114,700)	183,553	298,253
CASH, JANUARY 1	298,263	298,263	0	114,710	114,710	0
CASH, DECEMBER 31	131,763	161,260	29,497	10	298,263	298,253
<u>EMERGENCY 911 FUND</u>						
RECEIPTS						
Charges for service:	230,000	216,261	(13,739)	224,835	266,261	41,426
Interest	1,000	431	(569)	1,600	1,166	(434)
Other	120,000	73	(119,927)	30,000	10,000	(20,000)
Transfers in	60,000	0	(60,000)	0	30,000	30,000
Total Receipts	411,000	216,765	(194,235)	256,435	307,427	50,992
DISBURSEMENTS						
Salaries	24,006	21,897	2,109	0	12,291	(12,291)
Employee fringe benefit	2,235	4,033	(1,798)	0	473	(473)
Office Expenditures	14,250	24,121	(9,871)	0	201	(201)
Equipment	4,000	7,261	(3,261)	0	371	(371)
Mileage and training	3,100	1,532	1,568	0	688	(688)
Contracted services:	55,000	0	55,000	262,500	262,500	0
Emergency 911 Central Dispatch	344,991	196,244	148,747	0	0	0
Other	3,350	1,548	1,802	2,500	978	1,522
Total Disbursements	450,932	256,636	194,296	265,000	277,502	(12,502)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(39,932)	(39,871)	61	(8,565)	29,925	38,490
CASH, JANUARY 1	39,932	39,932	0	10,007	10,007	0
CASH, DECEMBER 31	0	61	61	1,442	39,932	38,490

Exhibit B

POLK COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CHILD SUPPORT ENFORCEMENT FUND</u>						
RECEIPTS						
Intergovernmental	125,212	109,575	(15,637)	121,187	114,831	(6,356)
Transfers in	4,000	9,195	5,195	3,000	3,669	669
Total Receipts	129,212	118,770	(10,442)	124,187	118,500	(5,687)
DISBURSEMENTS						
Salaries	86,097	86,269	(172)	84,537	84,502	35
Employee fringe benefit	16,015	15,054	961	14,700	14,564	136
Office expenditure:	14,750	11,827	2,923	14,550	12,500	2,050
Equipment	2,700	2,509	191	2,700	2,358	342
Mileage and training	3,850	2,134	1,716	3,550	3,227	323
Other	1,800	637	1,163	1,150	952	198
Transfers out	0	340	(340)	0	397	(397)
Total Disbursements	125,212	118,770	6,442	121,187	118,500	2,687
RECEIPTS OVER (UNDER) DISBURSEMENTS	4,000	0	(4,000)	3,000	0	(3,000)
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	4,000	0	(4,000)	3,000	0	(3,000)
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Intergovernmental	0	0	0	0	8,643	8,643
Charges for service:	26,400	23,604	(2,796)	21,000	26,414	5,414
Interest	1,200	946	(254)	1,900	1,221	(679)
Other	0	366	366	0	975	975
Transfers in	0	340	340	0	397	397
Total Receipts	27,600	25,256	(2,344)	22,900	37,650	14,750
DISBURSEMENTS						
Prosecuting Attorney	18,550	18,168	382	28,050	25,278	2,772
Transfers out	23,500	27,500	(4,000)	0	0	0
Total Disbursements	42,050	45,668	(3,618)	28,050	25,278	2,772
RECEIPTS OVER (UNDER) DISBURSEMENTS	(14,450)	(20,412)	(5,962)	(5,150)	12,372	17,522
CASH, JANUARY 1	55,072	55,072	0	42,700	42,700	0
CASH, DECEMBER 31	40,622	34,660	(5,962)	37,550	55,072	17,522
<u>RECORDER USER FEE FUND</u>						
RECEIPTS						
Charges for service:	25,800	28,409	2,609	21,600	26,401	4,801
Interest	200	260	60	800	256	(544)
Total Receipts	26,000	28,669	2,669	22,400	26,657	4,257
DISBURSEMENTS						
Recorder of Deeds	34,000	15,157	18,843	34,000	32,869	1,131
Total Disbursements	34,000	15,157	18,843	34,000	32,869	1,131
RECEIPTS OVER (UNDER) DISBURSEMENTS	(8,000)	13,512	21,512	(11,600)	(6,212)	5,388
CASH, JANUARY 1	9,197	9,197	0	15,409	15,409	0
CASH, DECEMBER 31	1,197	22,709	21,512	3,809	9,197	5,388

Exhibit B

POLK COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY DELINQUENT TAX FUND</u>						
RECEIPTS						
Intergovernmental	0	44	44	48	48	0
Interest	136	52	(84)	250	136	(114)
Total Receipts	136	96	(40)	298	184	(114)
DISBURSEMENTS						
Prosecuting Attorney	2,400	3,406	(1,006)	2,400	0	2,400
Transfers out	1,200	194	1,006	1,200	1,041	159
Total Disbursements	3,600	3,600	0	3,600	1,041	2,559
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,464)	(3,504)	(40)	(3,302)	(857)	2,445
CASH, JANUARY 1	4,500	4,500	0	5,357	5,357	0
CASH, DECEMBER 31	1,036	996	(40)	2,055	4,500	2,445
<u>SHERIFF CIVIL FEES FUND</u>						
RECEIPTS						
Charges for service:	30,000	35,200	5,200	29,000	33,039	4,039
Interest	500	548	48	1,500	764	(736)
Total Receipts	30,500	35,748	5,248	30,500	33,803	3,303
DISBURSEMENTS						
Equipment	45,000	16,274	28,726	45,000	43,888	1,112
Total Disbursements	45,000	16,274	28,726	45,000	43,888	1,112
RECEIPTS OVER (UNDER) DISBURSEMENTS	(14,500)	19,474	33,974	(14,500)	(10,085)	4,415
CASH, JANUARY 1	18,997	18,997	0	29,802	29,082	(720)
CASH, DECEMBER 31	4,497	38,471	33,974	15,302	18,997	3,695
<u>SPECIAL TRUST FUND</u>						
RECEIPTS						
Charges for service:	1,025	1,020	(5)	1,000	1,025	25
Total Receipts	1,025	1,020	(5)	1,000	1,025	25
DISBURSEMENTS						
Domestic Violence Shelter	1,025	1,025	0	1,500	709	791
Total Disbursements	1,025	1,025	0	1,500	709	791
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(5)	(5)	(500)	316	816
CASH, JANUARY 1	1,025	1,025	0	709	709	0
CASH, DECEMBER 31	1,025	1,020	(5)	209	1,025	816
<u>MOORE CEMETERY TRUST FUND</u>						
RECEIPTS						
Interest	95	70	(25)	180	95	(85)
Other	0	100	100	0	100	100
Total Receipts	95	170	75	180	195	15
DISBURSEMENTS						
Cemetery improvement:	150	123	27	500	105	395
Total Disbursements	150	123	27	500	105	395
RECEIPTS OVER (UNDER) DISBURSEMENTS	(55)	47	102	(320)	90	410
CASH, JANUARY 1	3,866	3,866	0	3,776	3,776	0
CASH, DECEMBER 31	3,811	3,913	102	3,456	3,866	410

Exhibit B

POLK COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>RECYCLING PROJECT FUND</u>						
RECEIPTS						
Transfers in	23,131	23,131	0	8,000	7,026	(974)
Total Receipts	23,131	23,131	0	8,000	7,026	(974)
DISBURSEMENTS						
Salaries	15,822	15,822	0	15,302	15,302	0
Employee fringe benefit	5,110	4,902	208	4,529	4,378	151
Office expenditure:	500	452	48	500	415	85
Equipment	1,500	1,669	(169)	0	0	0
Other	199	98	101	181	137	44
Total Disbursements	23,131	22,943	188	20,512	20,232	280
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	188	188	(12,512)	(13,206)	(694)
CASH, JANUARY 1	0	0	0	13,206	13,206	0
CASH, DECEMBER 31	0	188	188	694	0	(694)
<u>LOCAL EMERGENCY PLANNING COMMISSION FUND</u>						
RECEIPTS						
Intergovernmental	4,358	6,627	2,269	3,284	5,183	1,899
Other	0	134	134	0	140	140
Total Receipts	4,358	6,761	2,403	3,284	5,323	2,039
DISBURSEMENTS						
Office expense:	1,425	1,693	(268)	900	1,593	(693)
Equipment	2,900	0	2,900	4,200	1,867	2,333
Mileage and training	1,950	1,292	658	900	1,591	(691)
Other	2,000	2,000	0	2,000	3,200	(1,200)
Total Disbursements	8,275	4,985	3,290	8,000	8,251	(251)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,917)	1,776	5,693	(4,716)	(2,928)	1,788
CASH, JANUARY 1	7,893	7,893	0	10,821	10,821	0
CASH, DECEMBER 31	3,976	9,669	5,693	6,105	7,893	1,788
<u>JUVENILE DETENTION CENTER FUND</u>						
RECEIPTS						
Charges for service:	31,200	30,855	(345)	36,750	35,477	(1,273)
Total Receipts	31,200	30,855	(345)	36,750	35,477	(1,273)
DISBURSEMENTS						
Juvenile Detention Center	58,943	12,128	46,815	72,455	12,796	59,659
Total Disbursements	58,943	12,128	46,815	72,455	12,796	59,659
RECEIPTS OVER (UNDER) DISBURSEMENTS	(27,743)	18,727	46,470	(35,705)	22,681	58,386
CASH, JANUARY 1	80,876	80,876	0	58,195	58,195	0
CASH, DECEMBER 31	53,133	99,603	46,470	22,490	80,876	58,386

Exhibit B

POLK COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>VETERANS MEMORIAL FUND</u>						
RECEIPTS						
Interest	100	358	258	200	128	(72)
Total Receipts	100	358	258	200	128	(72)
DISBURSEMENTS						
Veterans Memorial	200	0	200	200	0	200
Total Disbursements	200	0	200	200	0	200
RECEIPTS OVER (UNDER) DISBURSEMENTS	(100)	358	458	0	128	128
CASH, JANUARY 1	2,620	2,620	0	2,492	2,492	0
CASH, DECEMBER 31	2,520	2,978	458	2,492	2,620	128
<u>ELECTION SERVICES FUND</u>						
RECEIPTS						
Intergovernmental	500	131	(369)	0	1,301	1,301
Charges for services	1,000	1,172	172	1,000	1,245	245
Interest	50	128	78	50	144	94
Other	0	10	10	0	0	0
Transfers in	71	0	(71)	0	0	0
Total Receipts	1,621	1,441	(180)	1,050	2,690	1,640
DISBURSEMENTS						
Election services	1,137	753	384	1,280	1,025	255
Total Disbursements	1,137	753	384	1,280	1,025	255
RECEIPTS OVER (UNDER) DISBURSEMENTS	484	688	204	(230)	1,665	1,895
CASH, JANUARY 1	6,900	6,900	0	5,235	5,235	0
CASH, DECEMBER 31	7,384	7,588	204	5,005	6,900	1,895
<u>COLLECTOR TAX MAINTENANCE FUND</u>						
RECEIPTS						
Charges for services	16,000	19,264	3,264			
Interest	160	135	(25)			
Total Receipts	16,160	19,399	3,239			
DISBURSEMENTS						
Collector	10,460	6,938	3,522			
Transfers out	0	3,500	(3,500)			
Total Disbursements	10,460	10,438	22			
RECEIPTS OVER (UNDER) DISBURSEMENTS	5,700	8,961	3,261			
CASH, JANUARY 1	705	705	0			
CASH, DECEMBER 31	6,405	9,666	3,261			

Exhibit B

POLK COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes	179,112	178,307	(805)	173,205	178,030	4,825
Intergovernmental	256,603	288,909	32,306	226,639	277,752	51,113
Charges for services	46,372	66,747	20,375	43,500	51,473	7,973
Interest	3,250	3,745	495	3,500	2,978	(522)
Other	18,200	40,894	22,694	9,528	17,074	7,546
Total Receipts	503,537	578,602	75,065	456,372	527,307	70,935
DISBURSEMENTS						
Salaries	463,000	398,233	64,767	386,900	360,005	26,895
Office expenditure:	63,250	61,294	1,956	18,600	48,580	(29,980)
Equipment	12,000	4,590	7,410	11,000	6,525	4,475
Mileage and training	16,250	12,178	4,072	9,800	11,142	(1,342)
Building and grounds	10,000	7,590	2,410	8,700	5,073	3,627
Other	38,450	37,612	838	83,200	25,780	57,420
Emergency Fund	20,000	0	20,000	10,000	0	10,000
Total Disbursements	622,950	521,497	101,453	528,200	457,105	71,095
RECEIPTS OVER (UNDER) DISBURSEMENTS	(119,413)	57,105	176,518	(71,828)	70,202	142,030
CASH, JANUARY 1	142,271	142,271	0	72,069	72,069	0
CASH, DECEMBER 31	22,858	199,376	176,518	241	142,271	142,030
<u>SENATE BILL 40 BOARD FUND</u>						
RECEIPTS						
Property taxes	38,500	39,171	671	38,317	38,874	557
Interest	1,000	753	(247)	1,500	1,239	(261)
Total Receipts	39,500	39,924	424	39,817	40,113	296
DISBURSEMENTS						
Contracted services:	47,252	57,635	(10,383)	52,900	38,429	14,471
Office expense:	1,359	991	368	1,400	997	403
Total Disbursements	48,611	58,626	(10,015)	54,300	39,426	14,874
RECEIPTS OVER (UNDER) DISBURSEMENTS	(9,111)	(18,702)	(9,591)	(14,483)	687	15,170
CASH, JANUARY 1	53,168	44,262	(8,906)	38,194	43,575	5,381
CASH, DECEMBER 31	\$ 44,057	25,560	(18,497)	23,711	44,262	20,551

Exhibit B

POLK COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EMERGENCY 911 CENTRAL DISPATCH						
RECEIPTS						
Intergovernmental	0	147,535	147,535			
Charges for service:	230,000	118,845	(111,155)			
Members dispatch service	180,000	125,064	(54,936)			
Loan	0	350,090	350,090			
Other	0	127	127			
Total Receipts	410,000	741,661	331,661			
DISBURSEMENTS						
Salaries and fringe benefit:	250,984	169,198	81,786			
Office expenditure:	43,540	33,583	9,957			
Insurance	3,500	4,264	(764)			
Equipment	132,208	376,469	(244,261)			
Mileage and training	10,200	1,908	8,292			
Other	9,500	9,436	64			
Total Disbursements	449,932	594,858	(144,926)			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(39,932)	146,803	186,735			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	(39,932)	146,803	186,735			

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

POLK COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Polk County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, the Senate Bill 40 Board, or the Emergency 911 Central Dispatch. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Sheriff Special Operations Fund	2003 and 2002
Collector Tax Maintenance Fund	2002
Law Library Fund	2003 and 2002
Circuit Clerk Interest Fund	2003 and 2002
Associate Circuit Division Interest Fund	2003 and 2002

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Emergency 911 Fund	2002
Prosecuting Attorney Bad Check Fund	2003
Local Emergency Planning Commission Fund	2002
Senate Bill 40 Board Fund	2003
Emergency 911 Central Dispatch Fund	2003

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Capital Improvement Sales Tax Fund	2003 and 2002
Collector Tax Maintenance Fund	2002
Emergency 911 Central Dispatch	2003
Senate Bill 40 Board Fund	2002
Law Library Fund	2003 and 2002
Circuit Clerk Interest Fund	2003 and 2002
Associate Circuit Division Interest Fund	2003 and 2002

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's, Health Center Board's and Senate Bill 40 Board's deposits at December 31, 2003 and 2002, were entirely covered by federal depositary insurance or by collateral securities held by the county's, Health Center Board's, and Senate Bill 40 Board's custodial bank in the county's, Health Center Board's, or Senate Bill 40 Board's name, respectively.

Of the Emergency 911 Central Dispatch bank balance at December 31, 2003, \$100,000 was covered by federal depositary insurance and \$46,803 was uninsured and uncollateralized.

Furthermore, because of significantly higher bank balances at certain times during the year, the amounts of uninsured and uncollateralized balances for the Emergency 911 Central Dispatch were substantially higher at those times than such amounts at year-end.

To protect the safety of county deposits, Section 110.020, RSMo 2000, requires depositaries to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

3. Prior Period Adjustment

The Election Service Fund's cash balance of \$5,235 at January 1, 2002, was not previously reported but has been added.

Supplementary Schedule

Schedule

POLK COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2003	2002
U. S. DEPARTMENT OF AGRICULTURE				
	Passed through state			
	Department of Social Services -			
10.550	Food Donation	N/A	\$ 12,871	14,220
	Department of Health and Senior Services -			
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-4184 ERS045-3184W ERS045-2184	19,951 57,641 0	0 16,056 66,519
	Program Total		<u>77,592</u>	<u>82,575</u>
10.559	Summer Food Service Program for Children	ERS146-3184i ERS146-2184i	325 0	0 300
	Program Total		<u>325</u>	<u>300</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
	Passed through state Department of Economic Development			
14.228	Community Development Block Grants/State' Program	2001-PF-01	0	202,500
U.S. DEPARTMENT OF JUSTICE				
	Direct programs:			
16.607	Bulletproof Vest Partnership Program	N/A	0	795
16.710	Public Safety Partnership and Community Policing Grant		13,490 0 0	0 24,574 6,945
	Program Total		<u>13,490</u>	<u>31,519</u>
	Passed through:			
	State Department of Public Safety			
16.548	Title V- Delinquency Prevention Program	N/A	0	15,086
16.592	Local Law Enforcement Block Grants Program	2002-LBG-078	2,202	0
	Missouri Sheriffs' Association -			
16	Domestic Cannabis Eradication/Suppression Program	N/A	1,386	1,023
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	2000DDVX0055	44,560	0

Schedule

POLK COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2003	2002
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state Highway and Transportation Commission				
20.205	Highway Planning and Constructior	BRO-084(7)	0	60,361
		BRO-084(8)	21,240	162,980
	Program Total		21,240	223,341
GENERAL SERVICES ADMINISTRATION				
Passed through state Office of Administration				
39.003	Donation of Federal Surplus Personal Property	N/A	11	16
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Passed through state Department of Public Safety				
83.544	Public Assistance Grants*	FEMA-1412-DR-MO	7,537	28,363
		FEMA-1463-DR-MO	21,349	0
			28,886	28,363
83.552	Emergency Management Performance Grants*	EMK-GR-3003	10,412	0
		EMK-GR-2523	0	6,941
	Program Total		10,412	6,941
83.562	State and Local All Hazards Emergency Operation Plannin	EMK-2003-GR-2540	6,000	0
83.564	Citizen Corps	EMK-2003-GR-2541	1,708	0
	Community Emergency Response Team	EMK-2003-GR-3040	1,585	0
	Program Total		3,293	0
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state				
Department of Health and Senior Services -				
93.197	Childhood Lead Poisoning Prevention Projects State and Local Childhood Lead Poisoning Preventior and Surveillance of Blood Lead Levels in Childre	ERS146-3184T	4,850	0
93.268	Immunization Grants	PGA064-4184A	800	0
		PGA064-3184A	2,200	1,525
		PGA064-2184A	0	4,625
		N/A	2,645	2,072
		N/A	24,783	27,900
	Program Total		30,428	36,122
Department of Social Services -				
93.563	Child Support Enforcemen	N/A	118,770	118,780

Schedule

POLK COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures Year Ended December 31,	
			2003	2002
	Department of Health and Senior Services -			
93.575	Child Care and Development Block Grant	PGA067-4184S	1,095	0
		PGA067-3184S	1,485	0
		PGA067-3184C	1,185	365
		PGA067-2184C	0	2,573
	Program Total		<u>3,765</u>	<u>2,938</u>
93.667	Social Services Block Grant	AOC01380069	23,244	30,472
	Department of Health and Senior Services			
93.288	National Health Service Corps Scholarship Program	AOC04380090	35,325	0
		AOC03380039	42,500	30,357
	Program Total		<u>77,825</u>	<u>30,357</u>
93.887	Health Care and Other Facilities	C76HF00852-01-00	147,535	0
93.991	Preventive Health and Health Services Block Grant	AOC04380010	11,160	0
93.994	Maternal and Child Health Services Block Grant to the States	ERS146-4184M	6,103	0
		ERS146-3184M	15,566	5,189
		ERS146-2184M	0	16,859
		ERS175-3059F	33,150	16,050
		ERS175-2059F	0	51,000
		N/A	258	300
	Program Total		<u>55,077</u>	<u>89,398</u>
	Total Expenditures of Federal Award:		<u>\$ 694,922</u>	<u>914,746</u>

* The CFDA number for this program changed to 97.036 in October 2002

** The CFDA number for this program changed to 97.042 in October 2002

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule

Notes to the Supplementary Schedule

POLK COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Polk County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals. . . .

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Donation of Federal Surplus Personal Property (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt. Amounts for Immunization Grants (CFDA number 93.268), the Preventive Health and Health Services Block Grant (CFDA number 93.991), and the Maternal and

Child Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

Of the federal expenditures presented in the schedule, the county provided federal awards to subrecipients as follows:

Federal CFDA Number	Program Title	Amount Provided	
		Year Ended December 31, 2003	2002
14.228	Community Development Block Grants/State's Program	\$0	\$202,500
16.710	Public Safety Partnership and Community Policing Grants	\$13,490	\$24,574

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of Polk County, Missouri

Compliance

We have audited the compliance of Polk County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2003 and 2002. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Polk County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2003 and 2002. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance

with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 03-01.

Internal Control Over Compliance

The management of Polk County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 03-01.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness. This report is intended for the information and use of the management of Polk County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is written in a cursive, flowing style.

Claire McCaskill
State Auditor

August 18, 2004 (fieldwork completion date)

Schedule

POLK COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2003 AND 2002

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

Material weaknesses identified?

_____ yes x no

Reportable conditions identified that are
not considered to be material weaknesses?

_____ yes x none reported

Noncompliance material to the financial statements
noted?

_____ yes x no

Federal Awards

Internal control over major programs:

Material weaknesses identified?

_____ yes x no

Reportable conditions identified that are
not considered to be material weaknesses?

 x yes _____ none reported

Type of auditor's report issued on compliance for
major programs:

Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of OMB
Circular A-133?

 x yes _____ no

Identification of major programs:

CFDA or
Other Identifying

<u>Number</u>	<u>Program Title</u>
14.228	Community Development Block Grants/State's Program
20.205	Highway Planning and Construction
93.563	Child Support Enforcement
93.887	Health Care and Other Facilities

Dollar threshold used to distinguish between Type A
and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes the audit finding that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

03-1. Schedule of Expenditures of Federal Awards
--

Federal Grantor:	U.S. Department of Housing and Urban Development
Pass-Through Grantor:	Department of Economic Development
Federal CFDA Number:	14.228
Program Title:	Community Development Block Grants/State's Program
Pass-Through Entity	
Identifying Numbers:	2001-PF-01
Award Years:	2002
Questioned Costs:	Not applicable

Federal Grantor:	U.S. Department Transportation
Pass-Through Grantor:	Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Numbers:	BRO-084(7), BRO-084(8)
Award Years:	2003 and 2002
Questioned Costs:	Not applicable

Federal Grantor: U.S. Department of Health and Human Services
Pass-Through Grantor: Department of Social Services
Federal CFDA Number: 93.563
Program Title: Child Support Enforcement
Pass-Through Entity
Identifying Numbers: Not applicable
Award Years: 2003 and 2002
Questioned Costs: Not applicable

Federal Grantor: U.S. Department of Health and Human Services
Pass-Through Grantor: Department of Health and Senior Services
Federal CFDA Number: 93.887
Program Title: Health Care and Other Facilities
Pass-Through Entity
Identifying Numbers: C76HF00852-01-00
Award Years: 2003
Questioned Costs: Not applicable

Section .310(b) of Circular A-133, Audits of State and Local Government, and Nonprofit Organizations, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the schedule of expenditures of federal awards to the State Auditor's Office as a part of the annual budget.

The county does not have adequate procedures in place to track federal awards for the preparation of the SEFA. For the SEFA to adequately reflect the county's federal expenditures, it is necessary that all federal expenditures be properly reported. For the years ended December 31, 2003 and 2002, the county's SEFA was not accurate; the SEFA understated expenditures in total by approximately \$239,788 and \$81,730, respectively. Compilation of the SEFA requires consulting county financial records and requesting information from other departments and officials.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal funds.

WE RECOMMEND the County Clerk prepare a complete and accurate schedule of expenditures of federal awards.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Clerk provided the following response:

In this coming budget year we will check to see if federal grants were missed on the schedule and try to ensure all federal expenditures are reported correctly.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

POLK COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 2001, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

POLK COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

The prior audit report issued for the two years ended December 31, 1999, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

POLK COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Polk County, Missouri, as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated August 18, 2004. We also have audited the compliance of Polk County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2003 and 2002, and have issued our report thereon dated August 18, 2004.

Because the Juvenile Detention Center of the Thirtieth Judicial Circuit is audited and separately reported on by other independent auditors, the related fund is not presented in the financial statements. However, we reviewed that audit report and other applicable information.

In addition, we have audited the operations of elected officials with funds other than those presented in the financial statements to comply with the State Auditor's responsibility under Section 29.230, RSMo 2000, to audit county officials at least once every 4 years. The objectives of this audit were to:

1. Review the internal controls over the transactions of the various county officials.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents; interviewing various personnel of the county officials, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials and the Juvenile Detention Center of the Thirtieth Judicial Circuit referred to above. In addition, this report includes any findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These MAR findings resulted from our audit of the financial statements of Polk County or of its compliance with the types of compliance requirements applicable to each of its major federal programs but do not meet the criteria for inclusion in the written reports on compliance and on internal control over financial reporting or compliance that are required for audits performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

1.	Expenditures
-----------	---------------------

Controls and procedures over county expenditures need improvement. Bids were not always solicited, Form 1099 Miscellaneous was not issued as required, and controls were not adequate resulting in some questionable expenditures. In addition, the county provided assistance to various organizations without a written agreement.

- A. Bids were not always solicited or advertised in accordance with statute nor was bid documentation always retained for various purchases made by the county during the audit period. Examples of items purchased for which no evidence of bidding could be located are as follows:

<u>Item or Service</u>	<u>Amount</u>
Annual property and vehicle insurance	\$66,728
Tractor	55,000
Truck	25,000
Sheriff vehicle equipment	5,820
Tires	5,622
Lumber and hardware (bridge repair)	4,883

Although some of these purchases represent one payment for the item, the county may spend more than these amounts for tires or lumber and hardware on an annual basis. Further, county officials indicated it had been several years since property insurance had been bid.

Section 50.660, RSMo 2000 requires the advertisement of bids for all purchases of \$4,500 or more, from any one person, firm, or corporation during any period of 90 days. Bidding procedures for major purchases provide a framework for economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best bidder. In addition, competitive bidding ensures all interested parties are given an equal opportunity to participate in county business.

Documentation of bids should always be retained as evidence of the county's established purchasing procedures as well as compliance with statutory requirements. Documentation of bids should include, at a minimum, a listing of vendors from whom bids were requested, a copy of the request for proposal, a newspaper publication notice, a copy of all bids received, a summary of the basis and justification for awarding the bid, and documentation of all discussions with vendors.

- B. In addition to the items discussed in Part A., the county contracted with a computer consulting company that is owned by an Associate County Commissioner's son-in-law, and paid the company \$21,701 in 2003. These services were not bid. The County Commission and County Clerk indicated the Associate County Commissioner abstained from voting on the contract; however, the vote was not indicated in the commission minutes.

Transactions between the county and parties related to county officials represent potential conflicts of interest. Therefore, the county should ensure any commissioner with a potential conflict of interest abstains from voting and such action is disclosed in the minutes.

- C. Form 1099 Miscellaneous are not always filed with the Internal Revenue Service (IRS). The county did not file all Forms 1099 in 2003. Examples include payments in 2003 totaling \$34,332 for the purchase and installation of windows in the courthouse, \$14,566 for plumbing and electrical repairs at the jail, and \$6,766 for rebinding of records in the Recorder's office which were not filed with the IRS.

Sections 6041 through 6051 of the Internal Revenue Code require payments of \$600 or more for professional services or for services performed as a trade or business by non employees (other than corporations) be reported to the federal government on Forms 1099.

- D. The county pays for twenty-one cellular phone plans for various elected officials and county employees. All cellular phones have separate usage packages and are serviced by one provider. Cellular phone expenditures totaled approximately \$13,073 and \$9,551 for 2003 and 2002, respectively. During our review of cellular phone usage, we noted the following concerns:

1. The County has not developed a written policy regarding cellular telephone usage or guidelines to determine whether the cellular phone is needed or of benefit to the county. We noted some cellular phones with little or no usage, and some phones with personal usage.
2. Cellular phone bills are not reviewed for personal use. Our review of the September 2003 cellular phone bills noted various calls which appeared to be personal in nature, such as calls made to employee's relatives out of state. These monthly bills were not reviewed for personal usage. While the charges

for additional usage may not be significant, county funds should not be used to pay for personal telephone usage.

While cellular phones can help increase employee productivity, they are also costly. A formal written policy should be developed regarding cellular phones. This policy should establish a monitoring system for the assignment and usage, and ensure the cellular phones are properly used for business purposes. In this policy, the county should consider prohibiting the personal use of the cellular phones, except in cases of emergency.

- E. The county receives commissions from vending machines located in the courthouse, jail, and at the road and bridge complex. The vending machines are operated by the county for the benefit of the county employees. These monies are not deposited in a bank account. Accounting records to account for receipts, disbursements and cash balances are not maintained for machines at the jail or road and bridge complex. In addition, no invoices or other supporting documentation for expenditures are maintained for the machines at these two locations. Vending commissions are used for purchases of flowers for funerals, employee Christmas parties, doughnuts, and stamps. During the two years ended December 31, 2003, approximately \$1,300 was received from the vending machines located in the courthouse. Due to the lack of records maintained for the machines at the jail and the road and bridge complex, amounts received and disbursed were not determined.

To ensure all receipts are appropriately handled and recorded, and disbursements are proper, the county should maintain a ledger documenting receipts, disbursements, and the balance of the commission funds and retain documentation to support disbursements of the funds.

- F. The county provided assistance to various organizations within Polk County; however, the specific services to be provided were generally not defined through a written agreement. In addition, it is unclear if some of the services represent a governmental purpose.
 - 1. The county distributed \$10,000 to the Polk County Library in 2002 for parking lot improvements. In 2003 the county provided fuel and labor for parking lot improvements; however, the county did not track the amount of fuel or labor provided. Additionally, the county did not have a written agreement with the Library.
 - 2. In April 2003, the county distributed \$10,000 to the City of Bolivar for Economic Development through the Rural Economic Assistance Program, and has agreed through a written public announcement to contribute an additional \$10,000 per year for up to three years. In addition, in 2002 the county distributed \$5,689 to the City of Bolivar for a traffic study. There are no written agreements with the City of Bolivar and the county does not have

any documentation to support how the Economic Development money was spent.

3. In March 2003, the county entered into a written agreement to distribute approximately \$32,000 to the Polk County Genealogical Society for renovation of the top floor of their building; however, the written agreement does not provide the county with any means of monitoring the use of this money. As a result, the county has no documentation to support how this money was actually used.
4. The county donated \$800 and \$1,000 during 2003 and 2002, respectively, to local fair boards of the county. Also, the county distributed \$1,800 in 2002 to the Polk County Humane Society. Again, the county does not have a written agreement and did not receive any documentation from these organizations detailing the use of the monies.

The Missouri Constitution prohibits the use of public money or property to benefit any private individual, associations, or corporations except as provided in the constitution. Without a written agreement that clearly indicates the governmental purpose being provided by these entities, these uses could be considered to be a violation of the constitution. Written agreements are necessary to quantify the services to be performed and the consideration to be paid for the services, provide a means for the county to monitor compliance with the contract terms, and protect the county in the event of a dispute over the terms of the agreement. In addition, Section 432.070, RSMo 2000, requires all contracts to be in writing.

- G. Payments were made to road districts without proper written contracts. During the two years ended December 31, 2003, the county distributed a portion of its County Aid Road Trust (CART) and Capital Improvement Sales Tax (CIST) revenues to the eight special road districts within the county. Payments totaling \$307,504 and \$301,571 were made from the Special Road and Bridge Fund to the special road districts during fiscal years 2003 and 2002, respectively. While periodic financial reports are received from the special road districts, written contracts were not on file for some special road districts regarding how these monies were to be used.

There appears to be no statutory authority for the County Commission to make these distributions to the special road districts without some type of contractual agreement.

Written agreements would help ensure that monies distributed to other entities are expended in compliance with constitutional and statutory provisions and as intended by the County Commission.

WE RECOMMEND the County Commission:

- A. Solicit bids for all purchases in accordance with state law and maintain documentation of bids. If bids cannot be obtained and sole source procurement is necessary, the official commission minutes should reflect the necessitating circumstances.
- B. Ensure any commissioner with a potential conflict of interest abstains from voting and that this action is disclosed in the board minutes.
- C. Issue IRS Form 1099 Miscellaneous as required by the Internal Revenue Code.
- D. Develop a formal written policy regarding the use of the cellular telephone, including a provision prohibiting its use for personal reasons. In addition, an independent and adequate review of the cellular phone bills should be performed.
- E. And Sheriff maintain a ledger to account for vending commission receipts, disbursements, and cash balances and retain adequate documentation for all cash disbursements.
- F. Ensure subsidies to other entities provide a governmental benefit to the county and do not violate state law or the state constitution. Written agreements should be prepared which specifically address the services to be provided and compensation to be paid. In addition, procedures should be developed to adequately monitor the terms of the agreement.
- G. Enter into proper written contracts with the special road districts, which specifically state what services are to be provided to the county.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *Phone bids were received for several of the things noted above. In the future we will do a better job of documenting any bids received.*
- B. *We will try to make sure there are no conflicts of interest and all matters are properly disclosed in the County Commission minutes.*
- C. *We regularly send 1099-MISC forms; however, we were not aware of the status of these contractors. We will follow up on future projects such as these.*
- D. *We agree a policy should be implemented, and will begin working on such a policy.*
- E. *We have already taken steps to implement this recommendation.*

- F. *We receive approximately \$35,000 - \$45,000 annually from the Delarue Trust and a portion of these funds are passed through to public entities. In the future, we will ensure written agreements are prepared and develop procedures to monitor the terms of the agreements.*
- G. *We will comply by requesting the special road districts sign the contracts already in place.*

The Sheriff provided the following response:

- E. *A new procedure will be implemented on January 1, 2005 concerning the vending commissions.*

2. Officials' Salaries

The county has not taken action on mid-term salary increases given to the Associate Commissioners in 1999. Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioners' terms had been increased from two years to four years. Based on this statute, in 1999 Polk County's Associate County Commissioner's salaries were each increased approximately \$7,400 yearly, according to information provided by the County Clerk.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of that statute. The Supreme Court held that this section of statute violated Article VII, section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county, and municipal officers during the term of office. This case, *Laclede County v. Douglass et al.*, holds that all raises given pursuant to this statute section are unconstitutional. On June 5, 2001, the State Auditor notified all third class counties of the Supreme Court decision and recommended that each county document its review of the impact of the opinion, as well as plans to seek repayment. The county did not document its review of the opinion or its plans to seek repayment.

Based upon the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$14,800 for the two years ended December 31, 2000, should be repaid.

WE RECOMMEND the County Commission review the impact of this court decision and develop a plan for obtaining repayment of the salary overpayments.

AUDITEE'S RESPONSE

The County Commission provided the following response:

At the time these raises were approved we acted in good faith relying on the written legal opinion of our County Prosecuting Attorney. We will do our best to resolve this problem. The Salary Commission will meet in November 2005 and act on the State Auditor's letter dated June 2001.

3. Published Financial Statements
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The county's published financial statements are not complete. A review of the 2003 and 2002 annual financial statement published by the county noted the following concerns:

- A. Information contained in the published financial statement did not include the appropriate expenditure detail as required by Section 50.800, RSMo 2000. Expenditure detail was not shown for the Capital Improvement Sales Tax Fund as well as some of the smaller county funds. In addition, the county published financial information for the special road districts but did not request and publish the expenditure detail.
- B. The annual published financial statement did not include financial activity for six county funds in 2003 and seven in 2002. Most of these unreported funds were controlled by entities outside the control of the County Commission. The Juvenile Detention Center activity was not published in 2003 or 2002. The Emergency 911 Central Dispatch activity was not published for 2003 and Senate Bill 40 Board activity was not published for 2002. While the Health Center published their financial activity for 2003 and 2002, it was incomplete. Information contained in the Health Center's published financial statement did not include the appropriate expenditure detail as required by Section 50.800, RSMo 2000.

For the published financial statements to adequately inform the citizens of the county's financial activities, all monies received and disbursed by the county should be included. In addition, the publishing of complete and timely financial statements, besides meeting statutory requirements, provides information to citizens as to the operations of their county government and how tax dollars are spent.

Sections 50.800 and 50.810, RSMo 2000, require the county financial statements to be prepared and published in a local newspaper and show actual receipts or revenues, disbursements or expenditures, and beginning and ending balances for each county fund.

WE RECOMMEND the County Commission, Juvenile Detention Center, Emergency 911 Central Dispatch, Senate Bill 40 Board, and the Health Center publish financial statements in accordance with state law and ensure all required financial information for all county funds is properly reported in the annual financial statements.

AUDITEE'S RESPONSE

The County Commission provided the following response:

We will contact these other entities prior to publishing the financial statements and ensure the financial statements are complete in the future.

The Juvenile Detention Center provided the following response:

The facility will provide Polk County authorities financial information in a timely manner for inclusion in their annual financial reports.

The Emergency 911 Central Dispatch Board provided the following response:

We will publish our 2004 financial statements as per the recommendation and ensure that all required financial information for all county funds is properly reported in the annual financial statements.

The Senate Bill 40 Board provided the following response:

We have read the above recommendation and will do our best to comply with it effective at our next board meeting on October 21, 2004.

The Health Center Administrator provided the following response:

The Health Center will publish financial activity for each year to include the appropriate expenditure detail as required by Section 50.800, RSMo 2000.

4. General Fixed Assets

Records accounting for county property need improvement. The County Commission or its designee is responsible for maintaining a complete detailed record of county property. In addition, each county official or their designee is responsible for performing periodic inventories and inspections. Our review of the fixed asset records and procedures revealed the following concerns:

- The County Clerk does not periodically reconcile equipment purchases with additions to the fixed asset records. As a result, several fixed assets purchased during the years ended December 31, 2003 and 2002 were not added to the listing, including a 2003 Ford Explorer, a video monitoring system for the jail, and vehicle equipment for the Sheriff's office. Performing this reconciliation would help ensure all purchases have been added to fixed asset records.

- The county does not have formal procedures for disposing of county owned property. Written authorization is not obtained from the County Commission. Currently, when an item is no longer needed or useful, the officeholder or department head will dispose of the property or place an item in storage without getting written approval from the County Commission. As a result, the County Commission and the County Clerk are not always aware of the disposal and may not remove the item from the fixed asset records. Written authorization for the disposal of property is necessary to lessen the possibility of misuse and to provide adequate support for changes to the fixed asset records.

Adequate general fixed asset records are necessary to secure better internal control over county property, meet statutory requirements, and provide a basis for determining proper insurance coverage required on county property. Section 49.093, RSMo 2000, provides the county office of each county department shall annually inspect and inventory county property used by that department with an individual original value of \$250 or more and any property with an aggregate original value of \$1,000 or more. After the first inventory is taken, an explanation of material changes shall be attached to subsequent inventories. All remaining property not inventoried by a particular department shall be inventoried by the County Clerk. The reports required by this section shall be signed by the County Clerk.

WE RECOMMEND the County Commission ensure the general fixed asset records are complete by establishing a written policy related to the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for the handling of asset disposition, and any other concerns associated with county property.

AUDITEE'S RESPONSE

The County Commission provided the following response:

We will look into developing a written policy for general fixed assets and encourage county offices to keep the asset records current.

5. Changes to the Tax Books

There is no independent and subsequent comparison of additions and abatements approved by the County Commission to actual changes to the property tax records or to amounts reflected on the County Collector's annual settlement. The County Clerk has established a procedure to record the amount of taxes the County Collector is charged with at the beginning of the year and adjust for the additions and abatements from the reports that are received from the County Assessor's office. However, the amounts for additions and abatements reported to the County Clerk by the County Assessor do not agree with the actual amounts reflected on the tax system. From these amounts, the County Clerk computed back taxes for 2003 as \$649,000 while the County Collector only reported \$546,000 on her annual

settlement. County officials indicate that the difference results from computer generated reports not properly reporting commercial property. The county has contacted their programmer regarding these differences.

To ensure additions and abatements reported on the County Collector's annual settlement are accurate, the County Assessor, County Collector, and County Clerk should take steps to resolve the software differences.

A similar condition was noted in the prior report.

WE RECOMMEND the County Assessor, County Collector, and County Clerk establish controls over the property tax addition and abatement process that would allow the County Clerk to periodically reconcile approved additions and abatements to changes made to the property tax records and amounts reflected on the County Collector's annual settlement.

AUDITEE'S RESPONSE

The Assessor provided the following response:

I have contacted the programmer and will follow up with the other officials to ensure the problem is corrected.

The Collector provided the following response:

Our computer software provider has recently written enhancements to the abatement programs for add-on taxes. This should allow tracking and provide reports to the County Clerk to balance these additions and abatements each month.

The County Clerk provided the following response:

The programmer has been contacted and the necessary changes have been made.

6. Circuit Clerk's Controls and Procedures

The Circuit Clerk does not always perform bank reconciliations in a timely manner, adequately segregate duties, and prepare budgets for funds she maintains.

- A. Bank reconciliations are not always performed and completed monthly. The bank reconciliations for January through April 2004 were not completed until June 2004 for the circuit fee account. The Circuit Clerk indicated bank reconciliations were attempted in a timely manner, but some unidentified differences and reconciling items were noted between the court's computer system balance and the reconciled bank balance for these accounts. Many of the differences involved numerous voided transactions. The Circuit Clerk indicated that reconciliations were delayed waiting

on assistance from the Office of the State Court Administrator (OSCA). In June 2004, the Circuit Clerk received documentation from OSCA that identified numerous adjustments that were made to correct the unidentified differences and reconciling items.

In addition, in January 2003 the bank accounts of the Associate and Probate Courts were placed under the control of the Circuit Clerk. At the time of this turnover, the associate/probate fee account had not been reconciled since March 2002.

The preparation of bank reconciliations is necessary to ensure accounting records agree with bank records and errors are discovered on a timely basis. In addition, although the OSCA provides support to Circuit Clerk offices across the state, it is ultimately the Circuit Clerk's responsibility to perform bank reconciliations timely and ensure bank reconciliations and open-items listings are generated and reviewed for accuracy. Failure to resolve errors and reconciling items timely increases the risk that other errors or misstatements will not be detected on a timely basis.

- B. The duties of receiving, recording, and disbursing monies are not adequately segregated. Currently, all employees receive, record, and disburse monies. The Circuit Clerk indicated she reviews the disbursements when the bank reconciliations are prepared; however, as noted above, reconciliations are not always performed timely.

Proper segregation of duties helps ensure all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating duties of receiving, recording, and disbursing of monies. If proper segregation of duties cannot be achieved, at a minimum, a periodic supervisory review of records should be performed and documented. There should be a documented independent comparison of recorded receipts and bank deposits.

- C. Formal budgets are not prepared for funds maintained by the Circuit Clerk. For the years ending December 31, 2003 and 2002, a budget was not prepared for the Law Library Fund, Circuit Clerk Interest Fund, or the Associate Circuit Division Interest Fund. Chapter 50, RSMo 2000, requires preparation of annual budgets for all county funds to present a complete financial plan for the ensuing year. By preparing or obtaining budgets for all funds, the Circuit Clerk would be more able to effectively evaluate all financial resources.

WE RECOMMEND the Circuit Clerk:

- A. Perform bank reconciliations monthly. In addition, ensure that differences in the bank reconciliations are resolved in a timely manner.

- B. Segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- C. Ensure budgets are prepared for all funds.

AUDITEE'S RESPONSE

The Circuit Clerk provided the following responses:

- A. *I reconcile the Circuit Clerk Account the month immediately following. My reports show the dates I reconciled as follows: Jan 2004 on February 5, 2004; February 2004 on March 4, 2004; March 2004 on April 7, 2004; April on May 24, 2004. The bank reconciliations were performed in a timely way; however, there were small discrepancies in which I needed assistance in finding. In the future I will contact State Courts immediately for assistance when needed.*

I had no access or control of the Associate Probate Accounts until January 2003 at which time we consolidated the courts. After January 2003 I reconciled each month of that account from March 2002 until present. I am now planning on closing that account by the end of this year and transferring the interest to the Circuit Clerk Interest Account.

- B. *Besides reviewing the checks on the bank reconciliation within a month's time, as of September 1, 2004, I have been running a "Circuit Court Disbursement Listing" which identifies Check No., Payee name/Party ID, Case ID, Issue Date, USER ID (person writing check) and Check Amount which I review daily. I also check the Custom Trial Balance Report each day which helps me quickly find any error that may have been made on that day for immediate correction. Giving check writing authority to all employees is very beneficial for workflow in the office however beginning January 1, 2005, I will reduce the number of employees that will be allowed to write checks.*
- C. *I will prepare a formal budget for the Law Library Fund and the Interest Funds beginning with the 2005 budget year.*

7.	Prosecuting Attorney Accounting Procedures and Controls
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The Prosecuting Attorney's office collects court ordered restitution, bad check restitution, and bad check collection fees. Our review of the controls and procedures of the Prosecuting Attorney noted incomplete bank reconciliations, old outstanding checks, and untimely processing of bad checks. Additionally, the Prosecuting Attorney overspent the amount budgeted for the Prosecuting Attorney Bad Check Fund in 2003.

- A. Monthly bank reconciliations prepared for August 2003 through December 2003 were not accurate or complete. An outstanding check list was not always documented and amounts listed as deposits in transit were not always accurate. In addition, since

bank reconciliations were not complete and accurate, the reconciled balance did not agree with the monthly listing of open items (liabilities) for this time period.

The preparation of monthly reconciliations is necessary to ensure the bank account is in agreement with the accounting records and to detect and correct errors on a timely basis. In addition, reconciling the book balance to the open items listing is necessary to ensure records are in balance and that sufficient cash is available to cover liabilities.

- B. At December 31, 2003, checks totaling \$140 were outstanding that were over a year old. These old outstanding checks create additional and unnecessary recordkeeping responsibilities. The Prosecuting Attorney should adopt procedures to routinely follow up on old outstanding checks and reissue them if the payees can be located. If the payees cannot be located, these monies should be disposed of in accordance with state law.

- C. Bad checks received from vendors for collection are not always processed timely. While checks were normally processed up to 20 times each month, we identified two months when checks were only processed two times during the month. Additionally, a report generated by the Prosecuting Attorney's office indicated checks were only entered into the bad check system one day in August. On August 21, 2003 the Prosecuting Attorney's office processed all 113 checks received during that month.

To ensure bad checks are properly handled and cases are filed timely, bad checks complaints should be processed in a timely manner.

- D. The Prosecuting Attorney overspent the amount budgeted for the Prosecuting Attorney Bad Check Fund in 2003 by \$3,618 due to transfers to the Law Enforcement Sales Tax Fund to supplement salaries for the Prosecuting Attorney's office.

It was ruled in State ex. rel. Strong v. Cribb, 364 Mo. 1122, 273 SW2d 246 (1954), that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess expenditures, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's Office. In addition, Section 50.622, RSMo 2000, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend the budget.

WE RECOMMEND the Prosecuting Attorney:

- A. Prepare and vouch monthly bank reconciliations and maintain documentation of outstanding checks. In addition, reconcile monthly listings of open items to the cash balance.
- B. Ensure procedures to routinely follow up and reissue old outstanding checks are adopted. If the payees cannot be located, these monies should be disposed of in accordance with state law.
- C. Ensure bad check complaints are processed in a timely manner.
- D. Keep expenditures within budgetary limits. Budgets should be properly amended if necessary.

AUDITEE'S RESPONSE

The Prosecuting Attorney provided the following responses:

- A. *We have been doing this for quite some time. The time period referenced in the audit report was during a time of employee turnover and the new check clerk was apparently unaware that the initial balancing of the bank statements was required. With regards to open items, we are presently reconciling in accordance with the suggestions in the audit report.*
- B. *We are following up with payees who have not negotiated their check within six months of the issuance of those checks. If we are unable to locate the payee, we will issue a stop payment order and transfer those funds to the Polk County Treasurer as abandoned/unclaimed property in accordance with Missouri law.*
- C. *All checks received for prosecution are now to be entered into our system not less than once per week. Ten day notice letters will be printed not less than once per week. Our system calendars and tracks checks that receive no response to the ten day notice letters and criminal proceedings are to be initiated immediately upon expiration of the notice period.*
- D. *We will do the best we can.*

8. Sheriff's Accounting Controls and Procedures
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Our review of the Sheriff's office indicated that accounting duties are not adequately segregated and controls over inmate monies need improvement.

- A. Accounting duties are not adequately segregated. Currently, the Sheriff's secretary is responsible for depositing and disbursing monies, preparing bank reconciliations, maintaining the accounting records, and preparing the monthly fee reports. There is

no documentation that an independent review of deposits and accounting records is performed.

Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating duties of depositing receipts from reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, a periodic supervisory review of the records should be performed and documented.

- B.1. The date and method of payment received (cash, check, or money order) is not indicated on receipt slips issued to inmates for commissary monies. As a result, the timeliness of deposits cannot be determined and the composition of monies received cannot be reconciled to amounts deposited. To ensure receipts are accounted for properly and deposited intact timely, the date of receipt and method of payment received should be indicated on all receipt slips, and the composition of receipt slips issued should be reconciled to the composition of bank deposits.
- 2. Checks and money orders received for inmates to be used in the commissary are not restrictively endorsed immediately upon receipt. Instead, the endorsement is applied at the end of the day when the deposit is prepared. To reduce the risk of loss or misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt.

WE RECOMMEND the Sheriff:

- A. Adequately segregate accounting duties or ensure periodic supervisory reviews are performed and documented.
- B.1. Indicate the date of receipt and method of payment on all receipt slips, and reconcile the composition of receipt slips to the composition of bank deposits.
- 2. Restrictively endorse checks and money orders immediately upon receipt.

AUDITEE'S RESPONSE

The Sheriff provided the following responses:

- A. *Effective immediately the Staff Supervisor will review all receipts and deposits on a daily basis. The Supervisor will also be required to review the bank statements on a monthly basis.*
- B.1. *Effective immediately the jail staff will indicate cash, check, or money order on all receipts issued to inmates for commissary monies. A supervisor will be required to review the commissary receipts to ensure it is performed correctly.*

2. *Effective immediately all employees have been instructed to endorse checks and/or money orders immediately upon receipt. A supervisor will be reviewing this procedure.*

9. Juvenile Division's Controls and Procedures

The home base of the Juvenile Division of the Thirtieth Judicial Circuit is located in Polk County. A review of the records and procedures noted questionable expenditures and no written policy regarding cellular telephone usage.

A. Our review of expenditures noted the following concerns:

1. The Juvenile Division paid \$5,846 in 2002 for three employees to attend training seminars at the Atlantis Casino Resort in Reno, Nevada, and the Trump Plaza in Atlantic City, New Jersey.

Cost totaling \$3,665 (air fare \$590, hotel \$977, registration \$1,140, and expenses \$958) was incurred for the seminar in Reno. This cost includes approximately \$456 in mileage and airport parking expenses for three different vehicles to be driven to the same airport for the same flight. It is questionable whether it was reasonable for the three employees to travel to the airport in separate vehicles. Additionally \$30 was reimbursed to each employee for separate transportation from the airport to the hotel in Reno.

The Division incurred cost totaling \$2,181 (air fare \$1,173, hotel \$339, registration \$395, and expenses \$274) for the seminar in Atlantic City. After making reservations, two employees were unable to attend the seminar in Atlantic City because their positions were eliminated when grant funding was lost. As a result, the Juvenile Division was not reimbursed for \$882 (air fare \$782 and registration \$100) of the total costs noted above.

In addition, adequate supporting documentation was not retained or available to support costs incurred for hotel accommodations during either training seminar (\$1,316). The only documentation maintained was a request for reservations typed on Juvenile Division office letterhead.

It is questionable whether these trips were adequately planned and all expenditures were a reasonable use of public funds. In addition, adequate supporting documentation will help the Juvenile Division evaluate the necessity and reasonableness of expenses incurred.

2. The Juvenile Division provides lunch for all employees at monthly staff meetings. The Juvenile Division should make an effort to reduce expenditures for food costs and redirect these resources to Division activities. According to the Juvenile Division's records, the Division paid approximately

\$650 in food costs during the two years ending December 31, 2003. These food purchases represent amounts billed to the department from various local restaurants.

It is questionable whether these expenditures are a prudent use of public funds. The Juvenile Division should ensure funds are spent only on items which are necessary and beneficial to county residents.

- B. The Juvenile Division has not developed a written policy regarding cellular telephone usage. Currently, all Juvenile Officers and the Secretary are provided cellular telephones that are paid for by the counties in the circuit. Approximately \$9,800 was paid for cellular phone service during the two years ending December 31, 2003.

Cellular phone bills are only reviewed for personal use if the usage exceeds the number of minutes allowed under the plan. Our review of the October through December 2003 cellular phone bills noted numerous calls which appeared to be personal in nature. While the additional charges noted were not significant, it does not appear county funds should be used to pay for personal telephone usage.

A formal written policy is necessary to address the usage, the need and benefit to the county, and the monitoring of the cellular phone to ensure it is properly used for business purposes. The Juvenile Division should consider prohibiting the personal use of the cellular phone, except in cases of emergency, and review the calls made to determine if the amount of usage is necessary and proper.

WE RECOMMEND the Juvenile Division:

- A. Ensure all expenditures of the Juvenile Division are a reasonable and prudent use of public funds and are necessary to the mission of the division. In addition, ensure that all expenditures are appropriately supported by adequate documentation.
- B. Develop a formal written policy regarding the use of the cellular telephone, including a provision prohibiting its use for personal reasons. In addition, an independent and adequate review of the cellular phone bills should be performed.

AUDITEE'S RESPONSE

The Juvenile Division provided the following responses:

- A. *Any training opportunities and Juvenile Division staff meeting meal expenditures other than those conducted by OSCA will be reviewed and only approved by the Circuit Judge to ensure prudent use of public funds. If approved, staff meeting meal expenditures will be according to OSCA limits for 3rd Class Counties as follows: breakfast = \$6.00, lunch = \$8.00 and dinner = \$12.00. Any and all receipts for expenditures will be maintained.*

- B. *A written policy regarding the use of the Juvenile Division cell phones will be implemented to reflect guidelines and expenditures charged to the employee for personal use. Each month the Juvenile Division cell phone bill will be reviewed by the Chief Juvenile Officer to ensure employee compliance to the implemented policy. An agreement to the policy will be signed by each employee and placed in their personnel office file. The policy will be effective October 1, 2004.*

10. Thirtieth Judicial Circuit Juvenile Detention Center

The Thirtieth Circuit consists of Benton, Dallas, Hickory, Polk, and Webster counties. In December 1995, these counties entered into an agreement with the Thirtieth Circuit Youth Services, Inc. (a Missouri not-for-profit corporation) to construct and operate a Juvenile Detention Center (JDC). In accordance with the agreement, the five counties would finance the operation and maintenance costs on or near a break-even basis. The Board of Directors of the JDC are appointed by the Circuit Judge of the Thirtieth Judicial Circuit.

Our review of the JDC identified a substantial cash balance with no documented plans for its use, no written agreement for banking services and inadequate collateral securities pledged to cover JDC deposits. Additionally, the JDC does not solicit bids for food purchases, does not have a written policy addressing meals provided to employees, and does not adequately segregate accounting duties.

- A. The JDC has accumulated a substantial balance with no formal documented plans for its use. The JDC unrestricted cash balance at December 31, 2003 and 2002 totaled \$1,022,945 and \$857,405, respectively, while expenditures for the center totaled \$231,331 and \$245,083 for each year end. (The majority of all personnel costs are paid by the state.) According to the JDC's 2004 budget, they expect to accumulate more than \$1.2 million by December 31, 2004.

The Circuit Judge indicated some of these monies will be utilized for substantial capital improvements and maintenance to the facility; however, according to JDC records, the center's occupation rate of juveniles has decreased from 53% in 2002 to 49% in 2003. According to the Circuit Judge, expansion is being anticipated because of population growth and increasing case load, but there are no documented plans to support how much expansion is planned, or the amount of funds needed. Additionally, the Circuit Judge indicated funds were needed to repair the roof and make the basement secure during storms; however, there is no formal documentation of these plans or cost estimates, and the center's budget for 2004 did not show an increase in the amount needed for building repairs.

The agreement between the JDC and the counties of the Thirtieth Judicial Circuit specifies the JDC will operate on as near of a break-even basis as possible. The JDC's records indicate revenues from other sources (federal and state funding as well as board bills) are sufficient to cover the operating and maintenance costs of the

center; however, the JDC continues to bill the five counties in the circuit each month for maintenance costs. Since 2000 the JDC has billed the counties approximately \$207,000. The Circuit Judge indicated that a member of the County Commission from each county sits on the JDC board and is aware of the JDC's accumulated balance. However, there is no documentation in the JDC's board minutes to indicate that the board has made a formal decision to continue to bill the counties and accumulate a large cash balance. In addition, two of the five counties in the circuit still owe approximately \$250,000 as of December 31, 2003 in bonded indebtedness from the initial construction cost of the facility. Extra monies would be available to the two counties to pay toward the bond principal if the JDC did not bill the counties for operating costs already funded by other revenue sources.

While Section 488.2205 allows counties in the Thirtieth Judicial Circuit to charge up to \$10 on all criminal cases for the purpose of, "construction, maintenance and operation of the county judicial facility and the circuit juvenile detention center", it further indicates that moneys not needed for the operating costs shall be transmitted quarterly to the general revenue fund of the county.

The JDC should review the cash balance and prepare a formal documented plan as to how such a balance is going to be utilized. The JDC should also review the various sources of revenue received in addition to the contracts maintained with each county to determine if the contract terms are still applicable.

- B. While board meeting minutes indicate interest rate information was obtained before investing in certificates of deposits, no documentation of bids for banking services were provided. Additionally, the JDC has not entered into a written agreement with its depository bank. Collateral securities were not pledged by one of the JDC's depository banks for deposits in excess of the Federal Depository Insurance Corporation (FDIC) coverage leaving the JDC unsecured by \$6,850 at December 31, 2003. Further, the JDC has not adopted a written policy to document its procedures for investing excess funds. During 2004 JDC funds totaling \$800,000 were invested in certificates of deposits with four local banks at interest rates varying from 3% to 3.5%.

To ensure the quality of banking services and ensure interest earnings received are maximized, the JDC should procure its banking services through a competitive bid process. In addition, the JDC should enter into a written agreement with its depository bank.

Section 110.020, RSMo 2000, requires the value of securities pledged to be at all times not less than 100 percent of the actual amount on deposit less the amount insured by the FDIC. Inadequate collateral securities leave funds unsecured and subject to loss in the event of bank failure. Also, written agreements should require that deposits in excess of FDIC limits be secured by bank assets pledged to the JDC. In addition, the bank service agreement provisions should include, but not be limited

to, any bank fees for check printing, checking account services, and interest rate for invested funds. A written depository agreement helps the JDC and bank understand and comply with the requirements of any banking arrangement.

- C. The JDC did not solicit bids for food purchases. The JDC prepares meals for the juveniles that are being held at the detention center. During the years ending December 31, 2003 and 2002, the JDC expended approximately \$20,460 and \$21,875, respectively on food from various vendors. While the JDC personnel indicated that prices are compared among various vendors before food is purchased, no documentation was maintained.

Section 50.660, RSMo 2000, requires the advertisement for bids for any purchases of \$4,500 or more, from any one person, firm, or corporation during any period of ninety days. Bidding procedures for major purchases provide a framework for the economical management of county resources and helps assure the county that it receives fair value by contracting with the lowest and best bidder. Competitive bidding ensures all interested parties are given an equal opportunity to participate in county business.

Various approaches for soliciting bids for food purchases are appropriate. Whichever approach is used, complete documentation of bids should always be retained as evidence of the JDC's established purchasing procedures, as well as compliance with statutory requirements.

- D. JDC employees are provided meals at no cost by the JDC. The number of meals provided to employees are tracked; however, the JDC does not have a policy to address whether employees are to be provided meals. While some employees are provided meals because they cannot leave the building during working hours, a written personnel policy addressing this issue is needed to control and reduce unnecessary expenditures in this area.
- E. Accounting duties are not adequately segregated. One individual has duties that include receiving, depositing, and disbursing monies, preparing bank reconciliations and maintaining the accounting records. While an independent review of disbursements is performed, there is no documentation of this review.

Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating duties of receiving and depositing monies from recording and reconciling receipts. If proper segregation of duties cannot be performed, a periodic independent review of the records should be performed and documented.

- F. The JDC provided a membership to a local rotary club for the Administrator during 2003 and 2002. The JDC pays the yearly membership of \$360. It is unclear if the membership to the rotary club represents a governmental purpose.

WE RECOMMEND the Juvenile Detention Center:

- A. Review the cash balance and prepare a formal documented plan as to how such a balance is going to be utilized. Evaluate the various sources of revenue in addition to the contract to determine if contract terms are still applicable.
- B. Seek competitive bids for its banking services on a periodic basis, ensure all deposits are adequately secured, and enter into a written agreement with the depository bank. In addition, a written investment policy for excess funds should be adopted.
- C. Solicit bids for food purchases in accordance with state law and maintain documentation of bids.
- D. Review whether JDC employees should be provided meals at the detention center's expense and if necessary develop a personnel policy to address this issue.
- E. Adequately segregate accounting duties or ensure periodic independent reviews are performed and documented.
- F. Ensure all expenditures are a necessary and prudent use of governmental funds.

AUDITEE'S RESPONSE

The Juvenile Detention Center provided the following responses:

- A. *Accumulated fund balances are to be used for major repair and expansion purposes. The plan for such use is documented in the Cooperative Agreement between the counties and the Corporate Bylaws. In addition, the architectural drawings used to direct construction of the facility reveal the intent of the counties to provide for expansion capability. Further, a review of the Board Minutes will indicate that construction decisions and the creation of the replacement and extension fund were made with expansion in mind. The Board Minutes also reveal discussion about resident populations and building expansion as well as the plan to repair the roof and basement. Finally, the County Commissioners have been presented annually a proposed budget at which time the anticipation of expansion has been discussed.*

As it can be inferred from the documents mentioned above, the counties planned at inception for increasing capability of the facility. The population of the Circuit is increasing, therefore, it is reasonable to expect that juvenile referrals will increase. It is short sighted to base future capacity needs on population averages from years 2002 and 2003. During this period and even into early 2004, the population averages declined because of the short term financial crisis suffered at the state level. Expenditures for children's services have rebounded as have population averages.

Several estimates have been received for the roof and basement projects which indicate the amount of funds needed. These expenditures were not budgeted in 2004 because it was the

intent of the Board, Judge, and Commissioners to fund the expenditures using excess revenues.

Beginning in April 2002 the counties have not been billed for costs associated with the operational budget. The only funds requested from the counties were costs associated with the cooperative budget (i.e. building maintenance). The revenue from the Section 488.2205, RSMo \$10.00 surcharge on criminal cases which is deposited directly to the county treasury has nearly been sufficient to cover the requisitions in question, therefore, the facility does in fact operate on or at near a break-even basis as requested by the Bylaws. Finally, Hickory County has paid its indebtedness in full leaving only one county (Benton) in debt on original construction costs.

- B. The seeking of competitive bids for banking services is evident in board minutes. In addition, a written agreement was executed by members of the Board upon creation of the depository account. All subsequent deposits with other banks are evidenced by Certificate of Deposits. Finally, a Federal Reserve Pledge Authorization Form was executed by the Board of Directors in January 2002 covering the period in question. The facility will in the future present its own written agreement to the depository bank.*

The written investment policy of the facility is found in Article VI of the Bylaws giving the board the authority to invest excess funds: "The moneys of the corporation shall be deposited in such manner as the Board of Directors shall direct in banks or trust companies as the Board may designate...".

The \$6,850.00 unsecured by collateral securities on December 31, 2003 have been secured by pledged assets.

- C. The facility did not exceed the purchase ceiling of \$4,500 from any one firm during a 90-day period for food purchases. The facility uses several vendors in order to promote and foster competitive pricing and opportunity to participate in county business. It is evident from that fact that great effort is expended to make the most frugal use of public funds by purchasing food "on sale" and to purchase items from the vendor offering them at the best prices at any given ordering cycle. There is only one incident during the period reviewed in which the facility purchased non-food items along with certain food items from a food vendor during the 90-day period from October 2003 to December 2003, the total purchase of which was \$4,628.94, causing the purchase to exceed the \$4,500 ceiling. The facility will no longer purchase non-food items from food vendors and will not exceed the \$4,500 ceiling with any vendor.*
- D. The facility has a policy addressing the provision of meals to employees. Rules for Licensing Residential Child Care Agencies as incorporated in the facility policy and procedure guidelines state the following:*

1. *Staff must eat what children eat. 13 CSR 40-71.070.*
2. *Administrative and education staff must monitor children for the purpose of recognizing changes in the child's appearance or behavior that may be related to the use of medications, need for mental health services or medical services. 13 CSR 40-71.075. Sharing meals with the children promotes relationship building that leads to increased incite into the child's behavior patterns.*
3. *Social service staff must evaluate the child for service plan review. 13 CSR 4-71.060. Often meal time is used to study social behavior at which time the social service staff shares a meal with the children being studied.*

Staff members who have no contact with children will have to pay for meals consumed.

- E. *Periodic independent reviews are performed and documented. The Board employs a certified public accounting and professional auditing firm to perform an independent annual audit. The results are distributed to the Board Members and County Commissioners. In addition, financial statements are distributed to the counties monthly.*

The secretary receives and deposits all monies, prepares bank reconciliations, and maintains accounting records. She can not sign checks to disburse funds. According to Article V of the Bylaws, the Treasurer shall disburse or supervise the disbursement of funds of the corporation. All disbursements require the signature of the Treasurer and one other Board member. Neither the administrative staff nor the secretary are signatories on any bank accounts. The annual audit gives special attention and scrutiny to the segregation issue and has found no abnormalities during the periods in question. In addition, the reconciliation is reviewed by the Administrator every month as is all expenditures, time sheets, trust accounting, etc.... In the future such review will be noted thereon.

- F. *According to Missouri Circuit Court Personnel System Administrative Rule 7 the job description of the Administrator requires that he represent the juvenile court system at schools and community meetings and make presentations as required. The Rotary Club is a community service organization with no religious or political affiliation. It is one of the largest organizations of its type in the community. The club permits numerous opportunities to educate the public. As good community relations is necessary for the development of community resources and due to the overwhelming community concern over the placement of a detention facility near a residential area, it has been important for the Juvenile Court to have representatives amongst the community to spread good-will and educate. In this situation, the expenditures serve a necessary, important, and prudent purpose.*

11.	Health Center's Controls and Procedures
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The Health Center Board does not have a depository agreement for banking services, and does not properly sign or include documentation of approved expenditures in the board minutes. Additionally, some questionable expenditures were identified.

- A. The Health Center Board does not have a formal depository agreement with its depository bank. A depository agreement is necessary to ensure both the bank and the board understand and comply with the agreement. Such an agreement may cover issues such as costs of checking accounts and safe deposit boxes, interest charges for borrowed funds, interest to be paid on certificates of deposit, savings accounts, and interest bearing checking accounts, and should include collateral securities required to be pledged.
- B.1. Regular board meeting minutes are prepared by the Health Center Administrator; however, the minutes are not signed by the Board President. The minutes should be signed by the President immediately upon approval by the Board to provide an attestation that the minutes are a correct record of the matters discussed and actions taken during the board meeting.
- 2. The board minutes do not identify the disbursements approved by the board at its monthly meetings. The only reference in the minutes is a notation that a motion was made and approved to pay bills. To adequately document the board's review and approval of all disbursements, a complete and detailed listing of bills should be prepared, signed or initialed by the board to denote their approval, and retained in the official minutes.
- C. The Health Center expended monies totaling approximately \$1,450 during the two years ending December 31, 2003, for items that do not appear to be a prudent use of public funds. Approximately \$460 was spent on t-shirts for employees, volunteers, and clients and the balance was spent on providing meals and snacks to employees and guests at various meetings.

It is questionable whether these expenditures are a prudent use of public funds. The Health Center should ensure funds are spent only on items which are necessary and beneficial to county residents.

WE RECOMMEND the Health Center Board:

- A. Enter into a written depository agreement.
- B.1. Ensure board minutes are properly signed to attest to their accuracy.
- 2. Ensure the approval of all disbursements is adequately documented by including a listing of all approved disbursements in the board minutes.
- C. Ensure all expenditures of Health Center monies are a necessary and prudent use of public funds.

AUDITEE'S RESPONSE

The Health Center Administrator provided the following responses:

- A. *The Health Center will obtain a formal depository agreement with its depository bank to ensure that the bank and the board understand and comply with the agreement. This agreement will be obtained by January 31, 2005.*
- B.1. *The Board President will sign the board meeting minutes upon approval to provide an attestation that the minutes are a correct record of the matters discussed and actions taken during the board meeting. This procedure will be implemented at the October 2004 meeting.*
- 2. *A detailed listing of all disbursements will be signed by the board and retained in the official minutes of the board meeting to adequately document the board's review and approval. This procedure will be implemented at the October 2004 meeting.*
- C. *The monies expended for incentive items and meeting expenditures were directly related to specific contracts that required participation from community volunteers. The volunteers were given t-shirts or a meal for helping the Health Center to create a local system to address the issues such as bioterrorism, smoking in pregnant women and child deaths related to motor vehicle crashes and unintentional injury. The Polk County Health Center is not able to address these issues as an individual agency and often requests the assistance of community partners to develop a plan, so that as a community we can be more effective. It is not the intent of the Health Center to use money in a way that is not a prudent use of public funds. As in the past the Health Center will assure that all funds received will be used in a way to benefit county residents.*

12. Senate Bill 40 Board

In accordance with Section 205.971, RSMo 2000, the board provides funding from the proceeds of a property tax levy for goods and services to individuals whom are developmentally disabled. Our review noted the following concerns:

- A. The board has not entered into written contracts with the entities that provide services to the board, and does not ensure monies distributed to the organizations are being expended on the item or services requested. The board provided funds approximating \$57,635 and \$38,429 in 2003 and 2002, respectively to various organizations.

Written contracts are necessary to specify the services to be performed and the compensation to be paid for the services, provide a means for the board to monitor compliance with the contract terms, and protect the board in the event of a dispute over the terms of the agreement. In addition, Section 432.070, RSMo 2000, requires all contracts to be in writing.

- B. The board does not have up to date written procedures for approving funding requests. The board established written procedures for the approval of requests for funds by citizens in October 1991. However, these procedures outlined required documentation for three specific organizations. One of these organizations is no longer being funded by the board and two organizations that received funding during 2002 and 2003 are not addressed in the written procedures. The board should consider updating their current policy to address general funding requirements for all organizations to follow. Additionally, while the approval or denial of a request is typically documented in the minutes, there is little detail provided in situations where a request is denied.

The board should establish current written policy, which defines the requirements for approving requests for funds to ensure fair and equitable treatment is extended to all citizens. Also, board minutes should provide adequate detail when a request is denied.

- C. The Senate Bill 40 Board did not prepare a complete and accurate budget for 2003 and 2002. While a budget was prepared for each year, actual property tax revenues for both years were reported as \$0 when approximately \$39,000 was received annually. In addition, the amount of actual expenditures reported on the budgets did not agree with the check register. Amounts shown in Exhibit B of this report were adjusted for these inaccuracies. Further, actual expenditures exceeded budgeted amounts by \$10,015 for 2003.

Chapter 50, RSMo 2000, requires preparation of an annual budget for all funds to present a complete financial plan for the ensuing year. A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific cost expectations for each area. A complete budget should include appropriate revenue and expenditure estimates and actuals by classification, and include the beginning available resources and reasonable estimates of the ending available resources for all funds. The budget should also include a budget message.

Further, it was ruled in *State ex rel. Strong v. Cribb* 364 Mo. 1122, 273 SW2d 246 (1954), that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess expenditures, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's Office. In addition, Section 50.662, RSMo 2000, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend its budget.

- D. There is no documentation to indicate that monthly bank reconciliations were prepared during the audit period. The interest earned on the Board's checking account for March 2003 was not recorded in the check register. Monthly bank reconciliations are necessary to ensure accounting records balance with the bank and to detect errors timely.
- E.1. The regular board meeting minutes did not always document the specific reasons for closing the meeting and actions taken by the Board in closed meetings. In addition, it is unclear how some items discussed by the Board during closed meetings are allowed under the provisions of the Sunshine law. Minutes for January 23, 2003 indicate the board closed the meeting on two different occasions to reorganize the board and to discuss and prepare the budget.

Section 610.021, RSMo 2000, allows the Board to discuss certain subjects in closed meetings including litigation, real estate transactions, personnel issues, some competitive bidding issues, and confidential or privileged communications with auditors. Section 610.022, RSMo 2000, requires that before any meeting may be closed, the question of holding the closed meeting and the reason for the closed meeting shall be voted on at an open session. In addition, this law provides that public governmental bodies shall not discuss any other business during the closed meeting that differs from the specific reasons used to justify such a meeting, record, or vote.

- 2. Regular board meeting minutes are prepared and signed by the Board Secretary; however, the minutes are not signed by the Board President. The minutes should be signed by the President immediately upon approval by the Board to provide an attestation that the minutes are a correct record of the matters discussed and actions taken during the board meeting.

WE RECOMMEND the Senate Bill 40 Board:

- A. Enter into written contracts with organizations that receive funding for both goods and services. Contracts should specifically address the goods and services to be provided and compensation to be paid, and allow the board a means to monitor compliance with the contract terms.
- B. Establish a current written policy detailing the requirements for requesting funds and ensure board minutes contain adequate detail when requests are denied.
- C. Prepare budgets as required by state law and ensure expenditures do not exceed budgeted amounts. If additional expenditures are necessary, the budget should be amended and the circumstances adequately documented.
- D. Prepare monthly bank reconciliations and ensure the accounting records accurately reflect the balance of the Senate Bill 40 Board Fund.

E.1. Ensure closed meetings are conducted according to state law. In addition, the Board should ensure the final disposition of applicable matters discussed in closed session are recorded in the regular public meeting minutes.

2. Ensure board minutes are properly signed to attest to their accuracy.

AUDITEE'S RESPONSE

The Senate Bill 40 Board provided the following response:

We have read the above recommendations and will do our best to comply with them effective at our next board meeting on October 21, 2004.

13. Emergency 911 Central Dispatch

In June 2002 an agreement was entered into between Polk County, the City of Bolivar, and Citizens Memorial Hospital to form an Emergency 911 Central Dispatch Center. In accordance with the agreement, Polk County remits annual phone franchise fees totaling approximately \$235,000 to the Center, and each of the three entities provides an additional \$5,000 monthly to fund the Center. During our review of the accounting controls and procedures we noted numerous weaknesses.

A. The financial condition of the Center needs to be reviewed by the board. On December 23, 2003 accounting records showed a negative \$732 cash balance. Minutes of the December 2003 board meeting indicate that cash would be tight and federal grant funds would be necessary to help with cash flow.

During 2003 the Center entered into promissory notes totaling \$350,000 with a local bank to finance the purchase of equipment. A federal grant totaling \$147,535 was received to reimburse the Center for a portion of the equipment costs. These grant funds were deposited into the Center's bank account on December 24, 2003 and subsequently used to cover operating expenses of the Center rather than reducing the principal amount of the notes.

The City of Bolivar subsequently took over the promissory notes and entered into a lease agreement with the local bank to finance the equipment purchase. The Center then entered into an agreement with the city indicating the Center would reimburse the city for the monthly lease payment totaling approximately \$6,500.

While the Center's 2004 budget did not project an ending cash balance, anticipated revenues approximated anticipated expenditures indicating that an ending cash balance is not expected. In addition, the budget did not appear to include any appropriations for unexpected expenditures that might occur during the budget year. Considering these factors, the Board should review disbursements and reduce

discretionary spending as much as possible, evaluate controls and management practices to ensure efficient use of resources available to the Center.

In addition, the Center did not maintain adequate documentation of the promissory notes referred to above, and copies of this information had to be obtained from the local bank. Further, the Center does not receive any information from the City or the bank to ensure the debt payment is being paid to the bank on a monthly basis. The Center should maintain adequate documentation to support all transactions.

B. Our review of budgets noted the following concerns:

1. The Center's approved budget did not adequately project the anticipated financial condition for years ended December 31, 2004 and 2003. The beginning cash balance was incorrectly recorded, and addition errors were made on the 2003 budget. The 2004 budget did not include a cash reconciliation. In addition, formal budgets were not filed with the State Auditor's Office as required by state law.

Chapter 50, RSMo 1994, requires the preparation of annual budgets for all funds to present a complete financial plan for the ensuing year. To be of maximum assistance to the board and to adequately inform the public, the budgets should accurately reflect the anticipated beginning cash balance, receipts, expenditures, and ending cash balance. In addition, amounts reported on the Center's budgets should be checked for accuracy.

2. The Board overspent the amount budgeted for the Emergency 911 Central Dispatch Fund in 2003 by \$144,926. Expenditures exceeded amounts budgeted because of equipment purchases made from loan proceeds that were not included in the budget.

It was ruled in State ex. rel. Strong v. Cribb, 364 Mo. 1122, 273 SW2d 246 (1954), that strict compliance with the county budget law is required by county officials.

If there are valid reasons which necessitate excess expenditures, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's Office. In addition, Section 50.622, RSMo 2000, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend the budget.

- C. The Board has not solicited bids for its banking services nor entered into a written agreement with its depository bank. Additionally, collateral securities were not

pledged by the Board's depository bank for deposits in excess of the Federal Depository Insurance Corporation (FDIC) coverage leaving the board unsecured and subject to loss in the event of bank failure. During December 2003, the Board's bank balance exceeded FDIC coverage by approximately \$46,803. Further, the Board maintains all funds in a non-interest bearing checking account.

A depository agreement is necessary to ensure both the bank and the board understand and comply with the agreement. Such an agreement may cover issues such as costs of checking accounts and safe deposit boxes, interest charges for borrowed funds, interest to be paid on certificates of deposit, savings accounts, and interest bearing checking accounts, and should include collateral securities required to be pledged. Section 110.020, RSMo 2000, requires the value of securities pledged to be at all times not less than 100 percent of the actual amount on deposit less the amount insured by the FDIC. Inadequate collateral securities leave board funds unsecured and subject to loss in the event of bank failure. The failure to have funds in interest-bearing accounts results in the loss of revenues. To maximize interest earnings, all funds should be placed in interest-bearing accounts.

- D. There is no documentation to indicate that monthly bank reconciliations were prepared during the audit period. While personnel indicated that bank reconciliations are performed on the computerized accounting software program, these reconciliations were not printed and could not be retrieved from the accounting system. Monthly bank reconciliations are necessary to ensure accounting records balance with the bank and to detect errors timely.
- E. Currently the Administrator and three board members are authorized to sign checks; however, bond coverage is only maintained for one of the board members. The failure to bond all persons with access to assets exposes the center to the risk of loss.
- F.1. The regular board meeting minutes did not always document the specific reasons for closing the meeting and actions taken by the Board in closed meetings. The board closed the board meeting on November 14, 2003; however, the reason for closing the meeting was not documented and no minutes were taken to document the closed meeting.

Section 610.021, RSMo 2000, allows the Board to discuss certain subjects in closed meetings including litigation, real estate transactions, personnel issues, some competitive bidding issues, and confidential or privileged communications with auditors. Section 610.022, RSMo 2000, requires that before any meeting may be closed, the question of holding the closed meeting and the reason for the closed meeting shall be voted on at an open session. In addition, this law provides that public governmental bodies shall not discuss any other business during the closed meeting that differs from the specific reasons used to justify such a meeting, record, or vote.

2. Regular board meeting minutes are prepared and signed by the Board Secretary; however, the minutes are not signed by the Board President. The minutes should be signed by the President immediately upon approval by the Board to provide an attestation that the minutes are a correct record of the matters discussed and actions taken during the board meeting.
 3. The board minutes do not identify the disbursements approved by the board at its monthly meetings. The only reference in the minutes is a notation that a motion was made and approved to pay bills. To adequately document the board's review and approval of all disbursements, a complete and detailed listing of bills should be prepared, signed or initialed by the board to denote their approval, and retained in the official minutes.
- G. Current general fixed asset records are not maintained and property tags are not affixed to all assets. The Center has not compiled an inventory listing since September 2002. Adequate general fixed asset records are necessary to secure better internal control over property and meet statutory requirements. In addition, property control tags should be affixed to all fixed asset items to help improve accountability over these items and help ensure that assets are not lost or stolen.
- H. The Center provides food for board members during the monthly meeting. An effort should be made to reduce expenditures for food costs and redirect these resources to Center activities. According to the Center's records, approximately \$400 in food costs was incurred from June 2003 through December 2003.

It is questionable whether these expenditures are a prudent use of public funds. The Board should ensure funds are spent only on items which are necessary and beneficial to county residents.

WE RECOMMEND the Emergency 911 Central Dispatch Board:

- A. Closely monitor the financial condition of the Center by taking the necessary steps to improve the financial condition, such as reviewing disbursements and reducing discretionary amounts as much as possible. In addition, records should be maintained documenting all transactions.
- B.1. Ensure complete and accurate budgets are prepared and filed with the State Auditor's Office.
2. Keep expenditures within budgetary limits. Budgets should be properly amended if necessary.
- C. Enter into a written agreement with the depository bank, and ensure collateral securities are pledged for all deposits in excess of FDIC coverage. In addition, maintain all funds in interest-bearing accounts to the extent possible.

- D. Prepare monthly bank reconciliations and ensure the accounting records accurately reflect the balance of the Emergency 911 Central Dispatch Fund.
- E. Obtain adequate bond coverage for all persons with access to negotiable assets.
- F.1. Ensure closed meetings are conducted according to state law. In addition, the Board should ensure the final disposition of applicable matters discussed in closed session are recorded in the regular public meeting minutes.
 - 2. Ensure board minutes are properly signed to attest to their accuracy.
 - 3. Ensure the approval of all disbursements is adequately documented by including a listing of all approved disbursements in the board minutes.
- G. Establish records to account for general fixed assets, and identify all fixed assets with a number, tag, or similar identifying device.
- H. Ensure all expenditures are a necessary and prudent use of public funds and are necessary to the mission of the Center.

AUDITEE'S RESPONSE

The Emergency 911 Central Dispatch Board provided the following responses:

- A. *We have been and will continue to closely monitor the financial condition of the Center.*
- B.1. *We will continue to ensure our budgets are complete and accurate. We will also ensure our 2005 budget is filed with the State Auditor's Office by January 31, 2005.*
 - 2. *We will properly amend the budget, if necessary, at the December 2004 meeting of the Board of Polk County 911 Central Dispatch Center.*
- C. *As of September 17, 2004, we have entered into a written agreement with the depository bank, and ensured collateral securities are pledged for all deposits in excess of FDIC coverage.*
- D. *Since the opening of the Center, we have reconciled our statements on line. As of June 7, 2004, we have printed and filed those reconciliation reports. The printed reconciliation reports are maintained at the office of the Polk County 911 Central Dispatch Center.*
- E. *One board member with authority to sign checks has been bonded since the opening of the Center. By November 30, 2004, all members that sign checks will be appropriately bonded.*
- F.1. *We have implemented recommended procedures regarding all meeting protocols, including the recording of reasons for entering closed sessions and minutes of those meetings.*

2. *As of June 18, 2004, all board minutes for the Polk County 911 Central Dispatch Center are properly signed by the Chair or Acting Chair to attest to their accuracy.*
 3. *The Board of the Polk County 911 Central Dispatch Center has approved all disbursements from Center funds based on a listing presented at each regular meeting of the Board. As of September 17, 2004, the secretary will include a signed original listing of approved disbursements that is attached to and filed with our approved minutes.*
- G. *By November 1, 2004, we will establish records to account for general fixed assets, and identify all fixed assets with an identifying numbered label.*
- H. *The Board will take the recommendation of the State Auditor under advisement regarding the necessity of expenditures and prudent use of public funds to assure that the mission of the Polk County 911 Central Dispatch Center is fulfilled.*

Follow-Up on Prior Audit Findings

POLK COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Polk County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 1999. The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Expenditures

- A. Bids were not always solicited for purchases made by the county and the Prosecuting Attorney's office.
- B. Fuel used by vehicles and equipment of the road and bridge and Sheriff department was not reconciled to fuel purchased.

Recommendation:

The County Commission:

- A. And the Prosecuting Attorney, solicit bids for all items in accordance with state law. Documentation of bids solicited and justification for bid awards should be retained by the County Clerk. If it is not practical to obtain bids in a specific instance, or if sole source procurement is necessary, the circumstances should be thoroughly documented.
- B. And the Sheriff, periodically reconcile fuel used to fuel purchased. In addition, documentation of these reconciliations should be properly retained.

Status:

- A. Partially implemented. During the audit period, no purchases were made from funds under the control of the Prosecuting Attorney that required bidding. However, several expenditures from funds under the control of the County Commission were not bid in accordance with state law. See MAR finding number 1.
- B. Implemented.

2. Changes to the Tax Books

There was no independent and subsequent comparison of additions and abatements approved by the County Commission to actual changes to the property tax records or to amounts reflected on the County Collector's annual settlement.

Recommendation:

The County Commission establish controls over the property tax addition and abatements process that would allow the County Clerk to periodically reconcile approved additions and abatements to changes made to the property tax records and amounts reflected on the County Collector's annual settlement.

Status:

Partially implemented. The County Clerk has established procedures to reconcile the approved additions and abatements to the County Collector's annual settlement; however, differences were noted in the reconciliation. See MAR finding number 5.

3. Prosecuting Attorney's Accounting Controls and Procedures

- A. Accounting and bookkeeping duties were not adequately segregated.
- B. Monthly bank reconciliations were not being performed and a checkbook balance was not maintained.
- C. Monthly listings of open items (liabilities) were not prepared or reconciled to cash balances. In addition, approximately \$7,323 in bad check fees had not been turned over to the County Treasurer and the reconciled cash balance exceeded identified open items by \$5,099.
- D. During 1999, three different receipt systems were being used simultaneously. In addition, receipts of restitution payments sent directly to the victim were not being adequately documented.
- E. Employees in the Prosecuting Attorney's office sometimes waived the administration fee on bad check cases; however, authorization of the fee waiver by the Prosecuting Attorney was not documented.

Recommendation:

The Prosecuting Attorney:

- A. Adequately segregate accounting and bookkeeping duties to the extent possible. At a minimum, the Prosecuting Attorney should perform documented reviews of the work performed.
- B. Maintain a balance in the check register and prepare monthly bank reconciliations.
- C. Prepare complete and accurate listings of open items and reconcile the listings to the cash balance monthly. An attempt should be made to investigate the unidentified monies and any monies remaining unidentified should be disbursed in accordance with state law. Disburse \$7,323 in bad check fees to the County Treasurer and in the future, ensure bad check fees are disbursed monthly.
- D. Incorporate one receipt system with a single sequence of official prenumbered receipt slips for all monies received, indicate on the receipts which receipts are made payable to the victim, and reconcile daily receipts to deposits.
- E. Ensure bad check case files include authorization to waive the administrative fee.

Status:

A, D

&E. Implemented.

- B. Partially implemented. A balance is maintained in the check register; however, accurate bank reconciliations are not prepared on a monthly basis. See MAR finding number 7.
- C. Partially implemented. The Prosecuting Attorney disbursed \$7,323 to the County Treasurer in September 2000 for bad check fees. However, monthly listings of open items are not always reconciled to the monthly cash balance. See MAR finding number 7.

4. Sheriff's Inmate Account

- A. Bank reconciliations were not performed on the inmate account. In addition, two check registers were initiated by the Sheriff's Department, but neither was properly maintained.

- B. The total inmate account balance plus cash on hand was not reconciled to the individual inmate account balances.
- C. At December 31, 1999, seventy-two checks had been outstanding for more than one year and were being carried on the Sheriff's books.
- D. Checks from the inmate account were not issued in numerical sequence.
- E. A log of the balance of prisoner inmate cash kept on hand for commissary purchases was not maintained.

Recommendation:

The Sheriff:

- A. Prepare monthly bank reconciliations and maintain a complete and accurate check register with a running balance.
- B. Prepare a listing of individual inmate balances and reconcile the listing to the balance in the inmate account plus cash on hand monthly, and investigate any difference. In addition, an attempt should be made to refund balances to inmates which have been released. Any monies remaining unclaimed should be disposed of in accordance with state law.
- C. Attempt to resolve the old outstanding checks and establish routine procedures to investigate checks outstanding for a considerable time.
- D. Issue checks in numerical sequence.
- E. Ensure that cash kept on hand for commissary purchases is maintained on an imprest basis and a log is maintained to account for the balance on hand.

Status:

- A-E. Partially implemented. This account was closed by the Sheriff and unclaimed and unidentified monies totaling \$263 were transferred to the County Treasurer in August 2004. The Sheriff began operating from a new account for commissary receipts and disbursements in August 2000. See MAR finding number 8 for comments relating to the new commissary account.

5. Assessor's Controls and Procedures

The method of payment was not indicated on receipt slips and receipts were not transmitted to the County Treasurer intact.

Recommendation:

The County Assessor:

Indicate the method of payment on receipt slips or the receipt log, and reconcile the composition of receipt slips to the composition of monies transmitted to the County Treasurer.

Status:

Implemented.

6. Associate Division Accounting Controls and Procedures

- A. At December 31, 1999, checks totaling \$669 had been outstanding since the prior audit.
- B. The open items listing included some bonds that dated back to 1991.

Recommendation:

The Associate Circuit Judge:

- A. Attempt to resolve the old outstanding checks and establish routine procedures to investigate checks outstanding for a considerable time.
- B. Ensure the monies being held on closed or inactive cases are properly distributed. In addition, procedures should be established to follow up on and dispose of open items in a timely manner.

Status:

A&B. Implemented.

7. Juvenile Division's Controls and Procedures

- A. Monthly reports of receipts and disbursements, check registers and bank reconciliations were inaccurate.
- B. Monthly listings of open items (liabilities) were not prepared for the restitution account and were not reconciled to the cash balance.
- C. Checks and money orders received were not restrictively endorsed immediately upon receipt nor were they kept in a secure location.

- D. At December 31, 1999, checks totaling \$622 on the restitution account had been outstanding for more than one year.
- E. The duties of receiving, recording, depositing, and disbursing restitution and reconciling the bank account were not adequately segregated.

Recommendation:

The Juvenile Division:

- A. Ensure monthly computer generated reports are accurate and reconciled to monthly bank statements.
- B. Ensure monthly listings of open items are prepared and reconciled to the cash balance.
- C. Restrictively endorse checks and money orders immediately upon receipt. In addition, receipts should be kept in a secure location until deposited or transmitted.
- D. Adopt procedures to routinely follow up on old outstanding checks. Any remaining unclaimed amounts should be disbursed in accordance with state law.
- E. Provide for segregation of duties or ensure that independent reconciliations and review of accounting records are performed.

Status:

A-E. Implemented.

8. Health Center's Records and Procedures

- A. The health center purchased a house and lot adjacent to the current health center facility without obtaining an independent appraisal prior to purchasing the property. In addition, documentation of estimated renovation costs was not maintained and discussions and decisions regarding the property were not adequately documented in the board minutes.
- B. The health center did not have a record of its general fixed assets. In addition, annual physical inventories of all general fixed assets owned by the health center had not been performed and documented.
- C. Health center personnel did not monitor amounts expended on Comprehensive Family Planning (CFP) services. In addition, the average

cost per client of providing such services was not periodically calculated and monitored.

Recommendation:

The Health Center Board of Trustees:

- A. Ensure justification of the selection process is thoroughly documented and an independent appraisal is obtained for future real estate purchases.
- B. Ensure records of the health center's fixed assets are properly maintained and that annual physical inventories are preformed and documented.
- C. Ensure CFP expenditures are in compliance with the contract and contact the state Department of Health to resolve this situation.

Status:

- A. The board did not purchase any real estate during the audit period.
- B. Partially implemented. Although improvements were made with the health center's fixed asset records, some errors were noted. Although not repeated in the current MAR, out recommendation remains as stated above.
- C. Implemented. The Health Center repaid \$10,670 in October 2000 to the Missouri Department of Health.

9. Senate Bill 40 Board

The board approved expenditures in excess of budgeted amounts of \$12,515 and \$4,897 during the years ended December 31, 1999 and 1998, respectively.

Recommendation:

The Senate Bill 40 Board:

Not authorize expenditures in excess of budgeted amounts. If additional expenditures are necessary, the budget should be amended and the circumstances adequately documented.

Status:

Not Implemented. See MAR finding number 12.

STATISTICAL SECTION

History, Organization, and
Statistical Information

POLK COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1835, the county of Polk was named after President James K. Polk. Polk County is a county-organized, third-class county and is part of the Thirtieth Judicial Circuit. The county seat is Bolivar.

Polk County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 797 miles of county roads and 87 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 18,822 in 1980 and 26,992 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,				
		2003	2002	2001	2000	1985* 1980**
		(in millions)				
Real estate	\$	142.8	136.1	130.4	118.6	58.1 22.7
Personal property		52.2	47.1	46.7	45.1	10.4 9.9
Railroad and utilities		15.3	15.1	14.5	14.3	6.9 7.2
Total	\$	210.3	198.3	191.6	178.0	75.4 39.8

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Polk County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,			
		2003	2002	2001	2000
General Revenue Fund	\$	0.3190	0.3190	0.3190	0.3197
Special Road and Bridge Fund *		0.2669	0.2669	0.2669	0.2669
Health Center Fund		0.0897	0.0897	0.0897	0.0899
Senate Bill 40 Board Fund		0.0200	0.0200	0.0200	0.0200

* The county retains all tax proceeds from areas not within road districts. The county has 8 road districts that receive four-fifths of the tax collections from property within these districts, and the Special Road and Bridge Fund retains one-fifth. The road districts also have an additional levy approved by the voters.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28 (29),			
	2004	2003	2002	2001
State of Missouri	\$ 64,264	60,109	57,772	53,591
General Revenue Fund	681,075	637,356	612,316	569,378
Road Funds	517,614	520,561	500,584	481,237
Assessment Fund	90,485	84,886	77,998	72,988
Health Center Fund	190,430	178,134	171,201	159,152
Senate Bill 40 Board Fund	41,865	39,125	37,621	34,889
School districts	7,045,331	6,547,846	6,272,023	5,828,453
Library district	190,430	178,134	171,201	159,152
Fire protection district	31,084	29,427	27,681	27,586
Cities	30,402	29,919	28,159	27,352
Junior College	36,955	31,649	30,510	29,259
County Clerk	291	279	247	230
Land Tax Sales Surplus Fund	13,729	399	138	1,607
County Employees' Retirement	57,385	55,638	51,085	46,600
Tax Maintenance Fund	18,793	8,252	0	0
Commissions and fees:				
General Revenue Fund	156,178	141,628	136,668	128,686
Total	\$ 9,166,311	8,543,342	8,175,204	7,620,160

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),			
	2004	2003	2002	2001
Real estate	91.6	92.5	92.4	92.8 %
Personal property	89.1	89.0	89.8	89.8
Railroad and utilities	100.0	100.0	100.0	100.0

Polk County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	
Law enforcement	\$.0050	None	None	%
Road capital improvements	.0050	None	None	

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2004	2003	2002	2001	2000
County-Paid Officials:	\$				
Roy Harms, Presiding Commissioner		29,390			
Denzil Roberts, Presiding Commissioner			29,390	29,060	29,060
Danny G. Barker, Associate Commissioner		27,390			
Roy Harms, Associate Commissioner			27,390	27,060	27,060
Billy Dryer, Associate Commissioner		27,390	27,390	27,060	27,060
Carol Poindexter, Recorder of Deeds		41,500			
Sue Entlicher, County Clerk		41,500	41,500	41,000	41,000
John C. Porter, Prosecuting Attorney (1)		96,000	95,662	96,000	102,954
Michael Parson, Sheriff (2)		46,000	46,000	45,000	38,000
Judy Mackey, County Treasurer		41,500	30,710	30,340	30,340
Nathan Hoffer, County Coroner		14,000	14,000	13,000	8,000
Judy Tinsley, Public Administrator (3)		41,500	41,500	41,000	35,008
Debbi Roberts-McGinnis, County Collector, year ended February 28 (29),	41,500	41,500	41,000	41,000	
Carolyn Page, County Assessor (4), year ended August 31,		42,400	41,900	41,900	40,900
John R.M. Nelson, County Surveyor (5)		3,500	3,500	3,604	3,150

- (1) The county determined that the Prosecuting Attorney was underpaid by \$5,235 in 1999 and overpaid by \$337 in 2000. The \$5,235 was paid to the Prosecuting Attorney in 2000. In addition, the county withheld the \$337 overpayment in 2002.
- (2) In addition, the Sheriff received \$720, \$600, \$600, and \$540 in uniform allowances for 2003 through 2000, respectively.
- (3) Includes fees received from probate cases in 2000.
- (4) Includes \$900 annual compensation received from the state.
- (5) Compensation on a fee basis. Includes payment from the county for remonumentation and Board of Equalization.

State-Paid Officials:

Vesta Seiner, Circuit Clerk	47,300	47,300	47,300	46,127
Gary Lynch, Associate Circuit Judge	92,000			
J. Michael Brown, Associate Circuit Judge	4,000	96,000	96,000	97,382



**CONTAINING COSTS IN THE STATE'S MEDICAID PROGRAM
FOR CLAIMS PAID FOR VETERANS**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-81
September 29, 2004
www.auditor.mo.gov**

PERFORMANCE AUDIT



Office of
Missouri State Auditor
Claire McCaskill

September 2004

Missouri could potentially save millions of dollars of state funds by assisting low-income veterans to obtain their medical services from the U.S. Department of Veterans Affairs (VA) rather than through the state Medicaid program

Many veterans of the United States Armed Forces are eligible to receive free medical benefits through the VA health care system. However, the VA can only assist veterans who have registered with it. Using a Department of Social Services' (DSS) database which showed whether any individuals receiving Medicaid benefits were also receiving compensation from the VA, we determined 6,144 Medicaid recipients were also receiving some form of compensation from the VA. Nearly half of these recipients received \$14.1 million in prescription drug and durable medical equipment from Medicaid between January 2003 and March 2004--\$5.5 million of this amount was state funds. These recipients may have been eligible to receive free medical services through the VA, either with their original prescription or after seeing a VA doctor, thereby saving state funds. To identify Medicaid recipients who were receiving VA compensation and benefits, we requested DSS to send a copy of the state's Medicaid recipient file to VA, which had never been performed by DSS.

Missouri may be missing out on savings for prescription drugs for veterans residing in nursing homes

Our analysis showed 879 of the 2,731 veterans who obtained prescription drugs through Medicaid resided in nursing homes during some or all of the period examined. These veterans may be entitled to free drugs from the VA; however, most nursing homes require prescription drugs be packaged in blister packs, and the VA only dispenses drugs in bottles. A potential solution would be for the Division of Medical Services to pay the cost of blister packing medications from the VA for residents of nursing homes, provided that these costs do not exceed the state's current cost of providing these drugs through the Medicaid program.

Missouri should change its Medicaid application form to identify veterans who may be eligible for assistance from the federal government for their health care costs

The current form for applicants seeking Medicaid only asks if the person is receiving any compensation from the VA. This question fails to identify those persons who may be eligible for VA benefits but have not applied for them. Revising the form to identify those persons who might be eligible for benefits from the federal government through the VA would save the state money that would have otherwise been spent in the Medicaid program. This would also help ensure the agency complies with state law, which requires that all Medicaid applicants cooperate in obtaining any third party resources available to them.

(over)

YELLOW SHEET

Better cooperation among state agencies could save substantial state funds

In response to our audit, state agencies agree that a greater level of cooperation among agencies would likely lead to substantial savings for the state. The Medicaid application form will be amended to ask applicants if they are veterans, thereby identifying persons who may be eligible for free medical care from the federal government through the VA. The State Veterans Commission agrees identifying such individuals, and helping them access federal VA benefits, could benefit the veterans, in addition to saving state General Revenue funds, and this result can be achieved through a cooperative agreement with DSS. DSS, however, believes existing laws and regulations prevent it from working collaboratively with the Commission to save state funds. The Department of Health and Senior Services indicated it was in agreement that it would be beneficial to explore options to provide veterans in nursing homes with medications from the VA, should a solution to the dilemma that medications generally must be distributed in blister packs be solved.

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Abbreviations

DMS	Division of Medical Services
DSS	Department of Social Services
FSD	Family Support Division
SAO	State Auditor's Office
VA	U.S. Department of Veterans Affairs



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Steve Roling, Director
Department of Social Services
and
Ronald L. Taylor, Director
Missouri Veterans Commission
and
Richard C. Dunn, Director
Department of Health and Senior Services
Jefferson City, MO 65102

The Missouri Medicaid program provided medical services to about 978,000 residents at a cost of \$849.7 million in state funds during state fiscal year 2004. This report focuses on opportunities to reduce the cost of the state's Medicaid program by determining the extent veterans obtained medical services through the state's Medicaid program, who could have potentially obtained the same services from the U.S. Department of Veterans Affairs (VA).

At our request, the Department of Social Services (DSS) provided VA a copy of the Medicaid recipient file to determine the number of recipients receiving VA compensation. VA data showed 6,144 state Medicaid recipients are veterans receiving some type of VA compensation or benefits. These Medicaid recipients, therefore, are potentially eligible to obtain health care through the VA health care system versus the state's Medicaid program. The VA health care system is totally funded by the federal government, whereas the state pays about 39 percent of its Medicaid program costs. Accordingly, qualified veterans could obtain VA health care and Missouri could save substantial state funds.

Our analysis showed 2,731 veterans who were potentially eligible to obtain their medical services through the VA at no cost to themselves or the state, received up to \$5.5 million dollars (state funds) in Medicaid benefits during a 15-month period. The Missouri Veterans Commission, who is responsible for administering the state's veterans programs, agreed to cooperate in identifying and notifying veterans they are potentially eligible for VA benefits, and assist the veterans in enrolling in the VA health care system. On the other hand, DSS believes it cannot cooperate with Missouri Veteran's Commission to notify veterans on Medicaid of their potential VA benefits because (1) VA would be the appropriate agency to do this, and (2) it is restricted by federal and state law from releasing the names of Medicaid veterans to Missouri Veteran's Commission. However, DSS is responsible for administering the state's Medicaid program, and has the fiscal responsibility to ensure public funds are spent appropriately. As such, it is the appropriate agency, and is not restricted by federal or state law, to notify state

Medicaid veterans they are potentially eligible for VA medical services benefits.

We make recommendations to notify veterans receiving Medicaid benefits, to help ensure future veterans applying for Medicaid benefits are advised of their potential to receive VA health care, and to ensure future data matches are conducted to identify VA compensation or benefits to recipients.

We conducted our work in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such tests of the procedures and records as were considered appropriate under the circumstances.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

The following staff contributed to this report:

Director of Audits:	Kirk R. Boyer
Audit Manager:	John Mollet, CISA
Auditor-in-Charge:	Benjamin Douglas
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State Medicaid Program Costs Can be Reduced by Enrolling Veterans in U.S. Department of Veterans Affairs Programs

We identified opportunities to save approximately \$5.5 million or more in state Medicaid benefits by determining whether Medicaid recipients are eligible for the U.S. Department of Veterans Affairs (VA) health benefits program. Actual savings will depend on the number of veterans choosing to obtain their medical services from the VA rather than through the state's Medicaid program. Current state Medicaid procedures do not identify qualified veterans applying for Medicaid services and, thus, do not assist them in enrolling with VA. Our analysis showed 6,144 state Medicaid recipients were potentially eligible to obtain VA medical services at no cost to veterans or the state. The Missouri Veterans Commission, in an effort to assist veterans and save state funds, agreed to counsel veterans on VA medical benefits, and assist the veterans in enrolling with VA. However, Department of Social Services (DSS) officials do not believe they are responsible for contacting the veterans and advise them of their potential eligibility to receive free health care through the VA. Additionally, DSS believes current federal and state law restricts it from releasing names of veterans receiving Medicaid benefits to the Missouri Veteran's Commission to assist these veterans to enroll in the VA health care program.

Background

The Medicaid program is a cooperative venture jointly funded by the federal and state governments to assist states in furnishing medical assistance to eligible needy persons. Medical services available through Missouri's Medicaid program, administered by DMS, include inpatient and outpatient hospital services, physician services, prescription drugs, and long term care. Medicaid is the largest source of funding for medical and health-related services for America's poor, and an estimated 978,495 Missouri residents.¹ Missouri's Medicaid costs increased from \$685.2 million in 2000 to \$849.7 million in 2004, or 24 percent. Currently, Missouri pays about 38.5 percent of the total cost to provide medical care to its Medicaid recipients, and the federal government pays the remaining amount.

The Department of Social Services - Family Support Division (FSD) accepts Medicaid applications and determines eligibility for the majority of recipients for various department-administered medical assistance programs including Medicaid.

In addition to Medicaid, eligible veterans can receive numerous free medical benefits through the VA health care system² such as

- outpatient and inpatient medical, surgical, and mental health care (including care for substance abuse),
- prescription drugs, including over-the-counter drugs and medical and surgical supplies available under the VA national formulary system,
- emergency care in VA facilities, and

¹ Medicaid recipient data is current through November 30, 2003.

² VA benefits became effective under the Veterans' Health Care Eligibility Reform Act of 1996, enacted by Public Law 104-262.

- durable medical equipment,³ prosthetic and orthotic devices, including eyeglasses and hearing aids.

VA will provide free nursing home care either in VA or private nursing homes to veterans (1) with a service-connected disability rated at 70 percent or more, (2) whose service-connected disability is clinically determined to require nursing home care, or (3) with a service-connected disability rated at 60 percent and is unemployable, or has an official rating of permanent and total disabled.

Veterans generally need to enroll with the VA in order to receive free VA medical care and may apply for enrollment at any time.⁴ VA provided medical care is totally funded by the federal government. A potential benefit for veterans is the preservation of their estates. While state law⁵ allows the state to recover the cost of state provided care from recipients' estates, the federal government does not recover similar cost for VA provided medical care. VA also provides veterans other benefits such as education and training, home loans, life insurance, help with burial costs, and surviving spouse benefits.⁶

To identify individuals receiving duplicate public assistance benefits, FSD participates in a data exchange agreement with the U.S. Administration for Children and Families and other state public assistance agencies. The agreement also allows states to determine if their public assistance recipients, such as individuals eligible for Medicaid, receive VA compensation and pension benefits.

Scope and Methodology

To identify Medicaid recipients who were receiving VA compensation and benefits, we requested DSS to send a copy of the state's Medicaid recipient file to VA. DSS provided us the results of this match in March 2004, which showed VA identified 6,144 state Medicaid recipients who received some type of compensation from VA. We analyzed the 6,144 veterans' files and compared them to Medicaid paid prescription drug and durable medical equipment claims for a 15-month period from January 1, 2003 through March 31, 2004 to determine whether these veterans had obtained these services through Medicaid and the associated costs.

To evaluate Medicaid and VA enrollment procedures related to veterans, we met with officials of the Missouri Veterans Commission, FSD and DMS to discuss the results of our analyses, and to collaborate on strategies to advise veterans of their VA health care benefits available. We also reviewed applicable federal and state laws, regulations and procedures regarding VA and Medicaid eligibility requirements. We performed our work between January and July 2004.

³ Durable medical equipment includes artificial limbs, orthopedic braces, and wheelchairs.

⁴ Veterans will be enrolled to the extent Congressional appropriations allow. If appropriations are limited, enrollment is determined on a priority basis. Veterans with service-connected disabilities who are rated 50 percent or more disabled are priority one and veterans eligible for Medicaid and who are unable to pay for needed medical care are priority five.

⁵ Section 208.215, RSMo 2000.

⁶ Federal Benefits for Veterans and Dependents, 2004 edition published by the federal Department of Veterans Affairs.

We met with the Adjutant of the Missouri American Legion and the Quartermaster of the Missouri Department of Veterans of Foreign War on September 14, 2004. Neither official expressed any concerns with the matters contained in this report.

We obtained comments on a draft of this report during a meeting with department officials on August 6 and 17, 2004 and in letters from the Departments of Social Services and Health and Senior Services, and the Missouri Veterans Commission dated September 13, 1, and 2, 2004, respectively. We incorporated those comments into the report as appropriate.

DSS has missed opportunities to save state Medicaid funds

DSS has not ensured veterans applying for Medicaid were referred to Missouri Veteran's Commission to determine if they were eligible for VA medical services and other benefits. Although DSS has participated in a data exchange program with other states and the VA, it has not obtained VA data to determine the number of veterans enrolled in the state's Medicaid program. As such, DSS had not implemented procedures to ensure the Medicaid program did not pay for services to recipients that other health care providers such as VA should be providing, as required by state law.⁷

Medicaid provided veterans substantial assistance for prescription drugs and durable medical equipment

We found about half of the 6,144 veterans received \$14.1 million in prescription drug and durable medical equipment from Medicaid between January 2003 and March 2004. Our analysis showed 2,731 of the veterans obtained prescription drugs costing \$11.4 million, and 919 veterans obtained \$2.7 million of durable medical equipment. The March 2004 match between Medicaid and VA databases had not been previously conducted. This match only identified veterans who received some type of compensation from VA, and does not include other Medicaid recipients who might also be eligible for VA services. As such, the exact dollar amount of savings cannot be determined because (1) additional veterans may be eligible for VA benefits, and (2) some veterans we identified may not want to obtain VA benefits. According to the Veterans Commission Executive Director, some veterans have indicated in previous efforts to enroll them in the VA healthcare system they did not want to visit VA doctors and would prefer to continue receiving their medical services through Medicaid. Table 1 shows a breakdown of the Medicaid benefits that were paid between January 1, 2003 and March 31, 2004 for patients who may be eligible for VA benefits.

Table 1: Breakdown of Medicaid Expenditures for Recipients Potentially Eligible for Veterans Benefits (Dollars in millions)

Benefit	State Funds	Federal Funds	Total
Prescription Drugs	\$4.4	\$7.0	\$11.4
Durable Medical Equipment/Prosthetics	1.1	1.6	2.7
Totals	\$5.5	\$8.6	\$14.1

Source: SAO analysis of Medicaid claims and VA data.

⁷ Section 208.215, RSMo 2000.

According to VA guidelines, some veterans can receive prescription drugs without visiting a VA doctor. Veterans enrolled in the VA health care system and entitled to aid and attendance benefits can obtain free prescription drugs through VA based on prescriptions they obtained from any licensed medical doctor—these veterans are not required to visit a VA doctor. VA data shows 756 of the 2,731 veterans, who received \$3.9 million (\$1.5 million state costs) in Medicaid prescription drugs, were entitled to VA aid and attendance, or housebound benefits.⁸ As a result, these veterans only have to enroll with the VA in order to begin receiving VA provided medications.

The remaining 1,975 veterans receiving prescription drugs totaling \$7.5 million (\$2.9 million state costs) were not entitled to aid and attendance benefits and may need to visit a VA doctor before obtaining needed prescriptions from VA. Further analysis showed 503 of these veterans' drug costs exceeded \$5,000 each, or at least \$2.5 million. Many veterans should be within a reasonable commuting distance to a VA hospital and/or clinic located in 19 communities throughout the state. Veterans required to visit VA doctors have two alternatives for free travel: One, VA will pay travel expenses for certain eligible veterans. (See Appendix I for a map showing the locations of VA's hospitals and clinics.) Another alternative is to use the state's Medicaid agency contracts to provide transportation to Medicaid recipients (at no costs to the recipients) if they need to visit a doctor or other health care providers to obtain medical services.

In a separate analysis, we determined 879 of the 2,731 veterans who obtained prescription drugs resided in nursing homes during all or some portion of the 15-month period. The cost of their drugs was about \$4.5 million (\$1.7 million in state funds). Many nursing homes dispense medications to residents in blister packs.⁹ State regulations¹⁰ allow nursing homes to refuse to accept prescription drugs in bottles if their policy and procedures for packaging require medications to be blister packed. However, VA's policy is only to provide medications to veterans in bottles, which nursing homes may be reluctant to accept. According to the Deputy Director of the Department of Health and Senior Services, under current regulations, one potential solution is to have DMS pay VA's cost of blister packing medications for veterans residing in nursing homes—provided the cost would not exceed the state's share for the veterans drugs.¹¹ The state Veterans Commission currently pays the VA a fee to blister pack medications for veterans residing in state operated veterans nursing homes.

Modifying Medicaid application form would help identify eligible veterans

DMS cannot ensure the state is in compliance with federal regulations and state law using the current Medicaid application form. According to federal regulations, state Medicaid agencies must require Medicaid applicants and recipients to take all necessary steps to obtain any annuities, pensions, retirement, and disability benefits to which they are entitled, unless they can

⁸ A veteran who is determined by the VA to be in need of the regular aid and attendance of another person, or a veteran who is permanently housebound, may be entitled to additional VA benefits.

⁹ This form of packaging separates medication into individual "bubbles" versus all of the medication being in a bottle. As such, each resident has segregated medications that are arranged in the order they are to be taken with administration instructions on the packaging.

¹⁰ 19 CSR 30-88.010(34).

¹¹ The state Department of Health and Senior Services has oversight over private nursing homes operating in the state and would be responsible for amending the state regulations.

show good cause for not doing so.¹² State law requires all Medicaid applicants and recipients to cooperate in obtaining third-party resources, and failure to cooperate without good cause will render the applicant or recipient ineligible for medical assistance.¹³

Missouri's current Medicaid application form only asks applicants if they are receiving any VA compensation; not if they are veterans. Accordingly, DMS officials could not determine how many veterans receive Medicaid services that may be eligible for VA benefits, including VA health care benefits. Many veterans may not be aware they are eligible for VA benefits, according to a 2001 VA survey.¹⁴ VA's survey found many veterans had not applied for benefits for which they were eligible such as pensions, disability payments and medical services because they

- did not think they were entitled or eligible for VA benefits,
- were not aware of benefits available through the VA, or
- did not know how to apply for VA benefits.

The state's Veterans Commission has an ongoing outreach program to contact the state's veterans and advise them of their entitled VA benefits. DSS officials stated they would modify the state's Medicaid application form to identify veterans when they apply for Medicaid and then refer them to the Veterans Commission. They said this would help veterans obtain VA benefits and help reduce the cost of the state's Medicaid program.

Cooperation among state agencies could save substantial state funds

DMS, FSD, and Missouri Veterans Commission officials agreed actions can be taken to assist veterans to enroll in the VA health care program. A consensus opinion was the most effective approach would be for Veterans Commission service officers to contact the veterans residing in nursing homes and explain available VA benefits and offer to assist the veterans in enrolling them in VA's health benefit program. DSS could send the remaining veterans a letter advising them of their potential VA benefits and refer them to a Veterans Commission service officer. DMS officials said before they could release any veterans' names to the Commission, the division would have to (1) ensure releasing the names did not violate any provisions of the Health Insurance Portability and Accountability Act of 1996, and (2) enter into a cooperative agreement with the Commission prescribing the Commission's use of the names.

Conclusions

DSS has failed to identify opportunities to save state funds by not performing needed analysis to determine the number of veterans enrolled in the state's Medicaid program. Missouri can save substantial state funds by assisting low-income veterans to obtain their medical services from the VA rather than through the state's Medicaid program. This can be accomplished without reducing or eliminating benefits for these veterans. The savings will be dependent on the

¹² Code of Federal Regulations, 42 CFR 435.608(a), revised as of January 1, 2003.

¹³ Section 208.215.4, RSMo 2000.

¹⁴ 2001 National Survey of Veterans Report conducted by the U.S. Department of Veterans Affairs' Veterans Benefits Administration.

number of veterans choosing to receive their medical services through VA. Qualified veterans can obtain many of the same free medical services through VA that they are now receiving through the state's Medicaid program, at no cost to the veteran or the state. If veterans cannot obtain reasonable transportation to VA doctors, it may be cost-effective for the state's Medicaid program to transport these veterans to visit a VA doctor to obtain and renew their prescriptions. Veterans also benefit by being made more aware of their VA benefits and reducing the amount of their estates owed to the state upon their deaths.

While DSS officials agreed to modify the Medicaid application form, they do not agree to work collaboratively with Missouri Veteran's Commission to ensure veterans are aware of their benefits, which can benefit the veterans and result in Medicaid cost savings. Revising the application form will help ensure all future veterans are enrolled in the appropriate medical assistance program. Collaborative efforts are needed to help veterans currently enrolled in Medicaid to advise them of their potential VA benefits and to assist them in enrolling in the VA health care system. Also, collaborative efforts are needed to ensure veterans using prescription drugs in nursing homes are able to obtain VA assistance. One option for these veterans in nursing homes who could use VA medications is for DMS to reimburse VA the cost of blister packing medications for veterans residing in a nursing home—provided the cost would not exceed the state's share for the veterans drugs.

DSS will need to implement procedures to perform additional analysis to identify other veterans receiving Medicaid benefits such as in-patient and out-patient hospitalization that were not identified by the current analysis. The state Veterans Commission service officers should be able to determine if any veterans now in nursing homes are eligible to obtain nursing home care through the VA at no cost to the state. However, the DSS needs to periodically determine whether Medicaid recipients obtain VA compensation, and, if so, ensure Medicaid is the appropriate provider. These procedures will serve as a cost-effective means for DSS to properly administer the Medicaid program while helping some Missouri veterans become aware of additional benefits they earned by serving their country.

Recommendations

We recommend the Director, Department of Social Services:

- 1.1 Send all veterans a letter advising them they can potentially obtain free medical services and other benefits through the VA and refer them to a Veterans Commission service officer.
- 1.2. Modify the Medicaid application form to identify if applicants are veterans and establish procedures to refer veterans to Veterans Commission service officers.
- 1.3 Periodically submit a copy of the state's Medicaid recipient file to VA to identify Medicaid recipients who are receiving VA compensation.

We recommend the Directors of the Department of Social Services and Missouri Veterans Commission:

- 1.4 Enter into a cooperative agreement allowing the Commission to contact all veterans receiving Medicaid benefits in order to explain their earned VA benefits and to assist veterans in deciding whether to enroll with VA to receive medical services.

We recommend the Directors of the Department of Social Services, Missouri Veterans Commission, and the Department of Health and Senior Services:

- 1.5 Develop economical and effective procedures to distribute VA supplied medications to veterans residing in nursing homes.

Agency Comments and Our Evaluation

The Department of Social Services provided the following comments in a letter dated September 13, 2004:

- 1.1 DSS supports the opportunity to assist veterans in accessing federal Veteran Administration (VA) benefits. The VA would be the appropriate agency to send such letters to all veterans. DSS could include information about VA medical benefits on notices the Division of Medical Services (DMS) already sends to Medicaid recipients.*
- 1.2 DSS will add a question about military service to the Medicaid application for the elderly and persons with a disability. Veterans will be given a pamphlet or other information (supplied by the Missouri Veterans Commission) about VA benefits and the availability of assistance from the Missouri Veterans Commission. Veterans who might be eligible for benefits would be instructed on how to contact the Missouri Veterans Commission for assistance.*
- 1.3 and 1.4 There are federal and state laws designed to protect privacy of individuals. Existing federal and state law restricts disclosure of Medicaid recipients. Section 1902 [42 U.S.C. 1396a](1)(7) of the Social Security Act and its supporting federal regulations (42 CFR 431.301-431.307) prohibit DSS from supplying names of Medicaid recipients to the Missouri Veterans Commission. These regulations restrict disclosure of information concerning recipients to purposes directly connected with the administration of the Medicaid program. Purposes directly connected to program administration include: (a) establishing eligibility; (b) determining the amount of medical assistance; (c) providing services for recipients; and (d) conducting or assisting an investigation, prosecution, or criminal or civil proceeding in connection with the administration of the program. Giving the names of Medicaid recipients to the Missouri Veterans Commission in order to refer the recipient for assistance in obtaining VA medical benefits does not meet the definition of a purpose directly connected to the program. Section 208.120, RSMo, restricts disclosure of information about Medicaid applicants or recipients, except in proceedings or investigations where eligibility of an applicant to receive benefits, or the amount received or to be received by any recipient, is called into question, or for the purposes directly*

connected with the administration of public assistance. Section 208.155 also restricts disclosure of information except for purposes directly connected with administration of the medical assistance program.

SAO Comment: Federal and state laws require DSS to ensure Medicaid is the payor of last resort when recipients have other available health care insurance such as VA; thus, making DSS the appropriate and responsible agency to notify state Medicaid veterans they are potentially eligible for VA medical services benefits. Moreover, Missouri, not VA, will realize the savings by helping veterans obtain VA health care system benefits and reducing the amount of Medicaid benefits paid by the state.

In addition, federal and state laws do not restrict DSS from releasing the names of Medicaid recipients to the Missouri Veteran's Commission because our recommendation is directly connected to DSS' administration of the Medicaid program. DSS will be responsible for ensuring the recommended cooperative agreement with the Missouri Veteran's Commission provides needed privacy safeguards while advising veterans their potential rights to VA benefits. And finally, according to a Washington state Medicaid report, the Medicaid agency has released recipient names to the state's Department of Veterans Affairs for the purpose of advising the veterans of their VA benefits and to shift the veterans' health care costs from Medicaid to VA.

- 1.5 There are federal and state laws designed to protect the safety of individuals regarding the administration of medications. The safety of veterans should not be compromised when exploring cost savings alternatives.*

Current state (DHSS) regulation requires "blister pack" or "bubble packs" for patient safety reasons. Currently the VA pharmacy does not "blister pack" or "bubble pack" their medications. Current federal and state law prohibits another Missouri pharmacy from altering or tampering with the packaging of prescriptions that they do not dispense. This would include blister or bubble packaging medications that the VA ultimately dispenses.

SAO Comment: DHSS comments on page 11 contradict this statement on blister packs.

The Missouri Veterans Commission provided the following comments in a letter dated September 2, 2004:

- 1.4 The Veterans Commission agrees that an opportunity exists to identify and assist veterans in accessing Federal VA benefits, including medication and durable medical equipment, which would save state General Revenue Funds. The Commission agrees with the recommendations that a cooperative agreement with the Department of Social Services be entered into for that purpose. The Commission also concurs with the recommendation that economical and effective procedures to distribute Federal VA supplied medications be sought. It should be noted, however, that currently the primary VA pharmacy is not set up to provide bubble-packing. The existing contract between VA and the Veterans Commission is handled from a special pharmacy, established and manned only to handle the workload of the seven State Veterans Homes.*

The Department of Health and Senior Services provided the following comments in a letter dated September 1, 2004:

- 1.5 *We support the concept of identifying and utilizing veterans' benefits to pay for medications needed by residents of skilled nursing facilities and intermediate care facilities. In prior discussions with the staff of the auditor's office, we discussed our department's rule which is involved with this recommendation.*

The current version of the rule in question reads:

19 CSR 30-88.010(34)

- (34) Each resident shall be allowed the option of purchasing or renting goods or services not included in the per-diem or monthly rate from a supplier of his/her own choice, provided the quality of goods or services meets the reasonable standards of the facility. Freedom of choice of pharmacy shall be permitted provided the facility's policy and procedures for packaging specifications are met. II/III (emphasis supplied)*

Virtually all skilled nursing facilities and intermediate care facilities in the state of Missouri currently use what are variously referred to as "blister packs" or "bubble packs" for the administration of medication. This form of packaging means that each resident has segregated medications that are arranged in the order they are to be taken with instructions on the packaging as to who is to receive the medication, when they are to receive the medication, and other relevant information. (This is distinguished from the situation in which a resident of a skilled nursing facility or intermediate care facility might have a collection of various bottles of medicine that would be handled repetitively.) "Research has shown that the use of blister packaging, for instance, can dramatically improve compliance while cutting pharmacy costs." (U. S. Food and Drug Administration, "Minimizing Medical Product Errors: A System Approach," <http://www.fda.gov/oc/workshops/errorsum.htm>) Compliance in this sense means that facilities are able to administer the correct dosage of the correct medications to the correct patients at the correct time.

Our agency does not explicitly require skilled nursing facilities and intermediate care facilities to use blister or bubble packs. Rather, such facilities have found that their use has so significantly reduced medication administration errors that the bubble packaging system recommends itself. The current resident rights rule simply says that a resident may choose their pharmacy provider, but that provider must comply with the facility's policy and procedures, to-wit: blister or bubble packaging of medications. If such a third party provider cannot or will not provide medications in such packaging, the resident does not have the right, under the rule, to insist on their choice of pharmacy.

We understand your point that savings could be realized by veterans who are Medicaid beneficiaries if their medications were supplied by VA (at 100% federal cost) as opposed to Medicaid payment which represent a state-federal split.

In our original discussions with the staff of the auditor's office, we discussed what the long-term care industry's reaction might be to the utilization of VA benefits to provide medications to eligible residents. At that preliminary time, we had not had the chance to discuss the concept, either generally or specifically, with the industry. Since that time, our discussions with the industry indicate that they, too, support the concept expressed in your recommendation 1.5.

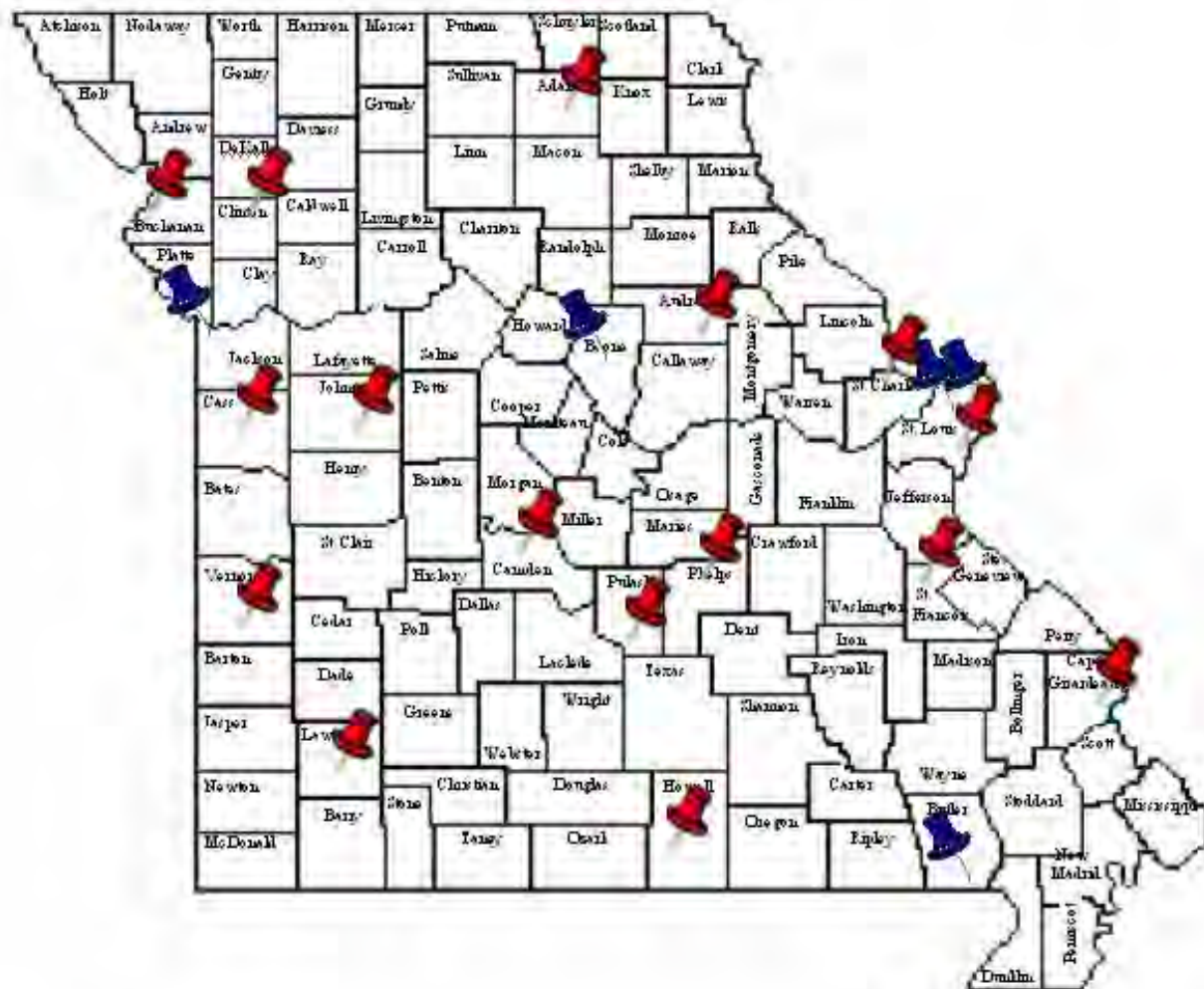
We understand that the Missouri State Veterans Commission uses VA benefits for residents of their facilities—and that the state veterans commission has arranged with VA to have medicines bubble packaged before delivery to the individual veterans home. If similar arrangements could be provided for veterans residing in long-term care facilities regulated by our department—arrangements which would not be at the expense of the facilities—we believe that the industry would be supportive of this concept. In that case, the economic impact would reside with either Division of Medical Services or the state veterans commission.


One other point that was brought to our attention by the industry is that there are some variations on the bubble packaging process. Therefore, as the mechanisms are developed to implement this recommendation, facilities would want to be assured that the medications would arrive in bubble packaging that is the same as that used in their facility. As you can well imagine, the key to accurate medication administration is consistency. If some of the residents in the nursing home are receiving bubble packaged medications from the facility's commercial pharmacy in "Packaging A" and the residents who are veterans are receiving bubble packaged medications from the VA pharmacy in "Packaging B," this would introduce some inconsistency that could lead to medication errors for the veterans, for the other residents, or both.


We are happy to cooperate with the other agencies identified in this recommendation (Department of Social Services and the Missouri Veterans Commission) as well as the long-term care industry to develop these procedures.

Missouri VA Medical Centers and Clinics

This appendix shows the locations of VA's 5 medical centers and 16 clinics in Missouri.



 Represents VA Medical Centers, which are located in Columbia, Kansas City, Poplar Bluff, and St. Louis (two centers).

 Represents VA Clinics, which are located in Belton, Cape Girardeau, Camdenton, Cameron, Farmington, Ft. Leonard Wood, Kirksville, Mexico, Mt. Vernon, Nevada, St. Charles, St. James, St. Joseph, St. Louis, Warrensburg, and West Plains.

The VA has submitted a proposal to the U.S. Congress to establish additional clinics in Branson, Jefferson City, and Sullivan.



**BOLLINGER COUNTY, MISSOURI
YEARS ENDED DECEMBER 31, 2003 AND 2002**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-80
September 29, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

September 2004

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Bollinger, that do not have a county auditor. In addition to a financial and compliance audit of various county operating funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Bollinger County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The county and Health Center do not have adequate procedures in place to track federal awards for the preparation of the county's schedule of federal awards (SEFA). For the years ended December 31, 2003 and 2002, the SEFA contained numerous errors and omissions. Total federal expenditures were overstated by approximately \$47,704 and \$63,412 for 2003 and 2002, respectively.
- As noted in our prior report, Bollinger County's General Revenue Fund is in weak financial condition. At December 31, 2003, the General Revenue fund had a balance of \$35,563 and \$90,000 in tax anticipation notes outstanding. Due to the county's weak financial condition, the County Commission submitted to the voters of Bollinger County a one-half of one percent sales tax for replacing the roof at the courthouse and the sheriff's office, repairing the courthouse, and retiring county debt, with any funds in excess to be used for general purposes. However, with this additional general operations sales tax, the county is apparently imposing a levy of one-half of one percent above the statutory maximum.
- The county commission does not have a written agreement with the Prosecuting Attorney specifying how the percentage of his secretaries salaries to be paid by the county was determined and has no documentation such as time sheets, to support these payments.
- The county approved expenditures in excess of budget amounts for some funds and did not budget emergency expenditures for the year ended December 31, 2003.

(over)

YELLOW SHEET

Also included in the audit are recommendations to improve the accounting records and procedures for the Recorder of Deeds, the Sheriff, and the Circuit Clerk. In addition, a formal maintenance plan for county roads and bridges has not been prepared and the County does not have a formal emergency contingency plan for the computer system and has not formally negotiated arrangements for backup facilities in the event of a disaster.

All reports are available on our website: www.auditor.mo.gov

BOLLINGER COUNTY, MISSOURI

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BOLLINGER COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Bollinger County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Bollinger County, Missouri, as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Bollinger County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2003 and 2002, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated June 17, 2004, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Bollinger County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

June 17, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Debra S. Lewis, CPA
Audit Staff:	Kate Petschonek



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission
and
Officeholders of Bollinger County, Missouri

We have audited the financial statements of various funds of Bollinger County, Missouri, as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated June 17, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of various funds of Bollinger County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Bollinger County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all

matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce

to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Bollinger County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

June 17, 2004 (fieldwork completion date)

Financial Statements

Exhibit A-1

BOLLINGER COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2003

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 20,893	1,268,351	1,253,681	35,563
Special Road and Bridge	155,331	2,018,534	1,786,593	387,272
Assessment	7,803	103,610	110,719	694
Prosecuting Attorney Bad Check	1,365	5,039	417	5,987
Division V Banner Account Interest	2,948	168	0	3,116
Law Enforcement Training	550	1,234	1,231	553
Prosecuting Attorney Training	63	180	130	113
Recorder's User Fee	3,445	7,415	3,678	7,182
Sheriff's Civil	2,685	12,354	11,522	3,517
Sheriff's Donation	9	0	9	0
Law Library	7,806	5,498	2,735	10,569
Circuit Division Interest	97	218	89	226
Election Service	1,872	243	0	2,115
DARE Donation	98	768	449	417
Recorder Technology	3,159	4,133	4,440	2,852
Domestic Relations	0	1,439	1,439	0
Collector's Maintenance	1,137	10,880	1,305	10,712
Archive Grant	0	488	430	58
Health Center	302,941	451,183	429,730	324,394
Senate Bill 40 Board	2,564	103,597	102,357	3,804
Recorder's Grant	136	0	136	0
Total	\$ 514,902	3,995,332	3,711,090	799,144

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

BOLLINGER COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 8,954	1,165,481	1,153,542	20,893
Special Road and Bridge	116,405	1,049,355	1,010,429	155,331
Assessment	14,004	93,999	100,200	7,803
Prosecuting Attorney Bad Check	1,117	4,503	4,255	1,365
Division V Banner Account Interest	659	2,289	0	2,948
Law Enforcement Training	1,212	1,633	2,295	550
Prosecuting Attorney Training	0	251	188	63
Recorder's User Fee	2,482	5,215	4,252	3,445
Sheriff's Civil	5,429	10,240	12,984	2,685
Sheriff's Donation	3,263	326	3,580	9
Special Law Enforcement	103	0	103	0
Associate Division Interest	2,070	0	2,070	0
Law Library	6,126	5,447	3,767	7,806
DARE Program	931	10,812	11,743	0
Circuit Division Interest	3	113	19	97
Election Service	1,334	538	0	1,872
DARE Donation	62	51	15	98
Recorder Technology	1,535	3,178	1,554	3,159
Domestic Relations	0	1,293	1,293	0
Collector's Maintenance	0	1,137	0	1,137
Health Center	263,855	462,584	423,498	302,941
Senate Bill 40 Board	17,142	99,122	113,700	2,564
Probate Division Interest	49	0	49	0
Recorder's Grant	136	0	0	136
Total	\$ 446,871	2,917,567	2,849,536	514,902

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

BOLLINGER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 3,355,920	3,995,332	639,412	2,703,456	2,909,941	206,485
DISBURSEMENTS	3,544,341	3,710,954	(166,613)	2,812,539	2,849,487	(36,948)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(188,421)	284,378	472,799	(109,083)	60,454	169,537
CASH, JANUARY 1	510,775	514,766	3,991	446,136	446,027	(109)
CASH, DECEMBER 31	322,354	799,144	476,790	337,053	506,481	169,428
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	184,000	186,207	2,207	180,284	168,453	(11,831)
Sales taxes	560,000	576,817	16,817	595,000	559,518	(35,482)
Intergovernmental	166,177	167,736	1,559	91,860	65,192	(26,668)
Charges for services	153,000	168,507	15,507	172,900	141,059	(31,841)
Interest	160	272	112	3,000	161	(2,839)
Loan proceeds	0	90,000	90,000	0	140,000	140,000
Other	36,850	53,847	16,997	78,460	51,782	(26,678)
Transfers in	24,965	24,965	0	24,234	35,116	10,882
Total Receipts	1,125,152	1,268,351	143,199	1,145,738	1,161,281	15,543
DISBURSEMENTS						
County Commissioner	62,650	61,720	930	62,650	62,135	515
County Clerk	49,670	49,369	301	52,220	51,786	434
Elections	24,480	24,191	289	48,350	58,925	(10,575)
Buildings and grounds	67,778	109,448	(41,670)	67,250	67,810	(560)
Employee fringe benefit	57,506	61,927	(4,421)	57,600	63,427	(5,827)
County Treasurer	25,658	24,283	1,375	25,658	24,442	1,216
County Collector	64,720	61,615	3,105	65,270	62,893	2,377
Ex Officio Recorder of Deed	55,626	52,659	2,967	18,550	17,713	837
Circuit Clerk	7,212	8,269	(1,057)	10,250	11,394	(1,144)
Associate Circuit Court	7,000	3,929	3,071	7,210	4,672	2,538
Court administration	6,265	3,250	3,015	6,265	7,107	(842)
Public Administrator	19,000	18,820	180	18,800	19,022	(222)
Sheriff	306,793	297,111	9,682	266,583	358,159	(91,576)
Jail	116,100	134,808	(18,708)	95,270	135,733	(40,463)
Prosecuting Attorney	80,580	79,951	629	80,580	78,528	2,052
Juvenile Officer	55,000	10,035	44,965	35,000	0	35,000
County Coroner	16,900	16,380	520	20,090	19,501	589
Landfill	300	315	(15)	1,000	325	675
Dare Program Expense	0	0	0	5,000	0	5,000
Other	82,870	83,032	(162)	91,549	91,477	72
Debt service	146,000	142,069	3,931	43,000	12,493	30,507
Transfers out	10,000	10,500	(500)	27,000	6,000	21,000
Emergency Fund	0	0	0	32,000	0	32,000
Total Disbursements	1,262,108	1,253,681	8,427	1,137,145	1,153,542	(16,397)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(136,956)	14,670	151,626	8,593	7,739	(854)
CASH, JANUARY 1	20,893	20,893	0	8,952	8,954	2
CASH, DECEMBER 31	(116,063)	35,563	151,626	17,545	16,693	(852)

Exhibit B

BOLLINGER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	228,400	233,887	5,487	233,625	216,050	(17,575)
Intergovernmental	1,283,182	1,690,425	407,243	570,800	825,794	254,994
Interest	1,000	1,770	770	7,000	1,151	(5,849)
Other	1,589	92,452	90,863	4,578	6,360	1,782
Total Receipts	1,514,171	2,018,534	504,363	816,003	1,049,355	233,352
DISBURSEMENTS						
Salaries	394,080	393,741	339	357,760	412,964	(55,204)
Employee fringe benefit	51,700	49,823	1,877	78,500	60,982	17,518
Supplies	103,500	94,640	8,860	87,000	91,449	(4,449)
Insurance	14,000	11,627	2,373	15,000	13,843	1,157
Road and bridge materials	85,000	73,115	11,885	85,000	71,251	13,749
Equipment repairs	50,000	67,161	(17,161)	75,200	50,594	24,606
Equipment purchases	190,000	251,205	(61,205)	160,000	156,794	3,206
Construction, repair, and maintenance	624,457	796,693	(172,236)	0	106,525	(106,525)
Other	22,380	23,623	(1,243)	38,600	21,793	16,807
Transfers out	24,965	24,965	0	24,234	24,234	0
Total Disbursements	1,560,082	1,786,593	(226,511)	921,294	1,010,429	(89,135)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(45,911)	231,941	277,852	(105,291)	38,926	144,217
CASH, JANUARY 1	155,331	155,331	0	116,405	116,405	0
CASH, DECEMBER 31	109,420	387,272	277,852	11,114	155,331	144,217
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	93,360	91,255	(2,105)	93,115	86,492	(6,623)
Interest	0	49	49	1,000	59	(941)
Other	1,500	1,806	306	1,500	1,448	(52)
Transfers in	23,860	10,500	(13,360)	27,000	6,000	(21,000)
Total Receipts	118,720	103,610	(15,110)	122,615	93,999	(28,616)
DISBURSEMENTS						
Assessor	113,960	110,719	3,241	115,520	100,200	15,320
Total Disbursements	113,960	110,719	3,241	115,520	100,200	15,320
RECEIPTS OVER (UNDER) DISBURSEMENTS	4,760	(7,109)	(11,869)	7,095	(6,201)	(13,296)
CASH, JANUARY 1	7,803	7,803	0	14,004	14,004	0
CASH, DECEMBER 31	12,563	694	(11,869)	21,099	7,803	(13,296)

Exhibit B

BOLLINGER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for service:	5,000	4,622	(378)	4,200	4,429	229
Interest	18	25	7	250	19	(231)
Other	255	392	137	0	55	55
Total Receipts	5,273	5,039	(234)	4,450	4,503	53
DISBURSEMENTS						
Prosecuting Attorney	255	417	(162)	0	55	(55)
Transfers out	6,000	0	6,000	4,200	4,200	0
Total Disbursements	6,255	417	5,838	4,200	4,255	(55)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(982)	4,622	5,604	250	248	(2)
CASH, JANUARY 1	1,365	1,365	0	1,117	1,117	0
CASH, DECEMBER 31	383	5,987	5,604	1,367	1,365	(2)
<u>DIVISION V BANNER ACCOUNT INTEREST FUND</u>						
RECEIPTS						
Interest	100	168	68			
Total Receipts	100	168	68			
DISBURSEMENTS						
Office expenses	867	0	867			
Total Disbursements	867	0	867			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(767)	168	935			
CASH, JANUARY 1	767	2,948	2,181			
CASH, DECEMBER 31	0	3,116	3,116			
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Charges for service:	2,710	500	(2,210)	2,100	1,627	(473)
Interest	5	7	2	60	6	(54)
Other	0	727	727	0	0	0
Total Receipts	2,715	1,234	(1,481)	2,160	1,633	(527)
DISBURSEMENTS						
Sheriff	3,000	1,231	1,769	3,000	2,295	705
Total Disbursements	3,000	1,231	1,769	3,000	2,295	705
RECEIPTS OVER (UNDER) DISBURSEMENTS	(285)	3	288	(840)	(662)	178
CASH, JANUARY 1	550	550	0	1,212	1,212	0
CASH, DECEMBER 31	265	553	288	372	550	178

Exhibit B

BOLLINGER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for service:	250	179	(71)	250	250	0
Other	1	1	0	10	1	(9)
Total Receipts	251	180	(71)	260	251	(9)
DISBURSEMENTS						
Prosecuting Attorney	300	130	170	260	188	72
Total Disbursements	300	130	170	260	188	72
RECEIPTS OVER (UNDER) DISBURSEMENTS	(49)	50	99	0	63	63
CASH, JANUARY 1	63	63	0	0	0	0
CASH, DECEMBER 31	14	113	99	0	63	63
<u>RECORDER'S USER FEE FUND</u>						
RECEIPTS						
Charges for service:	5,700	7,356	1,656	6,000	5,184	(816)
Interest	31	59	28	0	31	31
Total Receipts	5,731	7,415	1,684	6,000	5,215	(785)
DISBURSEMENTS						
Recorder	9,145	3,678	5,467	5,200	4,252	948
Total Disbursements	9,145	3,678	5,467	5,200	4,252	948
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,414)	3,737	7,151	800	963	163
CASH, JANUARY 1	3,445	3,445	0	2,482	2,482	0
CASH, DECEMBER 31	31	7,182	7,151	3,282	3,445	163
<u>SHERIFF'S CIVIL FUND</u>						
RECEIPTS						
Charges for service:	10,300	12,313	2,013	11,100	10,190	(910)
Interest	50	41	(9)	360	45	(315)
Other	0	0	0	0	5	5
Total Receipts	10,350	12,354	2,004	11,460	10,240	(1,220)
DISBURSEMENTS						
Office expenses	12,000	11,522	478	16,800	12,984	3,816
Total Disbursements	12,000	11,522	478	16,800	12,984	3,816
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,650)	832	2,482	(5,340)	(2,744)	2,596
CASH, JANUARY 1	2,685	2,685	0	5,429	5,429	0
CASH, DECEMBER 31	1,035	3,517	2,482	89	2,685	2,596
<u>SHERIFF'S DONATION FUND</u>						
RECEIPTS						
Interest	50	0	(50)	250	26	(224)
Other	2,000	0	(2,000)	1,500	300	(1,200)
Total Receipts	2,050	0	(2,050)	1,750	326	(1,424)
DISBURSEMENTS						
Drug dog expenses	500	9	491	5,000	3,580	1,420
Total Disbursements	500	9	491	5,000	3,580	1,420
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,550	(9)	(1,559)	(3,250)	(3,254)	(4)
CASH, JANUARY 1	9	9	0	3,263	3,263	0
CASH, DECEMBER 31	1,559	0	(1,559)	13	9	(4)

Exhibit B

BOLLINGER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

Year Ended December 31,						
2003			2002			
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	
<u>SPECIAL LAW ENFORCEMENT FUND</u>						
RECEIPTS						
Interest			0	0	0	
Total Receipts			0	0	0	
DISBURSEMENTS						
Equipment			103	103	0	
Total Disbursements			103	103	0	
RECEIPTS OVER (UNDER) DISBURSEMENTS			(103)	(103)	0	
CASH, JANUARY 1			103	103	0	
CASH, DECEMBER 31			0	0	0	
<u>ASSOCIATE DIVISION INTEREST FUND</u>						
RECEIPTS						
Interest			575	0	(575)	
Total Receipts			575	0	(575)	
DISBURSEMENTS						
Transfers out			2,852	2,070	782	
Total Disbursements			2,852	2,070	782	
RECEIPTS OVER (UNDER) DISBURSEMENTS			(2,277)	(2,070)	207	
CASH, JANUARY 1			2,277	2,070	(207)	
CASH, DECEMBER 31			0	0	0	
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for service:	4,000	5,475	1,475	4,065	5,429	1,364
Interest	18	23	5	35	18	(17)
Total Receipts	4,018	5,498	1,480	4,100	5,447	1,347
DISBURSEMENTS						
Law library materials	4,000	2,735	1,265	3,000	3,767	(767)
Total Disbursements	4,000	2,735	1,265	3,000	3,767	(767)
RECEIPTS OVER (UNDER) DISBURSEMENTS	18	2,763	2,745	1,100	1,680	580
CASH, JANUARY 1	6,143	7,806	1,663	6,126	6,126	0
CASH, DECEMBER 31	6,161	10,569	4,408	7,226	7,806	580
<u>DARE PROGRAM FUND</u>						
RECEIPTS						
Intergovernmental			13,800	10,800	(3,000)	
Interest			200	12	(188)	
Total Receipts			14,000	10,812	(3,188)	
DISBURSEMENTS						
DARE Program			14,000	861	13,139	
Transfer out			0	10,882	(10,882)	
Total Disbursements			14,000	11,743	2,257	
RECEIPTS OVER (UNDER) DISBURSEMENTS			0	(931)	(931)	
CASH, JANUARY 1			931	931	0	
CASH, DECEMBER 31			931	0	(931)	

Exhibit B

BOLLINGER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CIRCUIT DIVISION INTEREST FUND</u>						
RECEIPTS						
Interest	160	218	58	1,500	113	(1,387)
Total Receipts	160	218	58	1,500	113	(1,387)
DISBURSEMENTS						
Office expense	160	89	71	1,500	19	1,481
Total Disbursements	160	89	71	1,500	19	1,481
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	129	129	0	94	94
CASH, JANUARY 1	50	97	47	3	3	0
CASH, DECEMBER 31	50	226	176	3	97	94
<u>ELECTION SERVICE FUND</u>						
RECEIPTS						
Charges for service	500	219	(281)	500	523	23
Interest	15	24	9	60	15	(45)
Total Receipts	515	243	(272)	560	538	(22)
DISBURSEMENTS						
Equipment	500	0	500	1,700	0	1,700
Office expense	1,500	0	1,500	0	0	0
Total Disbursements	2,000	0	2,000	1,700	0	1,700
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,485)	243	1,728	(1,140)	538	1,678
CASH, JANUARY 1	1,872	1,872	0	1,334	1,334	0
CASH, DECEMBER 31	387	2,115	1,728	194	1,872	1,678
<u>DARE DONATION FUND</u>						
RECEIPTS						
Charges for service	50	0	(50)	50	50	0
Interest	1	1	0	5	1	(4)
Other	0	767	767	0	0	0
Total Receipts	51	768	717	55	51	(4)
DISBURSEMENTS						
DARE expense	145	449	(304)	100	15	85
Total Disbursements	145	449	(304)	100	15	85
RECEIPTS OVER (UNDER) DISBURSEMENTS	(94)	319	413	(45)	36	81
CASH, JANUARY 1	98	98	0	62	62	0
CASH, DECEMBER 31	4	417	413	17	98	81
<u>RECORDER TECHNOLOGY FUND</u>						
RECEIPTS						
Charges for service	3,700	4,091	391	3,485	3,159	(326)
Interest	20	42	22	15	19	4
Total Receipts	3,720	4,133	413	3,500	3,178	(322)
DISBURSEMENTS						
Office expense	6,879	4,440	2,439	5,035	1,554	3,481
Total Disbursements	6,879	4,440	2,439	5,035	1,554	3,481
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,159)	(307)	2,852	(1,535)	1,624	3,159
CASH, JANUARY 1	3,159	3,159	0	1,535	1,535	0
CASH, DECEMBER 31	0	2,852	2,852	0	3,159	3,159

Exhibit B

BOLLINGER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>DOMESTIC RELATIONS FUND</u>						
RECEIPTS						
Charges for services	1,796	1,434	(362)	1,800	1,290	(510)
Interest	4	5	1	30	3	(27)
Total Receipts	1,800	1,439	(361)	1,830	1,293	(537)
DISBURSEMENTS						
Domestic violence shelter	1,800	1,439	361	1,830	1,293	537
Total Disbursements	1,800	1,439	361	1,830	1,293	537
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	0	0	0	0	0
<u>COLLECTOR'S MAINTENANCE FUND</u>						
RECEIPTS						
Charges for services	10,000	10,833	833			
Interest	3	47	44			
Total Receipts	10,003	10,880	877			
DISBURSEMENTS						
Office supplies	10,000	1,305	8,695			
Total Disbursements	10,000	1,305	8,695			
RECEIPTS OVER (UNDER) DISBURSEMENTS	3	9,575	9,572			
CASH, JANUARY 1	1,137	1,137	0			
CASH, DECEMBER 31	1,140	10,712	9,572			
<u>ARCHIVE GRANT FUND</u>						
RECEIPTS						
Intergovernmental	7,110	350	(6,760)			
Interest	0	2	2			
Other	0	136	136			
Total Receipts	7,110	488	(6,622)			
DISBURSEMENTS						
Office expenses	7,110	430	6,680			
Total Disbursements	7,110	430	6,680			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	58	58			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	0	58	58			

Exhibit B

BOLLINGER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes	213,000	223,614	10,614	207,000	206,569	(431)
Intergovernmental	189,000	188,757	(243)	225,100	217,652	(7,448)
Interest	6,730	10,554	3,824	13,000	8,113	(4,887)
AAA grant	2,100	2,001	(99)	2,100	2,166	66
Children's Trust Fund and Crit	11,000	12,104	1,104	0	11,670	11,670
Other	18,400	14,153	(4,247)	20,800	16,414	(4,386)
Total Receipts	440,230	451,183	10,953	468,000	462,584	(5,416)
DISBURSEMENTS						
Salaries	272,028	254,446	17,582	258,700	249,568	9,132
Office Expenditures	74,777	69,960	4,817	68,700	66,795	1,905
Equipment	1,425	5,542	(4,117)	2,200	1,141	1,059
Mileage and Training	17,000	14,274	2,726	12,300	11,348	952
Contract Services	45,000	57,354	(12,354)	58,100	52,637	5,463
Mortgage	30,000	28,154	1,846	68,000	42,009	25,991
Total Disbursements	440,230	429,730	10,500	468,000	423,498	44,502
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	21,453	21,453	0	39,086	39,086
CASH, JANUARY 1	302,841	302,941	100	263,759	263,855	96
CASH, DECEMBER 31	302,841	324,394	21,553	263,759	302,941	39,182
<u>SENATE BILL 40 BOARD FUND</u>						
RECEIPTS						
Property taxes	88,000	93,473	5,473	86,000	86,317	317
Intergovernmental	10,000	9,717	(283)	9,600	10,845	1,245
Interest	300	107	(193)	1,500	310	(1,190)
Other	5,500	300	(5,200)	1,800	1,650	(150)
Total Receipts	103,800	103,597	(203)	98,900	99,122	222
DISBURSEMENTS						
Mental Health Trust Fund	40,000	20,000	20,000	40,000	55,002	(15,002)
Building Maintenance	14,300	22,167	(7,867)	39,000	5,283	33,717
Utilities	8,500	10,564	(2,064)	10,000	8,405	1,595
Transportation	28,000	29,753	(1,753)	0	27,340	(27,340)
Habilitation	13,000	19,863	(6,863)	17,000	17,670	(670)
Other	0	10	(10)	0	0	0
Total Disbursements	103,800	102,357	1,443	106,000	113,700	(7,700)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	1,240	1,240	(7,100)	(14,578)	(7,478)
CASH, JANUARY 1	2,564	2,564	0	17,142	17,142	0
CASH, DECEMBER 31	\$ 2,564	3,804	1,240	10,042	2,564	(7,478)

The accompanying Notes to the Financial Statements are an integral part of this statement

Notes to the Financial Statements

BOLLINGER COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Bollinger County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, or Senate Bill 40 Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Division V Banner Account Interest Fund	2002
Collector's Maintenance Fund	2002
Probate Division Interest	2002
Recorder's Grant Fund	2003 and 2002

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
General Revenue Fund	2002
Special Road and Bridge Fund	2003 and 2002
Prosecuting Attorney Bad Check Fund	2002
Law Library Fund	2002
DARE Donation Fund	2003
Senate Bill 40 Board Fund	2002

A deficit budget balance is presented for the General Revenue fund for the year ended December 31, 2003. However, the budget of that fund also included other resources available to finance current or future year disbursements. Generally, other available net resources represented current year property taxes not received before December 31. Such resources were sufficient to offset the deficit budget balance presented.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Health Center Fund	2002
Senate Bill 40 Board Fund	2003 and 2002
Recorder's Grant Fund	2003 and 2002

The Health Center published it's financial statements separately from the county for the year ended December 31, 2003.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political

subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's deposits at December 31, 2003 and 2002, were entirely covered by federal depositary insurance or by collateral securities held by the Federal Reserve Bank in the county's name.

The Senate Bill 40 Board's deposits at December 31, 2003 and 2002, were entirely covered by federal depositary insurance.

Of the Health Center Board's deposits at December 31, 2003 and 2002, \$246,487 and \$245,374 respectively, were covered by federal depositary insurance, and \$77,907 and \$57,567 respectively, were covered by collateral securities pledged by one bank and held by a correspondent bank in the name of the depositary bank's customers.

To protect the safety of county deposits, Section 110.020, RSMo 2000, requires depositaries to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

3. Prior Period Adjustment

The Special Road and Bridge Fund's cash balance at January 1, 2002, as previously stated has been decreased by \$74,824 to reflect a certificate of deposit that was incorrectly included in the balance.

The Division V Banner Account Interest Fund's cash balance of \$659 at January 1, 2002, was not previously reported but has been added.

The Associate Division Interest Fund's cash balance at January 1, 2002, as previously stated has been decreased by \$284 to reflect a transfer to another account that was not reported.

The Probate Division Interest Fund's cash balance at January 1, 2002, as previously stated has been decreased by \$543 to reflect a transfer to another account that was not reported.

The Sheriff's Interest Fund's cash balance of \$588 at January 1, 2002, was previously reported but has been removed as this fund is not considered county operating funds.

The Recorder's Grant Fund's cash balance at January 1, 2002, as previously stated has been decreased by \$106 to reflect receipts and disbursements that were unavailable in the prior audit.

Supplementary Schedule

Schedule

BOLLINGER COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2003	2002
U. S. DEPARTMENT OF AGRICULTURE				
	Passed through state			
	Department of Health and Senior Services -			
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-3108W	\$ 39,637	38,964
	Office of Administration			
10.665	Schools and Roads - Grants to States	N/A	3,735	908
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
	Passed through state Department of Economic Development			
14.228	Community Development Block Grants/State' Program	2003-PF-27	3,000	0
U.S. DEPARTMENT OF JUSTICE				
	Passed through:			
	State Department of Public Safety			
16.579	Byrne Formula Grant Program	01-DBBX-0029	7,421	10,832
	Missouri Sheriff's Meth-Amphetamine Relief Team			
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	SD-2003-01	45,463	27,976
U. S. DEPARTMENT OF TRANSPORTATION				
	Passed through state			
	Highway and Transportation Commission			
20.205	Highway Planning and Construction	BRO-009 (4)	605,531	179,896
	Department of Public Safety			
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	N/A	1,728	2,052

Schedule

BOLLINGER COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2003	2002
GENERAL SERVICES ADMINISTRATION				
	Passed through state Office of Administration			
39.003	Donation of Federal Surplus Personal Property	2561 09-58	1,825	1,449
FEDERAL EMERGENCY MANAGEMENT AGENCY				
	Passed through state Emergency Management Agency			
83.544	Emergency Management Performance Grants	DR 1412 PA FED	240,372	275,550
		DR 1463 PA FED	114,519	0
	Program Total		354,891	275,550
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
	Passed through state			
	Department of Health and Senior Services -			
93.268	Immunization Grants	PGA064-3108A	4,300	3,805
		N/A	3,086	4,029
		N/A	23,381	25,145
	Program Total		30,767	32,979
93.283	Centers for Disease Control and Prevention Investigations and Technical Assistance	DH030510001	9,700	0
93.575	Child Care and Development Block Grant	PGA067-4108C	1,810	2,070
	Department of Social Services -			
93.658	Foster Care - Title IV-E	N/A	971	0
	Department of Health and Senior Services			
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Program	ERS161-30025	8,735	5,746
93.945	Assistance Programs for Chronic Disease Prevention and Control	DH030048001	5,000	5,000
93.994	Maternal and Child Health Services Block Grant to the States	ERS146-3108M	15,742	15,408
		ERS175-3006F	1,682	2,918
		N/A	244	270
	Program Total		17,668	18,596
	Total Expenditures of Federal Award:		\$ 1,137,882	602,018

* The CFDA number for this program changed to 97.042 in October 2002

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule

Notes to the Supplementary Schedule

BOLLINGER COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Bollinger County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals. . . .

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Donation of Federal Surplus Personal Property (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt.

Amounts for Immunization Grants (CFDA number 93.268), and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2003 and 2002.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of Bollinger County, Missouri

Compliance

We have audited the compliance of Bollinger County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2003 and 2002. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Bollinger County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2003 and 2002. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance

with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 03-1.

Internal Control Over Compliance

The management of Bollinger County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 03-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

This report is intended for the information and use of the management of Bollinger County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.



Claire McCaskill
State Auditor

June 17, 2004 (fieldwork completion date)

Schedule

BOLLINGER COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2003 AND 2002

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

Material weaknesses identified?

_____ yes x no

Reportable conditions identified that are
not considered to be material weaknesses?

_____ yes x none reported

Noncompliance material to the financial statements
noted?

_____ yes x no

Federal Awards

Internal control over major programs:

Material weaknesses identified?

_____ yes x no

Reportable condition identified that is
not considered to be a material weakness?

 x yes _____ none reported

Type of auditor's report issued on compliance for
major programs:

Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of OMB
Circular A-133?

 x yes _____ no

Identification of major programs:

CFDA or
Other Identifying

<u>Number</u>	<u>Program Title</u>
20.205	Highway Planning and Construction
83.544	Emergency Management Performance Grants

Dollar threshold used to distinguish between Type A
and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes the audit finding that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

03-1. Schedule of Expenditures of Federal Awards
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Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity Identifying Number:	BRO-009 (4)
Award Years:	2003 and 2002
Questioned Costs:	Not applicable

Federal Grantor:	Federal Emergency Management Agency
Pass-Through Grantor:	Emergency Management Agency
Federal CFDA Number:	83.544
Program Title:	Emergency Management Performance Grants
Pass-Through Entity Identifying Number:	DR 1412 PA FED, DR 1463 PA FED
Award Years:	2003 and 2002
Questioned Costs:	Not applicable

Section .310(b) of Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the SEFA to the State Auditor's Office as a part of the annual budget. The County Clerk indicated she requests the Health Center to prepare a schedule of their awards to be combined with the county's schedule.

The county and Health Center do not have adequate procedures in place to track federal awards for the preparation of the SEFA. For the years ended December 31, 2003 and 2002, the SEFA contained numerous errors and omissions. For example, some expenditures reported on the schedule included the county's match and some federal grants were not reported on the schedule. Total federal expenditures were overstated by approximately \$47,704 and \$63,412 for 2003 and 2002, respectively. Compilation of the SEFA requires consulting county and health center financial records and requesting information from other department and/or officials. In addition, the County Clerk and Health Center Administrator failed to include the required pass-through grantor's number on several of the programs that were reported. Compilation of the SEFA requires consulting county financial records and requesting information from other departments and/or officials.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal awards.

WE RECOMMEND the County Clerk and Health Center Administrator ensure all federal award expenditures are properly recorded on the Schedule of Expenditures of Federal Awards. In addition, pass-through entity identifying numbers should be reported when applicable.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Clerk indicated she will implement this recommendation in the next annual budget.

The Health Center Administrator indicated they will do their best to report only the federal expenditures on the 2004 statement.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

BOLLINGER COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 2001, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

BOLLINGER COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Bollinger County, Missouri, as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated June 17, 2004. We also have audited the compliance of Bollinger County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2003 and 2002, and have issued our report thereon dated June 17, 2004.

In addition, we have audited the operations of elected officials with funds other than those presented in the financial statements to comply with the State Auditor's responsibility under Section 29.230, RSMo 2000, to audit county officials at least once every 4 years. The objectives of this audit were to:

1. Review the internal controls over the transactions of the various county officials.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents; interviewing various personnel of the county officials, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials referred to above. In addition, this report includes any findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These MAR findings resulted from our audit of the financial statements of Bollinger County or of its compliance with the types of compliance requirements applicable to each of its major federal

programs but do not meet the criteria for inclusion in the written reports on compliance and on internal control over financial reporting or compliance that are required for audits performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

1.	County's Financial Condition and Sales Tax
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As noted in our prior report, Bollinger County's General Revenue Fund is in weak financial condition. The following chart shows receipts, disbursements, and cash balances for the two years ended December 31, 2003:

Cash Balance, January 1, 2002	\$ 8,954
Receipts	1,165,481
Disbursements	<u>1,153,542</u>
Cash Balance, December 31, 2002	20,893
Receipts	1,268,351
Disbursements	<u>1,253,681</u>
Cash Balance, December 31, 2003	<u><u>\$ 35,563</u></u>

In addition, at December 31, 2003, the county had \$90,000 in tax anticipation notes outstanding. Due to the county's weak financial condition, the County Commission submitted to the voters of Bollinger County a one-half of one percent sales tax for replacing the roof at the courthouse and the sheriff's office, repairing the courthouse, and retiring county debt, with any funds in excess to be used for general purposes. The ballot for this sales tax indicated the county would rollback their property tax 50 percent of these sales tax collections. This sales tax was approved by the voters in April 2003. Although the ballot did not specify a statutory reference, the County Commission's resolution indicated that this sales tax was imposed under Section 67.547, RSMo 2000. However, the county has another one-half of one percent sales tax levy that was passed in April 1989 under this same law. The ballot for that sales tax did not indicate a purpose. The County Clerk indicated the 50 percent rollback for the new sales tax was done voluntarily by the county, it is not required by state law.

With this additional general operations sales tax, the county is apparently imposing a levy of one-half of one percent above the statutory maximum allowed by Section 67.547. Furthermore, Attorney General's Opinion No. 61-89 states that a county cannot enact a sales tax that exceeds one-half of one percent under Section 67.547, RSMo. The county needs to review the various sales taxes being imposed to determine which are valid. While the County Commission has tried to improve the financial condition of the county by imposing this sales tax, it may need to eliminate one of these sales taxes, and consider passing a sales tax under another Section of RSMo. The county could have submitted this issue to the voters under Section 67.700, RSMo 2000, which authorizes up to a one-half of one percent sales tax levy for the purpose of funding capital improvements. In addition, the County Commission

should closely monitor the financial condition of the General Revenue Fund by reviewing disbursements and reducing discretionary amounts as much as possible.

WE RECOMMEND the County Commission review the overall sales taxes being levied and ensure they are in accordance with state statutes. In addition, the County Commission should consider passing a sales tax under another Section of RSMo, and closely monitor the financial condition of the General Revenue Fund.

AUDITEE'S RESPONSE

The County Commission indicated they will discuss this recommendation with the Prosecuting Attorney.

2. Personnel Policies and Procedures

The county commission does not have a written agreement with the Prosecuting Attorney specifying the percentage of his secretaries salaries to be paid by the county. Payments to the sheriff's deputies for transportation of prisoners are not reflected on their W-2's. In addition, time sheets are not signed by supervisors and leave records are not properly maintained.

- A. The county pays 50% of the salaries of the three secretaries working in the Prosecuting Attorney's office (the remaining 50% is paid by the Prosecuting Attorney's private practice). Total payments of \$34,608 and \$34,104 were made in 2003 and 2002, respectively, to the secretaries. These payments are requested and approved through the county's annual budget process. However, the budget documents do not clearly specify the number of secretaries to be paid by the county or how the 50 percent reimbursement was determined. The county has not entered into a written agreement with the Prosecuting Attorney specifying any of this information. In addition, adequate supporting documentation such as employee time sheets is not maintained by the Prosecuting Attorney for filing with the County Clerk.

Section 432.070, RSMo 2000, requires the county to have all contracts in writing. Written agreements should be prepared and should clearly specify the arrangements between applicable parties. Also, timesheets are necessary to document hours actually worked, substantiate payroll expenditures, and allocate payroll expenditures to the various funds.

- B. Sheriff's deputies serving as guards in the transportation of prisoners during off duty hours are paid \$25 for trips to Farmington or Cape Girardeau Mental Health Centers and \$50 for trips to the Fulton prison.

Because these payments are not processed through the normal county payroll procedures, they are not subject to payroll withholdings and are not reported on the

respective W-2 forms. Our review indicated that approximately \$1,450 was paid to deputies for guard fees during the two years ended December 31, 2003.

Any full-time county employee serving as a guard should be compensated under normal county payroll procedures and all compensation should be reported on the employees' W-2 forms.

- C. Only timesheets completed by the Sheriff's office and Road and Bridge employees included documentation of supervisory approval. In addition, records are not maintained of annual leave, sick leave, and compensatory time earned, taken, and accumulated for some employees. The County Clerk indicated these records are maintained by each individual office but our review noted that some offices, including the Collector, Assessor, Recorder of Deeds and Prosecuting Attorney, are not maintaining those records.

Supervisory approval is necessary to ensure time reported was actually worked. In addition, accurate records of leave and compensatory time are necessary to ensure compliance with the FLSA and to ensure employees are properly compensated for accumulated leave. Without accurate leave records, the county cannot quickly and easily determine the amount of leave that is due an employee upon termination of employment, and the accrued liability of the county for the employees earned leave. When an employee terminates employment, the County Clerk must go through all of the employee's timesheets and determine the leave hours earned and used for the past years.

Conditions similar to A and C were noted in our prior report.

WE RECOMMEND the County Commission:

- A. Ensure a written agreement is entered into with the Prosecuting Attorney documenting each party's contractual obligations. In addition, timesheets should be required of the secretaries to support salary reimbursements for the agreed upon percentage.
- B. And the Sheriff review this situation. Deputies who serve as guards should be paid through normal payroll procedures and all payments should be included on W-2 forms.
- C. Require all timesheets include supervisory approval and require records be maintained by the County Clerk's office of annual, sick, and compensatory leave earned, used, and accumulated.

AUDITEE'S RESPONSE

The County Commission indicated:

- A. *They will discuss this with the Prosecuting Attorney.*
- B. *They will discuss this with the Sheriff.*
- C. *The County Clerk has sent letters to the officials indicating they are to maintain leave records for all employees. She will bring this to the attention of the county officials again. In addition, the county will review the possibility of obtaining computer software which would enable the County Clerk to maintain centralized leave records.*

The Sheriff indicated:

- B. *This recommendation will be implemented immediately.*

3. Budgetary Practices

The county approved expenditures in excess of budget amounts for some funds and did not budget emergency expenditures for the year ended December 31, 2003.

- A. The County Commission approved expenditures in excess of budgeted amounts for the General Revenue fund for the year ended December 31, 2002, totaling approximately \$16,397, and for the Road and Bridge fund for the years ended December 31, 2003 and 2002, totaling approximately \$226,511 and \$89,135, respectively. While the County Clerk prepares monthly budgetary status reports, they were apparently not effectively used.

It was ruled in State ex. rel. Strong v. Cribb, 364 Mo.1122, 273 S.W.2d 246 (1954), that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess disbursements, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's Office. In addition, Section 50.622, RSMo 2000, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend its budget.

- B. The county did not budget emergency expenditures for the year ended December 31, 2003. The County Commission and County Clerk indicated that the county did not have sufficient resources to budget the required three percent for emergency

situations. Section 50.540, RSMo 2000, requires at least three percent of anticipated General Revenue Fund revenues be budgeted for emergency situations.

WE RECOMMEND the County Commission:

- A. Refrain from incurring expenditures in excess of budget amounts. If the county receives additional funds which could not be anticipated when the budget was adopted, the County Commission should amend its budget by following procedures required by state law.
- B. Ensure emergency funds are budgeted in the General Revenue Fund.

AUDITEE'S RESPONSE

The County Commission indicated:

- A. *They will amend budgets in the future.*
- B. *They strongly felt this was the best way to handle the budget given the county's financial condition. They have budgeted for emergency expenditures in 2004.*

4. Road and Bridge Maintenance Plan
--

A formal maintenance plan for county roads and bridges has not been prepared. A maintenance plan should be prepared in conjunction with the annual fiscal budget and include a description of the roads and bridges to be worked on, the type of work to be performed, an estimate of the quantity and cost of materials needed, the dates such work could begin, the amount of labor required to perform the work, and other relevant information. The plan should be referred to in the budget message and be approved by the commission. In addition, the commission should consider holding a public hearing to obtain input from county residents.

A formal maintenance plan would serve as a useful management tool and provide greater input into the overall budgeting process. A plan provides a means to continually and more effectively monitor and evaluate the progress made in the repair and maintenance of roads and bridges throughout the year.

WE RECOMMEND the County Commission prepare and document a maintenance plan at the beginning of the calendar year and periodically update the plan throughout the year. In addition, the commission should review the progress made in the repair and maintenance of roads to make appropriate decisions on future projects.

AUDITEE'S RESPONSE

The County Commission indicated they discuss road plans for the year when preparing the road and bridge budget and discuss progress on the various projects each week. They will formalize this with the 2005 budget.

5. Computer Controls

The County does not have a formal emergency contingency plan for the computer system and has not formally negotiated arrangements for backup facilities in the event of a disaster.

Contingency plans should include plans for a variety of situations, such as short- and long-term plans for backup hardware, software, facilities, personnel, and power usage. Involvement of users in contingency planning is important since users will likely be responsible for maintaining at least a portion of the backup under various contingencies. The major benefit of a thorough disaster recovery plan is the ability of the county to recover rapidly from disaster or extraordinary situations that might cause considerable loss or disruption to the county. Because of the county's degree of reliance on the data processing, the need for contingency planning is evident.

WE RECOMMEND the County Commission ensure a formal contingency plan for the county's computer system is developed.

AUDITEE'S RESPONSE

The County Commission indicated they will implement this recommendation within the next six months.

6. Recorder's Accounting Procedures
--

Receipts are not posted to the computer system or deposited on a timely basis. Our cash count on February 17, 2004, totaled approximately \$580, with receipts dating back to February 11, 2004. These receipts were not deposited or posted to the computer receipting/indexing system until February 17, 2004. The office uses a computer for recording payments and indexing recorded documents and it is their policy to hold the deposit until the receipts and documents have been entered into the computer and reviewed for accuracy. In addition, the Recorder's office gives priority to the general public's inquiry access to the only computer over the recording of the receipts and documents received. The Recorder's office indicated that because of this they are unable to post the receipts to their system in a timely manner.

To adequately safeguard receipts and reduce the risk of loss or misuse of funds, all receipts should be posted to the accounting system in a timely manner and deposited daily or when receipts exceed \$100.

WE RECOMMEND, the Recorder of Deeds ensure all receipts are posted to the accounting system in a timely manner and deposited daily or when receipts exceed \$100.

AUDITEE'S RESPONSE

The Recorder of Deeds indicated they normally post the receipts and deposit the monies the next day, but that is not always possible on busy days. They will try to do this more timely in the future.

7. Sheriff's Accounting Procedures

Adequate oversight of accounting functions is not provided by the Sheriff. A clerk and the dispatchers perform all cash custody and record-keeping for civil and criminal fees, and bonds. The dispatchers and the clerk collect monies. In addition, the clerk records transactions, prepares deposits, disburses monies, and prepares bank reconciliations. There is no documented review of the accounting records performed by the Sheriff.

Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and depositing receipts from recording and reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory reviews of the records should be performed and documented.

WE RECOMMEND the Sheriff provide adequate oversight for the accounting functions performed by employees.

AUDITEE'S RESPONSE

The Sheriff indicated this recommendation will be implemented immediately.

8. Circuit Clerk's Accounting Procedures

The Circuit Clerk's office is holding approximately \$11,000 in a certificate of deposit from a case from the 1970's. No heirs have appeared to claim the funds and the court order states the monies are not to be released until the required death certificates are presented by the rightful heir(s). This old case creates additional and unnecessary record-keeping responsibilities. If the heir(s) cannot be located, various statutory provisions provide for the disposition of unclaimed monies.

WE RECOMMEND the Circuit Clerk review this case with the Circuit Judge and Prosecuting Attorney to determine what actions can be taken by the court. If the heirs cannot be located, the monies should be disposed of in accordance with state law.

AUDITEE'S RESPONSE

The Circuit Clerk indicated she has turned this information over to the Prosecuting Attorney. She will comply with the orders of the Judge.

Follow-Up on Prior Audit Findings

BOLLINGER COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Bollinger County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 1999.

The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Financial Condition

Bollinger County's General Revenue Fund had been experiencing a declining cash balance.

Recommendation:

The County Commission consider the various alternatives of increasing receipts and/or reducing disbursements.

Status:

Partially implemented. The county voters passed an additional sales tax that became effective October 2003. The General Revenue balance has increased from \$8,954 at December 31, 2001 to \$35,563 at December 31, 2003, however, the county has not paid back a \$90,000 tax anticipation note or the \$30,800 due to other county funds and political subdivisions from excess commissions withheld. See MAR finding number 1.

2. Contracts

- A. No written agreements existed with municipalities and the ambulance district for dispatching services or with other entities for boarding prisoners, regarding the amounts to be paid or the services to be provided.
- B. There were no written agreements specifying how the rent and utilities amounts were determined for the Prosecuting Attorney and the Public Administrator and/or the percentage of the Prosecuting Attorney's secretaries salaries to be paid by the county.
- C. The county could not locate contracts for the lease purchase of two graders, a copier with a maintenance agreement, and a short-term bank loan for \$20,000.

Recommendation:

The County Commission ensure written agreements are entered into with all applicable political subdivisions and individuals documenting each parties contractual obligations.

Status:

Partially implemented. The county had contracts regarding the purchases of new road and bridge equipment and contracts with the Prosecuting Attorney and Public Administrator regarding rent and utility payments. Contracts for the dispatching services provided by the Sheriff's office were signed in June 2004. The Sheriff's office rarely houses prisoners since the county's inmate population has increased so there were no board of prisoner contracts to review. The county has not obtained contracts regarding the salaries of the Prosecuting Attorney's secretaries. See MAR finding number 2.

3. Personnel and Payroll Policies and Procedures

- A. Time sheets and/or records tracking accumulated leave balances were not maintained for some full-time employees. In addition, those records that were prepared were not approved by a supervisor and one office did not turn their time records into the County Clerk.
- B. The county's personnel manual did not address compensatory time or overtime.

Recommendation:

The County Commission:

- A. Require all county employees to complete time sheets which reflect actual time worked and leave balances earned and used. The time sheets should be prepared by employees, approved by the applicable supervisor, and filed with the County Clerk. In addition, the County Commission should require the County Clerk to maintain centralized leave records for all employees.
- B. Establish a written policy regarding compensatory time and overtime to ensure compliance with the FLSA.

Status:

- A. Partially implemented. Timesheets are completed by all but one county office and some of the county offices indicate supervisory review. Centralized leave records are not maintained. See MAR finding number 2.
- B. Implemented.

4. General Fixed Assets

Three of thirteen equipment purchases were not recorded on the county's general fixed asset listing.

Recommendation:

The County Commission establish a written policy related to the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for the handling of asset disposition, and any other concerns associated with county property.

Status:

Not implemented. No problems were noted during our review of the general fixed assets; however, the County Commission has not established a written policy. Although not repeated in the current report, our recommendation remains as stated above.

5. Sheriff's Accounting Controls and Procedures

- A. There were at least three instances where monies received by the Sheriff's office totaling \$736 were not deposited or were found to be missing.
- B. Controls over the evidence room used for storing property taken in criminal cases were not adequate.
- C. The Sheriff had \$2,260 in two old bank accounts that had not been properly disbursed.

Recommendation:

The Sheriff:

- A. Adequately segregate duties or ensure independent, documented reviews of the records are performed. In addition, the Sheriff should ensure all missing monies are recovered and distributed to the appropriate parties.
- B. Ensure all evidence is inventoried in the seized property log and dispose of unclaimed items in a timely manner in accordance with state law.
- C. Disburse the amounts remaining from the 1994 Sheriff's sale and attempt to locate the payees of the old outstanding checks and reissue checks if possible. Any remaining unclaimed amounts should be disbursed in accordance with state law.

Status:

- A. Partially implemented. Receipting duties are segregated from recording and depositing the monies, however, no supervisory review is conducted. The individual thought to be responsible for the missing monies was dismissed. See MAR finding number 7.

B&C. Implemented.

6. Circuit Clerk and Ex-Officio Recorder of Deeds' Accounting Controls and Procedures

- A. Monthly listings of open items were not prepared on a timely basis for the Circuit Clerk's fee account and had not been periodically reconciled with bank and book balances. In addition, the February 1999 open items listing included numerous old cases.
- B. Copy monies were deposited into the Circuit Clerk's interest account and were used for various office expenditures.

Recommendation:

The Circuit Clerk and Ex-Officio Recorder of Deeds:

- A. Prepare a complete listing of open items on a monthly basis and reconcile the listing to the cash balance. Any discrepancies should be investigated and resolved. In addition, along with the Circuit Judge, review the older cases and determine the appropriate disposition of inactive cases.
- B. Ensure the Circuit Clerk's interest account includes only interest earned on the Circuit Clerk's bank accounts. Copy monies should be receipted, deposited to the fee account, and remitted to the County Treasurer at least monthly, along with any interest earned on the Ex-Officio Recorder's bank account. In addition, any unidentified monies or old outstanding checks held by the court should be investigated and disposed of in accordance with state law.

Status:

A&B. Implemented.

STATISTICAL SECTION

History, Organization, and
Statistical Information

BOLLINGER COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1851, the county of Bollinger was named after George F. Bollinger, the leader of the early pioneers in the area. Bollinger County is a county-organized, 3rd-class county and is part of the 32nd Judicial Circuit. The county seat is Marble Hill.

Bollinger County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 515 miles of county roads and 67 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 10,301 in 1980 and 12,029 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,				
		2003	2002	2001	2000	1985* 1980**
		(in millions)				
Real estate	\$	60.3	53.3	51.3	49.3	26.2 10.1
Personal property		24.5	24.2	23.9	22.3	7.4 4.8
Railroad and utilities		11.1	12.5	12.8	11.8	9.5 11.8
Total	\$	95.9	90.0	88.0	83.4	43.1 26.7

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Bollinger County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,			
		2003	2002	2001	2000
General Revenue Fund	\$	0.1000	0.2000	0.1900	0.1800
Special Road and Bridge Fund		0.2435	0.2500	0.2500	0.2500
Health Center Fund		0.2338	0.2400	0.2400	0.2400
Senate Bill 40 Board Fund		0.0974	0.1000	0.1000	0.1000

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to

penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28 (29),			
	2004	2003	2002	2001
State of Missouri	\$ 29,080	27,562	27,148	24,882
General Revenue Fund	110,511	186,382	175,330	153,858
Special Road and Bridge Fund	234,556	227,717	224,309	205,476
Assessment Fund	39,085	38,110	37,300	33,488
Health Center Fund	225,204	218,577	215,305	197,225
Senate Bill 40 Board Fund	93,824	91,076	89,714	82,221
School districts	2,802,662	2,660,142	2,606,978	2,328,802
Library district	93,825	91,076	89,714	82,221
Ambulance district	187,639	182,148	179,421	164,336
Fire protection districts	62,454	57,298	55,194	50,124
Drainage district	44,858	44,864	42,263	45,198
Tax maintenance fund	11,007	6,067	0	0
Surtax	21,776	21,034	20,814	19,233
Investment interest	1,350	586	1,119	5,876
Cities	3,051	3,439	3,393	3,143
County Clerk	1,230	1,501	1,029	794
County Employees' Retirement	38,363	40,962	38,361	30,084
Commissions and fees:				
General Revenue Fund	65,534	63,831	63,237	55,752
Collector	600	600	600	700
Total	\$ 4,066,008	3,962,372	3,870,629	3,482,714

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),			
	2004	2003	2002	2001
Real estate	90.9	90.4	86.3	88.6
Personal property	87.9	86.2	83.1	85.3
Railroad and utilities	100.0	100.0	100.0	100.0

Bollinger County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$ 0.0050	None	50	%
General	0.0050	None	None	
General	0.0050	9/30/2007	50	

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2004	2003	2002	2001	2000
County-Paid Officials:	\$				
Wayne Johnson, Presiding Commissioner		21,485			
Kenneth Trentham, Presiding Commissioner			21,483	20,400	20,400
Larry P. VanGennip, Associate Commissioner		19,483	19,483	18,398	
Robert Gray, Associate Commissioner					18,400
Wayne Whitener, Associate Commissioner		19,483	19,483	18,398	
Rodney Jetton, Associate Commissioner					18,400
Winonah Ossig, Recorder of Deeds (1)		29,520			
Diane H. Holzum, County Clerk		29,520	29,520	27,880	27,880
Stephen P. Gray, Prosecuting Attorney		35,260	35,260	33,261	33,260
Terry Wiseman, Sheriff		32,800	32,800	31,120	
Dennis Willis, Sheriff					31,120
Naomi Null, County Treasurer		21,885	21,885	20,631	20,631
Charles Hutchings, County Coroner		8,200	8,200	7,790	
Gene Ward, County Coroner					7,790
Winford Brown, Public Administrator (2)		17,000	17,000	16,500	12,310
Bob Anderson, County Collector (3), year ended February 28 (29),	30,120	30,120	28,753	28,580	
James M. Bollinger, County Assessor (4), year ended August 31,		30,420	30,047	29,300	29,300
John W. Reilly, County Surveyor (5)		140	0	0	0

(1) Circuit Clerk and Recorder of Deeds offices split in January 2003.

(2) Includes fees received from probate cases in 2000.

(3) Includes \$600 for 2004, \$600 for 2003, \$600 in 2002 and \$700 in 2001 of commissions earned for collecting drainage district taxes.

(4) Includes \$900 annual compensation received from the state.

(5) Compensation on a fee basis.

State-Paid Officials:

Sharon Lutes, Circuit Clerk and Ex Officio Recorder of Deeds	47,300	47,300	47,300	46,127
Scott Evan Thomsen, Associate Circuit Judge	96,000	96,000	96,000	97,382

The county has \$90,000 in tax anticipation loans as of December 31, 2003.



**LIVINGSTON COUNTY, MISSOURI
YEARS ENDED DECEMBER 31, 2003 AND 2002**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-79
September 29, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

September 2004

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Livingston, that do not have a county auditor. In addition to a financial and compliance audit of various county operating funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Livingston County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The Enhanced 911 Fund is in poor financial condition. Disbursements exceeded receipts during 2003 and 2002 due, in part, to increased overtime costs. As of May 2004, the county loaned more than \$25,000 from the General Revenue Fund to the Enhanced 911 Fund to cover 911 operating expenses. The County Commission should review disbursements to ensure available resources are used efficiently. The County Commission should also ensure receipts are maximized and, if necessary, consider alternative funding sources.
- The county's schedules of expenditures of federal awards (SEFA), which include health center programs, contained several errors and omissions. Expenditures for various programs were either overstated or understated, and two grants were omitted from the schedules.
- The county did not solicit bids for various purchases totaling \$21,441, made culvert purchases of approximately \$28,000 in 2003 based on bids received in 2002, and did not adequately document reasons for accepting bids other than the lowest bid for various purchases totaling \$36,751. Additionally, the County Commission approved payments of approximately \$26,000 without obtaining adequate supporting documentation, such as original invoices or credit card slips.
- In 1999, mid-term raises of approximately \$4,000 annually were given to each of the Associate County Commissioners. On May 15, 2001, the Missouri Supreme Court handed down an opinion that challenged the validity of Section 50.333.13, RSMo, which allowed county salary commissions to provide the mid-term raises. The Supreme Court held that this statute violated Article VII, Section 13, of the Missouri Constitution, which prohibits an increase in compensation for state, county, and municipal officials during a term of office. Although the Prosecuting Attorney recommended that the Associate County Commissioners repay the raise amounts, no plan has been developed for obtaining repayment of the salary overpayments.

(over)

YELLOW SHEET

- In 1999, the salary commission authorized the Public Administrator to receive, in addition to fees, annual compensation from the county if the public administrator did not receive at least a certain amount of fees. In 2000, the statutes authorizing the compensation of the Public Administrator were amended, which required the Public Administrator to choose between receiving a salary or fees as her official compensation for her term beginning in 2001. While the Public Administrator chose fees, the county continued to pay her \$10,000 annually in compensation. Neither the county nor the Public Administrator has obtained a legal opinion regarding this matter.
- The Sheriff does not always record and deposit receipts in a timely manner, does not adequately reconcile the inmate account balance to related liabilities, and has not adequately followed-up on old outstanding checks issued on the inmate account. In addition, the Sheriff's records indicate significant incarceration costs incurred for county prisoners during the past four years has not been collected. While county officials indicate that much of this will not be collected due to the prisoners' financial inability to pay for these costs, improvement is needed to ensure complete and accurate records are maintained of all costs incurred, billed, paid, and owed.

The audit also includes recommendations regarding payment of a commissioner's salary from the Special Road and Bridge Fund, establishment of a Sheriff Civil Fees Fund, inventory records and controls, and board of prisoner contracts. Additional concerns regarding accounting records and controls were noted for the Juvenile Officer, Ex Officio County Collector, and Prosecuting Attorney.

All reports are available on our website: www.auditor.mo.gov

LIVINGSTON COUNTY, MISSOURI

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LIVINGSTON COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Livingston County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Livingston County, Missouri, as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Livingston County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2003 and 2002, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated July 1, 2004, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Livingston County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.



Claire McCaskill
State Auditor

July 1, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Mark Ruether, CPA
In-Charge Auditor:	Lonnie Breeding III, CPA
Audit Staff:	Keri Wright
	Gary Raines
	Lamine Bah



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission
and
Officeholders of Livingston County, Missouri

We have audited the financial statements of various funds of Livingston County, Missouri, as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated July 1, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of various funds of Livingston County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Livingston County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all

matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Livingston County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

July 1, 2004 (fieldwork completion date)

Financial Statements

Exhibit A-1

LIVINGSTON COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2003

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 219,201	1,483,111	1,531,665	170,647
Special Road and Bridge	429,291	1,184,946	1,053,882	560,355
Assessment	6,121	142,357	146,480	1,998
Law Enforcement Training	133	5,873	5,522	484
Prosecuting Attorney Training	1,935	1,832	3,620	147
Prosecuting Attorney Check Fees	(168)	19,594	16,882	2,544
Recorder's Special	12,565	11,790	7,349	17,006
Local Emergency Planning Committee	21,785	6,029	710	27,104
Child Abuse Trust	303	994	0	1,297
Enhanced 911	28,082	178,427	203,397	3,112
Planning and Zoning	14	0	0	14
Soybean Processing Study Grant	0	11,857	11,857	0
Victim Advocate	(2,344)	39,431	36,221	866
Micro Enterprise Grant	0	24,000	24,000	0
Law Enforcement Grant	0	11,250	11,250	0
Election Services	10,073	1,605	4,628	7,050
Circuit Clerk Interest	13,734	153	5,698	8,189
Law Library	336	4,794	5,016	114
Tax Maintenance	0	11,806	0	11,806
Senate Bill 40 Board	67,019	164,774	155,053	76,740
Health Center	320,540	610,085	646,977	283,648
Law Enforcement Sales Tax	0	31,753	0	31,753
Cemetery Trust	27,249	669	660	27,258
Total	\$ 1,155,869	3,947,130	3,870,867	1,232,132

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

LIVINGSTON COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 222,396	1,465,238	1,468,433	219,201
Special Road and Bridge	229,518	915,239	715,466	429,291
Assessment	6,737	145,722	146,338	6,121
Law Enforcement Training	1,416	7,381	8,664	133
Prosecuting Attorney Training	2,173	2,567	2,805	1,935
Prosecuting Attorney Check Fees	50	14,861	15,079	(168)
Recorder's Special	8,136	10,741	6,312	12,565
Local Emergency Planning Committee	21,377	4,869	4,461	21,785
Child Abuse Trust	2,120	1,028	2,845	303
Enhanced 911	45,961	178,858	196,737	28,082
School Resource Officer	364	0	364	0
Planning and Zoning	48	1,696	1,730	14
Soybean Processing Study Grant	0	30,143	30,143	0
Victim Advocate	1,009	32,077	35,430	(2,344)
Law Enforcement Grant	0	9,000	9,000	0
Election Services	6,288	4,390	605	10,073
Circuit Clerk Interest	13,784	470	520	13,734
Law Library	412	5,240	5,316	336
Senate Bill 40 Board	70,234	157,629	160,844	67,019
Health Center	254,091	601,469	535,020	320,540
Cemetery Trust	27,225	1,139	1,115	27,249
Total	\$ 913,339	3,589,757	3,347,227	1,155,869

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

LIVINGSTON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 4,600,718	3,914,708	(686,010)	4,647,053	3,579,618	(1,067,435)
DISBURSEMENTS	5,239,851	3,870,207	1,369,644	5,172,200	3,337,112	1,835,088
RECEIPTS OVER (UNDER) DISBURSEMENTS	(639,133)	44,501	683,634	(525,147)	242,506	767,653
CASH, JANUARY 1	1,128,852	1,128,620	(232)	886,109	886,114	5
CASH, DECEMBER 31	489,719	1,173,121	683,402	360,962	1,128,620	767,658
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	15,000	24,435	9,435	15,000	15,666	666
Sales taxes	795,000	766,625	(28,375)	805,000	793,625	(11,375)
Intergovernmental	338,650	385,595	46,945	311,300	351,486	40,186
Charges for services	252,500	251,182	(1,318)	216,200	248,391	32,191
Interest	4,000	4,936	936	6,700	4,566	(2,134)
Other	43,750	50,338	6,588	126,200	51,504	(74,696)
Total Receipts	1,448,900	1,483,111	34,211	1,480,400	1,465,238	(15,162)
DISBURSEMENTS						
County Commissioner	83,690	86,072	(2,382)	84,360	78,822	5,538
County Clerk	92,472	87,657	4,815	81,115	75,836	5,279
Elections	43,757	40,531	3,226	92,290	82,137	10,153
Buildings and grounds	108,070	89,306	18,764	97,785	89,066	8,719
Employee fringe benefit	14,500	19,124	(4,624)	92,632	11,225	81,407
County Treasurer and Ex Officio County Collector	82,064	71,008	11,056	72,415	70,384	2,031
Ex Officio Recorder of Deed	40,078	38,226	1,852	38,639	41,550	(2,911)
Circuit Clerk	12,550	10,096	2,454	14,000	8,687	5,313
Associate Circuit Court	16,550	15,884	666	13,824	11,315	2,509
Associate Circuit (Probate)	3,800	3,938	(138)	4,675	2,160	2,515
Court administration	12,000	4,173	7,827	20,700	5,634	15,066
Public Administrator	70,827	58,390	12,437	49,394	57,586	(8,192)
Sheriff	351,396	348,117	3,279	310,413	317,225	(6,812)
Jail	407,492	391,402	16,090	406,393	378,972	27,421
Prosecuting Attorney	90,715	85,595	5,120	88,899	86,178	2,721
Juvenile Office	68,333	36,364	31,969	70,132	35,112	35,020
County Coroner	24,967	24,360	607	23,671	24,339	(668)
Insurance and bonds	26,000	25,085	915	21,000	24,974	(3,974)
University Extension	24,500	24,500	0	27,500	27,500	0
Economic development	12,000	12,000	0	17,000	16,851	149
Court Reporter	550	154	396	550	197	353
Public health and welfare service	3,950	3,601	349	3,150	2,403	747
Other	18,690	18,176	514	12,636	9,837	2,799
Transfers out	15,237	0	15,237	14,623	0	14,623
Emergency Fund	43,913	37,906	6,007	45,000	10,443	34,557
Total Disbursements	1,668,101	1,531,665	136,436	1,702,796	1,468,433	234,363
RECEIPTS OVER (UNDER) DISBURSEMENTS	(219,201)	(48,554)	170,647	(222,396)	(3,195)	219,201
CASH, JANUARY 1	219,201	219,201	0	222,396	222,396	0
CASH, DECEMBER 31	0	170,647	170,647	0	219,201	219,201

Exhibit B

LIVINGSTON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	65,000	75,077	10,077	66,000	70,817	4,817
Intergovernmental	1,754,810	1,102,440	(652,370)	1,892,100	825,602	(1,066,498)
Interest	6,000	7,019	1,019	8,000	7,048	(952)
Other	1,000	410	(590)	4,200	11,772	7,572
Total Receipts	1,826,810	1,184,946	(641,864)	1,970,300	915,239	(1,055,061)
DISBURSEMENTS						
Salaries	89,468	89,468	0	88,265	88,265	0
Employee fringe benefit	24,534	25,511	(977)	20,150	20,763	(613)
Supplies	13,400	9,413	3,987	12,300	7,364	4,936
Insurance	3,500	5,254	(1,754)	4,000	3,123	877
Road and bridge materials	112,500	90,516	21,984	110,000	70,437	39,563
Equipment repairs	12,000	3,748	8,252	11,000	11,336	(336)
Rentals	25,000	8,084	16,916	15,000	14,968	32
Equipment purchases	50,000	1,163	48,837	50,000	402	49,598
Construction, repair, and maintenance	1,743,000	813,599	929,401	1,825,000	492,828	1,332,172
Other	13,700	7,126	6,574	13,900	5,980	7,920
Total Disbursements	2,087,102	1,053,882	1,033,220	2,149,615	715,466	1,434,149
RECEIPTS OVER (UNDER) DISBURSEMENTS	(260,292)	131,064	391,356	(179,315)	199,773	379,088
CASH, JANUARY 1	429,291	429,291	0	229,518	229,518	0
CASH, DECEMBER 31	168,999	560,355	391,356	50,203	429,291	379,088
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	135,000	140,095	5,095	137,000	144,001	7,001
Interest	400	298	(102)	400	485	85
Other	1,000	1,964	964	3,500	1,236	(2,264)
Transfers in	15,237	0	(15,237)	14,623	0	(14,623)
Total Receipts	151,637	142,357	(9,280)	155,523	145,722	(9,801)
DISBURSEMENTS						
Salaries and benefits	107,923	108,486	(563)	120,113	111,748	8,365
Supplies and equipment	33,010	30,578	2,432	33,597	28,141	5,456
Other	16,825	7,416	9,409	8,550	6,449	2,101
Total Disbursements	157,758	146,480	11,278	162,260	146,338	15,922
RECEIPTS OVER (UNDER) DISBURSEMENTS	(6,121)	(4,123)	1,998	(6,737)	(616)	6,121
CASH, JANUARY 1	6,121	6,121	0	6,737	6,737	0
CASH, DECEMBER 31	0	1,998	1,998	0	6,121	6,121

Exhibit B

LIVINGSTON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	2,000	2,283	283	3,500	2,318	(1,182)
Charges for service:	5,000	3,588	(1,412)	4,700	5,028	328
Interest	20	2	(18)	50	35	(15)
Total Receipts	7,020	5,873	(1,147)	8,250	7,381	(869)
DISBURSEMENTS						
Sheriff	7,153	5,522	1,631	9,666	8,664	1,002
Total Disbursements	7,153	5,522	1,631	9,666	8,664	1,002
RECEIPTS OVER (UNDER) DISBURSEMENTS	(133)	351	484	(1,416)	(1,283)	133
CASH, JANUARY 1	133	133	0	1,416	1,416	0
CASH, DECEMBER 31	0	484	484	0	133	133
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for service:	2,500	1,795	(705)	2,300	2,513	213
Interest	35	37	2	30	54	24
Total Receipts	2,535	1,832	(703)	2,330	2,567	237
DISBURSEMENTS						
Prosecuting Attorney	4,400	3,620	780	4,500	2,805	1,695
Total Disbursements	4,400	3,620	780	4,500	2,805	1,695
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,865)	(1,788)	77	(2,170)	(238)	1,932
CASH, JANUARY 1	1,935	1,935	0	2,173	2,173	0
CASH, DECEMBER 31	70	147	77	3	1,935	1,932
<u>PROSECUTING ATTORNEY CHECK FEES FUND</u>						
RECEIPTS						
Charges for service:	16,600	19,594	2,994	15,600	14,860	(740)
Interest	0	0	0	10	1	(9)
Total Receipts	16,600	19,594	2,994	15,610	14,861	(749)
DISBURSEMENTS						
Prosecuting Attorney	16,405	16,882	(477)	15,660	15,079	581
Total Disbursements	16,405	16,882	(477)	15,660	15,079	581
RECEIPTS OVER (UNDER) DISBURSEMENTS	195	2,712	2,517	(50)	(218)	(168)
CASH, JANUARY 1	(168)	(168)	0	50	50	0
CASH, DECEMBER 31	27	2,544	2,517	0	(168)	(168)

Exhibit B

LIVINGSTON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>RECORDER'S SPECIAL FUND</u>						
RECEIPTS						
Charges for services	9,000	11,549	2,549	6,000	10,538	4,538
Interest	200	241	41	150	203	53
Total Receipts	9,200	11,790	2,590	6,150	10,741	4,591
DISBURSEMENTS						
Ex Officio Recorder of Deed	6,895	7,349	(454)	6,800	6,312	488
Total Disbursements	6,895	7,349	(454)	6,800	6,312	488
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,305	4,441	2,136	(650)	4,429	5,079
CASH, JANUARY 1	12,565	12,565	0	8,136	8,136	0
CASH, DECEMBER 31	14,870	17,006	2,136	7,486	12,565	5,079
<u>LOCAL EMERGENCY PLANNING COMMITTEE FUND</u>						
RECEIPTS						
Intergovernmental	0	5,612	5,612	3,500	4,335	835
Interest	500	417	(83)	350	534	184
Total Receipts	500	6,029	5,529	3,850	4,869	1,019
DISBURSEMENTS						
Local emergency planning	22,285	710	21,575	25,000	4,461	20,539
Total Disbursements	22,285	710	21,575	25,000	4,461	20,539
RECEIPTS OVER (UNDER) DISBURSEMENTS	(21,785)	5,319	27,104	(21,150)	408	21,558
CASH, JANUARY 1	21,785	21,785	0	21,377	21,377	0
CASH, DECEMBER 31	0	27,104	27,104	227	21,785	21,558
<u>CHILD ABUSE TRUST FUND</u>						
RECEIPTS						
Charges for services	800	988	188	700	975	275
Interest	0	6	6	25	53	28
Total Receipts	800	994	194	725	1,028	303
DISBURSEMENTS						
Domestic violence shelte	1,103	0	1,103	2,845	2,845	0
Total Disbursements	1,103	0	1,103	2,845	2,845	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(303)	994	1,297	(2,120)	(1,817)	303
CASH, JANUARY 1	303	303	0	2,120	2,120	0
CASH, DECEMBER 31	0	1,297	1,297	0	303	303

Exhibit B

LIVINGSTON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ENHANCED 911 FUND</u>						
RECEIPTS						
Telephone surcharges:	180,300	177,889	(2,411)	166,900	177,709	10,809
Interest	700	538	(162)	700	1,149	449
Total Receipts	181,000	178,427	(2,573)	167,600	178,858	11,258
DISBURSEMENTS						
Salaries and benefits:	115,643	114,511	1,132	107,052	101,639	5,413
Office expense:	650	809	(159)	900	600	300
Equipment expense:	7,000	6,894	106	14,630	10,473	4,157
Mileage and training	7,500	4,864	2,636	3,400	3,519	(119)
Telephone network charge:	46,400	45,357	1,043	45,600	49,190	(3,590)
Equipment lease	30,960	30,960	0	30,960	30,960	0
Other	400	2	398	0	356	(356)
Total Disbursements	208,553	203,397	5,156	202,542	196,737	5,805
RECEIPTS OVER (UNDER) DISBURSEMENTS	(27,553)	(24,970)	2,583	(34,942)	(17,879)	17,063
CASH, JANUARY 1	28,082	28,082	0	45,961	45,961	0
CASH, DECEMBER 31	529	3,112	2,583	11,019	28,082	17,063
<u>SCHOOL RESOURCE OFFICER FUND</u>						
RECEIPTS						
Intergovernmental				0	0	0
Total Receipts				0	0	0
DISBURSEMENTS						
Salaries				364	364	0
Total Disbursements				364	364	0
RECEIPTS OVER (UNDER) DISBURSEMENTS				(364)	(364)	0
CASH, JANUARY 1				364	364	0
CASH, DECEMBER 31				0	0	0
<u>PLANNING AND ZONING FUND</u>						
RECEIPTS						
Charges for service:	11,000	0	(11,000)	11,000	1,695	(9,305)
Interest	0	0	0	0	1	1
Total Receipts	11,000	0	(11,000)	11,000	1,696	(9,304)
DISBURSEMENTS						
Planning and zoning	11,000	0	11,000	11,000	1,730	9,270
Total Disbursements	11,000	0	11,000	11,000	1,730	9,270
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	(34)	(34)
CASH, JANUARY 1	14	14	0	48	48	0
CASH, DECEMBER 31	14	14	0	48	14	(34)

Exhibit B

LIVINGSTON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SOYBEAN PROCESSING STUDY GRANT FUND</u>						
RECEIPTS						
Intergovernmental	29,857	11,857	(18,000)	50,000	30,143	(19,857)
Total Receipts	29,857	11,857	(18,000)	50,000	30,143	(19,857)
DISBURSEMENTS						
Soybean processing study	29,857	11,857	18,000	50,000	30,143	19,857
Total Disbursements	29,857	11,857	18,000	50,000	30,143	19,857
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	0	0	0	0	0
<u>VICTIM ADVOCATE FUND</u>						
RECEIPTS						
Intergovernmental	40,594	39,203	(1,391)	35,999	32,077	(3,922)
Other	0	228	228	0	0	0
Total Receipts	40,594	39,431	(1,163)	35,999	32,077	(3,922)
DISBURSEMENTS						
Salaries	26,705	26,700	5	25,576	25,770	(194)
Office supplies	2,200	1,412	788	1,294	1,557	(263)
Mileage and training	2,000	865	1,135	2,511	1,686	825
Other	7,345	7,244	101	6,618	6,417	201
Total Disbursements	38,250	36,221	2,029	35,999	35,430	569
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,344	3,210	866	0	(3,353)	(3,353)
CASH, JANUARY 1	(2,344)	(2,344)	0	1,009	1,009	0
CASH, DECEMBER 31	0	866	866	1,009	(2,344)	(3,353)
<u>MICRO ENTERPRISE GRANT FUND</u>						
RECEIPTS						
Intergovernmental	100,000	24,000	(76,000)			
Total Receipts	100,000	24,000	(76,000)			
DISBURSEMENTS						
Micro Enterprise	100,000	24,000	76,000			
Total Disbursements	100,000	24,000	76,000			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	0	0	0			
<u>LAW ENFORCEMENT GRANT FUND</u>						
RECEIPTS						
Intergovernmental	11,250	11,250	0			
Total Receipts	11,250	11,250	0			
DISBURSEMENTS						
Sheriff	11,250	11,250	0			
Total Disbursements	11,250	11,250	0			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	0	0	0			

Exhibit B

LIVINGSTON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ELECTION SERVICES FUND</u>						
RECEIPTS						
Charges for services	3,000	1,577	(1,423)	5,000	4,328	(672)
Interest	60	28	(32)	70	62	(8)
Total Receipts	3,060	1,605	(1,455)	5,070	4,390	(680)
DISBURSEMENTS						
Election services	13,000	4,628	8,372	11,000	605	10,395
Total Disbursements	13,000	4,628	8,372	11,000	605	10,395
RECEIPTS OVER (UNDER) DISBURSEMENTS	(9,940)	(3,023)	6,917	(5,930)	3,785	9,715
CASH, JANUARY 1	10,073	10,073	0	6,283	6,288	5
CASH, DECEMBER 31	133	7,050	6,917	353	10,073	9,720
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest	400	153	(247)	1,700	470	(1,230)
Total Receipts	400	153	(247)	1,700	470	(1,230)
DISBURSEMENTS						
Circuit Clerk	14,134	5,698	8,436	15,484	520	14,964
Total Disbursements	14,134	5,698	8,436	15,484	520	14,964
RECEIPTS OVER (UNDER) DISBURSEMENTS	(13,734)	(5,545)	8,189	(13,784)	(50)	13,734
CASH, JANUARY 1	13,734	13,734	0	13,784	13,784	0
CASH, DECEMBER 31	0	8,189	8,189	0	13,734	13,734
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for services	5,000	4,794	(206)	4,300	5,240	940
Total Receipts	5,000	4,794	(206)	4,300	5,240	940
DISBURSEMENTS						
Law Library	5,580	5,016	564	4,712	5,316	(604)
Total Disbursements	5,580	5,016	564	4,712	5,316	(604)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(580)	(222)	358	(412)	(76)	336
CASH, JANUARY 1	580	336	(244)	412	412	0
CASH, DECEMBER 31	0	114	114	0	336	336
<u>TAX MAINTENANCE FUND</u>						
RECEIPTS						
Charges for services	8,000	11,806	3,806			
Total Receipts	8,000	11,806	3,806			
DISBURSEMENTS						
Ex Officio County Collector	8,000	0	8,000			
Total Disbursements	8,000	0	8,000			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	11,806	11,806			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	0	11,806	11,806			

Exhibit B

LIVINGSTON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
SENATE BILL 40 BOARD FUND						
RECEIPTS						
Property taxes	126,800	135,470	8,670	126,800	131,143	4,343
Intergovernmental	17,000	18,020	1,020	16,650	18,828	2,178
Interest	2,000	1,338	(662)	3,500	2,170	(1,330)
Other	6,200	9,946	3,746	4,636	5,488	852
Total Receipts	152,000	164,774	12,774	151,586	157,629	6,043
DISBURSEMENTS						
Operating costs	58,044	59,452	(1,408)	55,093	56,522	(1,429)
Purchase of services	80,909	61,063	19,846	84,137	63,906	20,231
Medicaid match	31,737	29,193	2,544	31,737	35,503	(3,766)
Personal assistance service	4,500	5,345	(845)	4,000	4,913	(913)
Total Disbursements	175,190	155,053	20,137	174,967	160,844	14,123
RECEIPTS OVER (UNDER) DISBURSEMENTS	(23,190)	9,721	32,911	(23,381)	(3,215)	20,166
CASH, JANUARY 1	67,007	67,019	12	70,234	70,234	0
CASH, DECEMBER 31	43,817	76,740	32,923	46,853	67,019	20,166
HEALTH CENTER FUND						
RECEIPTS						
Property taxes	328,906	330,985	2,079	326,299	322,693	(3,606)
Intergovernmental	211,649	225,926	14,277	188,772	219,512	30,740
Charges for services	44,000	42,495	(1,505)	46,589	43,778	(2,811)
Interest	10,000	6,009	(3,991)	15,000	10,200	(4,800)
Other	0	4,670	4,670	0	5,286	5,286
Total Receipts	594,555	610,085	15,530	576,660	601,469	24,809
DISBURSEMENTS						
Salaries	482,920	486,929	(4,009)	443,600	404,587	39,013
Supplies	15,000	15,990	(990)	17,000	13,922	3,078
Equipment	18,500	16,930	1,570	6,000	13,746	(7,746)
Mileage and training	8,500	7,129	1,371	9,500	6,834	2,666
Operations	31,915	27,029	4,886	31,390	26,109	5,281
Employee fringe benefit	40,500	42,997	(2,497)	33,000	33,568	(568)
Community health	41,500	46,036	(4,536)	31,500	32,537	(1,037)
Other	15,000	3,937	11,063	15,000	3,717	11,283
Total Disbursements	653,835	646,977	6,858	586,990	535,020	51,970
RECEIPTS OVER (UNDER) DISBURSEMENTS	(59,280)	(36,892)	22,388	(10,330)	66,449	76,779
CASH, JANUARY 1	320,540	320,540	0	254,091	254,091	0
CASH, DECEMBER 31	\$ 261,260	283,648	22,388	243,761	320,540	76,779

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

LIVINGSTON COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Livingston County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, or the Senate Bill 40 Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the Cemetery Trust Fund for the years ended December 31, 2003 and 2002, Law Enforcement Sales Tax Fund for the year ended December 31, 2003, and Law Enforcement Grant Fund for the year ended December 31, 2002.

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the Prosecuting Attorney Check Fees Fund and the Recorder's Special Fund for the year ended December 31, 2003, and for the Law Library Fund for the year ended December 31, 2002.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund. The county's published financial statements for the years ended December 31, 2003 and 2002, included all funds presented in the accompanying financial statements.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's, Health Center Board's, and Senate Bill 40 Board's deposits at December 31, 2003 and 2002, were entirely covered by federal depositary insurance or by collateral securities held by the county's or the boards' custodial banks in the county's or boards' names.

3. Prior Period Adjustment

The Election Services, Victim Advocate, and the Cemetery Trust Fund's cash balances of \$6,288, \$1,009, and \$27,225, respectively, at January 1, 2002, were not previously reported but have been added.

Supplementary Schedule

Schedule

LIVINGSTON COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2003	2002
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state Department of Health and Senior Services				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Childre	ERS-045-2159	\$ 0	27,690
		ERS-045-3159W	29,273	9,704
		ERS-045-4159	13,917	0
	Program Total		<u>43,190</u>	<u>37,394</u>
Direct program:				
10.773	Rural Business Opportunity Grants	N/A	11,857	30,143
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state Department of Economic Development				
14.228	Community Development Block Grants/State's Program	2001-ME-01	24,000	0
U.S. DEPARTMENT OF JUSTICE				
Passed through:				
State Department of Public Safety				
16.575	Crime Victim Assistance	2000-VOCA-0014	0	35,430
		2001-VOCA-0014	36,221	0
	Program Total		<u>36,221</u>	<u>35,430</u>
16.592	Local Law Enforcement Block Grants Program	2001-LBG-018	0	9,000
		2002-LBG-047	11,250	0
	Program Total		<u>11,250</u>	<u>9,000</u>
Missouri Sheriff's Association				
16	Domestic Cannabis Eradication/Suppression Program	N/A	892	952
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state Highway and Transportation Commission				
20.205	Highway Planning and Constructior	BRO-059 (10)	95,968	131,891
		BRO-059 (13)	0	23,295
		BRO-059 (15)	347,827	25,000
		BRO-059 (16)	29,474	0
	Program Total		<u>473,269</u>	<u>180,186</u>
20.513	Capital Assistance Program for Elderly Persons and Persons with Disabiliti	N/A	1,775	0
GENERAL SERVICES ADMINISTRATION				
Passed through state Office of Administration				
39.003	Donation of Federal Surplus Personal Property	N/A	450	326

Schedule

LIVINGSTON COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2003	2002
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Passed through state Department of Public Safety				
83.544*	Public Assistance Grants	FEMA-1412-DR-M	46,070	26,106
83.562**	State and Local All Hazards Emergency Operations Plannin	N/A	3,300	0
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state				
Department of Health and Senior Services -				
93.268	Immunization Grants	N/A	67,471	50,321
		PGA064-2159A	0	5,715
		PGA064-3159A	4,050	2,000
	Program Total		71,521	58,036
93.283	Centers for Disease Control and Prevention - Investigations an Technical Assistance	DH030092001	6,700	0
Department of Social Services				
93.563	Child Support Enforcemen	N/A	715	1,121
Department of Health and Senior Services				
93.575	Child Care and Development Block Gran	PGA067-3159C	1,320	180
		PGA067-2159C	315	1,345
		PGA067-4159S	285	650
		PGA067-2159S	969	890
	Program Total		2,889	3,065
Department of Social Services -				
93.658	Foster Care - Title IV-E	N/A	0	69
Department of Health and Senior Services				
93.994	Maternal and Child Health Services Block Grant to the State	ERS146-4159M	4,106	0
		ERS146-3159M	12,091	4,030
		ERS146-2159M	0	12,190
		N/A	617	480
	Program Total		16,814	16,700
			\$ 750,913	398,528
	Total Expenditures of Federal Award:			

* The CFDA number for this program changed to 97.036 in October 2002

** The CFDA number for this program changed to 97.051 in October 2002

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule

Notes to the Supplementary Schedule

LIVINGSTON COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Livingston County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals. . . .

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Donation of Federal Surplus Property Programs (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt.

Amounts for Immunization Grants (CFDA number 93.268) and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

Of the federal expenditures presented in the schedule, the county provided federal awards to subrecipients as follows:

Federal CFDA Number	Program Title	Amount Provided	
		Year Ended December 31, 2003	2002
10.773	Rural Business Opportunity Grants	\$ 11,857	30,143
14.228	Community Development Block Grants/State's Programs	24,000	0
83.544	Public Assistance Grants	46,070	26,106

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of Livingston County, Missouri

Compliance

We have audited the compliance of Livingston County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2003 and 2002. The county's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Livingston County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 2003 and 2002. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with

OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 03-1.

Internal Control Over Compliance

The management of Livingston County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 03-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

This report is intended for the information and use of the management of Livingston County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

July 1, 2004 (fieldwork completion date)

Schedule

LIVINGSTON COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2003 AND 2002

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

Material weaknesses identified?

_____ yes x no

Reportable conditions identified that are
not considered to be material weaknesses?

_____ yes x none reported

Noncompliance material to the financial statements
noted?

_____ yes x no

Federal Awards

Internal control over major program:

Material weaknesses identified?

_____ yes x no

Reportable condition identified that is
not considered to be a material weakness?

 x yes _____ none reported

Type of auditor's report issued on compliance for
major program:

Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of OMB
Circular A-133?

 x yes _____ no

Identification of major program:

CFDA or
Other Identifying

Number
20.205

Program Title

Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes the audit finding that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

03-1.	Schedule of Expenditures of Federal Awards
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Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-059
Award Year:	2003 and 2002
Questioned Costs:	N/A

Section .310(b) of Circular A-133, *Audits of State and Local Governments, and Non-Profit Organizations*, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the SEFA to the State Auditor's Office as a part of the annual budget.

The county's procedures to track federal awards for preparation of the SEFA should be improved. For the years ended December 31, 2003 and 2002, the county's SEFA contained several errors and omissions. Expenditures for 12 grants were misstated for both 2003 and 2002, which included overstatements totaling \$50,781 and understatements totaling \$37,171. In addition, two grants with expenditures totaling \$1,844 were omitted from the schedule. The audited SEFA was adjusted to correct these errors.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal awards.

WE RECOMMEND the County Commission, County Clerk, and Health Center Board of Trustees prepare complete and accurate schedules of expenditures of federal awards to

submit to the State Auditor's Office as a part of the annual budgets. The County Commission should take steps to ensure other offices properly track and report federal awards, or consider assigning a county employee the duties of tracking all grants for the county.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Commission agrees with the finding; however, the majority of the errors related to programs administered by the Health Center. In the future, we will request the Health Center to prepare and submit its own schedule.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

LIVINGSTON COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 2001, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

LIVINGSTON COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

This section represents the Summary Schedule of Prior Audit Findings, which was prepared by the county's management.

Findings – Two Years Ended December 31, 2001

01-1. Schedule of Expenditures of Federal Awards

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-059(10), BRO-059(12), BRO-059(13), BRO-059(14)
Award Year:	2001 and 2000
Questioned Costs:	N/A

The county's procedures for tracking federal assistance needed improvement. The schedule of expenditures of federal awards contained several errors and omissions.

Recommendation:

The County Clerk prepare a complete and accurate schedule of expenditures of federal awards.

Status:

Not implemented. See finding number 03-1.

Findings – Two Years Ended December 31, 1999

99-1. Schedule of Expenditures of Federal Awards

Federal Grantor:	U.S. Department of Agriculture
Pass-Through Grantor:	State Department of Health
Federal CFDA Number:	10.557
Program Title:	Special Supplemental Nutrition Program for Women, Infants, and Children
Pass-Through Entity	
Identifying Number:	ER0045-9159
Award Year:	1999 and 1998
Questioned Costs:	N/A
Federal Grantor:	Federal Emergency Management Agency
Pass-Through Grantor:	State Department of Public Safety
Federal CFDA Number:	83.544
Program Title:	Emergency Management – Public Assistance Grants
Pass-Through Entity	
Identifying Number:	FEMA-1253-DR-MO
Award Year:	1999 and 1998
Questioned Costs:	N/A

The county's procedures for tracking federal assistance needed improvement. The schedule of expenditures of federal awards contained several errors and omissions.

Recommendation:

The County Clerk prepare a complete and accurate schedule of expenditures of federal awards.

Status:

Not implemented. See finding number 03-1.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

LIVINGSTON COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Livingston County, Missouri, as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated July 1, 2004. We also have audited the compliance of Livingston County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2003 and 2002, and have issued our report thereon dated July 1, 2004.

In addition, we have audited the operations of elected officials with funds other than those presented in the financial statements to comply with the State Auditor's responsibility under Section 29.230, RSMo 2000, to audit county officials at least once every 4 years. The objectives of this audit were to:

1. Review the internal controls over the transactions of the various county officials.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents; interviewing various personnel of the county officials, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials referred to above. In addition, this report includes any findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These MAR findings resulted from our audit of the financial statements of Livingston County or of its compliance with the types of compliance requirements applicable to its major federal program but do

not meet the criteria for inclusion in the written reports on compliance and on internal control over financial reporting or compliance that are required for audits performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

1.	Enhanced 911 Fund
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The Enhanced 911 Fund is in poor financial condition, and its cash balance at December 31, 2003 was overstated due to a recording error. The county did not enter into a written agreement with the City of Chillicothe for 911 services provided to city residents.

- A. The Enhanced 911 Fund is in poor financial condition. The following chart shows the Enhanced 911 Fund's receipts, disbursements, and cash balances for the three years ended December 31, 2003.

		2003	2002	2001
Beginning cash, January 1	\$	28,082	45,961	33,507
Receipts		178,427	178,858	183,853
Disbursements		(203,397)	(196,737)	(171,399)
Ending cash, December 31	\$	3,112	28,082	45,961

A significant factor resulting in the decline of the financial condition of the Enhanced 911 Fund was increasing payroll expenses for overtime and larger payments for services provided by the City of Chillicothe. A review of the 2004 budget and financial records noted a continuing decrease in the cash balance, and as of May 2004, the county loaned more than \$25,000 from the General Revenue Fund to the Enhanced 911 Fund. In addition, the Enhanced 911 Fund owed approximately \$83,000 on an equipment lease/purchase, and the County Commission indicated that additional 911 equipment is obsolete and may need to be replaced in the near future.

The main source of 911 receipts is a 15 percent fee added to the base phone line rate charged by the telephone companies and, according to the County Commission, the maximum rate authorized is being charged.

The County Commission should review disbursements to ensure available resources are used efficiently and to determine if long term reductions in disbursements are possible. In addition, the County Commission should ensure receipts are maximized and, if necessary, consider alternative funding sources.

- B. The Enhanced 911 Fund's receipts and ending cash balance in 2003 were overstated by \$13,049. The error resulted from the Ex Officio County Collector misclassifying a property tax receipt from a utility company as a 911 surcharge. The Ex Officio County Collector discovered and corrected the error in 2004, but the county did not

amend the 2003 actual receipts or cash balance figures on the 2004 budget. As a result, the 2004 budget overstated the beginning available resources, which appears to have contributed to the 2004 cash flow problems noted above in Part A. The audited cash balance of the Enhanced 911 Fund at December 31, 2003, was adjusted to correct this error.

Failure to include all receipts and cash on the county's budgets and financial statements does not provide an accurate accounting to the public and reduces the effectiveness of the budget process.

- C. No contract exists for payments made to the City of Chillicothe for dispatching services provided by the city. In 2003, the county paid the city \$25,000 for 911 dispatching services provided by the city to city residents; however, the county does not require the city to provide documentation of the specific services provided, such as the number of 911 calls handled by the city. In addition, the county loaned the city all necessary equipment to provide these services, but no agreement exists to document the county assets held by the city.

Written agreements are necessary to quantify the services to be performed, identify the equipment loaned, specify the consideration to be paid, and to protect the county in the event of a dispute over the terms of the agreement. In addition, Section 432.070, RSMo 2000, requires all contracts to be in writing.

WE RECOMMEND the County Commission:

- A. Closely monitor the financial condition and consider various alternatives of increasing receipts and/or reducing disbursements of the Enhanced 911 Fund.
- B. Ensure all transactions are properly recorded and submit amended budgets when errors are discovered.
- C. Enter into a written agreement for these services. In addition, the agreement should detail the county-owned assets held by the city.

AUDITEE'S RESPONSE

- A. *We agree. We are developing a plan to secure additional funding and considering reductions in disbursements.*
- B. *We agree and will submit amended budgets in the future when necessary.*
- C. *We agree and will work with the city to obtain a written agreement.*

The county has not taken action on the mid-term salary increases given to the Associate County Commissioners in 1999. The amount paid for the salary of an Associate County Commissioner from the Special Road and Bridge Fund in 2002 exceeded the allowable administrative service fee amount. State law required the Public Administrator to elect to receive either a salary from the county or fees from estates as compensation for her term beginning in 2001; however, the Public Administrator has received both a salary and fees.

- A. Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term increases for associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioners' terms had been increased from two years to four years. Based upon this statute, in 1999 Livingston County's Associate County Commissioners' salaries were each increased approximately \$4,000 yearly, according to information from the County Clerk.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of that statute. The Supreme Court held that this section of the statute violated Article VII, Section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county, and municipal officers during the term of office. This case, *Laclede County v. Douglass et al.*, holds that all raises given pursuant to this statute section are unconstitutional. On June 5, 2001, the State Auditor notified all third class counties of the Supreme Court decision and recommended that each county document its review of the impact of the opinion, as well as plans to seek repayment. In June 2001, the Prosecuting Attorney recommended that the Associate County Commissioners repay the raise amounts; however, no plan has been developed for obtaining repayment of the salary overpayments.

Based upon the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$8,000 for the two years ended December 31, 2000, should be repaid.

- B. Section 50.515, RSMo 2000, allows the county to impose an administrative service fee on the Special Road and Bridge Fund, not to exceed three percent of the total budget of the fund (amended to five percent, effective August 28, 2004). In lieu of such a fee, the county annually pays the salary and fringe benefits of one associate county commissioner from the Special Road and Bridge Fund.

While the administrative service fee is limited to three percent of budgeted expenditures of the Special Road and Bridge Fund, the budget for 2002 was unrealistic in that budgeted expenditures were \$2.1 million while actual expenditures were only \$715,466. Had the county prepared a more realistic budget, the

administrative service fee would have been limited to approximately \$22,000 for 2002; however, the total commissioner's salary and fringe benefits paid from the Special Road and Bridge Fund was approximately \$30,000. For 2003, the amount spent from the Special Road and Bridge Fund was approximately \$1 million, so the amount of allowable administrative service fee approximated the amount of the commissioner's salary and benefits paid from the Special Road and Bridge Fund (\$30,000).

To avoid similar concerns in the future, the county should consider discontinuing payment of a commissioner's salary from the Special Road and Bridge Fund and compute administrative service fees in accordance with state law based on actual or reasonable budgeted expenditures. In addition, the county should consider reimbursing the Special Road and Bridge Fund from the General Revenue Fund approximately \$8,000, which is the amount paid for the commissioner's salary in 2002 which exceeded the allowable administrative service fee.

- C. Section 473.742, RSMo, enacted in 2000, required public administrators to make a determination within 30 days after taking office whether to receive a salary from the county or to receive fees as may be allowed by law to executors, administrators, or personal representatives. Prior to this change in state law, Section 473.739, RSMo, allowed public administrators to receive, in addition to fees, annual compensation from the county if the public administrator did not receive at least a certain amount of fees.

Following her taking office for a new term in January 2001, the Public Administrator elected to receive fees as compensation; however, the county continued to pay her \$10,000 in annual compensation. Section 473.739, RSMo, which authorized the annual compensation from the county, was amended in 2000 and this statute only applies to first-class counties (Livingston County is a third-class county).

Section 473.742, RSMo, requires the Public Administrator to elect to receive either salary or fees; however, she continued to receive both salary and fees based on the old state law. Neither the county nor the Public Administrator has obtained a legal opinion regarding this matter.

WE RECOMMEND the County Commission:

- A. Review the impact of this court decision and develop a plan for obtaining repayment of the salary overpayments.
- B. Reimburse the Special Road and Bridge Fund \$8,000 from the General Revenue Fund. In addition, the county should consider discontinuing the practice of paying a commissioner from the Special Road and Bridge Fund, and limit the administrative service fee to 3 percent (5 percent effective August 28, 2004) of actual or reasonable budgeted expenditures of the Special Road and Bridge Fund.

- C. Obtain a legal opinion from the Prosecuting Attorney regarding the compensation paid to the Public Administrator during her term beginning in 2001, and take appropriate action based on the opinion.

AUDITEE'S RESPONSE

- A. *We do not intend to pursue collection. The salary amounts were approved by the Salary Commission in accordance with state law and legal counsel obtained at that time. The Commissioners received the salary in good faith and we believe they were entitled to this amount.*
- B. *We will reimburse the Special Road and Bridge Fund for the appropriate amount. In the future, the Commissioners will be paid from the General Revenue Fund and we will compute the administrative transfer based on actual expenditures from the Special Road and Bridge Fund.*
- C. *We have already reviewed this matter with legal counsel and do not plan to pursue collection of any amounts paid to the Public Administrator. We will request legal counsel to submit a written opinion on this matter. These expenditures will not be made at the beginning of the new term for the Public Administrator.*

3. Policies and Procedures

The county did not always solicit bids for purchases or adequately document bid information for various purchases, and did not always obtain adequate documentation to support disbursements prior to payment. Some receipts were misclassified on the county's financial statements and some duplicate payments were made. The county has not established a sheriff civil fees fund as required by state law.

- A. Our review of the county's bidding procedures noted the following concerns:
- 1) The county spent approximately \$28,000 and \$35,000 for culverts during the years ended December 31, 2003 and 2002, respectively. The county advertised for bids in 2002, but only received a bid from one vendor. The county continued to use the 2002 culvert bid for 2003 purchases without re-bidding. In addition, bids were not solicited and or advertised for election supplies (\$9,485), communication equipment (\$6,286), and book binding (\$5,670).
 - 2) For three purchases (\$13,577 for steel, \$5,484 for a copier, and \$17,690 for machine hire), the lowest bids (\$11,499 for steel, \$4,894 for a copier, and an average of \$5 less per hour for about 210 hours of machine hire) were not accepted and the county did not adequately document the reasons for accepting the winning bids. In each instance, the County Commission

indicated the lowest bids did not meet the bid specifications; however, the commission minutes did not clearly identify the differences between the specifications and the actual bids. In addition, bids for construction services were received in 2001 and the county continues to use this vendor without re-bidding for these services.

- 3) The county has not conducted a formal analysis of the factors involved when selecting quarries for road rock purchases. The county spent approximately \$32,000 for road rock during the audit period. The county accepted bids from three different quarries in 2003 for various grades of rock and the rates vary between quarries. In addition, the county did not document its reasons for electing not to purchase rock from a fourth quarry which submitted bids that were less than some of the other quarries.

The County Commission indicated the determining factors for purchasing from a particular quarry include the cost of hauling, distance to the jobsite, and the quality of the rock. However, the county has not documented the county's cost per mile per ton for hauling and has not documented its analysis of these factors when determining which quarry to purchase from for specific projects or various locations.

A cost analysis would help ensure the county is purchasing from the lowest and best bidder for a specific location. Documentation should include the size, quality and cost of rock, and the cost of hauling to a specific location.

Section 50.660, RSMo 2000, requires the advertisement for bids on all purchases of \$4,500 or more from any one person, firm or corporation during any period of ninety days. Bidding procedures for major purchases provide a framework for economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best bidder. In addition, competitive bidding assures all parties are given an equal opportunity to participate in county business. Documentation of bids should include, at a minimum, a listing of vendors from whom bids are requested, a copy of the request for proposal, newspaper publication notices, bids received, the basis of justification for awarding the bids, and documentation of all discussions with vendors.

- B. The County Commission authorized the following payments without obtaining adequate supporting documentation as follows:

- 1) The county paid a \$8,871 bill in January 2002 for network charges related to the 911 system. The vendor's statement indicated that a previous balance of \$8,016 was due, but the county did not have a copy of the previous statement. Therefore, this amount was paid without documentation of the detailed charges that totaled \$8,016.

- 2) The Sheriff's office uses a credit card to make purchases related to training, extradition of prisoners, and equipment for the department. During the audit period these credit card purchases totaled approximately \$12,000. The Sheriff submits the billing statement from the credit card company to the County Clerk prior to payment but does not submit the vendor invoices or credit card receipt slips.
- 3) The Prosecuting Attorney spent approximately \$6,000 during the audit period on training. A portion of these disbursements included lodging, airline tickets, and rental cars. The Prosecuting Attorney submitted a summary of the expenditures, but did not include the original invoices for these items.

Failure to obtain adequate documentation before payment is made could result in payments being made for good and services which the county did not receive.

C. A review of receipts and disbursements noted various recording errors and duplicate payments, as follows:

- 1) Two board of prisoner receipts from counties totaling approximately \$8,000 were misclassified as board payments received from individuals.
- 2) Receipts totaling approximately \$5,000 from the Ex Officio Recorder of Deeds were misclassified as Circuit Clerk fees.
- 3) A \$13,049 utility property tax payment was misclassified as Enhanced 911 Fund revenues.
- 4) A \$62,225 payment was prepared in error. Although the error was discovered and the check was not mailed, the check was recorded as outstanding on the county's records for several months before it was voided.
- 5) A \$2,049 duplicate payment was prepared and sent to a vendor. Apparently, a second invoice was submitted to the county; however, the vendor subsequently returned the duplicate payment.

The County Clerk indicated she reviews receipt classifications but apparently did not detect these errors. Failure to properly classify receipts reduces the usefulness of the financial statements.

County officials indicated that bills were processed and paid only once a month, which increased the possibility of receiving duplicate invoices from vendors. The county now processes bills twice a month. The county should ensure procedures are in place to prevent duplicate payments, and to ensure that if checks are issued for duplicate payments, the checks are voided and removed from the outstanding check list on a timely basis.

- D. The county has not established a separate fund to account for sheriff civil fees. Currently, all civil fees are deposited into the General Revenue Fund. Section 57.280, RSMo 2000, requires civil fees to be deposited into a separate fund to be used for procurement of services and equipment to support the operations of the Sheriff's office.

WE RECOMMEND the County Commission:

- A. Solicit bids for all purchases in accordance with state law and maintain adequate documentation of all bids obtained and the justification for selecting the winning bids. If bids cannot be obtained and sole source procurement is necessary, the County Commission minutes should reflect the circumstances.
- B. Require original invoices or other supporting documentation prior to payment of bills.
- C. Ensure receipts are properly classified on the county's financial statements and review the procedures for paying bills to ensure duplicate payments are not made.
- D. Establish a sheriff civil fees fund as required by state law.

AUDITEE'S RESPONSE

- A. *We agree. While we believe we made good decisions regarding these purchases, we will do a better job of soliciting bids when necessary and maintaining documentation for decisions made.*
- B. *We agree and will send a memo to all officials informing them to submit original invoices for all bills or the bill will not be paid.*
- C. *We will do a better job to ensure all receipts are properly classified and eliminate duplicate payments. Bills are now paid twice a month instead of once a month, which should help reduce the occurrence of duplicate payments.*
- D. *This fund has now been established.*

4. Inventories

The county has not updated its general fixed asset records since 2001. The Road and Bridge Department does not maintain inventory records for construction materials.

- A. The County Commission or its designee is responsible for maintaining a complete, detailed record of county property. In addition, each county official or their designee is responsible for performing periodic inventories or inspections. The County Clerk

has been primarily responsible for maintaining general fixed asset records; however, the asset listing has not been updated and a physical inventory has not been performed since 2001. Items recently purchased which were not included on the general fixed asset listing include 911 equipment held by the City of Chillicothe, radio equipment, and a refrigerator. In addition, new fixed assets have not been tagged since 2001. The county has not developed policies to define who is responsible for maintaining fixed asset records, procedures to be followed, and the content of the records.

Section 49.093, RSMo 2000, provides the county officer of each county department shall annually inspect the inventory county property used by that department with an individual original value of \$250 or more and any property with an aggregate original value of \$1,000 or more. After the first inventory is taken, an explanation of material changes shall be attached to subsequent inventories. All remaining property not inventoried by a particular department shall be inventoried by the County Clerk. The reports required by this section should be signed by the County Clerk.

Adequate general fixed asset records are necessary to secure better internal controls over county property, meet statutory requirements, and provide a basis for determining proper insurance coverage. Physical inventories of county property are necessary to ensure the fixed asset records are accurate, identify any unrecorded additions and deletions, detect theft of assets, and identify obsolete assets. Property control tags should be affixed to all assets to help improve accountability and ensure assets are properly identified as belonging to the county.

- B. The Road and Bridge Department does not maintain inventory records of construction materials. The county maintains a stockpile of culverts for its own use and to sell to other political subdivisions, a large quantity of steel for future bridge projects, and lumber. Inventory records should be maintained on a perpetual basis, with all material purchases being added and all amounts sold/used being deducted from the record. In addition, materials on hand should be physically inventoried on a periodic basis and agreed to the perpetual inventory records.

Adequate inventory records are necessary to secure better internal controls and safeguard materials which are susceptible to loss or theft. Periodic physical inventories are necessary to ensure the records are accurate, identify any unrecorded additions or deletions, and detect possible loss or theft.

WE RECOMMEND the County Commission:

- A. Establish written policies related to the handling and accounting for general fixed assets which include procedures to ensure compliance with state law. In addition, all fixed asset purchases and dispositions should be recorded as they occur, purchases of fixed assets should be reconciled to additions on the inventory records, and purchased items should be tagged or identified as county-owned property upon receipt.

- B. Maintain perpetual inventory records of pertinent road and bridge materials and periodically perform physical inventories of the applicable materials.

AUDITEE'S RESPONSE

- A. *We agree. A new system has been developed to account for fixed assets, and we will prepare policies related to the handling and accounting for fixed assets.*
- B. *We agree and will prepare an annual inventory of these materials.*

5. Board of Prisoner Contracts

Linn County paid Livingston County approximately \$8,000 less for boarding of prisoners than provided in the terms of the contract between the counties. In addition, the county reduced the amount it charges the City of Chillicothe for boarding of prisoners by approximately \$4,600 in return for other services provided by the city; however, the services provided by the city were not adequately documented. Board of prisoner revenues from other counties and cities for the years ended December 31, 2003 and 2002, were approximately \$154,000 and \$143,000, respectively.

- A. For the past several years, Livingston County has had a written agreement with Linn County for boarding prisoners. Effective 2003, the terms of the contract required Livingston County to provide accommodations to Linn County for up to 2,555 inmate days for the calendar year for the sum of \$77,927 (\$30.50 per inmate day). The contract provided a billable rate of \$35 for inmate days in excess of 2,555.

In July 2003, Linn County exceeded 2,555 prisoner board days at Livingston County. For the remainder of the year, Livingston County billed Linn County \$30.50 for almost all additional prisoner days instead of the \$35 per day, resulting in total billings of approximately \$8,000 less than provided by the terms of the contract. The 2004 contract was modified to a billable rate of \$30.50 per prisoner day in excess of 2,555.

The Sheriff and the County Commission indicated there was a verbal agreement with Linn County to reduce the billing rate for 2003; however, the circumstances were not documented in the County Commission minutes nor was there a documented contract amendment. To ensure all parties clearly understand the terms of the contract and to avoid misunderstandings, any changes should be documented in contract amendments.

- B. In 2003, the county entered into a written agreement for boarding of prisoners for the City of Chillicothe at a rate of \$35 per prisoner day. An additional written agreement with the city requires the county to pay back to the city \$10 for each city prisoner day incurred in the county jail to reimburse the city for certain services provided by the

city, thus effectively reducing the rate paid by the city to \$25 per prisoner day. The amount reimbursed back to the city was approximately \$4,600 in 2003. The written agreement defines the services provided by the city as follows: use of the city's evidence storage facility, city officers assisting the county for urgent situations, loan of equipment, supplemental training, and use of the city's SWAT team. There appears to be no correlation between the services provided by the city and the number of prisoner days incurred by the city, and it does not appear reasonable for the county to reimburse the city in such a manner. In addition, the contract was not specific in the specific equipment that the city would loan to the county or the types of training to be provided to the county.

If the county wishes to continue receiving these services from the city, the county should enter into a written agreement which more clearly defines the services to be received and sets the compensation based on the cost of providing these specific services.

WE RECOMMEND the County Commission and the Sheriff:

- A. Ensure modifications to contracts are supported by documented contract amendments.
- B. Revise the contract with the City of Chillicothe to adequately define the services to be provided to the county and to set the compensation based on the cost of providing the specific services.

AUDITEE'S RESPONSE

The County Commission provided the following response:

- A. *We agree and will ensure future contract amendments are signed by all parties.*
- B. *We agree and will work with the City and Sheriff to develop a contract with the city which adequately defines the services provided and compensation paid.*

The Sheriff provided the following response:

- A. *You cite that Livingston County failed to receive as much as \$8,000 from Linn County due to a waiver by both county commissions on paying the overage from excessive use of inmate bed days. The Linn County Sheriff asked me if we could do this, and the county commissioners worked this out. I believe this was the right thing to do as we are making decent money from Linn County and if we fail to work with them, we would lose them as a customer. They could keep their inmates in a private jail if they choose. I do not see where it is my responsibility to do contractual agreements with other agencies on prisoner fees. I did believe it was proper to have input on what I thought was the right thing to do.*

- B. *Without the services of the Chillicothe Police, I would estimate Livingston County would need to hire an additional 2 staff members, and still there would be an occasional need for their assistance. Without the use of their evidence room, we would need to add on to our building at great expense to county taxpayers, as we have no available space.*

6. Sheriff's Accounting Controls and Procedures
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Monies are not always deposited in a timely manner and receipts slips are not always prepared immediately. Open items (liabilities) are not reconciled to bank balances for the inmate account and approximately \$1,500 in this account was not identified to specific open items. A large number of inmate account checks have been outstanding for a considerable amount of time. Records and procedures to account for and collect incarceration costs should be improved.

The Sheriff's office receives monies for bonds, incarceration costs, civil and criminal fees, and gun permits, which are deposited into the general bank account. Receipts for inmates are deposited into the inmate bank account. Receipts totaled approximately \$241,000 and \$150,000 for the years ended December 31, 2003 and 2002, respectively.

- A. Receipts are not always deposited on a timely basis. Receipts are generally deposited 3 to 6 times per month. A \$14,925 deposit in the general account in September 2003 contained cash receipts totaling \$2,220 which were held between 8 and 20 days before deposit. A \$5,708 deposit in April 2002 contained cash receipts totaling \$3,365 which were held between 6 and 13 days before deposit. Similar instances of untimely deposits were noted in the inmate account. To adequately safeguard receipts and reduce the risk of loss or misuse of funds, receipts should be deposited daily or when accumulated receipts exceed \$100.
- B. Receipt slips are not always prepared immediately for some monies received and as a result, are not recorded in the cash control ledger in a timely manner. Receipt slips are normally issued immediately prior to deposit for monies received through the mail. To ensure all receipts are properly recorded and accounted for, receipt slips should be issued and the receipts should be recorded in the cash control ledger immediately upon receipt.
- C. The inmate account balance is not reconciled to related liabilities. The inmate account includes inmate's personal monies which are used to purchase items from the jail commissary. At the end of each month, the Sheriff's office determines the total amount of commissary purchases and disburses that amount from the inmate account for deposit into the General Revenue Fund for commissary supplies.

A comparison of individual inmate account balances (liabilities) to the reconciled bank balance as of May 31, 2004, noted the reconciled bank balance was \$1,541 more than the individual inmate balances. A prior audit finding noted the bank account balance at August 7, 2000 was approximately \$1,500 less than the individual inmate account balances. The Sheriff's office determined that a duplicate payment of \$3,150 was made to the County Treasurer prior to August 7, 2000, and the county issued a check for that amount which was deposited into the inmate account.

To ensure proper accountability over inmate and commissary monies, and improve the likelihood of identifying and correcting errors in a timely manner, the individual inmate account balances should be compared to the reconciled bank balance on a monthly basis and any discrepancies should be resolved. The Sheriff should determine if the unidentified balance in the account of approximately \$1,500 represents commissary sales which should be turned over to the county treasury or represents unclaimed inmate monies which should be turned over to the State Unclaimed Property Section.

- D. The inmate account has a large number of checks which have remained outstanding for a substantial amount of time. As of December 31, 2003, there were 1,508 outstanding checks totaling \$816, almost all of which had been outstanding for one year or more. Most of these checks were issued for less than \$1 to refund the balance of inmates' money upon their release from jail. The Sheriff has recently adopted a policy that refunds will be made for amounts less than \$1 only if requested by the inmate, which should help reduce the amount of outstanding checks.

These old outstanding checks create additional and unnecessary record-keeping responsibilities. Procedures should be adopted to routinely follow up on old outstanding checks and reissue them if necessary. If the payees cannot be located, various statutory provisions, including Section 447.500 through 447.595, RSMo, provide for the disposition of unclaimed monies.

- E. While the Sheriff has implemented some procedures to collect incarceration costs for Livingston County prisoners, improvement is needed to ensure accurate records are maintained of all amounts due and collected and to ensure collection efforts are adequate. The Sheriff has developed a computerized system to track amounts owed, but the system does not track payments and therefore, accurate balances of amounts due from each prisoner are not maintained. In addition, while the Circuit and Associate Circuit courts collect some incarceration costs and have established their own policies and procedures, the Sheriff and the courts have not established standard procedures to ensure accurate records are maintained for all amounts owed and paid, and the Sheriff has not established standard billing and follow-up procedures.

Payment of board of prisoner costs is required as a condition of defendants' probation on applicable court cases; however, the Circuit Judge indicated that this is not done for prisoner medical costs. Section 221.122, RSMo 2000, allows for the payment of medical costs to be a condition of probation. The Sheriff uses inmates' personal funds in the inmate bank account to pay for some medical costs; however, the amounts collected by this method are small compared to the total inmate medical costs incurred by the county. During the two years ended December 31, 2003, county records indicate approximately \$52,000 spent on inmate medical costs but only \$3,500 collected from inmates.

Based on available records, it appears as much as \$700,000 incarceration costs incurred for county prisoners during the past four years has not been collected. According to applicable county officials, much of this will not be collected because of the prisoners' financial inability to pay for these costs. To ensure the county maximizes revenues and to adequately account for incarceration costs for county prisoners, the Sheriff should work with the courts to establish standard billing and follow-up procedures, and maintain complete and accurate records of all costs incurred, billed, paid, and owed.

Conditions similar to Parts A through C and E were also noted in a prior report.

WE RECOMMEND the Sheriff:

- A. Deposit receipts daily or when accumulated receipts exceed \$100.
- B. Issue receipt slips and record receipts in the cash control ledger immediately upon receipt.
- C. Prepare monthly listings of individual inmate account balances and reconcile these amounts to the bank account balance. Any differences should be investigated and resolved in a timely manner.
- D. Establish procedures to periodically investigate and reissue checks outstanding for a considerable time. Amounts remaining unclaimed should be disbursed as allowed by state law.
- E. Work with the courts to establish standard records and procedures to ensure incarceration costs for county prisoners are adequately accounted for and to ensure collection efforts are maximized.

AUDITEE'S RESPONSE

A&B. We have attempted to do this but without additional staff, we cannot guarantee that it will be done immediately.

- C. *This is being done and the \$1,500 has been turned over to the Unclaimed Property Section.*
- D. *We will turn over the amounts to the Unclaimed Property Section after holding them for a year. We do not believe it is feasible to reissue checks for these small amounts as it costs \$15 for each stop payment order.*
- E. *We do want to find ways to better hold inmates and former inmates accountable for their board bills and medical costs. We have attempted many times in collecting past board bills and medical costs with minimal success. I have been working with the National Association of Counties to obtain the services of a debt collection agency that will accept inmate accounts.*

7. Juvenile Officer's Accounting Controls and Procedures

Receipts are not always deposited in a timely manner, checks and money orders are not restrictively endorsed immediately upon receipt, and the composition of receipts is not reconciled to bank deposits. Monthly bank reconciliations are not prepared and listings of open items (liabilities) are not prepared and reconciled to the cash balances.

The Juvenile Officer collected restitution totaling approximately \$5,000 and \$5,600 for the years ended December 31, 2003 and 2002, respectively.

- A. Receipts are not always deposited on a timely basis. Restitution monies collected are sometimes held for more than a month. For example, a \$1,400 deposit in January 2004 (which was composed of \$205 in cash and \$1,195 in checks and money orders) contained receipts totaling \$198 which were held between 65 and 126 days. The deposit also included a \$1,000 money order which was held 21 days before deposit. In addition, checks and money orders are not restrictively endorsed until the deposit is prepared. To adequately safeguard receipts and reduce the risk of loss or misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt and deposits should be made daily or when accumulated receipts exceed \$100.
- B. While the Juvenile Officer marks the checks and deposits in the cash control ledger as the checks/deposits clear the bank, he does not prepare formal bank reconciliations. In addition, monthly listings of open items (liabilities) are not prepared. Monthly bank reconciliations and the identification of month-end liabilities are necessary to ensure all receipts and disbursements are properly accounted for, that cash in the bank account is adequate to meet liabilities, and that errors are detected and corrected in a timely manner.

Similar conditions were noted in prior reports.

WE AGAIN RECOMMEND the Juvenile Officer:

- A. Restrictively endorse checks immediately upon receipt and deposit receipts daily or when accumulated receipts exceed \$100.
- B. Identify month-end liabilities, perform bank reconciliations, and reconcile liabilities to the bank balance on a monthly basis.

AUDITEE'S RESPONSE

- A. *I will attempt to deposit more frequently, but my other duties and responsibilities do not allow me to make deposits as frequently as recommended.*
- B. *I will attempt to implement this recommendation.*

8. Ex Officio County Collector's Controls and Procedures

The Ex Officio County Collector does not reconcile cash balances to existing liabilities. Daily listings of taxes received and abstracted are not maintained and daily deposits are not agreed to abstracted transactions. The annual settlements are not always complete and accurate.

The Ex Officio County Collector is responsible for collecting delinquent taxes not collected by the various township collectors, as well as collecting all railroad and utility taxes and surtax. For the years ended February 28 (29), 2004 and 2003, collections totaled approximately \$1.6 million and \$1.4 million, respectively. Two primary bank accounts are maintained, one for deposit of surtax collections which are accumulated and disbursed once per year, and one for the deposit and distribution of all other tax collections.

- A. Although differences have been noted and recommendations have been made in prior audit reports, the Ex Officio County Collector does not adequately reconcile cash balances to exiting liabilities. Monthly bank reconciliations are performed; however, no check register balance or other book balance is maintained. As a result, the reconciled cash balance is not compared to any book balance or existing liabilities. At our request, the Ex Officio County Collector prepared a reconciliation of the bank balance to existing liabilities, and the reconciled cash balance at February 29, 2004 exceeded total liabilities by \$67.

The maintenance of a book balance and adequate reconciliations are necessary to ensure receipts and disbursements are properly accounted for and the cash balance can be properly identified to appropriate liabilities and other reconciling items.

- B. The Ex Officio County Collector does not maintain daily listings of taxes received and abstracted and does not reconcile the abstracted transactions to daily deposits. As a result, there is less assurance that all receipts are deposited intact. Monthly abstract listings are prepared but these listings are not reconciled to deposits. A cash count on March 29, 2004 noted \$64 on hand that had not been recorded or abstracted, and the amount could not be traced to a tax statement. According to the Ex Officio County Collector, the \$64 was a partial payment, but the payment was not recorded in the partial payment ledger. Additionally, a review of selected bank deposits noted several small unidentified differences between recorded receipts and deposits.

Daily abstract listings should be prepared and agreed to deposits to ensure all receipts have been properly recorded and deposited intact.

- C. The Ex Officio County Collector's annual settlements were not complete and accurate. A review of the annual settlements noted the following:
- The summary page on the 2003 settlement did not agree with the detail pages. For example, total current charges on the summary page were understated by \$27,405 and total back and protested charges were overstated by the same amount.
 - Interest of \$8,041 which was collected by the township collectors was not reported on the 2003 settlement.
 - The 2001 settlement overstated distributions to the General Revenue Fund by approximately \$105,000. The 2001 settlement incorrectly reported distributions to townships as distributions to the General Revenue Fund.

Complete and accurate annual settlements are necessary to ensure proper accounting of amounts charged to and disbursed by the collectors.

WE RECOMMEND the Ex Officio County Collector:

- A. Maintain a book balance and reconcile the bank accounts to related liabilities and other reconciling items on a monthly basis. Any differences should be investigated and explained on the reconciliations.
- B. Prepare daily abstract listings of all receipts and reconcile the listings to daily deposits to ensure all receipts are deposited intact.
- C. Prepare annual settlements that are complete and accurate.

AUDITEE'S RESPONSE

A. *Beginning May 1, 2004, the following procedures were put into practice. Balances for both accounts are recorded daily in the bank account book. Bank reconciliation statements are compared to end-of-month book balances. Any differences are explained and corrected. Any surplus in the accounts will be distributed to the taxing entities along with bank interest at the end of the year. Our new computerized system should make possible daily balances. With additional training and experience, daily balances should be computed easily with accuracy.*

B. *Daily tax collections are recorded and abstracted daily. The recent addition of the computerized system has provided us with a program that records the type of tax, the year of the tax, and calculates the total tax due, interest, including penalties, for each day. Partial payments are no longer accepted after July 1, 2004, except for bankruptcies.*

All money is deposited daily. A copy of the bank deposit slip is placed with the abstracted copy of the daily tax collections. Tax collections are abstracted at the end of the month and compared to the manual abstract to check for accuracy. Hopefully, manual abstracting will be eliminated by the end of 2004.

C. *Annual settlements are double-checked each year to make sure they are accurately transferred from the balanced worksheets. Annual settlements for 2003 and prior years have always balanced on the worksheets. However, the 2003 settlement report was transferred to the annual settlement sheet with an error. The settlement to all accounts was correct.*

9. Prosecuting Attorney's Controls and Procedures
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Accounting duties are not adequately segregated, bad check fees are not always transmitted to the County Treasurer in a timely manner, and 22 checks totaling approximately \$930 have been outstanding for more than 3 years.

The Prosecuting Attorney's office receives monies for bad check restitution and fees and court-ordered restitution. The Prosecuting Attorney maintains one bank account for bad check restitution payments. Bad check fees are transmitted directly to the County Treasurer and court-ordered restitution payments are transmitted directly to the victims. For the years ended December 31, 2003 and 2002, receipts were approximately \$270,000 and \$125,000, respectively.

A. Accounting duties are not adequately segregated. One secretary is primarily responsible for handling court-ordered restitution and another secretary is primarily responsible for handling bad check restitution. Their responsibilities include receiving and recording monies, preparing deposits, preparing checks, and performing month-end reconciliations. There is no independent review of the accounting records and reconciliations.

To safeguard against possible loss, theft, or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets adequately safeguarded. Internal controls could be improved by segregating the duties of receiving and recording monies from the duties of depositing and disbursing monies. If duties cannot be adequately segregated, at a minimum, there should be supervisory or independent reviews of reconciliations between receipts and deposits and bank reconciliations.

- B. Bad check fees are not always transmitted to the County Treasurer in a timely manner. Fees are normally transmitted once a week. In addition, a review of December 2003 transmittals noted approximately \$520 in fees which were received prior to November 20 but were not transmitted until December. To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, checks or money orders should be transmitted daily or when receipts exceed \$100.
- C. As of December 31, 2003, the bank account had 22 checks totaling approximately \$930 which have been outstanding more than 3 years. The oldest check dates back to 1994. These old outstanding checks create additional unnecessary record-keeping responsibilities. Procedures should be adopted to routinely follow up on old outstanding checks and reissue them if necessary. If the payees cannot be located, various statutory provisions, including Sections 447.500 through 447.595, RSMo, provide for the disposition of unclaimed monies.

WE RECOMMEND the Prosecuting Attorney:

- A. Adequately segregate accounting duties or ensure periodic independent reviews of the accounting records are performed and documented.
- B. Transmit bad check fees to the County Treasurer daily or when accumulated fees exceed \$100.
- C. Establish procedures to periodically investigate and reissue checks outstanding for a considerable time. Amounts remaining unclaimed should be disbursed as allowed by state law.

AUDITEE'S RESPONSE

- A. *It is a practical impossibility to adequately separate accounting duties in this office. I agree it would be appropriate from time to time for there to be an independent review of the accounting records and reconciliations. I also point out that this office does not accept cash, which significantly reduces the opportunity for misappropriation of funds. I also point out that in spite of the auditor's observation that duties are not adequately segregated, no money has been lost in this office or misappropriated.*

- B. *I agree that bad check fees are not always transmitted to the County Treasurer in a timely fashion. We will endeavor to do so on a weekly basis.*
- C. *Unclaimed funds will be transmitted to the State of Missouri in a timely fashion.*

Follow-Up on Prior Audit Findings

LIVINGSTON COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Livingston County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 1999. The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendation is not repeated, the county should consider implementing that recommendation.

1. Personnel Policies and Procedures

The county's policies regarding overtime and compensatory time were very general and did not clearly support or describe the county's practices. The County Clerk did not maintain centralized records of vacation leave earned or taken by county employees. In addition, the County Clerk did not maintain records of compensatory time earned or taken by the Sheriff's department employees, and the Sheriff did not provide supporting documentation for payments of compensatory time balances for his employees.

Recommendation:

The County Commission establish a comprehensive overtime and compensatory time policy. In addition, the County Commission should have the County Clerk maintain centralized records of vacation leave and compensatory time earned, taken, and paid for all county employees. Furthermore, the County Commission needs to ensure that there is a thorough review and adequate support for any future payments of accumulated compensatory time balances.

Status:

Implemented.

2. Ex Officio County Collector's Accounting Controls and Procedures

The Ex Officio County Collector did not maintain a check register balance or other book balance. The cash balances were not reconciled to related liabilities and an unidentified balance of \$300 existed at February 29, 2000.

Recommendation:

The Ex Officio County Collector maintain a book balance and reconcile bank accounts to related liabilities and other reconciling items on a monthly basis. Any differences should be investigated and explained on the reconciliations.

Status:

Not implemented. See MAR finding number 8.

3. Juvenile Officer's Accounting Controls and Procedures

- A. Checks were not restrictively endorsed and receipts were not deposited in a timely manner.
- B. Receipt slips were not pre-numbered and did not indicate the method of payment. In addition, receipt composition was not reconciled to bank deposits.
- C. Bank reconciliations were not prepared and open items (liabilities) were not reconciled to book balances.

Recommendation:

The Juvenile Officer:

- A. Restrictively endorse checks immediately upon receipt and deposit receipts daily or when accumulated receipts exceed \$100.
- B. Require the Deputy Juvenile Officer to utilize pre-numbered receipt slips and record the method of payment for all monies received and reconcile cash, checks, and money orders received to the composition of bank deposits.
- C. Perform bank reconciliations and identify month-end liabilities, and reconcile to the cash control balance on a monthly basis.

Status:

A&C. Not implemented. See MAR finding number 7.

B. Implemented.

4. Sheriff's Accounting Controls and Procedures

- A. Accounting duties were not adequately segregated and there was no independent review of the accounting records.
- B. Checks and money orders were not restrictively endorsed immediately upon receipt.
- C. Receipt slips were not issued for some monies, and the receipt information was not recorded in the cash control ledger on a timely basis.

- D. Receipts were not always deposited intact daily and were not always kept in a secure location prior to deposit. Receipt information was not always recorded correctly on the deposit slips. Inmate account monies totaling \$30 were not traced to deposits into the inmate bank account.
- E. Inmate account receipt slips did not always indicate the method of payment received and the composition of receipts was not reconciled to bank deposits.
- F. Bank reconciliations were not prepared for the general account. Open items (liabilities) were not reconciled to the balances of the general account.
- G. Bank reconciliations were not prepared for the inmate account. Upon our request, the bank reconciliations were prepared, but the reconciled balance was approximately \$1,500 less than open items (liabilities).
- H. Listings of unpaid incarceration costs were not prepared and procedures were not established to follow up on delinquent balances.

Recommendation:

The Sheriff:

- A. Adequately segregate the accounting duties or, at a minimum, ensure that periodic independent reviews of the accounting records are performed and documented.
- B. Restrictively endorse checks and money orders immediately upon receipt.
- C. Issue pre-numbered receipt slips promptly for all monies received and account for the numerical sequence of receipt slips issued. In addition, information should be recorded in the cash control ledger in a timely manner.
- D. Deposit all monies intact daily or when accumulated receipts exceed \$100, store monies in a secure location prior to deposit, and ensure deposit slips include complete and accurate information. In addition, the Sheriff needs to follow up further on amounts that do not appear to have been deposited and repay any undeposited amounts to his official bank account.
- E. Ensure the method of payment is recorded on receipt slips and reconcile the composition of receipt slips to the composition of bank deposits.
- F. Perform monthly bank reconciliations for the general account. In addition, prepare monthly listing of open items and reconcile it to the reconciled bank balance.
- G. Perform monthly bank reconciliations for the inmate account. In addition, prepare a monthly listing of individual inmate account balances and the commissary sales for

the month, and reconcile these amounts to the reconciled bank balance. Any differences identified need to be investigated and resolved in a timely manner.

- H. Maintain a complete and accurate listing of delinquent incarceration amounts. In addition, formal procedures should be established and implemented for pursuing the collection of such delinquent amounts.

Status:

A, B, E

&F. Implemented.

C&H. Not implemented. See MAR finding number 6.

- D. Partially implemented. Receipts are maintained in a secure location prior to deposit, the deposit slips include complete and accurate information, and the two undeposited receipts were subsequently accounted for and deposited. However, monies are not always deposited intact daily. See MAR finding number 6.

- G. Partially implemented. Bank reconciliations are prepared monthly for the inmate account; however, the bank balance is not reconciled to open items (liabilities). See MAR finding number 6.

5. Public Administrator's Procedures

Check registers for each case were not maintained and monthly bank reconciliations were not performed.

Recommendation:

The Public Administrator maintain a complete check register for each case and perform monthly bank reconciliations.

Status:

Partially implemented. Check registers are maintained for each case, but bank reconciliations are not performed. The Public Administrator indicated she reviews the bank statements and cancelled checks, and because there are normally very few outstanding checks and other reconciling items, the bank balances almost always agree to the check register balances. Although not repeated in the current report, our recommendation remains as stated above.

STATISTICAL SECTION

History, Organization, and
Statistical Information

LIVINGSTON COUNTY, MISSOURI HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

Organized in 1837, the county of Livingston was named after Edward Livingston, Secretary of State. Livingston County is a township-organized, third-class county and is part of the Forty-Third Judicial Circuit. The county seat is Chillicothe.

Livingston County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens. The county and townships maintain approximately 612 miles of county roads and 149 county bridges.

The county's population was 15,739 in 1980 and 14,558 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,				
		2003	2002	2001	2000	1985* 1980**
		(in millions)				
Real estate	\$	91.8	90.3	89.7	80.5	61.2 36.8
Personal property		37.3	37.1	36.8	35.9	12.8 11.4
Railroad and utilities		9.2	10.1	10.9	10.7	8.9 7.7
Total	\$	138.3	137.5	137.4	127.1	82.9 55.9

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Livingston County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,			
		2003	2002	2001	2000
Health Center Fund	\$	.2427	.2405	.2378	.2443
Senate Bill 40 Board Fund		.0993	.0984	.0973	.1000

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county and townships bills and collects property taxes for themselves and most other local governments. Taxes collected were distributed as follows:

		Year Ended February 28 (29),			
		2004	2003	2002	2001
State of Missouri	\$	42,594	40,811	41,541	38,306
General Revenue Fund		14,728	14,686	16,839	16,923
Assessment Fund		77,282	72,308	73,235	68,617
Health Center Fund		338,142	321,188	322,780	304,698
Senate Bill 40 Board Fund		136,954	130,168	130,740	123,585
School districts		5,352,142	4,937,721	5,023,124	4,620,198
Library district		369,270	350,611	352,511	332,936
Ambulance district		276,452	264,845	269,568	270,552
Nursing home district		210,603	200,021	201,161	190,052
North Central Missouri College		348	373	366	409
Watershed district		721	808	753	1,379
Fire protection districts		33,691	33,884	35,132	30,991
Township general		135,410	132,394	134,423	126,455
Township road and bridge		586,765	566,508	572,051	540,903
Cities		59,133	54,280	54,355	53,078
County Clerk		249	203	1,885	183
Merchant licenses -					
General Revenue Fund		8,725	9,525	7,540	10,160
County Employees' Retirement		31,698	24,919	22,762	20,662
Tax Maintenance Fund		13,412	673	0	0
Other		1,953	2,152	163	382
Commissions and fees:					
Township Collectors		57,596	54,749	55,402	52,305
General Revenue Fund		58,460	50,925	51,268	46,570
Total	\$	7,806,328	7,263,752	7,367,599	6,849,344

Percentages of current taxes collected were as follows:

		Year Ended February 28 (29),			
		2004	2003	2002	2001
Real estate		93.8	92.3	93.8	94.1 %
Personal property		91.8	91.2	92.3	94.0
Railroad and utilities		100.0	100.0	100.0	100.0

Livingston County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$ 0.0050	None	50	%
Law enforcement	0.0025	None	None	

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2004	2003	2002	2001	2000
County-Paid Officials:	\$				
Eva Danner, Presiding Commissioner		28,228	28,020	26,719	26,377
Ken Lauhoff, Associate Commissioner		26,228	26,020	24,719	22,253
Kenneth Warren, Associate Commissioner		26,228	26,020	24,719	
Max Smith, Associate Commissioner					22,253
Kelly Christopher, County Clerk		39,740	39,424	37,453	36,900
Douglas S. Roberts, Prosecuting Attorney		46,694	46,323	44,352	43,697
Steve Cox, Sheriff		43,714	43,367	41,395	
Gary D. Calvert, Sheriff					39,228
J. Scott Lindley, County Coroner		11,922	11,827	10,842	6,538
Joyce E. Laurence, Public Administrator (1)		47,241	47,256	42,508	28,140
Gordon Smith, County Treasurer and Ex Officio County Collector, year ended March 31,	40,038	39,502	37,945	31,724	
Steve Ripley, County Assessor (2), year ended August 31,		40,640	39,877	22,522	
Cindy Ireland, County Assessor (2), year ended August 31,				12,571	37,695
Joe J. Shy Jr., County Surveyor (3)					

(1) Includes fees received from probate cases.

(2) Ms. Ireland resigned in January 2001 and Mr. Ripley was appointed in February 2001. Compensation includes \$900 annual compensation received from the state.

(3) Compensation on a fee basis.

State-Paid Officials:

Brenda Timmons, Circuit Clerk and Ex Officio Recorder of Deeds	47,300	47,300	47,300	46,127
Barbara G. Lane, Associate Circuit Judge	96,000	96,000	96,000	97,382

Livingston County voters approved a ¼-cent law enforcement sales tax in April 2003 which is expected to generate approximately \$375,000 annually in additional revenues. The County Commission signed a tax anticipation note in January 2004 which authorizes the county to borrow up to \$200,000 at an annual interest rate of 3.75 percent. In May 2004, the county borrowed approximately \$35,000 to purchase two law enforcement vehicles.



**CITY OF NELSON, MISSOURI
YEAR ENDED JUNE 30, 2003**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-78
September 29, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

September 2004

The following problems were discovered as a result of an audit conducted by our office of the City of Nelson, Missouri.

A previous state audit of the City of Nelson, dated January 7, 1998 (1998-01) made 21 management recommendations to the city. Of those recommendations, 1 has been implemented, 10, have been partially implemented and 10 have not been implemented by the city. Many of those prior conditions have been repeated in this report.

The City Clerk is responsible for all record keeping duties of the city including duties which would normally be performed by a City Treasurer. This is contrary to an Attorney General's opinion and jeopardizes the system of independent checks and balances intended by state law. No personnel independent of the cash custody and record-keeping functions provide adequate supervision or review of the work performed by the City Clerk.

Because the city has not established procedures for the review of the work and records of the City Clerk, numerous recording, depositing, and disbursing errors made while a new City Clerk was in office from August to November 2003, were not detected. It appears the City Clerk's inexperience and the board's failure to adequately review the monthly financial statement and/or bank reconciliations contributed to these conditions. Numerous adjustments and transfers are needed to city records. Additionally, the city's current procedures do not ensure payroll and payroll taxes are allocated to the proper funds.

Controls over water deposits should be improved. Also, some Water Fund monies are not maintained in an interest-bearing account, resulting in the loss of approximately \$300 of interest revenues during the year ending June 30, 2003. Water service is not always shut-off in accordance with the city code when water accounts are delinquent.

Passwords and user identification codes (IDs) are not used to restrict access to the city's computerized accounting and water/trash billing and collection records. Additionally, city hall is not always occupied and there is unrestricted access from the community center. Also, backup copies of computer programs and data are not prepared and stored off-site.

The city does not have a formal bidding policy. As a result, the decision of whether to solicit bids is made on a item-by-item basis. For example, only one bid was obtained for large purchases such as water tower tank service costing \$22,355 and property and liability insurance costing \$2,475. Also, vendor invoices or other supporting documentation were not properly retained for some disbursements. Additionally, contrary

(over)

YELLOW SHEET

to state law, the city does not prepare and adopt annual budgets, or publish semi-annual financial statements.

Numerous problems were noted with the city's procedures for conducting and documenting board meetings including;

- Board minutes are not signed to attest to their completeness and accuracy.
- Meeting notices and agendas are not prepared for regularly scheduled monthly board meetings. Only meeting notices for special board meetings are prepared.
- Board minutes did not always include sufficient detail of matters discussed and action taken.
- Minutes are not maintained of closed board meetings and open meeting minutes did not always document the related vote to close the meeting and the specific reasons for closing the meeting.
- The city does not have a formal policy regarding public access to city records.
- The board did not always hold public hearings on the city's proposed property tax rate as required by state law.

The Water Fund financial records show a cash balance of \$169,716 at June 30, 2003, with operating expenses and transfers totaling approximately \$32,000 for the year ended June 30, 2003. The Mayor indicated the city is saving money for future repair and replacement costs. However, there is no documentation to support how the water fee was calculated and how much money is necessary to meet future repair and replacement costs. Water fees are user charges which should cover the costs of providing the related service and maintaining the system, but the rates should not be set at a level which results in an excessive fund balance.

Also included in the report are recommendations to improve records and procedures for city ordinances, capital asset records, and community center policies.

All reports are available on our website: www.auditor.mo.gov

CITY OF NELSON, MISSOURI

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the Honorable Mayor
and
Members of the Board of Aldermen
City of Nelson, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the city of Nelson, Missouri. The scope of our audit of the city included, but was not necessarily limited to, the year ended June 30, 2003. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review internal controls over significant management and financial functions.
3. Review compliance with certain legal provisions.

To accomplish these objectives, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents; interviewed various personnel of the city, as well as certain external parties; and tested selected transactions. Our methodology included, but was not necessarily limited to, the following:

1. We obtained an understanding of petitioner concerns and performed various procedures to determine their validity and significance.
2. We obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.
3. We obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions

was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the city's management and was not subjected to the procedures applied in the audit of the city.

The accompanying Management Advisory Report presents our findings arising from our audit of the City of Nelson, Missouri.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

June 7, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Toni M. Crabtree, CPA
In-Charge Auditor:	Cheryl L. Colter, CPA, CGFM
Audit Staff:	Joyce Thomson

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

CITY OF NELSON
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Accounting Controls and Procedures
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Numerous weaknesses were noted in the city's accounting controls and procedures. One individual serves as the City Clerk and City Treasurer and many errors in the former City Clerk's records were not detected and/or corrected. In addition, bond coverage is not adequate and old outstanding checks are not followed up on. Furthermore, a ledger for water deposits is not maintained, some monies are not maintained in an interest bearing account, water is not always shut-off in accordance with the city code, and payroll and payroll tax expenses are not allocated to the proper funds.

- A. The City Clerk is responsible for all record keeping duties of the city, including duties which would normally be performed by a City Treasurer. The duties include billing water and trash fees, monitoring delinquent water and trash fee accounts, receiving and depositing monies, maintaining payroll records, reviewing invoices, preparing and distributing checks, recording receipts and disbursements, and preparing monthly financial reports and bank reconciliations. No personnel independent of the cash custody and record-keeping functions provide adequate supervision or review of the work performed by the City Clerk.

Attorney General's Opinion No. 24, 1955 to Dodds, concluded that in a fourth-class city, the holding of the positions of City Clerk, City Treasurer, and City Collector, or any two of these offices, by the same person at the same time would be incompatible. Holding two of these offices does not allow the separation of duties necessary for a proper evaluation and review of financial transactions. The current procedures jeopardize the system of independent checks and balances intended by state law. If segregating these offices is not possible, at a minimum, procedures for adequate independent review should be established. The errors noted below could have been detected and corrected on a timely basis if an independent review had been performed.

A similar condition was noted in our prior report, and the city indicated the board agreed with this issue; however, no action was taken to implement the prior recommendation.

- B. Because the city has not established procedures for the review of the work and records of the City Clerk, numerous recording, depositing, and disbursing errors made while a new City Clerk was in office from August to November 2003, were not detected. It appears the City Clerk's inexperience and the board's failure to adequately review the monthly financial statement and/or bank reconciliations contributed to these conditions.

As a result, the city's bank accounts and books for its major funds are in disagreement. The following transfers need to be made to correct the bank accounts:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>	<u>Reason</u>
Road Maintenance Fund	Water Fund	\$500	The paving reimbursement payment for November 2003 was recorded, but the money was not transferred.
Water Fund	Road Maintenance Fund	171	Trash fees for September and October 2003 were not transferred.
Water Fund	General Fund	113	Property taxes for September 2003 were deposited in the wrong fund.
General Fund	Road Maintenance Fund	84	Trash fees for August 2003 were deposited in the wrong fund.

In addition, to reconcile the books to the bank accounts, the following adjustments need to be made to the books to correct the errors noted:

- Deposits totaling \$821 were recorded twice in the Road Maintenance Fund.
- Deposits totaling \$805 were erroneously recorded in the Water Fund.
- Deposits totaling \$670 were recorded twice in the Water Fund.
- A \$500 disbursement was recorded twice in the Road Maintenance Fund.
- An \$84 disbursement was recorded twice in the Water Fund.
- A \$68 deposit was recorded twice in the General Fund.

Furthermore, between September and November 2003, deposits exceeded recorded receipts by \$399.

The board should require the current City Clerk to make the fund transfers and adjustments as necessary to correct the errors in the city's accounting records.

- C. The Mayor and one alderman are authorized to sign checks; however, the city does not have bond coverage for them. Failure to properly bond all persons with access to assets exposes the city to risk of loss.
- D. Although bank reconciliations are prepared monthly, procedures have not been established to routinely follow up on outstanding checks. At February 29, 2004, checks totaling \$1,358 and \$466 had been outstanding for over one year in the general and water operating accounts, respectively. Several of these checks had been outstanding for over four years. In addition, the board minutes indicated some of these checks were never issued and/or were returned uncashed.

Procedures should be established to routinely investigate any checks remaining outstanding over a specified period of time. Old outstanding checks should be voided and reissued to those payees who can be readily located. If the payees cannot be located, amounts should be paid out in accordance with applicable state laws. Checks not issued and/or returned uncashed should be voided and removed from the outstanding check list on the monthly bank reconciliation. In addition, voided checks should be posted to the city's computerized financial records on a timely basis to ensure the city's financial records are accurate and complete.

- E. Controls over water deposits should be improved. Water deposits are recorded on each customer's account and listed on the monthly water billing report. However, the deposit list does not appear complete. For example, a \$50 water deposit received in July 2003 was not recorded on the customer's account.

The city can improve controls over water deposits by maintaining a control ledger of water deposit receipts, disbursements, and balance and reconciling the balance to the total individual water deposits per the monthly water billing report. These procedures will help ensure records are in balance and all water deposits are accounted for properly.

- F. Some Water Fund monies are not maintained in an interest-bearing account. At February 29, 2004, Water Fund monies totaling approximately \$19,000 were maintained in a non-interest bearing account. The failure to have the funds in an interest-bearing account resulted in the loss of approximately \$300 of interest revenues during the year ending June 30, 2003. To maximize interest earnings, all funds should be placed in interest-bearing accounts.
- G. Water service is not always shut-off in accordance with the city code when water accounts are delinquent. The city code provides that water service is to be disconnected if the bill is not paid by the first of the month following the month in which the bill was rendered.

We noted instances where water was not disconnected as provided by the city code when customers accumulated significant delinquent balances. For example, a customer initiated service in June 2003, but made no payments for the services.

When the city shut-off the services in October 2003, the delinquent balance totaled \$110. Another customer's service was shut-off in January 2004 with a delinquent balance of \$121. This customer had not made any payments since August 2003.

Allowing customers to receive service for long periods of time without paying reduces the incentive to make payments. The city should ensure that water is shut-off in accordance with city code when water accounts are delinquent.

- H. The city's current procedures do not ensure payroll and payroll taxes are allocated to the proper funds. Although the City Clerk performs various administrative functions and handles all of the city's financial records, her salary is paid entirely from the Water Fund. In addition, the employer's share of payroll taxes are paid entirely from the General Fund for the City Clerk and Water Operator. The salaries and payroll taxes for the mayor and aldermen are paid from the General Fund.

Proper allocation of expenses is necessary for the city to ensure the water and trash rates are sufficient to cover the cost of providing the service without generating profits to subsidize other city services.

WE RECOMMEND the Board of Aldermen:

- A. Consider appointing separate individuals to the positions of City Clerk and City Treasurer. If this is not possible, at a minimum, procedures for an adequate independent review of the record keeping functions should be established.
- B. Require the City Clerk to make the fund transfers and adjustments as necessary to correct the errors in the city's accounting records.
- C. Obtain adequate bond coverage for all persons handling city monies.
- D. Investigate old outstanding checks and reissue them if the payees can be located. If the payees cannot be located, the monies should be disposed of in accordance with applicable state laws. Procedures to routinely investigate checks that remain outstanding over a specified period of time should be established, and voided checks should be posted to the city's computerized financial records on a timely basis.
- E. Maintain a control ledger of water deposit receipts, disbursements, and balance and reconcile the balance to the total individual water deposits per the monthly water billing report.
- F. Maintain all city funds in interest-bearing accounts.

- G. Ensure water is shut-off in accordance with city code when accounts are delinquent.
- H. Ensure all payroll and payroll tax expenditures are properly allocated to the various funds and are supported by adequate documentation.

AUDITEE'S RESPONSE

- A. *The Board of Aldermen disagrees with this. There are not many people in the city and it would be hard to separate the tasks between two people.*
- B. *The Board of Aldermen agrees. The City Clerk has or is taking care of these items.*
- C. *The Board of Aldermen disagrees with getting bond coverage for the Mayor and alderman because they do not handle cash.*
- D. *The Board of Aldermen agrees and has made an effort to get the outstanding checks taken care of.*
- E. *The Board of Aldermen agrees. The City Clerk will start keeping a log of the meter deposits and refunds.*
- F. *The Board of Aldermen agrees. The City Clerk will see what it will take to put all monies into interest-bearing accounts.*
- G. *The Board of Aldermen agrees. The City Clerk and water operator are implementing this.*
- H. *The Board of Aldermen disagrees. We think all of the City Clerk's wages should be taken out of the Water Operating Fund, because that is the fund that receives the most revenue.*

2.

Computer Controls and Procedures

Access to the city's computerized records is not restricted. In addition, backup copies of the computerized records are not prepared.

- A. Passwords and user identification codes (IDs) are not used to restrict access to the city's computerized accounting and water/trash billing and collection records. Anyone who uses the community center has access to city hall because there is not a locked door which separates the two spaces. In addition, the city hall is not always occupied since the city clerk only works part-time. This unrestricted access to the city's computerized records weakens controls over the city's accounting and water/trash systems and increases the risks of unauthorized use and modification of the data.

The ability to access and change computerized information should be limited to those individuals who need such access for the performance of their duties. Passwords and IDs should be used to restrict access to the city's computerized records and should be changed on a regular basis.

- B. Backup copies of computer programs and data are not prepared and stored off-site. Backup copies of computer information are necessary to provide a means for recreating destroyed data. Backup copies should be maintained and stored off-site to provide increased assurance that city data can be recreated.

A similar condition was noted in our prior report, and the city indicated the board agreed with this issue; however, no action was taken to implement the prior recommendation.

WE RECOMMEND the Board of Aldermen:

- A. Implement a password and ID system which restricts access to the city's computerized records. Passwords and IDs should be kept confidential and changed periodically.
- B. Ensure backup copies of computer programs and data are prepared periodically and stored in a secure, off-site location.

AUDITEE'S RESPONSE

- A. *The Board of Aldermen disagrees because only city employees have access to the computer.*
- B. *The Board of Aldermen agrees. The City Clerk has started backing up the water files and the QuickBooks file. The City Clerk will check on getting a lock box at the bank for storing backup files.*

3. Minutes, Meetings, and Ordinances

Numerous problems were noted with the city's procedures for conducting and documenting board meetings, providing public access to records, holding property tax hearings, and establishing and maintaining ordinance records.

- A. Board minutes are not signed to attest to their completeness and accuracy. The board minutes should be signed by the Mayor and City Clerk upon approval to provide an independent attestation that the minutes are a correct record of the matters discussed and actions taken during the board meetings.
- B. Meeting notices and agendas are not prepared for regularly scheduled monthly board meetings. Only meeting notices for special board meetings are prepared.

Section 610.020, RSMo, requires a tentative agenda and a meeting notice to be posted for all open meetings of a public governmental body.

- C. Board minutes did not always include sufficient detail of matters discussed and action taken. For example, bid information was not always documented. In addition, the decision to hire the niece of an alderman as the city clerk in August 2003 was not documented. Because the board minutes did not document any discussion or votes regarding the hiring, it was not determinable whether the aldermen abstained from participating in the hiring decision.

Section 610.020, RSMo, requires minutes of meetings be taken and retained by all governmental bodies and to include the date, time, place, members present, members absent, and a record of votes taken. Minutes serve as the only official permanent record of decisions made by the board. Therefore, it is necessary the minutes be prepared to clearly document all business conducted.

- D. Minutes are not maintained of closed board meetings. Also, open meeting minutes did not always document the related vote to close the meeting and the specific reasons for closing the meeting.

Effective August 28, 2004, Section 610.020, RSMo, provides that minutes of closed meetings should be prepared and retained.

In addition, Section 610.021, RSMo, allows the board to close meetings to the extent the meetings relate to specified subjects, including litigation, real estate transactions, and personnel issues. Section 610.022, RSMo, requires that before any meeting may be closed, the question of holding the closed meeting and the reason(s) for the closed meeting shall be voted on at an open session.

- E. The city does not have a formal policy regarding public access to city records. A formal policy would establish guidelines for the city to make the records available to the public. This policy should identify a person to contact, provide an address to mail such requests, and establish a cost for providing copies of public records.

Section 610.023, RSMo, lists requirements for making city records available to the public. Section 610.026, RSMo, allows the city to charge fees for copying public records, not to exceed the city's actual cost of document search and duplication.

- F. The board did not always hold public hearings on the city's proposed property tax rate. A property tax rate hearing was not held in 2003, and the 2002 property tax rate hearing minutes did not indicate the rate to be levied.

Section 67.110.2, RSMo, requires each governing body to hold at least one public hearing prior to approval of the proposed tax rates at which citizens may be heard.

The section also provides guidance on what information is to be included at the public hearing.

G. The city ordinances do not appear complete and up-to-date. Additionally, the city has not adopted ordinances required by state law and/or needed to govern the city.

1. Many of the city ordinances appear old and outdated and some could not be accounted for or located. There is no summary listing of ordinances passed and rescinded or a central file of ordinances.

The city provided us with a 1982 codification which is basically an outdated version of the articles of incorporation and ordinance number 165. As noted in our prior report, ordinances passed between 1982 and 1997 could not be located. Although the City Clerk indicated water rates are set by ordinance, she was unable to locate the ordinance for the current rates. The only recent ordinances located pertained to fireworks, mandatory trash pickup, nuisances, weeds, and dangerous buildings.

Since ordinances represent legislation passed by the board to govern the city and its residents, it is important that they be maintained in a complete, well-organized, and up-to-date manner. An index of all ordinances passed and repealed by the city could help keep track of additions and changes made to city ordinances. A complete set of the original signed ordinances should be maintained at city hall.

2. The city has not adopted ordinances to address all issues required by state law, including current compensation of officials and employees, terms of office and duties for appointed officials, and property tax rates. In addition, ordinances used to govern the city such as personnel policies and procedures and bidding policies and procedures have not been adopted.

Sections 79.270 through 79.320, RSMo. require the duties, powers, compensation, and terms of office of city officials and employees be set by ordinance. Sections 94.190.3 and 94.210, RSMo, require the property tax rate be set annually by ordinance. Additionally, the city's policies and procedures should be set forth in the ordinances to give the taxpayers information on how the city is to be governed.

Conditions similar to B. through G. were noted in our prior report, and the city indicated the board agreed with these issues; however, no action was taken to implement the prior recommendations.

WE RECOMMEND the Board of Aldermen:

- A. Ensure the board minutes are signed by the Mayor and the City Clerk to attest to their completeness and accuracy.

- B. Ensure meeting agendas and notices are prepared and posted for board meetings.
- C. Ensure minutes clearly document all business conducted.
- D. Ensure minutes are prepared for all closed meetings. The open meeting minutes should document the vote and state the reasons for going into closed session.
- E. Develop written policies regarding procedures to obtain access to, or copies of, public city records.
- F. Hold a public hearing on proposed property tax rates as required by state law.
- G. Ensure a complete and up-to-date set of codified ordinances is maintained. This would include passing new ordinances where appropriate and required.

AUDITEE'S RESPONSE

A&B. The Board of Aldermen agrees and these recommendations have been implemented.

C. The Board of Aldermen agrees and the City Clerk will document the minutes in more detail.

D&F. The Board of Aldermen agrees and will implement these recommendations.

E. The Board of Aldermen agrees and will implement a policy.

G. The Board of Aldermen agrees and will try to get this done.

4.	Budgets and Financial Reports
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Budgets are not prepared and financial statements are not published as required by state law. In addition, annual financial reports are not always prepared and monthly financial reports are not complete and accurate.

- A. The city does not prepare and adopt annual budgets. Section 67.010, RSMo, requires the preparation of an annual budget which presents a complete financial plan for the ensuing year.

A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific cost and revenue expectations for each area of city operations. A budget can also provide a means to effectively monitor actual costs by periodically comparing budgeted amounts to actual expenditures. A complete budget should include separate revenue and expenditure estimations by fund, and include the beginning available resources and reasonable estimates of ending available resources. The

budget should also include a budget message and comparisons of actual or estimated revenues and expenditures for the two preceding years.

- B. The city does not publish semi-annual financial statements as required by state law. Section 79.160, RSMo, requires the board to prepare and publish semi-annual financial statements. These financial statements are to include a statement of receipts and expenditures and indebtedness of the city for the preceding six-month period. In addition, Section 79.165, RSMo, states the city cannot legally disburse funds until the financial statement is published.

Similar conditions were noted in our prior report, and the city indicated the board agreed with these issues; however, no action was taken to implement the prior recommendations.

- C. The city did not submit an annual financial report to the State Auditor's Office for the year ended June 30, 2003, as required by state law. In addition, the financial report submitted for the year ended June 30, 2002 was not complete or accurate. For example, various receipts, certificates of deposit, and cash balances were not reported. In addition, the report included the assessed valuation for the previous year.

Section 105.145, RSMo, requires political subdivisions to file an annual report of the financial transactions of the political subdivision with the State Auditor's Office. The board should ensure annual financial reports submitted to the State Auditor's Office accurately and completely reflect the financial activity and balances of the various city funds.

- D. The monthly financial reports presented to the board are not complete and are not always accurate. As noted in finding number 1, in summer/fall 2003, numerous recording, depositing, and disbursing errors made were not detected. The following problems were also noted:

- Approximately 95 deposits, checks, or voided checks were not recorded on the monthly reports between July 1, 2002 and February 29, 2004. It appears these transactions were omitted from the reports because the transactions were posted to the city's computerized financial records after the monthly financial reports were generated.

Transactions should be posted to the computerized financial records on a timely basis to ensure monthly financial reports will be complete and accurate.

- Certificate of deposit balances are not updated as interest is earned and added to the certificate's balance. The city's two certificates of deposit were valued at \$23,185 and \$15,139 at February 29, 2004, but the balances reported on the monthly financial report were \$20,564 and \$12,763, respectively.

A complete and accurate financial report is necessary to make informed decisions and provides a basis for monitoring financial activity.

WE RECOMMEND the Board of Aldermen:

- A. Prepare annual budgets in accordance with state law and make periodic comparisons between budgeted and actual revenues and expenditures.
- B. Publish semi-annual financial statements as required by state law.
- C. Submit complete and accurate annual financial reports to the State Auditor's Office as required by state law.
- D. Ensure financial reports are complete, accurate, and provide sufficient information to monitor financial activity.

AUDITEE'S RESPONSE

A&B. The Board of Aldermen agrees and these recommendations have been implemented.

C. The Board of Aldermen agrees and the City Clerk will try to do a better job of filling out the reports.

D. The Board of Aldermen agrees and the City Clerk will implement this recommendation.

5.

Disbursements

The city does not have a formal bidding policy. Adequate supporting documentation was not retained for some disbursements, and some payments totaling greater than \$600 in one year to non-employees and unincorporated business were not reported to the federal government as required. In addition, payroll tax returns are not always prepared and submitted to the applicable government agency on a timely basis.

- A. The city does not have a formal bidding policy. As a result, the decision of whether to solicit bids for a particular purchase is made on an item-by-item basis. For example, only one bid was obtained for large purchases such as water tower tank service costing \$22,355 and property and liability insurance costing \$2,475. Also, bids were either not solicited or bid documentation was not retained for culvert replacement costing \$1,300.

Formal bidding procedures for major purchases provide a framework for economical management of city resources and help ensure the city receives fair value by contracting with the lowest and best bidders. Competitive bidding helps ensure all parties are given an opportunity to participate in the city's business. A formal policy could include when various approaches for bidding, such as the

requirement to advertise for sealed bids, are appropriate. Whichever approach is used, complete documentation should be maintained of all bids received and reasons why the bid was selected.

- B. Vendor invoices or other supporting documentation were not properly retained for the following disbursements made from July 2002 to February 2004:

Culvert replacement	\$1,300
Park renovations	378
Water testing	365
Office supplies	361
Park supplies	96
Postage	74
Park maintenance	50

In addition, a \$75 check was issued to a vendor, but the supporting invoice only totaled \$48. Also, a \$300 payment for legal services was supported by an invoice, but the invoice did not indicate the number of hours worked or the hourly rate being billed.

All disbursements should be supported by paid receipts or itemized vendor invoices to ensure the obligations were actually incurred and the disbursements represent appropriate uses of public funds.

- C. The city has not established procedures to ensure all payments totaling greater than \$600 in one year to non-employees and unincorporated business are properly reported to the Internal Revenue Service (IRS) as required. For calendar year 2003, the city did not report all applicable payments to vendors for street repairs and culvert replacement, totaling \$18,213 and \$1,300, respectively.

Sections 6041 through 6051 of the Internal Revenue Code require non-wage payments of at least \$600 in one year to an individual or unincorporated business be reported to the federal government on 1099-Misc form.

Similar conditions were noted in our prior report, and the city indicated the board agreed with these issues; however no action was taken to implement the prior recommendations.

- D. Payroll tax returns are not always prepared and submitted to the applicable government agency on a timely basis. For example, the quarterly tax return for the third quarter of 2003 was prepared and submitted to the IRS in January 2004. As a result, the city incurred interest and penalties totaling \$56. In addition, in February 2004, the city received a letter from the IRS requesting the quarterly tax return for the quarter ending September 30, 1998, and the annual federal unemployment tax return for the year ending December 31, 1999. The City Clerk has been unable to locate copies of the returns or other documentation to verify

the returns were prepared and submitted to the IRS with payment when they were originally due.

To avoid interest and penalty payments, payroll tax returns should be prepared and submitted to the applicable government agency on a timely basis. In addition, copies of the returns should be retained.

WE RECOMMEND the Board of Aldermen:

- A. Establish a formal bidding policy. Such a policy could require competitive bids be solicited through advertising for any purchases over an established amount.
- B. Obtain and retain adequate supporting documentation, including invoices, for all disbursements made.
- C. Establish procedures to ensure payments totaling greater than \$600 in one year to non-employees and unincorporated business are properly reported to the IRS as required.
- D. Prepare and retain copies of all payroll tax returns and ensure they are submitted to the applicable government agency on a timely basis.

AUDITEE'S RESPONSE

- A. *The Board of Aldermen agrees and will implement this recommendation.*
- B&D. *The Board of Aldermen agrees and the City Clerk will implement these recommendations.*
- C. *The Board of Aldermen agrees and the City Clerk will watch this closer.*

6.

Water Rates

The city has not performed a formal review of the adequacy and reasonableness of the water rates for many years. The Water Fund financial records show a cash balance of \$169,716 at June 30, 2003, with operating expenses and transfers totaling approximately \$32,000 for the year ended June 30, 2003. The Mayor indicated the city is saving money for future repair and replacement costs. However, there is no documentation to support how the water fee was calculated and how much money is necessary to meet future repair and replacement costs.

Water fees are user charges which should cover the costs of providing the related service and maintaining the system, but the rates should not be set at a level which results in an excessive fund balance. The city should perform and document a detailed review of its

water costs, including depreciation, and establish rates to cover the total costs of operations without generating excessive profits.

WE RECOMMEND the Board of Aldermen review water rates periodically to ensure sufficient revenues are generated to adequately maintain the system without generating excessive profits.

AUDITEE'S RESPONSE

The Board of Aldermen agrees and will review rates periodically.

7.

Community Center

The city has not developed a formal written policy regarding allowable uses and applicable rental fees for the community center. In April 1978, the city received a grant to construct a senior center, as an attachment to city hall. In September 2003, the city received a letter from the grantor indicating the grantor no longer had an interest in the senior center and the full ownership and control resides with the city of Nelson. In April 2004, the board adopted a referendum re-designating the senior center as a community center for the people of Nelson and appointing the Mayor to oversee scheduling of events until a Civic Board of Trustees can be appointed.

However, the referendum does not specify the criteria for determining which groups and which types of activities are allowable uses of the community center and any applicable rental fees. To prevent misunderstandings, the board should establish formal written policies indicating criteria for determining which groups and which types of activities are allowable uses of the community center and the rental fees, if any, to be imposed.

A similar condition was noted in our prior report, and the city indicated the board would take the issue under advisement; however, no action was taken to implement the prior recommendation.

WE RECOMMEND the Board of Aldermen establish formal written policies establishing criteria for the allowable uses of the community center and rental fees, if any, to be imposed.

AUDITEE'S RESPONSE

The Board of Aldermen agrees and will implement a policy.

8.**Capital Asset Records**

The city has not prepared and maintained permanent, detailed property records for its capital assets, including land, buildings, equipment, and furniture. In addition, property is not tagged for specific identification and an annual physical inventory of the property is not performed.

Property records for capital assets are necessary to ensure accountability for all items purchased and owned and for determining the proper amount of insurance coverage. To develop appropriate records and procedures for capital assets, the city needs to undertake a comprehensive review of all property owned by the city. Assets should be counted, tagged for specific identification, and recorded by description and serial number in a detailed property ledger at historical cost or estimated historical cost if the original cost is not available. The city should properly record all capital asset transactions, and ensure the accuracy of the recorded capital assets. Periodically, the city should take physical counts of its assets and compare to the detailed records.

A similar condition was noted in our prior report, and the city indicated the board agreed with this issue; however, no action was taken to implement the prior recommendation.

WE RECOMMEND the Board of Aldermen maintain records for capital assets that include all pertinent information for each asset, such as tag number, description, cost, acquisition date, location, and subsequent disposition. In addition, annual physical inventories should be performed and compared to the detailed records.

AUDITEE'S RESPONSE

The Board of Aldermen disagrees because the city does not have much property.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

CITY OF NELSON, MISSOURI
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The city of Nelson is located in Saline County. The city was incorporated in 1892 as a fourth-class city. The population of the city in 2000 was 212.

The city government consists of a mayor and four-member board of aldermen. The members are elected for 2-year terms. The mayor is elected for a two-year term, presides over the board of aldermen, and votes only in the case of a tie. The Mayor and board members are paid \$30 and \$25, respectively, per meeting attended. The compensation is paid annually in April or at the end of an official's unexpired term. The Mayor, Board of Aldermen, and other principal officials during the year ended June 30, 2003, are identified below.

Elected Officials	Term Expires	Compensation Paid for the Year Ended June 30, 2003
Lindell Boling, Mayor	April 2006	\$ 360
Ruth Younger, Alderman (1)	April 2005	0
Gerald Ulmer, Alderman (2)	April 2005	0
Gale Cornine, Alderman (3)	April 2006	150
Elwood Waller, Alderman (4)	April 2006	50

Other Principal Officials

Shannon Wells, City Clerk (5)	3,900
Patrick Rafferty, Water Operator (6)	1,325

- (1) Replaced Steve Ragan in the April 2003 election. Mr. Ragan was paid \$275 for the year ended June 30, 2003.
- (2) Replaced Ted Triebsch, Jr. in the April 2003 election. Mr. Triebsch was paid \$300 for the year ended June 30, 2003. Mr. Ulmer resigned, effective April 2004. Ted Triebsch, III was appointed to complete his unexpired term.
- (3) Appointed to replace Denise Crusha in October 2002. Ms. Crusha resigned in August 2002 and was paid \$100 for the year ended June 30, 2003.
- (4) Appointed to replace Dale Butler in February 2003. Mr. Butler resigned in December 2002 and was paid \$175 for the year ended June 30, 2003.

- (5) Resigned in August 2003. Lori Ulmer served as City Clerk from August 2003 to November 2003. Ms. Wells was reappointed City Clerk in January 2004.
- (6) Hired in December 2002 to replace James Crusha, Mr. Crusha resigned in November 2002 and was paid \$877 for the year ended June 30, 2003.

Assessed valuations and tax rates for 2002 were as follows:

ASSESSED VALUATION

Real estate	\$	459,146
Personal Property		<u>222,587</u>
Total	\$	<u>681,733</u>

TAX RATES PER \$100 ASSESSED VALUATION

	Rate	Expiration Date
General	\$ <u>.8799</u>	<u>None</u>

A summary of the city's financial activity for the year ended June 30, 2003, is presented on the next page:

	General	Water	Road	Park	
	Fund	Fund	Maintenance	Fund	TOTAL
	Fund	Fund	Fund	Fund	
RECEIPTS					
Property taxes	\$ 6,674	0	0	0	6,674
Motor fuel and motor vehicle taxes	0	0	8,452	0	8,452
County CART distributions	0	0	2,197	0	2,197
Utility franchise taxes	4,034	0	0	0	4,034
Interest	189	3,233	205	0	3,627
Water and trash collections	0	43,509	0	0	43,509
Water deposits	0	534	0	0	534
Other	1,683	0	0	0	1,683
Total Receipts	12,580	47,276	10,854	0	70,710
DISBURSEMENTS					
Salaries and fringe benefits	2,925	5,276	0	0	8,201
Insurance and bonds	1,401	1,238	0	0	2,639
Telephone	280	0	0	0	280
Electricity	2,490	94	0	0	2,584
Water	138	11,728	0	0	11,866
Trash service	0	10,169	0	0	10,169
Advertising	181	0	0	0	181
Postage	37	307	0	0	344
Water system maintenance and repairs	0	882	0	0	882
Water deposit refunds	0	28	0	0	28
Street maintenance and repairs	0	0	19,513	0	19,513
Supplies	18	0	0	0	18
Contract labor	870	449	0	0	1,319
Primacy fees	0	753	0	0	753
Park maintenance and repairs	0	0	0	178	178
Other	573	533	4	0	1,110
Total Disbursements	8,913	31,457	19,517	178	60,065
Receipts over (under) Disbursements	3,667	15,819	(8,663)	(178)	10,645
TRANSFERS					
Transfers from:					
Road Maintenance Fund	0	6,000	0	0	6,000
Water Fund	0	0	1,021	0	1,021
Transfers to:					
Road Maintenance Fund	0	(1,021)	0	0	(1,021)
Water Fund	0	0	(6,000)	0	(6,000)
Total Transfers	0	4,979	(4,979)	0	0
Receipts Over (under) Disbursements and Transfers	3,667	20,798	(13,642)	(178)	10,645
Cash Balance, July 1	25,321	148,918	17,911	652	192,802
Cash Balance, June 30	\$ 28,988	169,716	4,269	474	203,447



**CHARITON COUNTY, MISSOURI
YEARS ENDED DECEMBER 31, 2003 AND 2002**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-77
September 28, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

September 2004

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Chariton, that do not have a county auditor. In addition to a financial and compliance audit of various county operating funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Chariton County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The county incurred engineering costs of \$54,352 for federal bridge projects during the two years ended December 31, 2003. The county used one engineering firm for the various projects and did not solicit proposals from other firms as required by state law.
- The County Commission sometimes approves expenditures without reviewing detailed supporting documentation and ensuring goods or services have been received. Some expenditures related to meetings or training conferences (totaling approximately \$1,560) lacked sufficient supporting documentation.
- In 1999, mid-term raises, of approximately \$9,684, were given to the Associate Commissioners. On May 15, 2001, the Missouri Supreme Court handed down an opinion that challenged the validity of Section 50.333.13, RSMo, which allowed county salary commissions in 1997 to provide mid-term salary increases for associate county commissioners. The Supreme Court held this section of law violated Article VII, Section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county and municipal officers during the term of office. The county has not documented its review of the Supreme Court decision.
- The Public Administrator's salary was set at 90 percent of the salary provided by state law to correspond with the percentage of the maximum salaries paid to other officials. There was no legal documentation supporting whether the public administrator should receive the minimum salary provided by state law or a percentage of the minimum. Since going on salary in 2001, the Public Administrator has not provided time and mileage records for the court's approval and no fees have been assessed to cases and transmitted to the county treasury. As a result, the county which pays the Public Administrator's salary, is not recouping any of the salary costs.

(over)

YELLOW SHEET

- The county's personnel policies manual has not been updated since 1989. Some policies are not being followed and additional guidelines are needed for some county procedures.
- While the county has developed general fixed asset procedures, these procedures have not been fully implemented, required tasks are not always performed, and the fixed asset record is incomplete.
- The County Clerk does not ensure the township road boards' financial statements are prepared and published as required by state law.
- Formal procedures have not been established by the circuit court to ensure all accrued costs (court costs, incarceration costs, court-ordered restitution, and fines) are adequately identified and pursued. Weaknesses were noted with the communication and overall recordkeeping procedures.

All reports are available on our website: www.auditor.mo.gov

CHARITON COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Chariton County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Chariton County, Missouri, as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Chariton County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2003 and 2002, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated June 10, 2004, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Chariton County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

June 10, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Regina Pruitt, CPA
In-Charge Auditor:	Stacy Griffin-Lowery
Audit Staff:	Kelly Davis, CPA



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission
and
Officeholders of Chariton County, Missouri

We have audited the financial statements of various funds of Chariton County, Missouri, as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated June 10, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of various funds of Chariton County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Chariton County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition.

in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Chariton County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

June 10, 2004 (fieldwork completion date)

Financial Statements

Exhibit A-1

CHARITON COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2003

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 29,789	1,188,611	1,187,577	30,823
Special Road and Bridge	429,117	1,226,761	1,179,336	476,542
Assessment	1,174	128,422	129,596	0
Law Enforcement Training	551	2,737	2,316	972
Law Enforcement Sales Tax	1,082,383	276,840	453,239	905,984
Prosecuting Attorney Training	64	451	0	515
Prosecuting Attorney Bad Check	23,065	2,672	5,215	20,522
Prosecuting Attorney Delinquent Tax	8,630	167	1,430	7,367
Victims Of Domestic Violence	2,975	251	1,500	1,726
Recorder User Fee	16,200	7,647	1,796	22,051
Health Center	183,817	311,874	305,385	190,306
Law Library	79	3,149	2,484	744
Circuit Clerk Interest	714	63	184	593
Associate Clerk Interest	31	45	0	76
Drainage Districts	173,624	23,646	24,135	173,135
Senate Bill 40 Board	116,714	79,640	54,075	142,279
Sheriff Fund	1,976	7,941	8,544	1,373
Election Services	3,158	702	656	3,204
Tax Maintenance	229	5,945	813	5,361
Grant Fund	188	35,619	35,807	0
Enhanced 911	461,818	491,235	258,225	694,828
Total	\$ 2,536,296	3,794,418	3,652,313	2,678,401

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

CHARITON COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 91	1,219,728	1,190,030	29,789
Special Road and Bridge	561,603	1,106,920	1,239,406	429,117
Assessment	3,873	123,372	126,071	1,174
Law Enforcement Training	594	2,120	2,163	551
Law Enforcement Sales Tax	1,041,552	268,534	227,703	1,082,383
Prosecuting Attorney Training	327	366	629	64
Prosecuting Attorney Bad Check	21,942	2,964	1,841	23,065
Prosecuting Attorney Delinquent Tax	8,454	176	0	8,630
Victims Of Domestic Violence	4,051	424	1,500	2,975
Recorder User Fee	13,453	8,033	5,286	16,200
Health Center	172,683	329,325	318,191	183,817
Law Library	294	2,530	2,745	79
Circuit Clerk Interest	631	83	0	714
Associate Clerk Interest	0	31	0	31
Drainage Districts	161,811	24,604	12,791	173,624
Senate Bill 40 Board	98,384	73,447	55,117	116,714
Sheriff Fund	2,579	9,200	9,803	1,976
Election Services	3,377	2,187	2,406	3,158
Tax Maintenance	0	229	0	229
Grant Fund	0	119,884	119,696	188
Enhanced 911	35,018	472,174	45,374	461,818
Total	\$ 2,130,717	3,766,331	3,360,752	2,536,296

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

CHARITON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TOTALS - VARIOUS FUNDS</u>						
RECEIPTS	\$ 3,874,564	3,794,373	(80,191)	4,067,435	3,766,071	(301,364)
DISBURSEMENTS	4,488,362	3,652,313	836,049	4,365,398	3,360,752	1,004,646
RECEIPTS OVER (UNDER) DISBURSEMENTS	(613,798)	142,060	755,858	(297,963)	405,319	703,282
CASH, JANUARY 1	2,536,201	2,536,201	0	2,130,706	2,130,653	(53)
CASH, DECEMBER 31	1,922,403	2,678,261	755,858	1,832,743	2,535,972	703,229
<u>GENERAL REVENUE FUND</u>						
RECEIPTS						
Property taxes	308,000	313,620	5,620	305,000	307,468	2,468
Sales taxes	290,000	326,065	36,065	278,000	354,751	76,751
Intergovernmental	224,795	157,717	(67,078)	276,180	206,808	(69,372)
Charges for services	138,000	139,628	1,628	137,850	135,198	(2,652)
Interest	3,000	1,541	(1,459)	4,500	2,862	(1,638)
Other	205,835	215,040	9,205	174,450	177,641	3,191
Transfers in	36,200	35,000	(1,200)	35,000	35,000	0
Total Receipts	1,205,830	1,188,611	(17,219)	1,210,980	1,219,728	8,748
DISBURSEMENTS						
County Commissioner	74,916	73,031	1,885	75,016	72,993	2,023
County Clerk	86,154	79,734	6,420	87,737	82,427	5,310
Elections	15,800	11,229	4,571	34,900	27,836	7,064
Buildings and grounds	101,696	88,295	13,401	92,690	85,661	7,029
Employee fringe benefit	166,100	152,140	13,960	160,638	147,447	13,191
County Treasurer	59,111	58,266	845	60,173	58,878	1,295
County Collector	3,000	2,937	63	3,000	2,910	90
Ex Officio Recorder of Deed	26,539	23,413	3,126	50,198	23,289	26,909
Associate Circuit Court	12,900	4,421	8,479	12,800	5,373	7,427
Court administration	17,395	11,865	5,530	17,811	13,059	4,752
Public Administrator	16,002	14,386	1,616	16,902	16,055	847
Sheriff	438,229	446,351	(8,122)	414,356	424,506	(10,150)
Jail	59,000	48,209	10,791	54,000	61,119	(7,119)
Prosecuting Attorney	63,917	61,619	2,298	66,110	61,934	4,176
Juvenile Offices	17,870	9,688	8,182	17,870	12,515	5,355
County Coroner	15,787	12,479	3,308	16,184	10,866	5,318
Other	88,595	76,754	11,841	77,230	76,162	1,068
Transfers out	10,646	12,760	(2,114)	7,550	7,000	550
Emergency Fund	36,200	0	36,200	35,000	0	35,000
Total Disbursements	1,309,857	1,187,577	122,280	1,300,165	1,190,030	110,135
RECEIPTS OVER (UNDER) DISBURSEMENTS	(104,027)	1,034	105,061	(89,185)	29,698	118,883
CASH, JANUARY 1	29,789	29,789	0	91	91	0
CASH, DECEMBER 31	(74,238)	30,823	105,061	(89,094)	29,789	118,883

Exhibit B

CHARITON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Intergovernmental	1,309,600	1,211,248	(98,352)	1,550,500	1,076,090	(474,410)
Interest	14,500	4,392	(10,108)	19,000	11,114	(7,886)
Other	3,000	9,624	6,624	0	3,690	3,690
Transfers in	13,500	1,497	(12,003)	7,000	16,026	9,026
Total Receipts	1,340,600	1,226,761	(113,839)	1,576,500	1,106,920	(469,580)
DISBURSEMENTS						
Salaries	140,000	108,693	31,307	170,000	137,749	32,251
Employee fringe benefit	34,150	22,597	11,553	53,180	37,993	15,187
Supplies	23,150	15,806	7,344	20,710	14,867	5,843
Insurance	15,600	17,888	(2,288)	13,400	13,941	(541)
Equipment repairs	10,000	6,910	3,090	15,000	5,776	9,224
Equipment purchases	6,500	1,518	4,982	57,500	154,987	(97,487)
Construction, repair, and maintenance	674,800	493,554	181,246	761,150	568,055	193,095
Federal bridge project:	552,000	477,370	74,630	775,000	271,038	503,962
Transfers out	35,000	35,000	0	35,000	35,000	0
Total Disbursements	1,491,200	1,179,336	311,864	1,900,940	1,239,406	661,534
RECEIPTS OVER (UNDER) DISBURSEMENTS	(150,600)	47,425	198,025	(324,440)	(132,486)	191,954
CASH, JANUARY 1	429,117	429,117	0	561,603	561,603	0
CASH, DECEMBER 31	278,517	476,542	198,025	237,163	429,117	191,954
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	126,130	125,114	(1,016)	133,610	122,500	(11,110)
Interest	450	191	(259)	600	366	(234)
Other	525	358	(167)	700	506	(194)
Transfers in	5,387	2,759	(2,628)	0	0	0
Total Receipts	132,492	128,422	(4,070)	134,910	123,372	(11,538)
DISBURSEMENTS						
Assessor	133,666	129,596	4,070	138,741	126,071	12,670
Total Disbursements	133,666	129,596	4,070	138,741	126,071	12,670
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,174)	(1,174)	0	(3,831)	(2,699)	1,132
CASH, JANUARY 1	1,174	1,174	0	3,874	3,873	(1)
CASH, DECEMBER 31	0	0	0	43	1,174	1,131
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Charges for services	3,000	2,645	(355)	3,000	2,115	(885)
Interest	0	5	5	50	5	(45)
Other	0	87	87	0	0	0
Total Receipts	3,000	2,737	(263)	3,050	2,120	(930)
DISBURSEMENTS						
Sheriff	3,000	2,316	684	3,600	2,163	1,437
Total Disbursements	3,000	2,316	684	3,600	2,163	1,437
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	421	421	(550)	(43)	507
CASH, JANUARY 1	551	551	0	593	594	1
CASH, DECEMBER 31	551	972	421	43	551	508

Exhibit B

CHARITON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT SALES TAX FUND</u>						
RECEIPTS						
Sales taxes	240,000	240,030	30	230,000	234,578	4,578
Interest	17,000	10,525	(6,475)	19,500	20,323	823
Other	19,000	26,285	7,285	14,800	13,633	(1,167)
Total Receipts	276,000	276,840	840	264,300	268,534	4,234
DISBURSEMENTS						
Jail lease payments	142,000	139,766	2,234	147,000	141,203	5,797
Jail building	235,550	239,760	(4,210)	126,500	16,369	110,131
Office expense:	14,575	10,511	4,064	12,175	13,032	(857)
Law enforcement expense	48,900	48,092	808	46,840	41,004	5,836
Prisioner expense:	15,800	12,760	3,040	16,300	12,195	4,105
Transfer out	0	2,350	(2,350)	5,000	3,900	1,100
Total Disbursements	456,825	453,239	3,586	353,815	227,703	126,112
RECEIPTS OVER (UNDER) DISBURSEMENTS	(180,825)	(176,399)	4,426	(89,515)	40,831	130,346
CASH, JANUARY 1	1,082,383	1,082,383	0	1,041,553	1,041,552	(1)
CASH, DECEMBER 31	901,558	905,984	4,426	952,038	1,082,383	130,345
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for service:	350	450	100	350	363	13
Interest	0	1	1	10	3	(7)
Total Receipts	350	451	101	360	366	6
DISBURSEMENTS						
Prosecuting Attorney	0	0	0	680	629	51
Total Disbursements	0	0	0	680	629	51
RECEIPTS OVER (UNDER) DISBURSEMENTS	350	451	101	(320)	(263)	57
CASH, JANUARY 1	64	64	0	327	327	0
CASH, DECEMBER 31	414	515	101	7	64	57
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for service:	850	2,425	1,575	3,500	2,511	(989)
Interest	380	247	(133)	350	453	103
Total Receipts	1,230	2,672	1,442	3,850	2,964	(886)
DISBURSEMENTS						
Prosecuting Attorney	1,900	5,215	(3,315)	3,250	1,841	1,409
Total Disbursements	1,900	5,215	(3,315)	3,250	1,841	1,409
RECEIPTS OVER (UNDER) DISBURSEMENTS	(670)	(2,543)	(1,873)	600	1,123	523
CASH, JANUARY 1	23,065	23,065	0	21,942	21,942	0
CASH, DECEMBER 31	22,395	20,522	(1,873)	22,542	23,065	523

Exhibit B

CHARITON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY DELINQUENT TAX FUND</u>						
RECEIPTS						
Charges for service:	10	76	66	50	6	(44)
Interest	75	91	16	165	170	5
Total Receipts	85	167	82	215	176	(39)
DISBURSEMENTS						
Prosecuting Attorney	1,900	1,430	470	750	0	750
Total Disbursements	1,900	1,430	470	750	0	750
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,815)	(1,263)	552	(535)	176	711
CASH, JANUARY 1	8,630	8,630	0	8,454	8,454	0
CASH, DECEMBER 31	6,815	7,367	552	7,919	8,630	711
<u>VICTIMS OF DOMESTIC VIOLENCE FUND</u>						
RECEIPTS						
Charges for service:	340	230	(110)	475	360	(115)
Interest	60	21	(39)	75	64	(11)
Total Receipts	400	251	(149)	550	424	(126)
DISBURSEMENTS						
Domestic violence shelte	1,500	1,500	0	1,500	1,500	0
Total Disbursements	1,500	1,500	0	1,500	1,500	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,100)	(1,249)	(149)	(950)	(1,076)	(126)
CASH, JANUARY 1	2,975	2,975	0	4,051	4,051	0
CASH, DECEMBER 31	1,875	1,726	(149)	3,101	2,975	(126)
<u>RECORDER USER FEE FUND</u>						
RECEIPTS						
Charges for service:	7,500	7,473	(27)	6,300	7,783	1,483
Interest	250	174	(76)	275	250	(25)
Total Receipts	7,750	7,647	(103)	6,575	8,033	1,458
DISBURSEMENTS						
Ex OfficioRecorder of Deed	3,820	1,796	2,024	5,210	5,286	(76)
Total Disbursements	3,820	1,796	2,024	5,210	5,286	(76)
RECEIPTS OVER (UNDER) DISBURSEMENTS	3,930	5,851	1,921	1,365	2,747	1,382
CASH, JANUARY 1	16,200	16,200	0	13,453	13,453	0
CASH, DECEMBER 31	20,130	22,051	1,921	14,818	16,200	1,382

Exhibit B

CHARITON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes	98,348	100,087	1,739	96,799	99,218	2,419
Intergovernmental	133,136	146,233	13,097	147,365	159,732	12,367
Charges for services	58,489	61,594	3,105	52,989	58,945	5,956
Interest	3,000	3,939	939	7,000	4,868	(2,132)
Other	2,000	21	(1,979)	200	6,562	6,362
Total Receipts	294,973	311,874	16,901	304,353	329,325	24,972
DISBURSEMENTS						
Personnel	252,645	242,810	9,835	289,739	262,076	27,663
Office/Administrative	48,800	51,633	(2,833)	50,789	45,004	5,785
Travel/Training	16,550	9,997	6,553	14,000	9,751	4,249
Other	2,000	945	1,055	2,000	1,360	640
Total Disbursements	319,995	305,385	14,610	356,528	318,191	38,337
RECEIPTS OVER (UNDER) DISBURSEMENTS	(25,022)	6,489	31,511	(52,175)	11,134	63,309
CASH, JANUARY 1	183,817	183,817	0	172,683	172,683	0
CASH, DECEMBER 31	158,795	190,306	31,511	120,508	183,817	63,309
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for services	1,200	3,149	1,949	1,440	2,530	1,090
Total Receipts	1,200	3,149	1,949	1,440	2,530	1,090
DISBURSEMENTS						
Law Books	3,000	2,484	516	1,600	2,745	(1,145)
Total Disbursements	3,000	2,484	516	1,600	2,745	(1,145)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,800)	665	2,465	(160)	(215)	(55)
CASH, JANUARY 1	79	79	0	294	294	0
CASH, DECEMBER 31	(1,721)	744	2,465	134	79	(55)
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest	48	63	15	168	83	(85)
Total Receipts	48	63	15	168	83	(85)
DISBURSEMENTS						
Supplies & Equipment	400	184	216	400	0	400
Total Disbursements	400	184	216	400	0	400
RECEIPTS OVER (UNDER) DISBURSEMENTS	(352)	(121)	231	(232)	83	315
CASH, JANUARY 1	714	714	0	631	631	0
CASH, DECEMBER 31	362	593	231	399	714	315

Exhibit B

CHARITON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>DRAINAGE DISTRICTS FUND</u>						
RECEIPTS						
Property taxes	21,947	21,708	(239)	21,947	21,171	(776)
Interest	2,998	1,938	(1,060)	3,880	3,433	(447)
Total Receipts	24,945	23,646	(1,299)	25,827	24,604	(1,223)
DISBURSEMENTS						
Supplies	400	97	303	550	126	424
Maintenance	70,150	24,038	46,112	49,500	12,665	36,835
Total Disbursements	70,550	24,135	46,415	50,050	12,791	37,259
RECEIPTS OVER (UNDER) DISBURSEMENTS	(45,605)	(489)	45,116	(24,223)	11,813	36,036
CASH, JANUARY 1	173,560	173,560	0	161,747	161,747	0
CASH, DECEMBER 31	127,955	173,071	45,116	137,524	173,560	36,036
<u>SENATE BILL 40 BOARD FUND</u>						
RECEIPTS						
Property taxes	75,193	72,273	(2,920)	72,464	70,035	(2,429)
Intergovernmental Revenue	3	16	13	3	23	20
Interest	3,000	3,230	230	3,500	3,389	(111)
Other	0	4,121	4,121	0	0	0
Total Receipts	78,196	79,640	1,444	75,967	73,447	(2,520)
DISBURSEMENTS						
Contacted Services	13,540	0	13,540	13,540	4,373	9,167
Chariton County Workshop	85,000	53,934	31,066	85,000	49,878	35,122
Other	410	141	269	907	866	41
Total Disbursements	98,950	54,075	44,875	99,447	55,117	44,330
RECEIPTS OVER (UNDER) DISBURSEMENTS	(20,754)	25,565	46,319	(23,480)	18,330	41,810
CASH, JANUARY 1	116,714	116,714	0	98,384	98,384	0
CASH, DECEMBER 31	95,960	142,279	46,319	74,904	116,714	41,810
<u>SHERIFF FUND</u>						
RECEIPTS						
Charges for services	8,000	6,682	(1,318)	9,000	8,180	(820)
Interest	30	10	(20)	150	36	(114)
Other	1,000	1,249	249	1,500	984	(516)
Total Receipts	9,030	7,941	(1,089)	10,650	9,200	(1,450)
DISBURSEMENTS						
Sheriff	8,030	8,544	(514)	11,500	9,803	1,697
Total Disbursements	8,030	8,544	(514)	11,500	9,803	1,697
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,000	(603)	(1,603)	(850)	(603)	247
CASH, JANUARY 1	1,976	1,976	0	2,579	2,579	0
CASH, DECEMBER 31	2,976	1,373	(1,603)	1,729	1,976	247

Exhibit B

CHARITON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ELECTION SERVICES FUND</u>						
RECEIPTS						
Intergovernmental	735	594	(141)	1,900	2,120	220
Interest	65	33	(32)	40	67	27
Other	0	75	75	0	0	0
Total Receipts	800	702	(98)	1,940	2,187	247
DISBURSEMENTS						
Election expenses:	2,500	656	1,844	2,500	2,406	94
Total Disbursements	2,500	656	1,844	2,500	2,406	94
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,700)	46	1,746	(560)	(219)	341
CASH, JANUARY 1	3,158	3,158	0	3,377	3,377	0
CASH, DECEMBER 31	1,458	3,204	1,746	2,817	3,158	341
<u>TAX MAINTENANCE FUND</u>						
RECEIPTS						
Charges for service:	6,000	5,873	(127)			
Interest	35	29	(6)			
Other	40	43	3			
Total Receipts	6,075	5,945	(130)			
DISBURSEMENTS						
Salaries	137	0	137			
Office Expenditures:	50	0	50			
Equipment	600	192	408			
Mileage and training	700	621	79			
Total Disbursements	1,487	813	674			
RECEIPTS OVER (UNDER) DISBURSEMENTS	4,588	5,132	544			
CASH, JANUARY 1	229	229	0			
CASH, DECEMBER 31	4,817	5,361	544			
<u>GRANT FUND</u>						
RECEIPTS						
Intergovernmental Revenue:	33,000	23,269	(9,731)	9,000	115,984	106,984
Operating Transfers In	3,000	12,350	9,350	5,000	3,900	(1,100)
Total Receipts	36,000	35,619	(381)	14,000	119,884	105,884
DISBURSEMENTS						
Equipment	22,000	21,350	650	14,000	12,952	1,048
Other	12,500	12,960	(460)	0	97,718	(97,718)
Transfers Out	1,500	1,497	3	3,900	9,026	(5,126)
Total Disbursements	36,000	35,807	193	17,900	119,696	(101,796)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(188)	(188)	(3,900)	188	4,088
CASH, JANUARY 1	188	188	0	52	0	(52)
CASH, DECEMBER 31	188	0	(188)	(3,848)	188	4,036

Exhibit B

CHARITON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
ENHANCED 911 FUND						
RECEIPTS						
Sales tax	450,500	480,143	29,643	425,800	467,139	41,339
Interest	5,060	10,520	5,460	6,000	5,035	(965)
Other	0	572	572	0	0	0
Total Receipts	455,560	491,235	35,675	431,800	472,174	40,374
DISBURSEMENTS						
Center Construction/Set up	463,882	221,832	242,050	113,822	43,254	70,568
Personnel	64,800	24,532	40,268	0	0	0
Operations	15,100	9,421	5,679	3,000	2,120	880
Other	0	2,440	(2,440)	0	0	0
Total Disbursements	543,782	258,225	285,557	116,822	45,374	71,448
RECEIPTS OVER (UNDER) DISBURSEMENTS	(88,222)	233,010	321,232	314,978	426,800	111,822
CASH, JANUARY 1	461,818	461,818	0	35,018	35,018	0
CASH, DECEMBER 31	373,596	694,828	321,232	349,996	461,818	111,822

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

CHARITON COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Chariton County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, the Senate Bill 40 Board, or the Enhanced 911 Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Associate Clerk Interest Fund	2003 and 2002
Tax Maintenance Fund	2002

One of the drainage districts did not prepare a budget for the years ended December 31, 2003 and 2002. As a result, cash balances reported on Exhibit A exceed cash balances reported on Exhibit B for the Drainage Districts Fund.

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Prosecuting Attorney Bad Check Fund	2003
Recorder User Fee Fund	2002
Law Library Fund	2002
Sheriff Fund	2003
Grant Fund	2002

Deficit budget balances are presented for the General Revenue Fund for the years ended December 31, 2003 and 2002. However, the budgets of that fund also included other resources available to finance current or future year disbursements. Generally, other available net resources represented current year property taxes not received before December 31. Such resources were sufficient to offset the deficit budget balances presented.

Although Section 50.740, RSMo 2000, requires a balanced budget, deficit balances were budgeted in the Law Library Fund and the Grant Fund for the years ended December 31, 2003 and 2002, respectively.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Associate Clerk Interest Fund	2003 and 2002
Enhanced 911 Fund	2002

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The financial statements do not include the cash balances of the Ex Officio County Collector, who collects and distributes property taxes as an agent for various local governments. However, for the purpose of these risk disclosures, the Ex Officio County Collector's cash balances are included since collateral securities to cover amounts not covered by federal depositary insurance are pledged to the county rather than to specific county officials.

Of the county's bank balance at December 31, 2003, \$3,326,269 was covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name, and \$321,944 was uninsured and uncollateralized.

To protect the safety of county deposits, Section 110.020, RSMo 2000, requires depositaries to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

The county's deposits at December 31, 2002, were entirely covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name.

The Health Center Board's, Senate Bill 40 Board's, and Enhanced 911 Board's deposits at December 31, 2003 and 2002, were entirely covered by federal depositary insurance or by collateral securities held by the board's custodial bank in the board's name.

3. Prior Period Adjustment

The County Employee Retirement Fund's and Prosecuting Attorney Retirement Fund's cash balances of \$64 and \$2,404, respectively, at January 1, 2002, were previously reported but have been removed as these are not considered county operating funds.

Supplementary Schedule

Schedule

CHARITON COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2003	2002
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state Department of Health and Senior Services				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS04S-3120W	\$ 12,631	13,586
U.S. DEPARTMENT OF THE INTERIOR				
15	Refuge Revenue Sharing Act	N/A	17,046	18,248
U.S. DEPARTMENT OF JUSTICE				
Passed through:				
State Department of Public Safety				
16.579	Byrne Formula Grant Program	N/A	170,517	134,178
16.592	Local Law Enforcement Block Grants Program	2001-LBG-109 2000-LBG-109	9,000	9,000
Missouri Sheriffs' Association -				
16	Domestic Cannabis Eradication/Suppression Program	N/A	868	984
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state				
Highway and Transportation Commission				
20.205	Highway Planning and Construction	BRO-021(26) BRO-021(27) BRO-021(28)	191,019 201,537 36,541	11,611 22,980 234,755
	Program Total		<u>429,097</u>	<u>269,346</u>
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Passed through state Department of Public Safety				
83.544	Public Assistance Grants ³	FEMA DR 1403-MO FEMA DR 1412-MO	0 13,969	7,492 108,377
	Program Total		<u>13,969</u>	<u>115,869</u>

Schedule

CHARITON COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2003	2002
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
	Passed through state			
	Department of Health and Senior Services -			
93.197	Childhood Lead Poisoning Prevention Projects State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Childre	ERS146-3120T	1,100	0
93.268	Immunization Grants	PGA064-2120A	0	2,609
		PGA064-3120A	1,450	0
		N/A	7,945	15,268
	Program Total		<u>9,395</u>	<u>17,877</u>
93.575	Child Care and Development Block Grant	PGA067-4120S	890	0
		PGA067-4120C	2,494	0
		PGA067-3120C	0	2,500
	Program Total		<u>3,384</u>	<u>2,500</u>
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	ERS161-40025	1,313	904
93.994	Maternal and Child Health Services Block Grant to the States	ERS146-3120M	11,420	0
		ERS146-2120M	0	15,523
		DH020027012	0	400
		N/A	2,257	3,245
		N/A	74	138
	Program Total		<u>13,750</u>	<u>19,306</u>
93.288	Bioterrorism Enhanced Communications Contract	DH030170001	6,700	0
	Total Expenditures of Federal Awards		<u><u>688,770</u></u>	<u><u>601,798</u></u>

* The CFDA number for this program changed to 97.036 in October 2003.

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

Notes to the Supplementary Schedule

CHARITON COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Chariton County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals. . . .

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for Immunization Grants (CFDA number 93.268) and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994), include both cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2003 and 2002.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of Chariton County, Missouri

Compliance

We have audited the compliance of Chariton County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2003 and 2002. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Chariton County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2003 and 2002. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance

with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 03-01.

Internal Control Over Compliance

The management of Chariton County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 03-01.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

This report is intended for the information and use of the management of Chariton County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

June 10, 2004 (fieldwork completion date)

Schedule

CHARITON COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2003 AND 2002

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified yes x no

Reportable conditions identified that are
not considered to be material weaknesses? yes x none reported

Noncompliance material to the financial statements
noted? yes x no

Federal Awards

Internal control over major programs:

Material weaknesses identified? yes x no

Reportable condition identified that is
not considered to be a material weakness? x yes none reported

Type of auditor's report issued on compliance for
major programs: Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of OMB
Circular A-133? x yes no

Identification of major program(s):

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
16.579	Byrne Formula Grant Program
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes the audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

03-1. Procurement of Professional Services Contract

Federal Grantor:	U.S. Department of Transportation
Pass-through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-042(26),(27), and (28)
Award Years:	2003 and 2002
Questioned Costs:	\$43,482

The county contracts with the State Highway and Transportation Commission for bridge replacement and rehabilitation under the Highway Planning and Construction Program. These projects are 80 percent federally funded.

The county incurred engineering costs of \$54,352 for projects BRO-042(26), (27), and (28). The county used one engineering firm for the various BRO projects and did not solicit proposals from other firms for these projects. The County Commission indicated that the engineering firm was chosen because of the county's prior experience with the firm on other county bridge projects; however, these reasons were not formally documented.

Sections 8.289 and 8.291, RSMo 2000, provide that when obtaining engineering services for any capital improvement project, at least three firms should be considered. The firms should be evaluated based upon specific criteria including experience and technical competence, capacity and capability of the firm to perform the work in question, past record of performance, and the firm's proximity to and familiarity with the area in which the project is located. Because the county did not solicit proposals from three firms for each project, we

have questioned costs of \$43,482, which is the federal share of engineering costs paid during 2003 and 2002.

WE RECOMMEND the County Commission resolve the questioned costs with the grantor agency. For future projects, a statement of qualifications and performance data should be obtained from at least three engineering firms before contracting for these services.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Commission provided the following response:

We have a good working relationship with the current firm the county uses, but we will consider other firms in the future. In addition, we will provide further documentation in the file regarding our considerations and decision-making process.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

CHARITON COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 2001 included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

CHARITON COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

The prior audit report issued for the two years ended December 31, 2001 included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

CHARITON COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Chariton County, Missouri, as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated June 10, 2004. We also have audited the compliance of Chariton County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2003, and have issued our report thereon dated June 10, 2004.

In addition, we have audited the operations of elected officials with funds other than those presented in the financial statements to comply with the State Auditor's responsibility under Section 29.230, RSMo 2000, to audit county officials at least once every 4 years. The objectives of this audit were to:

1. Review the internal controls over the transactions of the various county officials.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents; interviewing various personnel of the county officials, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials referred to above. In addition, this report includes any findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These MAR findings resulted from our audit of the financial statements of Chariton County or of its compliance with the types of compliance requirements applicable to each of its major federal

programs but do not meet the criteria for inclusion in the written reports on compliance and on internal control over financial reporting or compliance that are required for audits performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

1. County Expenditures

The County Commission sometimes approves expenditures without reviewing detailed supporting documentation and ensuring the goods or services have been received.

Generally, when county officials or employees attend meetings or training conferences, the county will pay registration fees and lodging costs prior to the date the event occurs. Our review identified several such expenditures (totaling approximately \$1,560) that did not have proper support. For some payments the supporting documentation consisted of the vendor name and address, amount to be paid, a brief notation of the purpose, and the requesting official's signature. Other payments included similar information, but also included reservation information or conference brochures with handwritten notations to support the amounts paid. However, there were no vendor-provided invoices or paid receipts subsequently provided to the county to support the amounts paid.

To ensure the validity and propriety of payments from county funds, the County Commission should require that all expenditures be supported by paid receipts or vendor-provided invoices. Such documentation should be obtained after the fact in those cases where payments related to registration fees or reservations are required early.

WE RECOMMEND the County Commission require sufficient detailed documentation and notation of receipt of goods or services be provided to support expenditures from county funds.

AUDITEE'S RESPONSE

The County Commission provided the following response:

We have already started the implementation of this recommendation by not approving payments that do not have sufficient detailed documentation regarding the requested expenditure amount.

2. County Officials' Salaries

The county has not taken action on mid-term salary increases given to the county's Associate Commissioners in 1999, there is no documentation from legal counsel supporting the Public Administrator's salary, and the Public Administrator is not assessing fees to cases.

- A. Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioners' terms had been increased from two years to four years. Based on this statute, in 1999 Chariton County's Associate Commissioners' salaries were each increased approximately \$9,684 yearly, according to information from the County Clerk.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of that statute. The Supreme Court held that this section of the statute violated Article VII, Section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county and municipal officers during the term in office. This case, *Laclede County v. Douglass et al.*, holds that all raises given pursuant to this statute section are unconstitutional. On June 5, 2001, the State Auditor notified all third-class counties of the Supreme Court decision and recommended that each county document its review of the impact of the opinion, as well as plans to seek repayment. While the County Commissioners indicated they consulted with the prior Prosecuting Attorney before taking the raises, the county had no documentation of such discussion. Also, the county has not documented its review of the impact of the Supreme Court decision.

Based upon the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$19,368 for the two years ended December 31, 2000, should be repaid.

- B.1. There was no documentation from legal counsel supporting whether the Public Administrator should receive the minimum salary provided by state law or a percentage of the minimum. The Public Administrator, who took office in January 2001, elected to be placed on salary rather than a fee basis. Section 473.742, RSMo 2000, provides a salary scale based on the average number of open letters in the two years preceding the term when the salary is elected. The County Commission set the Public Administrator's salary at \$13,500 (90 percent of the statutory minimum of \$15,000) to correspond with the percentage of the maximum salaries provided by state law paid to other officials for their respective offices. Without a documented legal opinion, it is not clear whether the amount paid to the Public Administrator is in accordance with state law.
2. Prior to 2001, the Public Administrator was compensated with fees assessed to cases and \$6,000 authorized by the county salary commission and paid from the General Revenue Fund. Fees taken for 2000, 1999, and 1998, were \$6,100, \$6,639, and \$10,362, respectively. Records of time and mileage were submitted to the Probate Court along with annual settlements to support fee amounts. However, since going on salary in 2001, the Public Administrator has not provided time and mileage records for the court's approval and no fees have been assessed and transmitted to the county treasury. The Associate Circuit Judge indicated that it is the court's intent that

the Public Administrator continue to account for time spent on tasks for the various cases and provide this document for the court's approval so that fees can be assessed, if appropriate. Given the current circumstances, the county is not recouping any of the additional salary costs. Section 473.742, RSMo 2000, provides that all fees collected by a Public Administrator who elects to be salaried are to be deposited in the county treasury.

WE RECOMMEND:

- A. The County Commission review the impact of this court decision and develop a plan for obtaining repayment of the salary overpayments.
- B.1. The County Commission consult with legal counsel and determine whether the Public Administrator's salary is in accordance with state law.
- 2. The Public Administrator work with the Associate Circuit Judge to ensure appropriate fees are assessed to cases and transmitted to the county treasury.

AUDITEE'S RESPONSE

The Associate Commissioners provided the following response:

- A. *Although not documented, we discussed this issue with the former Prosecuting Attorney and followed her recommendation that these were allowable raises. The raises were approved during the 1997 salary commission meeting. A letter was obtained from the former Prosecuting Attorney in June 2004, indicating that she had consulted with us and there did not appear to be any violation of the law since the pay increase was authorized by legislation in effect at the time.*

The County Commission provided the following response:

- B.1. *We will contact legal counsel and determine what action is needed to resolve this issue.*

The Public Administrator provided the following response:

- B.2. *I am in the process of going back through cases and identifying the time spent for regular, routine tasks, such as paying bills, making nursing home visits, etc. and will then submit requests for fees to the Associate Circuit Judge if applicable. If approved, I will transmit the monies to the County Treasurer.*

The Associate Circuit Judge provided the following response:

- B.2. *For decedents estates there are assets to generate compensation which can be requested. I would expect and anticipate that the Public Administrator will make requests for compensation in these estates before they are closed. However, in the guardianship and/or*

conservatorship estates, the assets for the most part are fairly modest or non-existent. The ward/protectees need all income or assets to live. The court, however, will consider any reasonable compensation request made by the Public Administrator and, if a request is made, the court will follow the law in determining the reasonable compensation, and will also consider 1) the time involved in performing the duties, 2) the difficulty of the duties involved, 3) the services performed, 4) the applicability of the professional rates, and, 5) the size and amount of the estate. The court is not aware of any statute, rule, or law which requires the guardians, conservators, or personal representatives to request compensation in an estate. This even applies to the Public Administrator. However, in those estates where there are sufficient assets to warrant it, the court believes it is prudent for the Public Administrator to make a request for compensation and since she is now on salary, the same should be paid to the County Treasurer. However, the fault lies with the legislature. After the law was passed allowing public administrators to go on salary to be paid by the county instead of being paid from fees generated from estates that were administered, there was no requirement or incentive left in the law for the public administrators to obtain compensation from the estates to be reimbursed to the county. Some incentive or requirement needs to be made into law. If the Public Administrator decided to not make any requests for compensation, I do not think there is any legal basis for this court to force her to claim it for the county.

3.

County Personnel Policies

As similarly reported in our prior audit, the county's personnel policies manual has not been updated since 1989. Some of the policies contained in the manual are not being followed consistently, and additional guidelines for some county procedures need to be developed. Although the County Commission indicated in the prior report that an updated personnel policy would be completed during 2001, our recommendations have not been implemented.

- A. Policy changes, such as mileage reimbursement rates and county meal allowances, are communicated to the various county offices and officials via memos or verbal discussion. The personnel manual should be formally updated periodically to incorporate revised policies and ensure awareness on the part of all officials and employees.
- B. The county does not have formal policies regarding personal use of county phones or monthly allowance payments to some officials and employees for use of their personal cellular phones for county business.
 - 1) The county continues to allow employees to use county phones for personal calls with the understanding that the calls will be tracked and the county appropriately reimbursed for long distance charges incurred. Although the County Clerk's office has improved its review of phone bill details, there is still a need for the county to adopt a written county phone use policy and reimbursement procedure.

- 2) In recent years the county began providing a monthly allowance to various county officials and employees (i.e., \$30 to the Coroner and \$25 to the County Sheriff and deputies) for use of their personal cellular phones for county business. Cellular phone billing information submitted to the County Commission is generally limited to the front page of the cellular phone bill and provides no detail of the actual usage. Other officials are relied upon to assess whether usage is reasonable as compared to the monthly allowance. A policy is needed to ensure cellular phone costs incurred by the county are reasonable and valid.
- C. Although county policies provide for expense reimbursement requests to be submitted monthly, the Coroner and former Prosecuting Attorney submitted mileage and cellular phone reimbursement requests that pertained to several months or a year at a time. The county's ability to perform a proper review and ensure the validity of the expenses incurred is hampered by these untimely requests.
- D. The county is a member of two multi-jurisdictional drug task forces and makes disbursements for personnel services, related payroll taxes, and other payroll withholdings for various task force personnel. These individuals are treated as county law enforcement employees and provided the same fringe benefits as other county employees, but do not always comply with the county's leave and overtime policies. For example, although the county's vacation policy requires new employees to work twelve months before accruing vacation time, some task force employees were granted twelve days of vacation on the first day of employment. In addition, overtime and compensatory time for drug task force employees is computed using a different method and pay period than the Sheriff's department. The county should reevaluate its arrangement with the task force employees to ensure policies are fairly and consistently applied.

WE RECOMMEND the County Commission:

- A. Establish and formally adopt a current personnel policies manual, and ensure it is updated periodically to reflect new or changed policies.
- B. Develop a formal policy regarding the use of county phones and personal cellular phones for county business.
- C. Require adherence to established county policies.
- D. Reevaluate its arrangement with the task forces and ensure fair and consistent application of policies.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A&B. We have begun working on revising the county's personnel policies manual. At each commission meeting at least one section of the manual will be reviewed for needed changes.*
- C. We will encourage officials to comply with county policies.*
- D. This is an area of concern and we will consider what changes are needed to the task force arrangements.*

4. General Fixed Assets

Several prior audits have addressed the inadequacy of the county's general fixed assets records and procedures. While some improvements have been made, problems still exist.

The County Commission or its designee is responsible for maintaining a complete detailed record of county property. In addition, each county official or their designee is responsible for performing periodic inventories and inspections. The county has developed procedures and a standard form to be used by all county offices to account for their property items. In addition, the County Clerk maintains a computerized master listing of fixed assets. However, procedures have not been fully implemented, required tasks are not always performed, and the fixed asset record is incomplete.

Additions are not added to the fixed assets records as they occur and numerous equipment purchases were not recorded on the county's fixed asset listing. Examples include a computer for the Recorder's office (purchased January 2002 for \$2,700), a printer for the County Clerk's office (purchased October 2002 for \$506), and five surge protectors for the jail (purchased 2002 for \$4,500). Because of a lack of specific identifying information in the fixed asset records, it was not clear whether some radio equipment purchases and upgrades for the Sheriff's department were included. Additions to the inventory listing are not reconciled to equipment expenditures to ensure fixed assets are properly recorded.

While the County Clerk's office has identification tags available to be affixed to property items and the county has begun the tagging process, only the property items of the assessor's office, treasurer's office, road and bridge department, and the emergency operations center have been tagged. In addition, required physical inventories are not being performed. The county anticipates these procedures will be performed once all property items are tagged. There is also no documented evidence that required inspections are being performed.

Adequate general fixed asset records are necessary to secure better internal control over county property, meet statutory requirements, and provide a basis for determining proper insurance coverage required on county property. Physical inventories of county property are

necessary to ensure the fixed asset records are accurate, identify any unrecorded additions and deletions, detect theft of assets, and identify obsolete assets.

Section 49.093, RSMo 2000, provides the county officer of each county department shall annually inspect and inventory county property used by that department with an individual original value of \$250 or more and any property with an aggregate original value of \$1,000 or more. All remaining property not inventoried by a particular department shall be inventoried by the County Clerk. Section 49.093, RSMo 2000, also provides for quarterly inspections by the County Commission of all county land and building.

WE RECOMMEND the County Commission and County Clerk work with the various county officials to ensure compliance with county fixed asset policies, property items are tagged and recorded on the fixed asset records timely, fixed asset records include proper details, and required inventories and inspections are performed.

AUDITEE'S RESPONSE

The County Commission and County Clerk provided the following response:

We are in the process of working toward implementing the recommendations made above. Since completion of the audit fieldwork, equipment items in the council room, vault, County Clerk's office, Circuit Clerk's office, and Prosecuting Attorney's office have been tagged.

5. Townships' Published Financial Statements

The County Clerk does not ensure financial statements of township road boards are prepared and published as required by state law. Section 231.290, RSMo 2000, requires the County Clerk to prepare a form to be utilized by the townships to provide a detailed account of their financial activity, along with an inventory of the township's property, which should be published in a local newspaper and filed with the County Clerk.

WE RECOMMEND the County Clerk prepare a form to be utilized by the townships that provides a detailed account of the township's financial activity and property. In addition, the County Clerk should ensure all townships file completed financial statements with her office and publish in a local newspaper in accordance with state law.

AUDITEE'S RESPONSE

The County Clerk provided the following response:

A form was developed and sent to each of the townships. We have received eleven of the townships' information and have required each township to publish their own financial statements.

6.**Circuit Court Accrued Costs Procedures**

As similarly discussed in several prior audit reports, formal procedures have not been established to ensure all accrued costs (court costs, incarceration costs, court-ordered restitution, and fines) pertaining to criminal and civil cases are adequately identified and pursued. Communication and overall recordkeeping procedures have serious weaknesses.

- A.1. When an order of probation or a specified court order includes the payment of victim restitution and the case does not involve a juvenile as defendant, the Circuit Judge orders that the restitution be paid through the Sheriff's department. While the Circuit Judge may set the amount of restitution, he generally defers that determination to the probation and parole officer. In either situation there is no formal communication to the Sheriff's department notifying them of their obligation to collect monies and providing such information as case number, defendant name(s), restitution amounts assessed, and payment plan details (frequency of payments, amount of individual payments). Sheriff's department personnel indicated there have been instances when they were unaware of amounts owed until a defendant came to their office to make a payment, and it then became necessary to contact the court and/or probation and parole officer for more information.
2. As of April 2004, the Sheriff's department was monitoring restitution for thirty cases totaling approximately \$73,000 in outstanding restitution. We reviewed these files and noted some concerns.
- Twelve defendants were not making payments in accordance with their order of probation or specified court order.
 - For some cases there were discrepancies between the Sheriff department's restitution payment records and the probation and parole case summary report.
 - In one instance the Sheriff's department records initially showed that approximately \$47,000 was due from one defendant, while the court records and probation and parole records showed there were actually three defendants each owing a third of this overall amount. Because only one defendant had made any payments toward the restitution balance and neither the court or probation and parole had provided case details, the Sheriff's department personnel were not aware of the other defendants.

The Sheriff indicated that he periodically reviews the cases and will notify the court and probation and parole of the lack of payments. However, without specific payment plan information, the Sheriff's department personnel may not identify problems with improper payments amounts or untimely payments, resulting in inadequate monitoring and follow up procedures.

3. The Sheriff's department personnel recently deemed some case restitution amounts to be uncollectible, removed these files from the active cases, and placed them in storage. Restitution for these cases was ordered prior to 1995 and totaled approximately \$81,000. Approximately \$51,500 remained due when the Sheriff took this action. The court was not notified and there is nothing in the court's records regarding the status of these cases.
4. Overall records of court-ordered restitution are not adequate. Except for restitution pertaining to juvenile cases, the circuit court does not enter information regarding restitution orders and amounts into the court's Justice Information System (JIS) with other criminal costs due from the defendant. The Circuit Clerk indicated this is not done since collecting the restitution is not the responsibility of the court. This, along with the fact that the Sheriff's department does not maintain a summary listing of restitution amounts due and paid, results in no complete record of restitution and lessens the county's ability to monitor and follow up on outstanding amounts due. Based on amounts discussed above, there is at least \$124,500 in unpaid court-ordered restitution that is not recorded in a summary record. A complete and accurate listing of accrued court-ordered restitution would allow the Circuit Court and Sheriff to more easily review the amounts due and to take appropriate steps to ensure amounts owed are collected or to determine if amounts are uncollectible.

To ensure that all applicable monies are received by the Circuit Court and/or Sheriff's department, formal procedures should be established and records of court-ordered restitution should be maintained. These records should be periodically reviewed to ensure that accrued restitution amounts are identified and followed up on in a timely manner.

- B. When a case is closed and the accrued costs (court costs, incarceration costs, and fines) are determined, the Circuit Clerk prepares and sends a cost bill to the defendant. If payment is not received, the Circuit Clerk does not initiate any further collection procedures. By not adequately monitoring accrued costs, these costs could remain uncollected and might eventually result in lost revenue. A summary record of outstanding costs due is not generated periodically by the Circuit Court's office to determine the amount of outstanding billings. A listing printed at our request as of January 2004 shows outstanding accrued case costs of \$106,723, which includes various costs and fines but does not include restitution amounts.

WE RECOMMEND the Circuit Clerk:

- A. Work with the Circuit Judge and Sheriff to improve communication efforts, develop court-ordered restitution records, and ensure that the status of cases with restitution balances are monitored and all appropriate actions are taken to pursue any unpaid amounts due.
- B. Establish adequate procedures to monitor and collect accrued costs.

AUDITEE'S RESPONSE

The Circuit Clerk provided the following response:

- A. *I talked with the probation office and the Sheriff, and we have agreed that the Sheriff's office will be informed of an order for restitution that is established, according to a certain amount. If the amount is uncertain, the probation office will determine the proper amount and inform the Sheriff. The circuit clerk's office will, in either case, inform both offices of the order for restitution. After talking to these offices I have learned that the Prosecuting Attorney's office will begin collecting court-ordered restitution, and has an excellent program to trace payments. Until this transition is made, the court will work with the Sheriff and probation office as indicated.*
- B. *I am aware that all costs have not been collected, but really not to the extent of the amount stated in the report. The amount in the report is not inaccurate, but many of the people that owe money leave this part of the country and cannot be contacted or later commit another crime and end up in prison. Many pay ten or twenty dollars on a cost bill of eleven or twelve hundred dollars. We will step up our efforts to collect by reviewing outstanding bills more frequently, and pursue the collection of the same. However, it is like trying to get blood from a turnip, because most of the debtors are basically irresponsible. Regardless, we will do our best to rectify the problem.*

Follow-Up on Prior Audit Findings

CHARITON COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with Government Auditing Standards, this section reports the auditor's follow-up on action taken by Chariton County, Missouri, on findings in the Management Advisor Report (MAR) of the audit report issued for the two years ended December 31, 1999. The prior recommendations which have not been implemented, but are considered significant are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. County Commission Minutes

The County Commission did not maintain adequate minutes of its meetings. Unofficial notes for the meetings were kept by one of the commissioners in a handwritten minutes book. These unofficial notes did not always include a record of votes taken and were generally vague and barely legible. The County Clerk had not typed the minutes into the official record book or submitted them to the County Commission for their approval since September 18, 1995.

Recommendation:

The County Commission ensure a formal and complete record of commission meetings is made and approved on a timely basis.

Status:

Partially implemented. Minutes for the 2004 meetings have been typed into the official record book and approved. In addition, handwritten minutes for 2003 and 2002 were legible and included a record of votes taken. Most minutes from September 1995 to 2003 still have not been typed. Although not repeated in the current MAR, our recommendation remains as stated above.

2. County Expenditures

- A. Bids were not always solicited nor was sufficient bid documentation always retained for some significant purchases made by the county.
- B. County procedures for approving, completing and monitoring repairs made to drainage districts did not comply with statutory provisions. Written maintenance reports were not submitted. Rather, individual landowners from drainage districts verbally requested approval from the County Commission to make the repair. County Commission considerations and approvals of such requests were not always documented in commission minutes.

Recommendation:

The County Commission:

- A. Solicit bids for all purchases in accordance with state law and maintain adequate documentation of all bids obtained. If bids cannot be obtained and/or sole source procurement is necessary, the County Commission minutes should reflect the circumstances.
- B. Ensure that the process for approving, completing, and monitoring repairs and improvements made to drainage districts complies with state law. In addition, information in the County Commission minutes regarding drainage district decisions needs to be improved.

Status:

- A. Implemented.
- B. Partially implemented. Improvements were noted in the approval and documentation process. When repairs or improvements are needed, individual landowners from drainage districts, after apparently consulting with the district's advisory board, submit written requests for approval of the County Commission. Considerations and approvals of such requests are documented in commission minutes. In addition, the U.S. Army Corp of Engineers is also approving requests. Although not repeated in the current MAR, our recommendation remains as stated above.

3. General Fixed Assets

Various required inventories and inspections of fixed assets were not performed, and no reports were filed with the County Clerk. In addition, property tags were not affixed to county property.

Recommendation:

The County Commission establish a written policy related to the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for the handling of asset disposition, and any other concerns associated with county property. In addition, all general fixed assets should be tagged or otherwise identified as county-owned property.

Status:

Partially implemented. The county now has a policy and related procedures, and efforts are being made to implement a tagging system. However, the county is not doing the required

inspections and annual physical inventories. In addition, records are not complete and accurate. See MAR No. 4.

4. County Personnel Policies

The county's personnel policies manual had not been updated since 1989. Some policies were unclear or outdated. The county did not have a formal policy for phone usage.

Recommendation:

The County Commission establish and formally adopt an updated county-wide personnel policies manual that reflects current county policies. Policies regarding county phone usage should be developed and included. In addition, the County Commission should review telephone usage in the various county offices and request reimbursements as deemed appropriate.

Status:

Partially implemented. The policy manual from 1989 is still being used. Policy changes (i.e., mileage reimbursement rate changes) are communicated to the various county offices and officials via memos or verbal discussion. Although a written phone usage policy has not been adopted, the County Clerk's office reviews phone bills for inappropriate personal calls. See MAR No. 3.

5. Assessment Withholdings

The Ex Officio Collector did not consider Proposition C adjustments when determining the one percent assessment withholdings resulting in the General Revenue Fund funding a larger portion of assessment costs than necessary.

Recommendation:

The Ex Officio Collector adjust the amounts withheld from school tax collections to take into consideration the effects of Proposition C and withhold the appropriate portion for assessment purposes as provided by statute. In addition, the county should consider recalculating the assessment withholding amounts for the past years and withhold appropriate amounts from future school property tax distributions.

Status:

Partially implemented. Adjustments, totaling approximately \$10,000, were made to correct withholding amounts for the 1996 through 1999 school tax collections and the one percent assessment withholdings have been properly calculated since the last audit. No adjustments have been made for years previous to 1996. Although not repeated in the current MAR, our recommendation remains as stated above.

6. Circuit Court Liabilities

The Circuit Clerk did not prepare a monthly listing of liabilities.

Recommendation:

The Circuit Clerk establish and maintain an accurate monthly listing of liabilities which can be reconciled to the appropriate accounting records.

Status:

Implemented.

7. Circuit Court Accrued Costs Records and Procedures

- A.1. Although payments for accrued costs were not made as required by court order for several cases, appropriate actions had not been taken by the court to collect the costs from the defendant or bill the state.
- 2. The Circuit Clerk did not submit criminal cost billings to the state timely or for all applicable cases, resulting in lost revenues for the county.
- 3. Criminal cost billings prepared by the Circuit Clerk and sent to defendants, the state, or other counties were not always completed properly.
- B. The court did not pursue all options available or take appropriate follow-up action to collect outstanding restitution balances for all cases. Communication between the Circuit Clerk and Sheriff regarding the status of restitution cases was not adequate.

Recommendation:

The Circuit Clerk:

- A.1. Establish adequate procedures to monitor and collect accrued costs.
- 2. Take timely action to ensure any unbilled costs pertaining to past 120 day cases are billed to the state before the two-year time limit expires. In addition, in the future, the Circuit Clerk should ensure that all billable criminal costs are billed to the state on a timely basis.
- 3. Work with the Sheriff to ensure the accuracy of cost billings to defendants and other political subdivisions.

- B. Work with the Circuit Judge and Sheriff to ensure that the status of cases with restitution balances are monitored and all appropriate actions are taken to pursue any unpaid amounts due.

Status:

- A.1. Not implemented. See MAR No. 6.

A.2

- &3. Implemented.

- B. Partially implemented. We noted improvements in the circuit court's use of various options available to collect unpaid restitution amounts and consideration of probation and parole officer recommendations. The Sheriff does not have a summary record showing total restitution owed by the various defendants, but he does review the cases every few months to identify any individuals not making payments and notifies the court and probation and parole personnel of these cases. For concerns noted with the county's restitution collection procedures, see MAR No. 6.

8. Sheriff's Accounting Records, Controls, and Procedures

- A. Accounting and record keeping duties were not properly segregated. All employees collected receipts and had access to monies received. The bookkeeper had primary responsibility for all receipting disbursing tasks, and performed. the month end bank reconciliation, No independent oversight of these processes was performed. The monies received from the sales of snacks and sodas were not properly controlled or accounted for.
- B. The method of payment was not indicated on the receipt slips and they were not properly controlled and accounted for. Although subsidiary ledger sheets were maintained for each prisoner's inmate account, they were not reconciled to the inmate bank account balance. In addition, a periodic comparison of county purchases of snack and soda inventories to total sales and monies periodically remitted to the County Treasurer was not performed.

Recommendation:

The Sheriff:

- A. Limit the access to monies received, maintain records of all monies received and disbursed, compare the composition of receipts to deposits, and properly review and approve the monthly bank reconciliations.
- B.1. Indicate the method of payment of all receipt slips, properly control receipt slips, and properly account for the numerical sequence.

2. Investigate the reason for the unreconcilable difference between the subsidiary ledger sheets and inmate account and prepare a monthly listing of individual inmate balances to document what comprises the bank balance.
3. Perform periodic comparisons of county purchases to overall sales and transmittals to the County Treasurer.

Status:

A&B. Implemented.

STATISTICAL SECTION

History, Organization, and
Statistical Information

CHARITON COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1820, the county of Chariton was possibly named after the Chariton River or possible after John Chavrette, a fur trader who drowned in what is now the Chariton River. Chariton County is a township-organized, third-class county and is part of the Ninth Judicial Circuit. The county seat is Keytesville.

Chariton County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, 218 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens. The townships maintain approximately 800 miles of county roads.

The county's population was 10,489 in 1980 and 8,438 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,				
		2003	2002	2001	2000	1985* 1980**
		(in millions)				
Real estate	\$	48.3	46.9	46.3	45.6	46.2 28.4
Personal property		24.1	25.5	24.9	24.6	10.9 11.2
Railroad and utilities		32.6	32.4	29.7	29.9	31.8 24.5
Total	\$	105.0	104.8	100.9	100.1	88.9 64.1

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Chariton County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,			
		2003	2002	2001	2000
General Revenue Fund	\$	.2900	.2900	.2900	.2900
Health Center Fund		.0993	.0989	.1000	.1000
Senate Bill 40 Board Fund		.0800	.0700	.0700	.0700

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county and townships bill and collect property taxes for themselves and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28 (29),			
	2004	2003	2002	2001
State of Missouri	\$ 31,397	31,198	29,991	29,687
General Revenue Fund	333,177	332,774	331,100	323,597
Special Road and Bridge Fund	728,381	720,930	701,771	695,840
Assessment Fund	61,001	60,783	59,441	64,683
Health Center Fund	101,751	100,748	97,938	97,216
Senate Bill 40 Board Fund	82,309	71,926	69,017	67,973
School districts	3,964,387	3,950,574	3,819,065	3,741,473
Townships	108,759	108,083	104,997	105,595
Ambulance district	248,926	257,454	256,827	254,722
Fire protection district	88,578	87,726	88,581	89,134
Drainage districts	21,906	21,621	21,532	22,519
Watershed district	3,701	3,747	3,557	3,837
Cities	39,885	39,287	35,442	36,985
County Clerk	305	293	285	291
County Employees' Retirement	13,534	13,125	13,048	12,553
Tax Maintenance Fund	6,143	2,690	0	0
Commissions and fees:				
Township Collectors	41,647	41,656	41,626	40,830
General Revenue Fund	70,221	69,420	65,052	64,849
Total	\$ 5,946,008	5,914,033	5,739,269	5,651,784

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),				
	2003	2002	2001	2000	
Real estate	97	97	97	97	%
Personal property	95	96	97	95	
Railroad and utilities	100	100	100	100	
Drainage districts	97	97	97	98	

Chariton County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$.0050	None	50	%
Law Enforcement	.0050	None	None	
Enhanced 911	.0100	None	None	
Use Tax	.0100	None	None	

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2004	2003	2002	2001	2000
County-Paid Officials:					
Larry R. Peters, Presiding Commissioner		24,572	24,572	23,384	23,384
Gail Brown, Associate Commissioner		22,572	22,752	21,384	21,384
Ray Dowell, Associate Commissioner		22,572	22,752	21,384	21,384
Susan Littleton, County Clerk		34,200	34,200	32,400	32,400
Robert Wheeler, Prosecuting Attorney		6,750			
Julie Fox, Prosecuting Attorney		33,750	40,500	38,700	38,700
Christopher Hughes, Sheriff		37,800	37,800	36,000	35,000
Larry Breshears, County Coroner		9,900	9,900	9,000	
William Leatherwood, County Coroner					5,500
Patti Yung, Public Administrator (1)		13,500	13,500	19,500	12,100
Beverly Vasser, Treasurer and Ex Officio County Collector, year ended February 28 (29),	34,200	34,200	31,486	28,745	
Darrin Gladbach, County Assessor (2), year ended August 31,		35,100	35,100		
Jerry Hayes, County Assessor (2), year ended August 31,				33,300	33,300
Marcus Magee, County Surveyor (3)					

(1) Includes fees received from probate cases in 2000. Beginning in 2001, the Public Administrator elected to receive a salary in lieu of fees. The 2001 amount also includes \$6,000 in salary received for 2000.

(2) Includes \$900 annual compensation received from the state.

(3) Compensation on a fee basis.

State-Paid Officials:

Robert Widmer, Circuit Clerk and Ex Officio Recorder of Deeds	47,300	47,300	47,300	46,126
Michael Midyett, Associate Circuit Judge	96,000	96,000	96,000	97,382

Following the completion of the jail in 1995, the county entered into a 20 year lease-purchase agreement to pay for the building. At December 31, 2003, the county owed \$1,190,000 in principal and \$530,731 in interest for a total of \$1,720,731. However, in July 2004, the county paid \$958,329, the remaining principal on this loan; saving approximately \$490,000 in interest.



**WRIGHT COUNTY, MISSOURI
YEARS ENDED DECEMBER 31, 2003 AND 2002**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-76
September 28, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

September 2004

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Wright, that do not have a county auditor. In addition to a financial and compliance audit of various county operating funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Wright County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The county's controls and procedures over county expenditures need improvement. Bids were not always solicited, adequate supporting documentation was not always retained, disbursements were not properly monitored, and mileage paid to the sheriff was not adequately documented.
- The county has not established procedures to monitor collateral securities pledged by its depository bank, and as a result, funds were undercollateralized by approximately \$870,000 and \$777,000 during January 2004 and 2003, respectively.
- County Commission minutes were not prepared to document the matters discussed in closed meetings and open meeting minutes did not always document the reasons for closing the meeting, or the final disposition of matters discussed in closed meetings.
- A Title IV-D (Child Support Enforcement) Program claim form was not filed timely with the Missouri Department of Social Services (DSS) resulting in \$1,969 in lost revenue to the county. The Prosecuting Attorney authorized a transfer of \$1,969 from the Prosecuting Attorney Bad Check Fund to reimburse the General Revenue Fund.
- Numerous problems were noted relating to Prosecuting Attorneys' accounting controls and procedures. Bad check collection procedures need improvement, court ordered restitution is not adequately monitored, and the bad check account and restitution account had \$3,441 and \$2,356 in unidentified funds, respectively. Additionally, improvements are needed with segregation of accounting duties and controls over receipts. Further, concerns were noted with the compensation paid to employees from the Prosecuting Attorney Bad Check Fund and Prosecuting Attorney Delinquent Tax Fund.
- The County Collector withheld excess commissions totaling approximately \$9,400 on railroad and utility taxes, and \$4,000 on surtax collections. Additionally, surtax distributions

YELLOW SHEET

need to be reviewed.

- Prior audit reports have addressed the inadequacy of the Sheriff's accounting controls and procedures; however, weaknesses still exist in controls over receipts and monthly bank reconciliation procedures. Receipts were not deposited timely, receipt slips were not always issued, and bank accounts were not properly reconciled. At June 30, 2004, the reconciled balance in the Sheriff's Civil Fees account was only \$2,403. Approximately \$1,230 of the balance was being held as civil process fees and \$1,740 was due to the County Treasurer, resulting in a shortage of \$567. Additionally, improvements are needed with the segregation of accounting duties, controls over seized property, and controls over fuel usage.
- The Juvenile Detention Center (JDC) has not established procedures to maintain accurate financial information, and operating costs have not been analyzed to ensure the JDC recovers all costs. In addition, budgets were incomplete, and the actual cash balance was not accurately reported on the 2003 and 2002 budgets. Further, accounting duties are not adequately segregated and controls over expenditures need improvement at the JDC and Juvenile Office.

Also included in the audit were recommendations related to budgetary practices, payroll, property tax system, preparation of the county's schedule of federal awards, and a road and bridge maintenance plan. The audit also suggested improvements in the procedures of the County Treasurer, Ex Officio Recorder of Deeds, Associate Circuit Division, Health Center and Developmentally Disabled Board.

All reports are available on our website: www.auditor.mo.gov

WRIGHT COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Wright County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Wright County, Missouri, as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Wright County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2003 and 2002, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated August 10, 2004, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Wright County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.



Claire McCaskill
State Auditor

August 10, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Donna Christian, CPA, CGFM
In-Charge Auditor:	April McHaffie Lathrom, CPA
Audit Staff:	Jody Vernon, CPA
	Ted Fugitt, CPA
	Mark Hubbell



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission
and
Officeholders of Wright County, Missouri

We have audited the financial statements of various funds of Wright County, Missouri, as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated August 10, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of various funds of Wright County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Wright County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition

in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Wright County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

August 10, 2004 (fieldwork completion date)

Financial Statements

Exhibit A

WRIGHT COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2003

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 438,899	1,302,847	1,414,658	327,088
Special Road and Bridge	138,091	1,496,673	1,350,534	284,230
Assessment	274	155,463	140,619	15,118
Law Enforcement Training	3,535	5,342	6,238	2,639
Prosecuting Attorney Training	1,286	869	772	1,383
Prosecuting Attorney Bad Check	3,156	31,499	20,942	13,713
Local Emergency Planning Commission	5,070	6,921	6,003	5,988
Recorder User Fee	81,141	11,337	0	92,478
Domestic Shelter	0	752	647	105
Computer Upgrade/Remodeling	48,837	540	48,500	877
Sheriff Civil Fees	11,259	62,188	70,144	3,303
Election Services	3,026	1,046	2,243	1,829
Collector's Tax Maintenance	715	14,700	4,868	10,547
Recorder Technology	8,521	6,280	0	14,801
Plat Book	0	10,761	9,218	1,543
Juvenile Detention Center	173,095	273,493	363,718	82,870
Developmentally Disabled	525,402	133,281	72,399	586,284
Health Center	202,226	453,537	436,454	219,309
Associate Circuit Division Interest	2,127	171	1,123	1,175
Circuit Clerk Interest	5,769	608	311	6,066
Law Library	2,254	3,744	4,567	1,431
Prosecuting Attorney Delinquent Tax	1,338	2,567	2,908	997
Children's Home	0	41,199	41,199	0
Inmate Security	0	472	0	472
Local Law Enforcement Block Grant	0	8,400	8,400	0
Total	\$ 1,656,021	4,024,690	4,006,465	1,674,246

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A

WRIGHT COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 440,586	1,331,962	1,333,649	438,899
Special Road and Bridge	172,285	1,393,915	1,428,109	138,091
Assessment	232	153,455	153,413	274
Law Enforcement Training	3,101	5,661	5,227	3,535
Prosecuting Attorney Training	357	943	14	1,286
Prosecuting Attorney Bad Check	13,374	24,207	34,425	3,156
Local Emergency Planning Commission	9,160	6,168	10,258	5,070
Recorder User Fee	73,427	11,329	3,615	81,141
Domestic Shelter	136	752	888	0
Computer Upgrade/Remodeling	50,748	8,932	10,843	48,837
Sheriff Civil Fees	6,220	31,999	26,960	11,259
Election Services	89	3,390	453	3,026
Children's Home	0	255,283	255,283	0
Drug	9	1	10	0
Juvenile Detention Center	250,899	195,068	272,872	173,095
Developmentally Disabled	545,558	97,558	117,714	525,402
Health Center	199,582	480,048	477,404	202,226
Associate Circuit Division Interest	2,300	242	415	2,127
Circuit Clerk Interest	6,304	1,101	1,636	5,769
Law Library	3,185	3,931	4,862	2,254
Prosecuting Attorney Delinquent Tax	2,446	1,120	2,228	1,338
Collector's Tax Maintenance	0	715	0	715
Recorder Technology	1,987	6,534	0	8,521
Total	\$ 1,781,985	4,014,314	4,140,278	1,656,021

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

WRIGHT COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TOTALS - VARIOUS FUNDS</u>						
RECEIPTS	\$ 4,195,762	3,972,052	(223,710)	4,154,504	4,005,945	(148,559)
DISBURSEMENTS	4,729,935	3,953,958	775,977	4,414,596	4,138,050	276,546
RECEIPTS OVER (UNDER) DISBURSEMENTS	(534,173)	18,094	552,267	(260,092)	(132,105)	127,987
CASH, JANUARY 1	1,615,986	1,654,683	38,697	1,758,655	1,777,552	18,897
CASH, DECEMBER 31	1,081,813	1,672,777	590,964	1,498,563	1,645,447	146,884
<u>GENERAL REVENUE FUND</u>						
RECEIPTS						
Property taxes	52,000	53,350	1,350	52,500	52,259	(241)
Sales taxes	667,000	703,932	36,932	690,000	667,781	(22,219)
Intergovernmental	193,286	204,517	11,231	313,550	267,876	(45,674)
Charges for services	246,050	239,427	(6,623)	198,000	236,907	38,907
Interest	20,000	15,113	(4,887)	23,000	23,374	374
Other	25,204	26,990	1,786	31,030	25,644	(5,386)
Transfers in	57,300	59,518	2,218	52,800	58,121	5,321
Total Receipts	1,260,840	1,302,847	42,007	1,360,880	1,331,962	(28,918)
DISBURSEMENTS						
County Commissioner	64,887	66,782	(1,895)	65,472	64,724	748
County Clerk	54,072	54,692	(620)	54,020	54,031	(11)
Elections	21,687	20,109	1,578	56,811	51,194	5,617
Buildings and grounds	67,329	70,359	(3,030)	58,965	65,556	(6,591)
Employee fringe benefit	173,799	177,581	(3,782)	146,500	184,217	(37,717)
County Treasurer	24,108	25,145	(1,037)	24,550	26,245	(1,695)
County Collector	78,921	76,097	2,824	73,815	76,819	(3,004)
Recorder of Deeds	22,586	22,324	262	24,899	23,536	1,363
Circuit Clerk	8,825	8,724	101	8,350	7,028	1,322
Associate Circuit Court	11,903	10,684	1,219	11,000	11,609	(609)
Court administration	10,551	9,592	959	9,551	9,012	539
Public Administrator	11,313	10,360	953	11,411	11,050	361
Sheriff	243,083	249,556	(6,473)	239,415	239,660	(245)
Jail	105,621	200,411	(94,790)	69,358	107,386	(38,028)
Prosecuting Attorney	94,077	96,515	(2,438)	96,777	97,298	(521)
Juvenile Officer	97,230	82,789	14,441	220,194	131,763	88,431
County Coroner	16,320	14,503	1,817	16,045	18,219	(2,174)
Public health and welfare service	22,788	22,083	705	22,645	18,363	4,282
Other	123,676	152,536	(28,860)	84,215	99,619	(15,404)
Transfers out	240,000	43,816	196,184	25,000	36,320	(11,320)
Emergency Fund	37,825	0	37,825	40,826	0	40,826
Total Disbursements	1,530,601	1,414,658	115,943	1,359,819	1,333,649	26,170
RECEIPTS OVER (UNDER) DISBURSEMENTS	(269,761)	(111,811)	157,950	1,061	(1,687)	(2,748)
CASH, JANUARY 1	438,899	438,899	0	431,440	440,586	9,146
CASH, DECEMBER 31	169,138	327,088	157,950	432,501	438,899	6,398

Exhibit B

WRIGHT COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	7,000	14,918	7,918	20,000	18,594	(1,406)
Sales taxes	670,000	681,981	11,981	400,000	399,108	(892)
Intergovernmental	883,000	788,499	(94,501)	930,000	965,771	35,771
Charges for services	0	0	0	25,000	0	(25,000)
Interest	5,500	6,365	865	20,000	7,478	(12,522)
Other	2,300	4,910	2,610	45,750	2,964	(42,786)
Transfers in	0	0	0	15,000	0	(15,000)
Total Receipts	1,567,800	1,496,673	(71,127)	1,455,750	1,393,915	(61,835)
DISBURSEMENTS						
Salaries	432,810	414,614	18,196	370,000	370,027	(27)
Employee fringe benefit	125,127	131,783	(6,656)	111,500	99,380	12,120
Supplies	74,900	87,169	(12,269)	77,100	64,404	12,696
Insurance	25,000	25,146	(146)	5,000	8,411	(3,411)
Road and bridge materials	322,550	223,206	99,344	430,000	493,001	(63,001)
Equipment repairs	100,000	79,906	20,094	80,000	96,947	(16,947)
Rentals	600	845	(245)	4,700	592	4,108
Equipment purchases	103,828	104,173	(345)	170,000	79,449	90,551
Construction, repair, and maintenance	27,500	29,111	(1,611)	0	42,433	(42,433)
Distribution to special road district	200,100	204,594	(4,494)	140,000	119,732	20,268
Other	12,425	10,946	1,479	15,100	12,045	3,055
Transfers out	42,745	39,041	3,704	45,000	41,688	3,312
Emergency Fund	100,000	0	100,000	0	0	0
Total Disbursements	1,567,585	1,350,534	217,051	1,448,400	1,428,109	20,291
RECEIPTS OVER (UNDER) DISBURSEMENTS	215	146,139	145,924	7,350	(34,194)	(41,544)
CASH, JANUARY 1	138,091	138,091	0	164,019	172,285	8,266
CASH, DECEMBER 31	138,306	284,230	145,924	171,369	138,091	(33,278)
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	112,520	107,924	(4,596)	128,000	119,290	(8,710)
Charges for services	750	829	79	625	756	131
Interest	500	461	(39)	1,100	555	(545)
Other	1,000	2,749	1,749	275	3,248	2,973
Transfers in	46,196	43,500	(2,696)	33,700	29,606	(4,094)
Total Receipts	160,966	155,463	(5,503)	163,700	153,455	(10,245)
DISBURSEMENTS						
Assessor	160,966	140,619	20,347	163,637	153,413	10,224
Total Disbursements	160,966	140,619	20,347	163,637	153,413	10,224
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	14,844	14,844	63	42	(21)
CASH, JANUARY 1	274	274	0	232	232	0
CASH, DECEMBER 31	274	15,118	14,844	295	274	(21)

Exhibit B

WRIGHT COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Charges for service:	5,600	4,969	(631)	8,000	5,511	(2,489)
Interest	0	63	63	100	109	9
Other	0	310	310	0	41	41
Total Receipts	5,600	5,342	(258)	8,100	5,661	(2,439)
DISBURSEMENTS						
Sheriff	9,000	6,238	2,762	7,100	5,227	1,873
Transfers out	0	0	0	1,000	0	1,000
Total Disbursements	9,000	6,238	2,762	8,100	5,227	2,873
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,400)	(896)	2,504	0	434	434
CASH, JANUARY 1	3,535	3,535	0	3,101	3,101	0
CASH, DECEMBER 31	135	2,639	2,504	3,101	3,535	434
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for service:	855	836	(19)	1,500	903	(597)
Interest	40	33	(7)	10	40	30
Total Receipts	895	869	(26)	1,510	943	(567)
DISBURSEMENTS						
Prosecuting Attorney	2,100	772	1,328	1,367	14	1,353
Total Disbursements	2,100	772	1,328	1,367	14	1,353
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,205)	97	1,302	143	929	786
CASH, JANUARY 1	1,287	1,286	(1)	357	357	0
CASH, DECEMBER 31	82	1,383	1,301	500	1,286	786
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for service:	22,611	31,157	8,546	26,167	23,680	(2,487)
Interest	520	342	(178)	460	527	67
Total Receipts	23,131	31,499	8,368	26,627	24,207	(2,420)
DISBURSEMENTS						
Prosecuting Attorney	3,400	3,708	(308)	11,713	20,438	(8,725)
Transfers out	19,461	17,234	2,227	20,000	13,987	6,013
Total Disbursements	22,861	20,942	1,919	31,713	34,425	(2,712)
RECEIPTS OVER (UNDER) DISBURSEMENTS	270	10,557	10,287	(5,086)	(10,218)	(5,132)
CASH, JANUARY 1	3,156	3,156	0	13,374	13,374	0
CASH, DECEMBER 31	3,426	13,713	10,287	8,288	3,156	(5,132)

Exhibit B

WRIGHT COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LOCAL EMERGENCY PLANNING COMMISSION FUND</u>						
RECEIPTS						
Intergovernmental	2,830	6,753	3,923	7,700	5,715	(1,985)
Interest	300	168	(132)	500	453	(47)
Total Receipts	3,130	6,921	3,791	8,200	6,168	(2,032)
DISBURSEMENTS						
Emergency Planning	8,200	6,003	2,197	13,900	10,158	3,742
Transfers out	0	0	0	0	100	(100)
Total Disbursements	8,200	6,003	2,197	13,900	10,258	3,642
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,070)	918	5,988	(5,700)	(4,090)	1,610
CASH, JANUARY 1	5,070	5,070	0	9,160	9,160	0
CASH, DECEMBER 31	0	5,988	5,988	3,460	5,070	1,610
<u>RECORDER USER FEE FUND</u>						
RECEIPTS						
Charges for service:	7,500	8,632	1,132	7,300	7,586	286
Interest	3,800	2,705	(1,095)	3,400	3,743	343
Total Receipts	11,300	11,337	37	10,700	11,329	629
DISBURSEMENTS						
Recorder	40,000	0	40,000	35,000	3,615	31,385
Total Disbursements	40,000	0	40,000	35,000	3,615	31,385
RECEIPTS OVER (UNDER) DISBURSEMENTS	(28,700)	11,337	40,037	(24,300)	7,714	32,014
CASH, JANUARY 1	81,141	81,141	0	73,427	73,427	0
CASH, DECEMBER 31	52,441	92,478	40,037	49,127	81,141	32,014
<u>DOMESTIC SHELTER FUND</u>						
RECEIPTS						
Charges for service:	1,000	745	(255)	1,500	730	(770)
Interest	35	7	(28)	25	22	(3)
Total Receipts	1,035	752	(283)	1,525	752	(773)
DISBURSEMENTS						
Domestic violence shelte	1,035	647	388	800	888	(88)
Total Disbursements	1,035	647	388	800	888	(88)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	105	105	725	(136)	(861)
CASH, JANUARY 1	0	0	0	136	136	0
CASH, DECEMBER 31	0	105	105	861	0	(861)

Exhibit B

WRIGHT COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>COMPUTER UPGRADE/REMODELING FUND</u>						
RECEIPTS						
Interest	2,000	540	(1,460)	500	2,112	1,612
Transfers in	200,000	0	(200,000)	10,000	6,820	(3,180)
Total Receipts	202,000	540	(201,460)	10,500	8,932	(1,568)
DISBURSEMENTS						
Computers	1,837	0	1,837	15,000	10,843	4,157
Building repairs	249,000	48,500	200,500	40,000	0	40,000
Total Disbursements	250,837	48,500	202,337	55,000	10,843	44,157
RECEIPTS OVER (UNDER) DISBURSEMENTS	(48,837)	(47,960)	877	(44,500)	(1,911)	42,589
CASH, JANUARY 1	48,837	48,837	0	50,748	50,748	0
CASH, DECEMBER 31	0	877	877	6,248	48,837	42,589
<u>SHERIFF CIVIL FEES FUND</u>						
RECEIPTS						
Intergovernmental	45,388	31,743	(13,645)	0	0	0
Charges for services	32,200	29,452	(2,748)	29,200	31,528	2,328
Interest	0	243	243	300	471	171
Other	0	750	750	0	0	0
Total Receipts	77,588	62,188	(15,400)	29,500	31,999	2,499
DISBURSEMENTS						
Sheriff	85,353	69,442	15,911	29,157	26,960	2,197
Transfers out	0	702	(702)	0	0	0
Total Disbursements	85,353	70,144	15,209	29,157	26,960	2,197
RECEIPTS OVER (UNDER) DISBURSEMENTS	(7,765)	(7,956)	(191)	343	5,039	4,696
CASH, JANUARY 1	11,259	11,259	0	6,220	6,220	0
CASH, DECEMBER 31	3,494	3,303	(191)	6,563	11,259	4,696
<u>ELECTION SERVICES FUND</u>						
RECEIPTS						
Intergovernmental	1,000	995	(5)	3,500	3,225	(275)
Interest	60	51	(9)	100	69	(31)
Other	0	0	0	0	96	96
Total Receipts	1,060	1,046	(14)	3,600	3,390	(210)
DISBURSEMENTS						
Election expenses	4,000	2,243	1,757	3,600	229	3,371
Transfers out	0	0	0	0	224	(224)
Total Disbursements	4,000	2,243	1,757	3,600	453	3,147
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,940)	(1,197)	1,743	0	2,937	2,937
CASH, JANUARY 1	3,026	3,026	0	89	89	0
CASH, DECEMBER 31	86	1,829	1,743	89	3,026	2,937

Exhibit B

WRIGHT COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>COLLECTORS TAX MAINTENANCE FUND</u>						
RECEIPTS						
Charges for service:	15,000	14,588	(412)			
Interest	500	112	(388)			
Total Receipts	15,500	14,700	(800)			
DISBURSEMENTS						
Collector	4,700	4,868	(168)			
Total Disbursements	4,700	4,868	(168)			
RECEIPTS OVER (UNDER) DISBURSEMENTS	10,800	9,832	(968)			
CASH, JANUARY 1	715	715	0			
CASH, DECEMBER 31	11,515	10,547	(968)			
<u>RECORDER TECHNOLOGY FUND</u>						
RECEIPTS						
Charges for service:	6,200	5,959	(241)			
Interest	400	321	(79)			
Total Receipts	6,600	6,280	(320)			
DISBURSEMENTS						
Recorder	0	0	0			
Total Disbursements	0	0	0			
RECEIPTS OVER (UNDER) DISBURSEMENTS	6,600	6,280	(320)			
CASH, JANUARY 1	8,521	8,521	0			
CASH, DECEMBER 31	15,121	14,801	(320)			
<u>PLAT BOOK FUND</u>						
RECEIPTS						
Interest	25	54	29			
Other	15,769	10,707	(5,062)			
Total Receipts	15,794	10,761	(5,033)			
DISBURSEMENTS						
Plat book expense	10,969	9,218	1,751			
Total Disbursements	10,969	9,218	1,751			
RECEIPTS OVER (UNDER) DISBURSEMENTS	4,825	1,543	(3,282)			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	4,825	1,543	(3,282)			

Exhibit B

WRIGHT COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

Year Ended December 31,						
2003			2002			
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	
<u>CHILDREN'S HOME FUND</u>						
RECEIPTS						
Intergovernmental			296,482	255,283	(41,199)	
Total Receipts			296,482	255,283	(41,199)	
DISBURSEMENTS						
Children's home			296,482	255,283	41,199	
Total Disbursements			296,482	255,283	41,199	
RECEIPTS OVER (UNDER) DISBURSEMENTS			0	0	0	
CASH, JANUARY 1			0	0	0	
CASH, DECEMBER 31			0	0	0	
<u>DRUG FUND</u>						
RECEIPTS						
Interest			2	1	(1)	
Total Receipts			2	1	(1)	
DISBURSEMENTS						
Sheriff			11	10	1	
Total Disbursements			11	10	1	
RECEIPTS OVER (UNDER) DISBURSEMENTS			(9)	(9)	0	
CASH, JANUARY 1			9	9	0	
CASH, DECEMBER 31			0	0	0	
<u>JUVENILE DETENTION CENTER FUND</u>						
RECEIPTS						
Intergovernmental	269,158	263,661	(5,497)	190,325	187,857	(2,468)
Charges for services	13,000	3,992	(9,008)	9,000	4,501	(4,499)
Interest	0	492	492	0	2,131	2,131
Other	0	5,348	5,348	0	579	579
Total Receipts	282,158	273,493	(8,665)	199,325	195,068	(4,257)
DISBURSEMENTS						
Salaries	173,541	135,064	38,477	129,344	94,338	35,006
Office expenditures	100,000	73,650	26,350	83,000	67,276	15,724
Equipment	5,500	31,863	(26,363)	172,813	99,860	72,953
Mileage and training	9,598	1,812	7,786	7,700	2,393	5,307
Building	128,519	120,727	7,792	56,233	9,002	47,231
Other	0	602	(602)	0	3	(3)
Total Disbursements	417,158	363,718	53,440	449,090	272,872	176,218
RECEIPTS OVER (UNDER) DISBURSEMENTS	(135,000)	(90,225)	44,775	(249,765)	(77,804)	171,961
CASH, JANUARY 1	135,000	173,095	38,095	249,765	250,899	1,134
CASH, DECEMBER 31	0	82,870	82,870	0	173,095	173,095

Exhibit B

WRIGHT COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>DEVELOPMENTALLY DISABLED FUND</u>						
RECEIPTS						
Property taxes	100,507	120,390	19,883	106,100	82,651	(23,449)
Interest	10,060	12,891	2,831	20,061	14,907	(5,154)
Total Receipts	110,567	133,281	22,714	126,161	97,558	(28,603)
DISBURSEMENTS						
Funding for services	57,500	65,850	(8,350)	71,000	80,552	(9,552)
Capital expenses	100,000	3,500	96,500	0	36,189	(36,189)
Office expenditures	3,705	2,956	749	2,560	938	1,622
Mileage	40	93	(53)	50	35	15
Total Disbursements	161,245	72,399	88,846	73,610	117,714	(44,104)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(50,678)	60,882	111,560	52,551	(20,156)	(72,707)
CASH, JANUARY 1	525,402	525,402	0	545,558	545,558	0
CASH, DECEMBER 31	474,724	586,284	111,560	598,109	525,402	(72,707)
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes	98,000	104,280	6,280	92,000	99,981	7,981
Intergovernmental	313,722	310,250	(3,472)	312,993	329,272	16,279
Charges for services	14,885	14,534	(351)	15,215	16,513	1,298
Interest	9,500	5,969	(3,531)	10,379	11,292	913
Other	9,110	18,504	9,394	16,430	22,990	6,560
Total Receipts	445,217	453,537	8,320	447,017	480,048	33,031
DISBURSEMENTS						
Salaries	294,117	290,693	3,424	278,000	277,818	182
Office expenditures	41,500	38,246	3,254	47,460	62,121	(14,661)
Equipment	7,000	9,346	(2,346)	7,677	15,487	(7,810)
Mileage and training	12,000	9,546	2,454	10,000	11,620	(1,620)
Other	90,600	88,623	1,977	93,880	110,358	(16,478)
Total Disbursements	445,217	436,454	8,763	437,017	477,404	(40,387)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	17,083	17,083	10,000	2,644	(7,356)
CASH, JANUARY 1	202,987	202,226	(761)	199,913	199,582	(331)
CASH, DECEMBER 31	202,987	219,309	16,322	209,913	202,226	(7,687)
<u>ASSOCIATE CIRCUIT DIVISION INTEREST FUND</u>						
RECEIPTS						
Interest	181	171	(10)	425	242	(183)
Total Receipts	181	171	(10)	425	242	(183)
DISBURSEMENTS						
Associate Circuit Divisor	2,308	1,123	1,185	2,693	415	2,278
Total Disbursements	2,308	1,123	1,185	2,693	415	2,278
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,127)	(952)	1,175	(2,268)	(173)	2,095
CASH, JANUARY 1	2,127	2,127	0	2,300	2,300	0
CASH, DECEMBER 31	0	1,175	1,175	32	2,127	2,095

Exhibit B

WRIGHT COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest	400	608	208	500	1,101	601
Total Receipts	400	608	208	500	1,101	601
DISBURSEMENTS						
Circuit Clerk	1,800	311	1,489	1,200	1,636	(436)
Total Disbursements	1,800	311	1,489	1,200	1,636	(436)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,400)	297	1,697	(700)	(535)	165
CASH, JANUARY 1	4,405	5,769	1,364	5,622	6,304	682
CASH, DECEMBER 31	3,005	6,066	3,061	4,922	5,769	847
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for service:	4,000	3,744	(256)	4,000	3,931	(69)
Total Receipts	4,000	3,744	(256)	4,000	3,931	(69)
DISBURSEMENTS						
Law Library	4,000	4,567	(567)	4,000	4,862	(862)
Total Disbursements	4,000	4,567	(567)	4,000	4,862	(862)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(823)	(823)	0	(931)	(931)
CASH, JANUARY 1	2,254	2,254	0	3,185	3,185	0
CASH, DECEMBER 31	2,254	1,431	(823)	3,185	2,254	(931)

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

WRIGHT COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Wright County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board or the Developmentally Disabled Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Children's Home Fund	2003
Inmate Security Fund	2003
Local Law Enforcement Block Grant Fund	2003
Collectors Tax Maintenance Fund	2002
Recorder Technology Fund	2002

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Collectors Tax Maintenance Fund	2003
Law Library Fund	2003 and 2002
Prosecuting Attorney Bad Check Fund	2002
Domestic Shelter Fund	2002
Health Center Fund	2002
Developmentally Disabled Fund	2002
Circuit Clerk Interest Fund	2002

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Elections Services Fund	2003 and 2002
Children's Home Fund	2003 and 2002
Local Law Enforcement Block Grant Fund	2003
Prosecuting Attorney Bad Check Fund	2002
Collector's Tax Maintenance Fund	2002

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase

agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The financial statements do not include the cash balances of the County Collector, who collects and distributes property taxes as an agent for various local governments. However, for the purpose of these risk disclosures, the County Collector's cash balances are included since collateral securities to cover amounts not covered by federal depositary insurance are pledged to the county rather than to specific county officials.

Of the county's bank balance at December 31, 2003, \$682,396 was covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name, and \$2,063,641 was covered by collateral held by an independent bank but not in the county's name. Of the county's bank balance at December 31, 2002, \$710,088 was covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name, and \$2,021,826 was covered by collateral held by an independent bank but not in the county's name.

However, because of significantly higher bank balances at certain times during the year, uninsured and uncollateralized balances existed at those times although not at year-end.

The Health Center Board's deposits at December 31, 2003, were entirely covered by federal depositary insurance or by collateral securities held by the Board's custodial bank in the Board's name. Of the Health Center Board's bank balance at December 31, 2002, \$126,000 was covered by federal depositary insurance or by collateral securities held by the Board's custodial bank in the Board's name, and \$15,677 was uninsured and uncollateralized.

The Developmentally Disabled Board's deposits at December 31, 2003 and 2002, were entirely covered by federal depositary insurance or by collateral securities held by the Board's custodial bank in the Board's name.

To protect the safety of county deposits, Section 110.020, RSMo 2000, requires depositaries to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

3. Prior Period Adjustment

The Recorder User Fee Fund's cash balance at January 1, 2002, as previously stated has been decreased by \$1,987 which represents the balance in the Recorder Technology Fund. These two funds were previously presented as one fund. The Circuit Clerk Interest Fund's cash balance at January 1, 2002, as previously stated has been increased by \$682 to reflect a correction of 2001 and 2000 revenues previously omitted.

Supplementary Schedule

Schedule

WRIGHT COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2003	2002
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state				
Department of Health and Senior Services -				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-2215 ERS045-3215W ERS045-4215	\$ 0 61,716 21,932	59,314 21,974 0
	Program Total		83,648	81,288
10.559	Summer Food Service Program for Children	ERS146-2215I ERS146-4315I	0 390	420 0
	Program Total		390	420
Office of Administration				
10.665	Schools and Roads - Grants to States	N/A	3,293	0
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state				
Department of Economic Development -				
14.228	Community Development Block Grants/State Program	2000-PF-08	41,199	255,283
U.S. DEPARTMENT OF JUSTICE				
Passed through:				
State Department of Public Safety				
16.523	Juvenile Accountability Incentive Block Grant	99JAIBG-INT-18	0	6,996
Missouri Sheriff's Meth-Amphetamine Relief Team				
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	2000DDVX0055	42,165	0
State Department of Public Safety				
16.592	Local Law Enforcement Block Grants Program	N/A	7,650	0
Missouri Sheriffs' Association -				
16	Domestic Cannabis Eradication/Suppression Program	N/A	895	1,003

Schedule

WRIGHT COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2003	2002
U. S. DEPARTMENT OF TRANSPORTATION				
	Passed through state			
	Department of Public Safety			
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grant	N/A	6,753	5,715
GENERAL SERVICES ADMINISTRATION				
	Passed through state Office of Administration			
39.003	Donation of Federal Surplus Personal Property	N/A	76	142
FEDERAL EMERGENCY MANAGEMENT AGENCY				
	Passed through state Department of Public Safety			
83.544	Public Assistance Grants ³	FEMA-MO-DR1412	0	75,452
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
	Passed through state			
	Department of Health and Senior Services -			
93.197	Childhood Lead Poisoning Prevention Projects State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	N/A	8,050	0
93.268	Immunization Grants	N/A	34,785	32,744
		PGA064-2215A	0	3,945
		PGA064-3215A	3,750	1,100
	Program Total		<u>38,535</u>	<u>37,789</u>
93.283	Centers for Disease Control and Prevention Investigations and Technical Assistance	DH030380001	6,700	0
	Department of Social Services -			
93.563	Child Support Enforcement	N/A	16,036	16,113
	Department of Health and Senior Services -			
93.575	Child Care and Development Block Grant	PGA067-2215S	1,095	769
		PGA067-4215S	365	0
		PGA067-2215C	0	926
		PGA067-3215C	1,890	110
	Program Total		<u>3,350</u>	<u>1,805</u>
	Department of Social Services -			
93.658	Foster Care - Title IV-E	AOC6000327	0	14,722
		AOC01380001	0	9,972
	Program Total		<u>0</u>	<u>24,694</u>

Schedule

WRIGHT COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2003	2002
93.667	Social Services Block Grant	ERO172121	8,392	12,021
		ERO172090	16,023	16,306
		AOC01380070	35,528	21,748
	Program Total		<u>59,943</u>	<u>50,075</u>
	Department of Health and Senior Services			
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Program	ERS161-20034	0	17,137
		ERS161-30014	19,398	4,121
		ERS161-40009	7,109	0
	Program Total		<u>26,507</u>	<u>21,258</u>
93.994	Maternal and Child Health Services Block Grant to the States	ERS146-2215M	0	15,339
		ERS146-3215M	15,263	5,088
		ERS146-4215M	5,126	0
		N/A	326	287
		ERS175-2084F	0	6,422
		ERS175-3084F	4,646	3,186
			<u>25,361</u>	<u>30,322</u>
	Total Expenditures of Federal Award:		\$ <u><u>370,551</u></u>	<u><u>608,355</u></u>

* The CFDA number for this program changed to 97.036 in October 2002

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule

Notes to the Supplementary Schedule

WRIGHT COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Wright County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals. . . .

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Donation of Federal Surplus Personal Property (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt. Amounts for Immunization Grants (CFDA number 93.268) and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both

cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2003 and 2002.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of Wright County, Missouri

Compliance

We have audited the compliance of Wright County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2003 and 2002. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Wright County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2003 and 2002. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance

with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 03-1.

Internal Control Over Compliance

The management of Wright County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. A reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 03-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

This report is intended for the information and use of the management of Wright County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

August 10, 2004 (fieldwork completion date)

Schedule

WRIGHT COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2003 AND 2002

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? yes x no

Reportable conditions identified that are
not considered to be material weaknesses? yes x none reported

Noncompliance material to the financial statements
noted? yes x no

Federal Awards

Internal control over major programs:

Material weaknesses identified? yes x no

Reportable condition identified that is
not considered to be a material weakness? x yes none reported

Type of auditor's report issued on compliance for
major program(s): Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of OMB
Circular A-133? x yes no

Identification of major program(s):

CFDA or
Other Identifying

<u>Number</u>	<u>Program Title</u>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
14.228	Community Development Block Grants/State's Program
93.994	Maternal and Child Health Services Block Grant to the States

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes the audit finding(s) that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

03-1.	Schedule of Expenditures of Federal Awards
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Federal Grantor:	U.S. Department of Agriculture
Pass-Through Grantor:	Department of Health and Senior Services
Federal CFDA Number:	10.557
Program Title:	Special Supplemental Nutrition Program for Women, Infants, and Children
Pass-Through Entity	
Identifying Numbers:	ERS045-2215, ERS045-3215W, ERS045-4215
Award Years:	2003 and 2002
Questioned Costs:	Not applicable
Federal Grantor:	U.S. Department of Housing and Urban Development
Pass-Through Grantor:	Department of Economic Development
Federal CFDA Number:	14.228
Program Title:	Community Development Block Grants/State's Program
Pass-Through Entity	
Identifying Numbers:	2000-PF-08
Award Years:	2003 and 2002
Questioned Costs:	Not applicable

Federal Grantor:	U.S. Department of Health and Human Services
Pass-Through Grantor:	Department of Health and Senior Services
Federal CFDA Number:	93.994
Program Title:	Maternal and Child Health Services Block Grant to the States
Pass-Through Entity	
Identifying Numbers:	ERS146-2215M, ERS146-3215M, ERS146-4215M, ERS175-2084F, ERS175-3084F
Award Years:	2003 and 2002
Questioned Costs:	Not applicable

Section .310(b) of Circular A-133, Audits of State and Local Government, and Nonprofit Organizations, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the schedule of expenditures of federal awards to the State Auditor's Office as a part of the annual budget.

The county does not have adequate procedures in place to track federal awards for the preparation of the SEFA. For the SEFA to adequately reflect the county's federal expenditures, it is necessary that all federal expenditures be properly reported. For the years ended December 31, 2003 and 2002, the county's SEFA was not accurate; the SEFA understated expenditures in total by approximately \$37,479 and \$53,677, respectively. Compilation of the SEFA requires consulting county financial records and requesting information from other departments and officials.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal funds.

WE RECOMMEND the County Clerk prepare a complete and accurate schedule of expenditures of federal awards.

AUDITEE'S RESPONSE

The County Clerk provided the following response:

The Schedule is dependent on information collected from various individuals and I will try to ensure it is complete and accurate in the future.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

WRIGHT COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 2001, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

WRIGHT COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

The prior audit report issued for the two years ended December 31, 2001, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

WRIGHT COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Wright County, Missouri, as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated August 10, 2004. We also have audited the compliance of Wright County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2003 and 2002, and have issued our report thereon dated August 10, 2004.

In addition, we have audited the operations of elected officials with funds other than those presented in the financial statements to comply with the State Auditor's responsibility under Section 29.230, RSMo 2000, to audit county officials at least once every 4 years. The objectives of this audit were to:

1. Review the internal controls over the transactions of the various county officials.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents; interviewing various personnel of the county officials, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials referred to above. In addition, this report includes any findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These MAR findings resulted from our audit of the financial statements of Wright County or of its compliance with the types of compliance requirements applicable to each of its major federal

programs but do not meet the criteria for inclusion in the written reports on compliance and on internal control over financial reporting or compliance that are required for audits performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

1. County Expenditures

Controls and procedures over county expenditures need improvement. Bids were not always solicited, supporting documentation was not always retained, and mileage paid to the sheriff was not adequately documented. Additionally, Local Emergency Planning Commission expenditures were not adequately monitored.

- A. Bids were not always solicited or advertised nor was bid documentation always retained for various purchases by the county. In addition, the minutes did not adequately document bid information such as reasons for accepting other than the lowest bid. For example, the county paid \$30 per ton for asphalt and did not document why lower bids which ranged from \$18 to \$20 per ton were not accepted. County officials indicated the decision to accept the higher bid was based on product quality; however, this was not documented. Bids were not advertised or solicited, or adequate bid documentation was not maintained for the following purchases:

<u>Item or Service</u>	<u>Cost</u>
Mapping Services	\$ 9,218
Vehicle Repairs	7,971
Computers	7,282

Although some of these purchases represent one payment for the item, the county may spend more than these amounts for vehicle repairs on an annual basis.

Section 50.660, RSMo 2000, requires the advertisement for bids for any purchases of \$4,500 or more, from any one person, firm, or corporation during any period of ninety days. Bidding procedures for major purchases provide a framework for the economical management of county resources and helps to assure the county receives fair value by contracting with the lowest and best bidder. Competitive bidding ensures all interested parties are given an equal opportunity to participate in county business. To show full compliance with state law, documentation of bids should include, at minimum, a listing of vendors from whom bids were requested, a copy of the request or proposal, a newspaper publication notice when applicable, a copy of all bids received, a summary of the basis and justification for awarding the bid, documentation of all discussions with vendors, and bid specifications designed to encourage competitive bidding. If bids cannot be obtained and sole source procurement is necessary, the official commission minutes should reflect the necessitating circumstances.

- B. The county did not retain adequate supporting documentation for some expenditures. For example, the county paid \$2,500 in contract services to a dispatcher employed by the Sheriff's Office to remodel the dispatching area. The invoices for the services showed no detail of services performed such as the date or description of the work. In addition, an IRS Form 1099-MISC was not filed for this person.

To ensure the validity and propriety of expenditures, adequate supporting documentation should be obtained for all payments to vendors. Section 6041 of the Internal Revenue Code requires non-employee compensation paid of at least \$600 in a calendar year to an individual or unincorporated business to be reported to the IRS.

- C. The county did not properly monitor disbursements of the Local Emergency Planning Commission (LEPC). Computer equipment totaling \$7,282 was purchased by the county and given to local fire departments through the LEPC (This computer equipment was also not properly bid as discussed in point A above.) In addition, the county gave one fire department funds totaling \$1,100 because they already owned a computer. The fire departments were not required to provide documentation to the county to support how the equipment or money would be used. Further, the county paid an individual \$2,000 in 2002 for secretarial work related to emergency planning. The invoices for these services showed no detail such as the number of hours worked by day or the hourly rate charged.

To ensure state and federal funds received for the county's Local Emergency Planning Commission are used appropriately, the county should establish formal procedures to monitor these funds.

- D. Documentation was not always adequate to support approximately \$4,700 in mileage paid to the Sheriff from the Sheriff's Civil Fee and county's General Revenue Funds for patrolling during 2003. Some requests did not include destination and purpose nor did the Sheriff include details such as odometer readings.
- E. Federal surplus property from the State Agency for Surplus Property (SASP) totaling \$299 was purchased by the county in 2002 and immediately sold to three Sheriff's Office employees for their personal use. Items purchased included miscellaneous clothing, and laptop computers. According to state and federal regulations, surplus property acquired through the state must be used by the authorized public agency making the purchase for promoting public services for the residents of the political subdivision. Property not used in compliance with state and federal regulations may be subject to recovery and the county may be required to reimburse the original cost of the items.

WE RECOMMEND the County Commission:

- A. Solicit bids for all purchases in accordance with state law and maintain adequate documentation of all bids obtained and the justification for selecting the winning bid. If bids cannot be obtained and sole source procurement is necessary, the County Commission minutes should reflect the necessitating circumstances.
- B. Require adequate supporting documentation prior to approving expenditures for payment. In addition, the county should ensure IRS 1099-MISC forms are prepared and submitted as required.
- C. Develop procedures to properly monitor the use of funds received for the county's LEPC.
- D. And the Sheriff maintain adequate documentation to support mileage claims.
- E. And the Sheriff contact the SASP to resolve this matter, and ensure that future purchases from SASP be made in compliance with state and federal regulations.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *The asphalt was bid. The Commission did not take the lowest bid due to the quality of the asphalt. As now documented in the 2004 County Commission minutes, the company that was selected runs through a hot mix plant and has different materials which will make it last longer.*

Mapping services were for the plat books. The process was broken down into three separate contracts. None of the three contracts were over the \$4,500 limit that is required to be put out for bid. Wright County selected the only company who could do the plat books that would allow Wright County to sell their own advertising to pay for the production.

Vehicle repairs were for repairs the Sheriff made on a vehicle without getting approval from the County Commission and the Commission was stuck with paying the bill after the fact. The Commission did talk to the Sheriff and advised him to get bids in the future.

Computers were purchased for the LEPC (Local Emergency Planning Commission). The Director did solicit bids and reported back to LEPC but, did not document her bid process.

- B. *In the future, the county will get written agreements and issue Forms 1099 for contract labor.*
- C. *The LEPC Board is composed of members outside county government. The county will change the process and require detailed documentation of every transaction in the future.*

- D. *Only \$427.13 was paid from the county General Revenue Fund. The remaining \$4,272.87 was paid by the Sheriff from his civil fees account. The county has no control over the Civil Fees Account and by state statute they cannot deny any request from the Sheriff to disburse money from the fund. This recommendation should be directed to the Sheriff, not the County Commission.*
- E. *When the County Commission budgets money to an office holder and they submit a bill signed by the office holder requesting the expenditure of that money from their budget, the County Commission pays the bill. The Commission has no control over the Sheriff allowing employees to purchase the items for their own use. The Commission did have their names removed from the list of persons eligible to purchase materials at the State Surplus Property. The Commission feels this should be a recommendation to the County Sheriff.*

The Sheriff provided the following responses:

- D. *I submit a request for only half of the mileage I incur. In the future, I will include more details.*
- E. *I have stopped this practice.*

AUDITOR'S COMMENT

The \$9,218 for mapping services represents three separate payments to one vendor in a ninety day period. Section 50.660, RSMo 2000, requires the advertisement for bids for any purchases of \$4,500 or more, from any one person, firm, or corporation during any period of ninety days.

2. Budgetary Practices and Published Financial Statements
--

Budgets were not prepared for some funds, and published financial statements were not complete.

The County Clerk and County Commission are responsible for preparing and approving a county budget and publishing an annual financial statement. Wright County's 2003 and 2002 budgets and published financial statements revealed the following deficiencies:

- A. Formal budgets were not prepared or obtained for various county funds for the years ended December 31, 2003 and 2002. Chapter 50, RSMo 2000, requires preparation of annual budgets for all county funds to present a complete financial plan for the ensuing year. By preparing or obtaining budgets for all county funds, the County Commission would be more able to effectively evaluate all county financial resources.
- B. A review of the annual financial statement published by the county noted the following concerns:

1. The county's published financial statements are not complete. Information contained in the published financial statement did not include the appropriate expenditure detail as required by Section 50.800, RSMo 2000. Expenditure detail was not shown for some of the smaller county funds.
2. The annual published financial statement did not include financial activity for five county funds. Section 50.800, RSMo 2000, provides that the financial statements are required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for all county funds.

To adequately inform the citizens of the county's financial activities, all monies received and disbursed by the county should be presented in the level of detail required by law and should be reconciled to the county's financial information.

WE RECOMMEND the County Commission:

- A. Ensure budgets are prepared or obtained for all county funds.
- B. Publish financial statements in accordance with state law and ensure all required financial information for all county funds is properly reported in the annual financial statements.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *The county is very conscientious about preparing and submitting budgets to the State Auditor's office. The budgets in question are for funds that were created in the middle of the year, did not pass through the county accounting office, and some are totally at the discretion of other elected officials. The County Commission can request budgets be prepared and submitted by other elected officials but, when expenditures do not require Commission approval, the County Commission has no recourse when they do not comply.*
- B. *Prosecutor's Bad Check Fund – this fund's expenditures and receipts do not pass through the County Commission and is the sole discretion of the Prosecuting Attorney. The County Commission cannot force the Prosecutor to release information for the financial statement. The County Commission feels this recommendation should be directed to the Prosecuting Attorney.*

Tax Maintenance Fund – this fund's expenditures and receipts do not pass through the County Commission and is at the sole discretion of the Collector. The County Commission cannot force the Collector to release information for the financial statement. The County Commission feels this recommendation should be directed to the Collector.

Election Services Fund – the county will add this fund to the financial statement.

Children's Home Grant – this was grant money that did not pass through the accounting office; however, this information was available from the County Treasurer.

Local Law Enforcement Block Grant – the county will add these grants to the financial statement in the future.

3.

Property Tax Controls

Controls over the preparation of the property tax books and the county's computer system are not adequate. The County Clerk does not prepare the current or back tax books. The County Clerk enters the tax rates and the County Collector prints the current tax books. The County Collector also prepares the back tax books. In addition, the County Clerk does not document the tests he performs to verify the totals of the back tax books for accuracy. Further, the property tax computer program does not generate tax book page or control totals, but only a summary total at the end of each tax book.

Sections 137.290 and 140.050, RSMo 2000, require the County Clerk to extend tax books and charge the County Collector with the whole amount of the current tax books, and the aggregate amount of taxes, interest, and clerk's fees contained in the back tax books. The procedures outlined in the statutes for the preparation of the tax books provide for the separation of duties and acts as a form of checks and balances on the Assessor, County Clerk, and County Collector. Failure of the County Clerk to prepare the tax books as required by statutes may result in errors and irregularities going undetected. In addition, without page and control totals, the ability to verify the accuracy of the tax book is limited.

WE RECOMMEND the County Clerk prepare the current and back tax books or document the tests performed to review the tax books for accuracy. Further, the County Commission should authorize programming changes to print future tax books with the appropriate control totals. This should include page totals and a summary page of all page totals.

AUDITEE'S RESPONSE

The County Commission and County Clerk provided the following response:

The County Assessor, County Collector, and County Clerk's office all perform functions in preparing the tax books and tax statements that cannot be accessed or changed by any other office. The Assessor enters assessed valuations that are verified by the County Clerk. The County Clerk enters levies. The Collector prints tax books and tax bills. The County Clerk checks assessed valuations and levies against tax books and charges the Collector with the total amount to be collected. Delinquent charges are verified by subtracting the amount collected and court ordered from the amount originally charged to the Collector. The County Clerk's office will print tax books in the future. Page totals and summary pages will be dependant upon the County Commission to appropriate programming money.

4.**Collateral Securities**

The county has not established procedures to monitor collateral securities pledged by its depository bank, and as a result, funds were undercollateralized at various times during the audit period. Collateral securities pledged by the county's depository banks to cover deposits of the County Treasurer and County Collector were insufficient by approximately \$870,000 and \$777,000 during January 2004 and 2003, respectively. The high balance periods were primarily due to deposits of property tax monies collected by the County Collector for county funds and disbursed to the County Treasurer.

Section 110.020, RSMo 2000, requires that the value of securities pledged shall at all times be not less than 100 percent of the actual amount on deposit less the amount insured by the FDIC. Inadequate collateral securities leave county funds unsecured and subject to loss in the event of a bank failure.

WE RECOMMEND the County Commission ensure adequate collateral securities are pledged to protect county funds. This can be done by monitoring bank activity and providing timely notice to the depository bank of the need for additional collateral securities to be pledged.

AUDITEE'S RESPONSE

The County Commission provided the following response:

There was only a 30 day period during tax collection time that the collateral pledges were not adequate to cover the county's deposits. The Commission has talked with the bank about correcting this problem. The Commission has also requested that the County Treasurer report to the Commission monthly on the pledges.

5.**Closed Meeting Minutes**

Minutes were not prepared to document the matters discussed in closed meetings. In addition, open meeting minutes did not always document the reasons for closing the meeting, or the final disposition of matters discussed in closed meetings. The County Commission held six closed sessions between January 2003 and January 2004 and minutes were not maintained for the closed portion of the meetings. Further, we noted the County Commission held closed session meetings in January 2003 and 2004 to discuss a personnel issue; however, the regular session minutes did not disclose the reason for entering into closed session and did not document the final disposition of matters discussed in the closed session.

Section 610.021, RSMo 2000, allows the County Commission to close meetings to the extent they related to certain specified subjects, including litigation, real estate transactions, and

personnel issues. Without the preparation of closed minutes, there is less evidence that the provisions of the Sunshine Law, Chapter 610, RSMo, regarding these closed meetings, have been followed.

Section 610.022, RSMo 2000, requires that before any meeting may be closed, the reason for the closed meeting shall be voted on at an open session. This law provides that public governmental bodies shall not discuss any other business during the closed meeting that differs from the specific reasons used to justify such meeting, record, or vote. Section 610.021, RSMo 2000, requires certain matters discussed in closed meetings to be made public upon final disposition.

WE RECOMMEND the County Commission ensure minutes are prepared, and retained for all closed meetings, reasons for closing a meeting are documented, and the final disposition of matters discussed in closed meetings is made public as required by state law.

AUDITEE'S RESPONSE

The County Commission provided the following response:

Every closed session meeting the Wright County Commission has conducted meets every aspect of the law as set out in RSMo 610.021(6) and is properly recorded in the minute book for the Wright County Commission. The County Commission holds every agenda for every closed session and every agenda specifically states the reason for going into closed session and the County Commission is prohibited from going into closed session for any reason other than the reason stated on the agenda. If no vote or action is taken in closed session then there is nothing to report in the minutes and there would be no minutes for that session, other than the vote to go in and out of closed session. RSMo 610.021(6) states the minutes should contain a record of votes taken and that is the only statutory requirement. Nothing in the statutes that cover the time period of this audit specifies that the minutes of the County Commission meetings are required to contain discussion. The statutes have been changed effective from August 28, 2004 requiring the County Commission minutes taken after that date must include a brief synopsis of the discussion during the meeting before decisions and votes are made. The county has followed this practice since the new law went into effect. The Auditor contended that because a new law that went into effect on August 28, 2004 changed the requirements of the content of the minutes for the County Commission, this is something that should have been included all along. Based on this assumption, General Revenue should have been collecting a 5% administration fee from the Road and Bridge Fund rather than the 3% administration fee because of the increase due to the change in the state statute that went into effect August 28, 2004. Neither of these examples is valid. The Wright County Commission has complied with what the law requires even though it may not have included everything the Auditor would like to have in the minutes. We feel this is a personal issue with the Auditor and the county is within the statutory requirement for the minutes of the meetings. This is not a noncompliance and should be removed from the audit.

6.**Personnel Policies and Procedures**

Some payroll expenditures were processed without adequate supporting documentation and the county overstated wages reported to the IRS.

- A. Timesheets are not prepared by some deputies of the Sheriff's Office. The payroll clerk pays the deputies the same amount each pay period unless told otherwise. Without timesheets, the County Commission cannot adequately monitor the number of hours worked or the amount of leave used. Further, the county's personnel policy manual requires timesheets to be completed by employees and submitted to the County Clerk within five working days after the end of the month.

Timesheets should be prepared and submitted to the County Clerk's office by all employees to provide supporting documentation to the County Commission that payroll disbursements are valid and proper. In addition, the Fair Labor Standards Act (FLSA) requires employers to keep accurate records of actual time worked by employees, including compensatory time earned, taken or paid.

- B. The County Clerk's Office withholds taxes from compensation paid to employees, and reports these withholdings quarterly to the Internal Revenue Service on a 941 wage report. While the proper amount of taxes were withheld and paid during 2003 and 2004, wages were not properly reported on the 941 report. For example, the wages reported in 2003 were overstated by \$48,238 because the county included some pretax benefits in reported wages.

Procedures should be established to ensure IRS forms are accurately prepared.

WE RECOMMEND the County Commission:

- A. Require the Sheriff's deputies to submit time records approved by their supervisor to the County Clerk.
- B. Ensure that wage reporting errors are corrected, and that future quarterly 941 reports are accurately prepared.

AUDITEE'S RESPONSE

The County Commission provided the following response:

- A. *The Commission is issuing an order that paychecks will not be released until the employee has turned in all delinquent time sheets.*
- B. *The accounting program used by Wright County does not allow for pretax (Federal tax and Missouri state tax) premiums for medical insurance. The wages that are subjected to social*

security and Medicare taxes are correct. This requires that the quarterly 941 wage reports and the W-2 Forms must be manually adjusted to show the correct amount of wages that should have been subject to federal and state withholding. The county has contacted our current software company to determine if there is an alternative to making the manual correction on the withholding taxes. The current program is not capable of this pretax calculation. The county has researched software programs that will allow for the pretax medical premiums. The price of the software is in excess of \$12,000. With the current financial struggles that our county has, this expense is out of our price range at this time. All corrections have been made to the quarterly 941 wage reports to date.

7.

Road and Bridge Maintenance Plan

A formal maintenance plan for county roads and bridges has not been prepared annually. While the County Commission indicated that they discuss a maintenance plan annually when preparing the budget, no plan is documented. A formal maintenance plan should be prepared in conjunction with the annual budget and include a description of the roads and bridges to be worked on, the type of work to be performed, an estimate of the quantity and cost of materials needed, the dates such work could begin, the amount of labor required to perform the work, and other relevant information. The plan could be included in the budget message and be approved by the county commission. In addition, a public hearing should be held to obtain input from the county residents.

A formal maintenance plan would serve as a useful management tool and provide greater input into the overall budgeting process. A plan provides a means to continually and more effectively monitor and evaluate the progress made in the repair and maintenance of roads and bridges throughout the year.

WE RECOMMEND the County Commission prepare and document a maintenance plan at the beginning of the year and periodically update the plan throughout the year. In addition, the county commission should review the progress made in the repair and maintenance of roads and bridges to make appropriate decisions on future projects.

AUDITEE'S RESPONSE

The County Commission provided the following response:

While the County Commission agrees that the Road and Bridge Maintenance plan is a good idea and one that the Commission will implement, there is no statute requiring the county to make a formal plan. The Auditor's office has not required or recommended a plan in the last 40 years and should have simply told the County Commission they would like for them to implement such a plan. The State Auditor's office should not have written this up as a noncompliance in an audit report since there is no state statute requiring the maintenance plan and there has never been a recommendation to develop and implement a Road and Bridge Maintenance plan by the State Auditor's office.

8.**Title IV-D Reimbursement Claims**

A Title IV-D (Child Support Enforcement) Program claim form was not filed timely with the Missouri Department of Social Services (DSS) resulting in \$1,969 in lost revenue to the county. The county is reimbursed through the Title IV-D Program for time spent and supplies used by the Prosecuting Attorney's office on child support enforcement. To obtain reimbursement, the Prosecuting Attorney's office is required to submit claim forms to the DSS within 90 days of the month end. The DSS generally grants a 30 day extension if a request is made prior to the end of the original 90 day period. Reimbursement claim forms were typically not filed until the end of the 90 day period, and an extension had to be requested for the January 2004 claim form. Further, a claim form for October 2003 requesting reimbursement for \$1,969 of expenses was not prepared and filed.

There appears to be no controls in place to ensure claim forms are timely filed every month. To fully comply with federal requirements and ensure the county gets all federal financial assistance to which it is entitled, reimbursement claims should be filed in a timely manner.

The Prosecuting Attorney authorized a transfer of \$1,969 from the Prosecuting Attorney Bad Check Fund to the General Revenue Fund in May 2004 to reimburse General Revenue for these expenditures.

WE RECOMMEND the Prosecuting Attorney ensure Title IV-D reimbursement claims are submitted to the Missouri Department of Social Services in a timely manner.

AUDITEE'S RESPONSE

The Prosecuting Attorney provided the following response:

All claim forms have always been submitted in a timely manner in the past. The child support person hired the past year failed to submit the reports resulting in the \$1,969 in lost revenue to the county. This was reimbursed to the county out of the Bad Check Fund.

I am in the process of hiring a new person for this position and will monitor these claim forms and see that they are submitted in a timely manner.

9.**County Treasurer's Records and Procedures**

The County Treasurer prepares a semi-annual settlement (SAS), which is a report to the County Commission of the receipts, disbursements, and ending cash balances of all funds and provides a reconciliation of how the total of these ending fund cash balances agree to the bank account balances. During our review of the SAS and the related bank reconciliations, the following concerns were noted:

- The SAS's are not complete. The County Treasurer's SAS did not include activity for the Prosecuting Attorney Bad Check Fund, Collector's Tax Maintenance Fund, Children's Home Fund, Local Law Enforcement Block Grant Fund or activity from the schools account. In total, receipts and disbursements of approximately \$4.1 million were omitted from the SAS in both 2003 and 2002.
- Some receipt and disbursement totals on the County Treasurer's SAS's did not agree to the County Treasurer's manual fund ledgers. For example, the SAS's for the year ended December 31, 2003 reported Juvenile Office revenues of \$31,423 when actual receipts were \$56,950. Further, the SAS's reported criminal cost receipts of \$42,161 when only \$28,356 was received. Similar errors were noted with reported disbursements of these funds. No documentation was available to explain these differences.
- The County Treasurer does not ensure the ending cash balances on the SAS agree to bank reconciliations. For example, the SAS's for the year ended December 31, 2003 reported the ending cash balance for the federal withholding account was \$41,435 when the correct ending balance should have been \$21,027. Further, formal detailed bank reconciliations, including documentation of reconciling items were not always prepared for all funds. Formal detailed bank reconciliations, including documentation of reconciling items, are necessary to ensure accounting records are in agreement with bank records and to identify errors in a timely manner. In addition, the SAS should be reconciled to bank records to ensure accounting records are accurate and complete.

While copies of the SAS are submitted to the County Clerk, there was no evidence that a review of the SAS was performed by the County Clerk or the County Commission. The County Clerk indicated he reconciles ending fund balances with the County Treasurer on a monthly basis and does not thoroughly review the SAS. Section 54.150, RSMo 2000, provides that the County Treasurer shall settle his accounts with the County Commission semiannually.

WE RECOMMEND the County Treasurer prepare a complete and accurate semi-annual settlement. In addition, the County Treasurer should reconcile the SAS to the bank account balances, and document detailed monthly bank reconciliations including listings of outstanding checks and adjusting items. Further, the County Commission should review and approve the Treasurer's semi-annual settlements.

AUDITEE'S RESPONSE

The County Treasurer provided the following response:

The Summary Settlement had been set up with the formulas transferring monthly, semi-monthly and annually. The beginning balance of each was pulled from the previous month's ending balance; therefore, the accounts in which receipts come in and were disbursed within the month showed zero ending balances for the month. The zero ending balances were carried forward for the beginning balances in those accounts for the following month. The Juvenile Justice center account being an

example. However, formulas have been corrected to show the cumulative totals of receipts and disbursements on the semi-annual and annual reports on each account for those time periods.

Even though the fund ledger is not required, it is just another way to document and keep a balance with the Quick Books accounting procedure. All bank accounts are now being reconciled monthly with printout of "full" bank reconciliation reports of each account. Canceled checks are also being reconciled with the fund ledger.

The federal withholding account was posted in the fund ledger when the bank statements came in which was not always the month-end balance showing on the summary, that has been corrected.

The Prosecuting Attorney Bad Check Fund, Collector's Tax Maintenance Fund, and the School Fund have all been added to the Summary Settlement with the County Commission.

All monies are receipted in and balanced with the County Clerk at the end of each month.

The County Commission provided the following response:

We agree with the recommendation and will review the SAS in July and January of each year.

10. County Collector's Distributions

The County Collector's office processed property taxes totaling in excess of \$4.6 million and \$4.5 million during the years ended February 28 (29), 2004 and 2003, respectively. Commissions on tax collections and surtax distributions were not always properly calculated.

- A. The County Collector did not properly withhold commissions from tax collections resulting in approximately \$9,400 over withheld during the years ended February 29, 2004 and 2003. A three percent commission was withheld on current railroad and utility tax collections instead of a one percent commission (a three percent commission was allowable before the townships were abolished). The County Collector realized the error in February 2004 but has not corrected the mistake.

In addition, the County Collector inflated some school collections prior to computing surtax commissions resulting in approximately \$4,000 in excess commissions to be withheld from the various school districts and distributed to the county's General Revenue and Assessment Funds during the three years ending February 28 (29), 2004.

- B. In April 2001, the county's townships were abolished; however, due to the lack of guidance related to township abolishment, the County Collector has been distributing the townships portion of Surtax collections to the county's General Revenue Fund, Special Road and Bridge Fund, and the Mountain Grove Special Road District. As a result, approximately \$11,700 and \$8,900 annually has been distributed to county

funds and the special road district, respectively, since the townships were abolished. If the County Collector had eliminated the townships from her surtax distribution calculations most of these funds would have been distributed to various school districts.

Surtax is a replacement tax which was intended by statute to replace revenue to taxing entities who had been collecting Merchant and Manufacturers (M&M) tax prior to 1985. Section 139.600, RSMo 2000, authorizes entities who lost revenue when the M&M tax was repealed in 1984, to set a surtax levy based on lost revenue and assessed valuations of subclass III commercial property. The County Collector should review the situation and consult with the Prosecuting Attorney to determine if the township information should be eliminated when calculating the surtax distribution.

WE RECOMMEND the County Collector:

- A. Recalculate commissions for the audit period and withhold from or make adjustments to the various political subdivisions' future distributions to correct for errors noted. In the future, the County Collector should calculate and withhold commissions in accordance with the statutes.
- B. Review the situation with the Prosecuting Attorney and determine if township information should be eliminated from the surtax distribution calculations, and if prior years distributions should be recalculated.

AUDITEE'S RESPONSE

The County Collector provided the following responses:

- A. *The mistake on the commission for Railroad and Utility was made because the disk that I used to disburse funds for 2001 had an error on it and I was unable to use it again in 2002. The only other spreadsheet that I had was used in 2000, which was before the townships were abolished. At that time the commission was 3% and I failed to change it to 1% for the current tax year. I did notice this error in February 2004. Railroad and Utility is collected only during November and December, at that time I will correct the commission and disburse it accordingly.*
- B. *When the townships were abolished I did make every effort to seek guidance from the State Auditor's office regarding the surtax distribution. There are no statutes that pertain to surtax distribution after township abolishment, so I had to rely solely on the advice from the State Auditor's office. During your audit, it was determined that the State Auditor's office did not agree with the way surtax was distributed. As a result of the audit, I have made the office policy to not include the townships as a part of my distribution in the future. I will also seek legal counsel to review the distribution of the prior years since the abolishment of the townships.*

11.**Prosecuting Attorney Records and Procedures**

Several deficiencies were noted in the internal controls and accounting procedures used by the Prosecuting Attorney's Office. While prior audits have addressed the inadequacy of the Prosecuting Attorney's accounting controls, conditions have not improved.

The Prosecuting Attorney's office collected and processed court ordered restitution, bad check restitution and fees, and delinquent sales taxes totaling approximately \$240,000 annually during the years ending December 31, 2003 and 2002, respectively. The office maintains two bank accounts, one for bad check restitution and fees, and the other for other court ordered restitution. Our review of the controls and procedures of the Prosecuting Attorney noted the following concerns:

A. Bad check collection procedures need improved:

1. A system to account for all bad checks submitted to the office for collection and their disposition has not been established. Although the Prosecuting Attorney's office does maintain a log which includes bad checks submitted to the office and the date a letter is sent to the offender, it does not include all checks and does not record disposition. The log does not include checks where the offender already has a bad check case. To ensure all bad checks are properly handled and accounted for, a log should be maintained showing each bad check and its disposition.
2. The Prosecuting Attorney's Office accepted partial payments for some bad check cases; however, the standard letter sent to bad check offenders prior to prosecution indicates that partial payments will not be accepted.

If the Prosecuting Attorney decides to continue allowing partial payments, a written and signed payment agreement would indicate the intent of the defendant to pay, and aid in accounting for and collecting the amounts due. In addition, a consistent and equitable policy should be established and followed regarding the acceptance of partial payments on bad check cases.

3. There is no policy addressing how restitution payments are applied when an offender has numerous bad checks. For example, a \$250 payment was applied to bad checks submitted for collection in August 2003 rather than to bad checks submitted by a different vendor four months earlier.

The Prosecuting Attorney's office should establish a fair and equitable policy regarding how restitution payments are applied to bad check cases.

B. The Prosecuting Attorney's office does not adequately monitor court ordered restitution due from defendants. We noted numerous instances where defendants

who were on a court ordered restitution plan were delinquent in their payments and no follow up action had been taken by the Prosecuting Attorney's office such as the issuance of a warrant or the revocation of probation. For example, one case showed a balance due of \$1,115 with no payment made since September 2003. There was no documentation in the case file to indicate any follow up procedures to attempt to collect the balance had been performed, and no warrant was issued.

Adequate procedures are necessary to ensure proper and timely follow up action on amounts due.

- C. Monthly listings of open items (liabilities) were not prepared and reconciled to the cash balances for the bad check account and the restitution account. At our request, the Prosecuting Attorney's office prepared an open items listing for each bank account at June 30, 2004. Based upon these listings, the bad check account and the restitution account had \$3,441 and \$2,356 in unidentified funds, respectively.

A complete and accurate listing of open items should be prepared monthly for each bank account and reconciled to the cash balance to ensure records are in balance and sufficient funds are available for the payment of all liabilities. Further, the Prosecuting Attorney should attempt to determine the reasons for the differences and if proper disposition of the unidentified monies cannot be determined, these monies should be disposed of in accordance with state law.

- D. One clerk primarily performs all duties of receiving, recording, and depositing monies. Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls could be improved by segregating the duties of depositing receipts from reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, periodic documented supervisory review of the records should be performed.
- E. Receipts are not written for some monies received, receipts are not adequately reconciled to deposits, and deposits are not made timely. A deposit made into the restitution account in April 2003 included \$518 for which there was no recorded receipt slip. Additionally, during 2003, the Prosecuting Attorney's office ran out of receipt slips and created some with their computer. These receipt slips were not prenumbered. Further, deposits are generally made once or twice a week. The average amount of deposits for the restitution and bad check accounts for July 2003 was \$278 and \$1,068 respectively.

To adequately account for all monies received, official prenumbered receipt slips should be issued for all monies received, reconciled to the composition of monies deposited, and the numerical sequence accounted for properly. In addition, to adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, deposits should be made daily or when accumulated receipts exceed \$100.

- F. At June 30, 2004, the Prosecuting Attorney's bad check account had outstanding checks totaling \$2,538 that were over a year old with some dating back to 1994. An attempt should be made to locate the payees of the old outstanding checks and the checks should be reissued, if possible. Monies which remain unclaimed should be turned over to the state's Unclaimed Property Section in accordance with Section 447.532, RSMo 2000.
- G. The following concerns were noted in our review of the Prosecuting Attorney Bad Check Fund and the Prosecuting Attorney Delinquent Tax Fund:
1. Compensation paid to employees from the Prosecuting Attorney Bad Check Fund and the Prosecuting Attorney Delinquent Tax Fund appears questionable as follows:

- Between October 2002 and April 2004, the Prosecuting Attorney authorized payments from the Prosecuting Attorney Bad Check Fund and Prosecuting Attorney Delinquent Tax Fund totaling \$20,201 to his employees. According to the Prosecuting Attorney these amounts represented increases in wages ranging from \$.75 to \$2 per hour for specialized knowledge, training and education. Our review noted that the hourly rates were not consistently applied throughout the year and employees were not paid based on actual time worked. Further, in 2004 the Prosecuting Attorney made \$1,000 lump sum payments to employees and did not attempt to associate the payments with the number of hours worked.

Because of the timing and inconsistent manner in which these payments were made these payments appear to represent additional compensation in the form of bonuses for services previously rendered, in violation of Article III, Section 39 of the Missouri Constitution.

- Two employees received additional compensation of \$10,053 each from the Prosecuting Attorney Bad Check Fund between May 2003 and June 2004 for performing duties related to the operation of this fund after another employee resigned. The Prosecuting Attorney indicated these payments were made to compensate the employees for an increase in their responsibilities; however, there was no indication in the payroll records that additional hours were worked. These employees continued to be paid their full salary as previously received from the county.

Given the significant internal control weaknesses discussed above related to the accounting records for bad check operations it is questionable that all bad check duties and responsibilities have been adequately assumed.

2. Documentation supporting employee expense reimbursements from the Prosecutor's Bad Check Fund are not adequate. Employees are paid per diems from the Prosecutor's Bad Check Fund totaling up to \$125 per day to cover meal and other expenses when attending training. In total, \$975 for the per diems were paid between March 2002 and March 2004. These amounts are not included on the employee's W-2 forms and employees are not required to document actual expenditures paid from the per diem payments.

The county's employee expense reimbursement policy requires a report of expenses actually incurred (with receipts) to be submitted prior to payment. Further, Internal Revenue Service Regulation Section 31.3401 (a)-4 requires expenses not accounted for to the employer to be considered as gross income and also requires payroll taxes to be withheld from this gross income.

3. The Prosecuting Attorney overspent the amount budgeted for the Prosecuting Attorney Bad Check fund in 2002 by \$2,712. In addition, the budget for 2004 did not include the two previous years' actual expenditures.

It was ruled in State Ex. Rel. Strong v. Cribb, 364 Mo. 1122, 273 SW2d (1954), that strict compliance with the county budget law is required by county officials.

If there are valid reasons which necessitate excess expenditures, amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's Office. In addition, Section 50.622, RSMo 2000, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend the budget.

Section 50.590, RSMo 2000, requires budgets to include the figures for the last two completed fiscal years to provide a comparison with the estimates for the current fiscal year.

Conditions similar to Parts A.3, C., D., and F. were noted in our prior report.

WE RECOMMEND the Prosecuting Attorney:

- A.1. Maintain a log which shows each bad check submitted to his office and its disposition. The log should include merchant data, amount of the bad check and administrative fee, disposition of the bad check, date restitution and fees were paid, date restitution and fees were remitted to the merchant or County Treasurer, and the criminal case number under which charges were filed, if applicable.

2. Establish a policy on whether to allow partial payments on bad check cases and if it is decided to allow them obtain payment agreements.
 3. Establish a fair and equitable policy regarding how restitution payments are applied to bad check cases.
- B. Establish procedures to properly monitor all cases for which a payment plan has been established to ensure that when individuals are delinquent appropriate action is taken.
 - C. Prepare complete and accurate listings of open items for each bank account and reconcile the listings to the cash balance monthly. An attempt should be made to investigate the unidentified monies and any monies remaining unidentified should be disbursed in accordance with state law.
 - D. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
 - E. Issue official prenumbered receipt slips for all monies collected, reconcile the composition of monies collected to receipt slips and bank deposits, and account for the numerical sequence of receipt slips. In addition, ensure deposits are made daily or when accumulated receipts exceed \$100.
 - F. Attempt to resolve the old outstanding checks and establish routine procedures to investigate checks outstanding for a considerable time.
 - G.1. Discontinue the practice of paying employee bonuses and review the additional compensation awarded to employees who assumed the duties and responsibilities related to operation of the bad check fund.
2. Ensure the county's policy for employee reimbursement of meal and other expenditures is followed. If per diem payments continue to be made, the county should include these payments as income on applicable W-2 forms.
 3. Keep expenditures within budgetary limits and properly amend budgets if necessary. Also, report actual expenditures of the two previous years on the budgets, as required by state law.

AUDITEE'S RESPONSE

The Prosecuting Attorney provided the following responses:

- A.1. *We have ordered a new bad check program that will log each check and keep track until the check is finished.*

2. *We have already changed the 10 day letter stating we do not accept partial payments. This was done about 4 months ago. As discussed in our exit meeting, partial payments are necessary or we would not be receiving money from most of our bad check writers. However, we have drafted a partial payment agreement that they will sign stating the amount and the time it must be paid.*
3. *It is policy of this office to pay out to small business and private individuals first.*
- B. *The new program we have ordered is supposed to be able to monitor all new court cases.*
- C. *We will continue to monitor the open items list and reconcile with the open items of the check book.*
- D. *One person had always been hired to do the bad checks. This position was eliminated in May 2004, and two people from my office are now doing the collection of bad checks. They both share this responsibility. To monitor the bank deposits, both are now signing the deposit slips.*
- E. *This has only happened during the one week when the office had ran out of printed receipts. We will be more diligent in ordering these receipts.*
- F. *We are still trying to locate the vendors and pay out the balances of the old outstanding checks totaling \$2,538.00 as shown on the audit report.*

A check in the amount of \$1,222.31 is being drafted to the State's Unclaimed Property in accordance with Section 447.532, RSMo 2000.

- G.1. *This was discussed in the audit exit meeting and it was decided it would be better to make the enhancement payments monthly and on a regular basis as a part of the employees normal salary.*

The additional payment for the two employees was due to those two employees assuming an additional position (that of misdemeanor and traffic) thus eliminating one employee position. They assumed the duties of a previous employee who retired that had previously done traffic and misdemeanors. This was added to their additional duties and no extra hours were required to be shown on a time sheet. However, both employees put in extra hours and are on call 24 hours a day if charges have to be filed on an alleged criminal. This was agreed to by the commissioners. They were to do the duties of the bad check position and traffic manager and they would be paid out of the bad check fund in addition to their salary from the county. This would be saving the county money. However, I have noted on their payroll checks they are receiving, that the County Clerk is showing this as an enhancement instead of part of their regular clerical position. I will write him a letter stating the correct method of payment. Their paycheck should just show the total amount of payment per hour and not show two separate positions. I am enclosing one of the employees pay stub and showing how it is presently done.

2. *We will monitor and document expenditures. The \$125.00 payment was for a 3-day period of training, books, and meals.*
3. *An amended budget was submitted to the County Clerk and to your office. However, expenses were paid that exceeded the amended budget. We are paying more expenses from this fund such as investigators, attorney fees, buying supplies for the drug task force, legal books, and more of our office supplies. This is being done to help the General Revenue with the expenses of our office. We will try to budget in the future for these expenditures and reflect these expenditures from the previous years on the budget. Due to expenditures and the reimbursement to the county of \$1,969.00 for child support, I will probably have to do an amended budget again this year.*

12. Sheriff's Accounting Controls and Procedures

Prior audit reports have addressed the inadequacy of the Sheriff's accounting controls and procedures. While the Sheriff implemented some of our prior recommendations, several findings regarding internal controls have not been implemented.

The Sheriff's office collects approximately \$44,000 annually in fees, bonds, and other miscellaneous receipts, which are deposited into the Sheriff's Fee Account, or Civil Account. Our review noted the following concerns regarding the accounting records, controls and procedures of the Sheriff's office.

- A. The Sheriff's Office uses numerous receipt books at one time including receipt books for criminal fees, civil fees, bonds, gun permits, concealed weapons permits, and miscellaneous receipts. The receipt system is cumbersome and procedures need improvement as follows:
 1. Receipts are not deposited on a timely basis. For example, a deposit into the Sheriff's Fee Account dated October 7, 2003 included \$1,460 in receipts dating back to September 15 through September 30, 2003. In addition, gun permit monies are generally only deposited once or twice a month. Further, we noted checks were not always restrictively endorsed immediately upon receipt. To ensure against the loss or misuse of funds, deposits should be made daily or when amounts exceed \$100, and all checks and money orders should be restrictively endorsed immediately upon receipt.
 2. Receipt slips were not always issued for some receipts and voided receipt slips were not always retained. On November 19, 2003 a \$100 cash bond was deposited for which a receipt slip had not been issued. We also noted other examples where receipt slips were not issued including some receipts for gun permits. In addition, when using as many as six different receipt books, tracing receipts to a deposit is time consuming and cumbersome. To ensure receipts are deposited intact and to lessen the risk of monies being

misplaced or stolen, receipt slips should be issued for all monies immediately when received, and the sheriff should consider limiting the number of different receipt books used at one time. Further, to adequately account for all receipts, all copies of receipt slips should be retained.

3. The method of payment received (cash, check, money order, etc) is not always indicated on the receipt slips. To ensure all receipts are accounted for properly and deposited intact, the method of payment received should be recorded on all receipt slips and the composition of receipt slips should be reconciled to the composition of bank deposits.

- B. Monthly bank reconciliation procedures are inadequate and the Sheriff did not effectively monitor the balances in his bank accounts. While a checkbook balance is maintained, it is not properly reconciled to the bank account. In addition, monthly listings of liabilities (open items) are prepared, but are not agreed to the reconciled bank balance.

Numerous differences exist between the Sheriff's various accounting records and month-end reconciliations. For example, some outstanding checks were left off the outstanding check listing and deposit amounts were not always correctly recorded in the checkbook. We also noted addition and subtraction errors in the accounting records.

At June 30, 2004, the reconciled balance in the Sheriff's Civil Fees account was only \$2,403. Approximately \$1,230 of the balance was being held as civil process fees and \$1,740 was due to the County Treasurer, resulting in a shortage of \$567. Additionally, the difference between the reconciled balance and the open items listing varied from month to month.

During 2003 bank charges totaling \$55 were assessed against the Sheriff's Fee account for issuing two insufficient funds checks. These insufficient fund checks appear to be the result of untimely deposits.

Differences among the various accounting records and reconciliations indicate errors have occurred that should be investigated and resolved. Proper bank reconciliations are necessary to ensure the bank account is in agreement with the accounting records and to detect and correct errors on a timely basis. In addition, to prevent unnecessary bank charges, the Sheriff should maintain and monitor check book balances.

- C. The Sheriff does not follow up on outstanding checks. At January 21, 2004, the Civil Account had outstanding checks totaling \$163 that were over a year old with some dating back to January 2001. These old outstanding checks create additional and unnecessary record keeping responsibilities.

An attempt should be made to locate the payees of the old outstanding checks and the checks should be reissued, if possible. If the payee cannot be located, various statutory provisions provide for the disposition of unclaimed monies. In addition, routine procedures should be established to investigate checks outstanding for a considerable time.

- D. Adequate documentation is not always retained for bonds transmitted directly to the local courts. A \$100 cash bond received on January 28, 2004 was transmitted directly to the City of Hartville Municipal Court on February 3, 2004, but a receipt from the court was not retained to document the transmittal of funds. In addition, it is not always clear from the receipt slips whether the bond was deposited or transmitted directly to another court.

Adequate documentation of bonds transmitted directly to the local courts is necessary to ensure the proper recording and accountability of receipts.

- E. One clerk performs all duties of receiving, recording, depositing, disbursing monies, and reconciling accounting records. Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls could be improved by segregating the duties of depositing receipts from reconciling accounting records. If proper segregation of duties cannot be achieved, at a minimum, periodic documented supervisory review of the records should be performed.
- F. The sheriff will occasionally sign checks in advance making them fully negotiable. In addition, a former employee who has not worked at the Sheriff's Department since June 2002 was still authorized to sign checks as of January 2004.

Signing checks in advance circumvents the internal accounting control provided when an individual other than the check preparer reviews and signs checks. To adequately safeguard assets, checks should not be signed until all pertinent information is completed and supporting documentation for the disbursement is reviewed and approved by the check signer. In addition, steps should be taken to remove the former employee from the signature card at the bank.

- G. Some seized property items were not tagged to identify the property to a specific case and property tags used are not prenumbered. An inventory listing of seized property is maintained; however, the listing is not complete. Several items located in the evidence room were not included on the inventory listing. Adequate seized property inventory records are necessary to deter and identify loss, misuse, or theft of such items. An inventory record should include information such as date of seizure, description, persons involved, current location of the property, case name and number, and date and method of release or disposition of the property. In addition, all items should be tagged and identified to a specific case.

- H. The Sheriff does not have written agreements with three cities in the county to whom they charge a monthly fee for law enforcement related services including dispatching and usage of the county's access to the Missouri Uniform Law Enforcement System (MULES). Section 432.070, RSMo 2000, provides that any contract made by the county shall be in writing, dated when made, and signed by the parties. In addition to being required by statute, written contracts are necessary to document the duties and responsibilities of each party.
- I. The Sheriff's Department uses a fuel tank located at the Road and Bridge shed to fill the patrol vehicles. During 2003, the Sheriff's Department spent approximately \$14,500 on fuel for the department's five patrol vehicles. The Sheriff's Department does not track fuel usage, and compare it to the amount of fuel purchased. Sheriff's Department employees indicated the meter on the tank has not worked for several years and no attempts have been made to repair the meter. In addition, vehicle mileage logs and maintenance logs are not always prepared by Sheriff's Department employees for the patrol cars. While some deputies maintained a log of mileage and maintenance to their assigned patrol car, other deputies did not.

To reduce the risk of loss, misuse, or theft, fuel usage should be reconciled to fuel purchased, and significant differences should be investigated. Additionally, vehicle mileage and maintenance logs are necessary to document appropriate use of the vehicles. The logs should include the date, vehicle operator, purpose and destination of each trip, the daily beginning and ending odometer readings, and the operation and maintenance costs. These logs should be reviewed by the County Commission or applicable official to ensure all mileage is recorded and the vehicles are being properly utilized.

- J. During the two years ended December 31, 2003, approximately \$135 was disbursed from the Sheriff's Civil Fees Fund for which a public purpose was not demonstrated or documented. For example, monies were spent on flowers for illnesses and funerals, and donations to support a fireworks display and Christmas lights.

The disbursements do not appear to be necessary and prudent uses of public funds. Flowers and other gifts could be funded through employee contributions or an employee association.

WE RECOMMEND The Sheriff:

- A.1 Ensure all cash receipts are deposited daily or when amounts exceed \$100. In addition, restrictively endorse all checks and money orders immediately upon receipt.
2. Issue receipt slips immediately upon receipt, reconcile the composition of receipts to amounts deposited, and consider reducing the number of receipt books being used at one time. In addition, retain all copies of voided receipt slips.

3. Indicate the method of payment on all receipt slips and reconcile the composition of receipts to the composition of bank deposits.
- B. Maintain accurate check book balances and perform monthly reconciliations of the accounting records. Any differences between the accounting records and reconciliations should be investigated and resolved. In addition, ensure procedures are in place to eliminate bank overdraft charges.
- C. Attempt to locate the payees of the old outstanding checks and reissue checks if possible. Any remaining unclaimed amounts should be disbursed in accordance with state law.
- D. Ensure adequate supporting documentation is retained for all bonds transmitted directly to other courts.
- E. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- F. Discontinue the practice of signing checks in advance and remove the former employee from the signature card at the bank.
- G. Mark all seized property with prenumbered property tags and identify the property to specific cases. In addition, a complete inventory listing of all seized property should be maintained and kept updated for both additions and dispositions.
- H. And the County Commission obtain current written contracts from all cities for whom law enforcement services are being provided.
- I. Develop procedures to track fuel usage and reconcile fuel used to fuel purchased. Further, require the Sheriff's departments to maintain usage logs on all vehicles which identify the vehicle operator, dates of use, miles driven, destination and purpose of trips, and the fuel and maintenance expenses incurred.
- J. Ensure disbursements are a necessary and prudent use of public funds.

AUDITEE'S RESPONSE

The Sheriff provided the following responses:

- A. *Gun permits and concealed weapons permits can be written in the same book. This would take care of one receipt book.*

Since we have gotten the new gun permits program, gun permit money is processed on a weekly basis with permits and monies totaled by the computer.

We try to stamp all checks with the deposit stamp as soon as possible; however, some are missed because of interruptions and things going on in the office. We do try to get to them as soon as possible.

Bond receipts are issued by the jailer or dispatcher when a bond is placed. I have told each one of them to be sure and write the receipt and give the person a copy of the receipt. We try to write on the top of each receipt what happened to that bond: ie which court it went to or check number. We always make a court return and attach it to the bond when we take it to the Associate Court or over to the Hartville City Hall. We try to file these in a bond folder as soon as we get back to the office.

We always try to write the check number on the receipt, or if it is cash we write that on the receipt also.

- B. When I took over we tried to reconcile the bank book as best we could. Because of mistakes made before I took over, we were not able to get the check book to balance properly. After talking to staff from the State Auditor's Office, we went back and found the errors and were able to bring the checkbook and bank statement into agreement. The bank statement and checkbook are now in agreement.*

A list of all outstanding checks has been prepared and we are in the process of locating the address of the payees and sending them a new check. Checks will be sent to the treasurer for those we cannot locate. All deposits are being made weekly or as soon as possible with time permitting. The day time dispatcher will reconcile receipts to the deposit book.

The bank charges that were assessed against the county are because of the bookkeeper being out of the office when her husband was sick. She has put this back into the account. She felt this was her fault and the county should not bare this burden.

Each month a copy of the bank reconciliation will be placed into a folder and reviewed by the sheriff.

- C. We are in the process of finding out where these checks go. Any check that is carried over 3 months will be followed up on.*
- D. We are trying our best to turn all bonds over to the county as soon as possible with all documentation attached to the pink copies of the receipts and filed. We try to write on the top of each receipt what happens to each bond. We are also trying to schedule a specific time each day to do all of this and not have too many things going on at one time. We are also trying to organize the office to better accomplish this.*
- E. We are trying to have the day time dispatcher or someone else make out the deposit slips and take it to the bank as soon as possible. Without another person in the office to perform some of the duties, I see no other way to take care of this problem.*

- F. *We will no longer sign checks in advance for any reason.*
- G. *This is old property belonging to the former Sheriff. We plan to obtain a court order to dispose of this property.*
- H. *We will look into getting written agreements.*
- I. *I have discussed this issue with the County Commission and once the meter is repaired we will track fuel used.*
- J. *I receive approximately \$900 a year from calendar sales and I feel these types of expenditures are appropriate from these monies.*

13.	Ex Officio Recorder of Deed's Controls and Procedures
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Improvements are needed in the internal control and accounting procedures related to copy monies collected by the Ex Officio Recorder of Deeds. Additionally, the balance of the Recorder User Fee Fund continues to accumulate without a formal plan to utilize the funds.

- A. The Ex Officio Recorder of Deeds collects cash receipts for making photocopies, which are held as a change fund and used for petty cash expenditures such as office supplies and postage. No record is maintained of receipts, disbursements or cash balances of this fund. A cash count on March 3, 2004 identified \$176 of petty cash on hand. Invoices for expenditures made from the petty cash fund are not maintained. Occasionally, the excess monies are deposited and turned over to the county treasurer. During the two years ended December 31, 2003 and 2002 approximately \$1,267 was deposited and turned over to the county treasurer.

Copy monies received by the Ex Officio Recorder and Circuit Clerk represent accountable fees. Section 50.370, RSMo 2000, requires every county official who receives fees for official services to pay such monies monthly to the county treasury. If a petty cash fund is determined to be necessary, it should be kept on an imprest basis and all reimbursements should be supported by vendor invoices or other documentation.

- B. The Recorder User Fee Fund under the Ex Officio Recorder of Deed's authority has accumulated a substantial balance with no documented plans for its use. As of December 31, 2003, the balance of the Recorder User Fee Fund totaled \$92,478 while expenditures for 2002 and 2003 totaled only \$3,615. A budget was prepared for both years in which the Ex Officio Recorder of Deeds planned to spend \$35,000 in 2002 and \$40,000 in 2003. In addition, the Ex Officio Recorder of Deeds has not spent any monies from the Recorder Technology Fund during the two years ending December 31, 2003 and has accumulated a balance of \$14,801 in this fund. While the Ex Officio Recorder of Deeds has indicated some of these monies will be utilized

on new equipment, there are no formal documented plans on how the funds will be utilized. The Ex Officio Recorder of Deeds should work with the County Commission to review the fund balance and develop a plan to utilize the funds as allowed by state law, and reduce the accumulated balance.

WE RECOMMEND the Ex Officio Recorder of Deeds:

- A. Deposit all monies intact into the official bank account and disburse all fees to the county treasury monthly. If a petty cash and change fund is determined to be necessary, it should be funded by the county and maintained on an imprest basis. A log of petty cash fund transactions, including invoices for expenditures, should be maintained to properly document the financial activity of the fund.
- B. Review the balance of the Recorder User Fee Fund and prepare a formal plan to utilize the funds and reduce the accumulated balance.

AUDITEE'S RESPONSE

The Ex Officio Recorder of Deeds provided the following responses:

- A. *The copy money is now logged in as we receive it.*

The copy money is counted each week by two people and any money over \$100 is turned over to the county. The remaining \$100 is kept for change-petty cash fund.

Any expenditures from the change-petty cash fund are now logged in and receipts kept with the log.

- B. *I will review the balance of the Recorder User Fee Fund and prepare formal plans to utilize the funds and reduce the accumulative balance when the right system is located.*

14. Associate Circuit Division Procedures
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The Associate Circuit Division is responsible for processing receipts for criminal and civil cases, traffic tickets, and bonds. At December 31, 2003 and 2002, the court was holding bonds totaling \$30,379 and \$22,028, respectively.

While the majority of the amount held is for current cases, the bond account open items listing maintained by the Associate Circuit Division included some cases that had been dismissed or closed. For example, one case dating back to 1996 had been dismissed, and \$499 was still being held by the court at December 31, 2003. The status of old open items should be routinely reviewed to determine if any disbursement is necessary. If disbursement is possible, but proper payees cannot be located the monies should be disposed of in accordance with state law. Various statutory provisions including Sections 50.470 through

50.490, RSMo 2000, and Sections 447.500 through 447.995, RSMo 2000, provide for the disposition of unclaimed monies.

WE RECOMMEND the Associate Circuit Division adopt procedures to periodically follow up on old open items and dispose of them according to state law.

AUDITEE'S RESPONSE

The Associate Circuit Judge provided the following response:

Pursuant to the recommendations of the Missouri State Auditor's Office, we, the Wright County Associate Circuit Court, have reviewed the open items in our bond account and have paid out all money inadvertently held in closed cases. Additionally, we have paid out monies held in cases that have been inactive more than two years.

In the future, we will review this list each calendar year and make pay-outs as necessary to keep the money more current.

15. Juvenile Detention Center and Juvenile Office Records and Procedures

Improvements are needed in the internal controls and accounting procedures used by the Juvenile Detention Center (JDC) and Juvenile Office. The JDC houses juveniles and collects incarceration costs from the state, counties, and parents. The JDC also receives reimbursement of operating expenses from counties within the Forty-Fourth and Thirty-Eighth Judicial Circuits. The Juvenile Office is located within the JDC and receives restitution from juveniles and operating expense reimbursements from counties within the Forty-Fourth Judicial Circuit.

- A. The JDC has not established procedures to maintain accurate financial information. The JDC uses a computerized accounting software to track receipts, disbursements, and cash balances. The financial information generated from the software is not always accurate and, while the JDC is aware of the inaccuracies, they have made no attempts to obtain accurate financial information. For example, the financial statement which summarizes the JDC's annual financial activity, reported revenues of \$188,436 for the year ended December 31, 2003 when actual revenues were \$194,053, resulting in a \$5,617 understatement of revenues. The statement also reported expenditures of \$163,802 when actual expenditures were \$171,878 resulting in an \$8,076 understatement of revenues. Similar inaccuracies were noted with reports generated for 2002. No documentation was available to explain these differences.

Accurate financial reports are critical to ensure the JDC is properly informed of the financial condition of the detention center and to assist in preparing annual budgets, determining incarceration costs, approving invoices, and planning for upcoming expenditures.

- B. The budgets prepared by the JDC were incomplete.
 - 1. Budgets did not include the two previous years' actual revenues and expenditures. Section 50.590, RSMo 2000, requires budgets to include the figures for the last two completed fiscal years to provide a comparison with the estimates for the current fiscal year. Amounts shown in Exhibit B of this report were obtained from the JDC's computerized accounting system and adjustments were made for the inaccuracies noted in part A above.
 - 2. Actual beginning cash balances were not accurately recorded on the 2003 and 2002 budgets. In addition, these budgets did not include a computation of the projected ending cash balance. To be of maximum assistance to the Juvenile Detention Center and to adequately inform the public, the budget document should accurately reflect the beginning cash balances and projected ending balances.
- C. The JDC does not analyze incarceration costs to determine if amounts billed to other entities adequately recovers all costs. In addition, an agreement with the Thirty-Seventh Judicial Circuit for the housing of juveniles is not in writing.

The Juvenile Detention Center was established to house juveniles from counties located in the Forty-Fourth and Thirty-Eight Judicial Circuits. The center also houses juveniles for the Division of Youth Services, other counties, and another judicial circuit and bills for these services. In addition, parents are billed for a portion of the juvenile's incarceration costs.

The Detention Center bills the Division of Youth Services \$14 a day for each juvenile housed in the center and another \$52 a day for each juvenile under control of the Division of Youth Services. Other counties are billed \$52 and parents of all juveniles are billed \$17 per day for each juvenile housed in the center. The Thirty-Seventh Judicial Circuit is billed a flat \$35,000 a year for the use of 5 beds in the center; however, if more than 5 juveniles are in the center they are billed an additional \$52 per day for each juvenile. The Forty-Fourth and Thirty-Eight Judicial Circuit's are billed based on the operating costs to run the center.

Upon our request, the Chief Juvenile Officer calculated the daily cost of housing a juvenile. Based upon these calculations we estimated the cost to house the juveniles from the Thirty-Seventh Judicial Circuit was \$74,672 with \$11,942 billed to the state and \$14,501 billed to the parents leaving \$48,229 in costs incurred by the center; however, only \$35,000 was collected. By establishing a billing rate that is not

sufficient to recover all costs, the Forty-Fourth and Thirty-Eight Judicial Circuits are subsidizing the cost to house other political subdivisions' juveniles. Further, the Chief Juvenile Officer indicated that the center collects only a small portion of the amount billed to the parents resulting in increased costs to the Forty-Fourth and Thirty-Eight Judicial Circuits.

To ensure the JDC is billing at a rate that adequately recovers all costs, incarceration costs should be analyzed periodically and compared to billing rates. In addition, Section 432.070, RSMo 2000, states all contracts entered into by the county shall be in writing and shall be signed by each of the parties or their agents.

- D. Accounting duties are not adequately segregated. One clerk is primarily responsible for receiving monies, preparing checks and deposit slips, performing bank reconciliations, and maintaining the accounting records for the JDC and the Juvenile Office.

Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and depositing receipts from recording and reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory reviews of the records should be performed and documented.

- E. Controls over expenditures made by the JDC and the Juvenile Office need improvement.

- 1. While the Chief Juvenile Officer signs checks, there is no indication that he reviewed and approved the corresponding invoices and supporting documentation. We noted instances where invoices for fuel incorrectly listed charges for unleaded fuel as diesel fuel; however, the Chief Juvenile Officer was unaware of these billing errors until we brought this matter to his attention. In addition, a detention center employee's signature indicating receipt of goods or services was not evident on expenditure documentation.

To ensure expenditures are proper, all invoices and supporting documentation should be properly approved and evidence of receipt of goods should be noted prior to payment. With the current procedures it is unclear if expenditures were properly approved.

- 2. Adequate supporting documentation was not retained for some expenditures. For example, the JDC paid \$6,705 in contract services to the son of the former Chief Juvenile Officer. The invoices for the services showed little to no detail of services performed. Further, the Juvenile Office has an oral agreement with an attorney to provide guardian ad litem services and adequate documentation of services performed was not maintained. The

Juvenile Office paid \$13,750 for these services during 2003. To ensure the validity and propriety of expenditures, adequate supporting documentation should be obtained for all payments to vendors. Further, Section 432.070, RSMo requires all county contracts to be in writing.

3. Bids were not always solicited for various purchases made by the JDC, such as furniture (\$10,387), food (\$13,594), and contract services (\$6,705) to the former Chief Juvenile Officer's son.

Section 50.660, RSMO 2000 requires the advertisement of bids for all purchases of \$4,500 or more, from any one person, firm, or corporation during any period of 90 days. Bidding procedures for major purchases provide a framework for economical management of resources and help assure the detention center that it receives fair value by contracting with the lowest and best bidder. In addition, competitive bidding ensures all interested parties are given an equal opportunity to participate in detention center business.

4. Neither the JDC nor the Juvenile Office maintained adequate documentation to account for refunds received when supplies were returned. We identified two occasions where supplies totaling \$70 were returned to the vendor, and \$6 of the cash refund was used to purchase additional supplies; however, there was no documentation to support how the remaining \$64 was used. The Chief Juvenile Officer indicated the remaining cash was likely used as a petty cash fund to purchase miscellaneous supplies such as postage; however, documentation was not retained for these purchases.

If a petty cash fund is determined to be necessary, it should be kept on an imprest basis and all reimbursements should be supported by vendor invoices or other documentation. Further, cash refunds for supplies returned to the vendor should be deposited into the JDC and Juvenile Office bank accounts and refund transactions should be adequately documented.

5. Checks issued on JDC and Juvenile Office bank accounts require signatures of both the Chief Juvenile Officer and the bookkeeper; however, checks are sometimes signed in advance. Signing checks in advance does not allow for proper review of the documentation to support the disbursement and diminishes the control intended by dual signatures.

- F. The Juvenile Office has no written travel and expense policies. Some employee expense reports included supporting invoices for meals, while others did not. Further, the expense reports did not always contain sufficient information such as the purpose of the trip. The Juvenile Office paid approximately \$5,300 to employees for various travel and expenses.

Without written, documented policies, the types of expenses that can be incurred, the extent of those expenses which will be paid by the Juvenile Office may not be known. Further, without a detailed travel expense report, the Juvenile Office cannot adequately review and ensure the propriety of payments made for travel expenses.

- G. JDC and Juvenile Office employees are provided meals at no cost by the JDC. The number of meals provided to employees is not tracked, and the JDC does not have a policy to address whether employees are to be provided meals. The Chief Juvenile Officer indicated JDC employees are provided meals because they cannot leave the building during working hours.

A written personnel policy addressing this issue is needed to control and reduce unnecessary expenditures in this area.

- H. The JDC does not properly reconcile the W-2's and W-3's to the quarterly 941 wage reports. As a result, employee wages incorrectly reported on the W-2 were not identified and corrected. For example, in 2003 we noted that the salary amount reported on the W-2 for one employee was overstated by approximately \$776.

Failure to reconcile payroll records increases the risk that errors or irregularities will not be detected on a timely basis.

- I. The method of payment received (cash, check, money order, etc.) is not always indicated or is not always correctly indicated on the receipt slips.

To ensure receipts are accounted for properly and deposited intact, the method of payment received should be recorded on all receipt slips and the composition of receipt slips issued should be reconciled to the composition of bank deposits.

- J. The Juvenile Office does not follow up on outstanding checks. We noted a total of \$293 in outstanding checks more than one year old, which dated as far back as March 1994, for which no follow-up action has been taken. These old outstanding checks create additional and unnecessary record keeping responsibilities.

An attempt should be made to locate the payees of the old outstanding checks and the checks should be reissued, if possible. If the payee cannot be located, various statutory provisions, noted above, provide for the disposition of unclaimed monies. In addition, routine procedures should be established to investigate checks outstanding for a considerable time.

WE RECOMMEND the Juvenile Detention Center:

- A. Ensure financial reports generated by the computerized accounting software are complete and accurate.

- B.1. Report actual revenues and expenditures of the two previous years on the budgets, as required by state law.
- 2. Accurately report the beginning cash balances on the budgets and compute the projected ending balance.
- C. Periodically review the cost of boarding juveniles and establish a billing rate for other political subdivisions that is sufficient to recover the cost of housing juveniles in the detention center. In addition, the detention center should obtain a written agreement with the Thirty-Seventh Judicial Circuit for the boarding of juveniles.
- D. Segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- E.1. Document approval of expenditures, and ensure all invoices contain an indication of receipt of goods or services.
- 2. Require adequate supporting documentation prior to approving expenditures for payment. In addition, obtain written agreements with the vendors for professional services.
- 3. Solicit bids for all purchases in accordance with state law and maintain adequate documentation of bids.
- 4. Cash refunds for supplies returned to the vendor should be deposited into the JDC and Juvenile Office bank accounts and refund transactions should be adequately documented. If a petty cash fund is determined to be necessary, it should be maintained on an imprest basis, and a log of petty cash fund transactions, including invoices for expenditures, should be maintained to properly document the financial activity of the fund.
- 5. Discontinue the practice of signing checks in advance.
- F. Adopt a formal policy regarding travel expenses.
- G. Review whether JDC and Juvenile Office employees should be provided meals at the detention center's expense and if necessary develop a personnel policy to address this issue.
- H. Ensure that the 2003 reporting error has been corrected, and that W-2 and W-3 forms are properly reconciled to the quarterly 941 reports.
- I. Indicate the method of payment on all receipt slips and reconcile the composition of receipts to the composition of bank deposits.

- J. Attempt to locate the payees of the old outstanding checks and reissue checks if possible. Any remaining unclaimed amounts should be disbursed in accordance with state law.

AUDITEE'S RESPONSE

The Juvenile Detention Center Administrator provided the following responses:

- A. *The accounting software we are using wasn't set up to fit our needs. We are starting the process of making changes to our system now. Beginning in January 2005 we will ensure correct financial reports are prepared.*
- B.1. *We were not using the correct budget form. Beginning in January 2005 we will obtain the correct budget form and this information will be included.*
2. *Changes made to our accounting software should ensure that the cash balance on our budget is accurate.*
- C. *We have drafted a written agreement with the 37th Judicial Circuit. We are currently looking at various ways to increase revenues.*
- D. *Supervisory reviews are being performed and documented. This was started August 1, 2004.*
- E. *Steps have been taken to implement all these recommendations.*
- F. *A formal travel policy has been adopted.*
- G. *A formal policy has been adopted addressing meals provided to employees.*
- H. *A corrected W-2 will be sent.*
- I. *This recommendation has been addressed and implemented.*
- J. *We will take steps to locate the payees of the old outstanding checks. Any amounts remaining unclaimed will be disbursed by January 2005.*

16. Health Center Accounting Controls and Procedures

The Health Center's accounting controls and procedures need improvement. Funds on deposit were not adequately covered by collateral securities, the published financial statements did not include itemized financial activity for salary expenditures, and no budget amendment was filed to authorize expenditures in excess of the board approved budget. In addition, the Health Center Administrator did not issue Forms 1099-MISC to any nonemployees during the audit period.

- A. The Health Center's funds on deposit were not adequately covered by collateral securities. Coverage was insufficient by \$15,677 at December 31, 2002 and by \$806 and \$14,417 at February 5, 2004 and June 24, 2003, respectively. The Health Center Board of Trustees apparently did not monitor the funds on deposit to ensure adequate collateral securities were pledged.

Section 110.020, RSMo 2000, provides the value of collateral securities pledged to secure funds shall at all times be not less than 100 percent of the actual amount on deposit less the amount insured by the Federal Deposit Insurance Corporation (FDIC). Inadequate collateral securities leave funds unsecured and subject to loss in the event of a bank failure.

- B. The Health Center's published financial statements did not include itemized financial activity for salary expenditures. Section 50.800, RSMo 2000, provides that the financial statements are required to show disbursements or expenditures by person or vendor for all county funds. For the published financial statements to adequately inform the citizens of the Health Center's financial activities, all monies disbursed should be adequately detailed.
- C. The Health Center's expenditures exceeded the board approved budget by \$40,387 for the year ended December 31, 2002. It appears expenditures were not adequately monitored during 2002, and there was no budget amendment filed to authorize the additional expenditures.

It was ruled in *State ex. rel. Strong v. Cribb*, 364 Mo.1122, 273 SW2d 246 (1954), that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess expenditures, amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's Office. In addition, Section 50.662, RSMo 2000, provides county boards may amend the annual budget during any year in which the board receives additional funds which could not be estimated when the budget was adopted.

- D. The Health Center does not have adequate procedures in place to ensure Forms 1099-MISC are issued as required. The Health Center paid various individuals or businesses for labor related to their building renovation and painting.

Sections 6041 through 6051 of the Internal Revenue Code require payments of at least \$600 or more in one year to an individual for professional services or for services performed as a trade or business by nonemployees (other than corporations) be reported to the federal government on Forms 1099.

WE RECOMMEND the Health Center Board of Trustees:

- A. Monitor the bank balance and ensure adequate collateral securities are pledged for all funds on deposit in excess of FDIC coverage.
- B. Ensure financial information is properly reported in the annual published financial statement in accordance with state law.
- C. Not authorize expenditures in excess of budgeted expenditures. If necessary, extenuating circumstances should be fully documented and the budgets properly amended and filed with the State Auditor's Office.
- D. Ensure 1099 forms are issued in accordance with IRS regulations.

AUDITEE'S RESPONSE

The Health Center Board and Administrator provided the following responses:

- A. *We have contacted the bank and corrected the problem.*
- B. *We will do this in the future.*
- C. *In the future, when unplanned revenues come in, we will amend the budget.*
- D. *We will do this in the future when Forms 1099 are necessary.*

17. Developmentally Disabled Board
--

The Developmentally Disabled Board receives approximately \$115,000 annually. The board's minutes and budgetary procedures need improvement. The board also did not always obtain written agreements when necessary.

- A. The Developmentally Disabled Board held numerous meetings with their attorney during 2001 for which no formal minutes were taken and advance notices of the meetings were not posted. In April 2002 and March 2004 the board took official votes by phone but no official minutes were taken and approved and there is no documentation to indicate why these meetings were not posted and accessible to the public.

Section 610.020.6, RSMo 2000, requires a journal or minutes to be taken of all board meetings. In addition, Section 610.020.1, RSMo 2000, requires all public governmental bodies to publicly post notice of the time, date, and place of each meeting and its tentative agenda. Section 610.020, RSMo 2000, also requires at any public meeting conducted by telephone, the public shall be allowed to observe and

attend the meeting at a designated location identified in the notice of the meeting. This statute also requires minutes be taken and retained for these meetings.

- B. Expenditures exceeded the board approved budget by \$44,104 in 2002. Adequate monitoring procedures are not in place to ensure expenditures do not exceed budgeted amounts. It was ruled in *State ex rel. Strong v. Cribb* 364 Mo. 1122, 273 SW2d 246(1954), that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess expenditures, amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. Also, Section 50.622, RSMo 2000, provides county boards may amend the annual budget during any year in which the board receives additional funds which could not be estimated when the budget was adopted and that the board shall follow the same procedures required for adoption of the annual budget to amend the budget.
- C. The Developmentally Disabled Board paid in excess of \$6,000 to an attorney for services related to a lawsuit involving the purchase of land by the board. The board did not obtain a written contract with the attorney indicating services to be provided and costs for the services. During the course of the lawsuit the Board issued a letter to the attorney indicating concern that fees had exceeded initial estimates; however, since there was no written contract, there is no documentation of the estimated cost of his services. Section 432.070, RSMo 2000, provides that any contract made by the county shall be in writing, dated when made, and signed by the parties. In addition to being required by statute, written contracts are necessary to document the duties and responsibilities of each party.

WE RECOMMEND the Developmentally Disabled Board:

- A. Maintain minutes for all meetings as required by state law. In addition, meeting notices should be posted as required by state law.
- B. Not authorize expenditures in excess of budgeted amounts. If necessary, extenuating circumstances should be fully documented and the budgets properly amended and filed with the State Auditor's office.
- C. Enter into written agreements for all services. The written agreement should detail all duties to be performed and the compensation to be paid under the agreement.

AUDITEE'S RESPONSE

The Developmentally Disabled Board provided the following responses:

- A. *Effective immediately, all meeting dates will be posted publicly, meetings will be held publicly, and minutes will be kept of each meetings, as required by Missouri State law.*

- B. *Effective immediately, should there be a valid reason for expenditures to exceed the amount of our approved budget, a public meeting will be held to amend the annual budget. The Wright County Board for the Developmentally Disabled will then file the amended budget with the Wright County Commission and the Missouri State Auditor's Office, as required by Missouri State law.*
- C. *Effective immediately, written agreements/contracts shall be made for services provided to the Wright County Board for the Developmentally Disabled, as required by Missouri State law.*

Follow-Up on Prior Audit Findings

WRIGHT COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Wright County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 1999. The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Budget Amendments and County Funds

- A. Public hearings were not held prior to the adoption of budget amendments. In addition, budget amendments were not always made prior to the county incurring expenditures.
- B. From January 1997 through November 2000 the county accumulated more than \$3,200 in the Domestic Violence Fund and disbursed only \$205 of these funds to domestic violence shelters.
- C. Assessment reimbursement claims were not reconciled to actual expenditures resulting in the county receiving more in state assessment fund reimbursements in 1998 than entitled.

Recommendation:

The County Commission:

- A. Ensure budget amendments are made prior to incurring the actual expenditures and public hearings are held prior to adopting budget amendments as required by state law.
- B. Ensure Domestic Violence Fund monies are disbursed to qualifying shelters in a timely manner.
- C. Contact the State Tax Commission regarding this situation and take appropriate action to correct the overpayment. In addition, the County Commission should ensure assessment reimbursement claims are reconciled to the expenditure records.

Status:

- A-B. Implemented.
- C. Implemented. The State Tax Commission withheld \$8,147 in January 2003 from the county's quarterly reimbursement request.

2. Sheriff's Controls and Procedures

- A.1. Civil process fees were not deposited until the related process papers were served and checks received were returned to the payor if the papers could not be served. Also, checks for civil process fees were not always restrictively endorsed immediately upon receipt.
- 2. The method of payment received was not always correctly indicated on the receipt slips and the composition of recorded receipts was not reconciled to bank deposits.
- 3. Monthly bank reconciliations were not always performed or documented for the civil and special accounts. In addition, a balance was not maintained in the check register.
- 4. The original copies of some voided receipt slips were not retained.
- 5. One clerk performed all duties of receiving, recording, and depositing monies.
- B. Civil process fees were allowed to accumulate in the Sheriff's bank account without being properly disbursed to the Treasurer.
- C. The Sheriff and the clerk were authorized to sign checks on the Sheriff's bank accounts; however, the clerk regularly signed the Sheriff's name, rather than her own name.
- D. Seized property items were not always tagged to identify the property to a specific case and the property tags were not prenumbered. Also the inventory listing of seized property was not complete.
- E. The County Commission was not a party to contracts the Sheriff entered into with cities to use the county's access to the Missouri Uniform Law Enforcement System (MULES).
- F. The Sheriff maintained custody of a bank account used for law enforcement purposes Which represented accountable fees and should have been turned over to the County Treasurer.
- G. The Sheriff special account had \$2,640 which was the result of a partition sale held by the former Sheriff. This had not been distributed in accordance with state law.

Recommendation:

The Sheriff:

- A.1. Deposit all civil process fees intact into the Sheriff bank account daily or when accumulated receipts exceed \$100. Any refunds should be made by check. In addition, restrictively endorse all checks and money orders immediately upon receipt.
2. Indicate the method of payment on all receipt slips and reconcile the composition of receipts to the composition of bank deposits.
3. Maintain a balance in the check register and reconcile this balance to the monthly bank balance.
4. Retain the original copies of all voided receipt slips.
5. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. Disburse all civil fees to the county treasury on a monthly basis.
- C. Discontinue the practice of allowing the clerk to sign the Sheriff's name on checks.
- D. Mark all seized property with prenumbered property tags and identify the property to specific cases. In addition, a complete inventory listing of all seized property should be maintained and kept updated for both additions and dispositions.
- E. And the County Commission obtain current written contracts from all cities using the MULES computer.
- F. Turn over the amounts in the Sheriff's special account to the County Treasurer, and, in the future, turn over all accountable fees to the County Treasurer.
- G. Obtain an order from the circuit court and pay the \$2,640 to the state's Escheats Fund.

Status:

- A.1. Partially Implemented. Civil process fees are no longer held until papers are served; however, deposits are not always made on a timely basis and checks are not always restrictively endorsed immediately upon receipt. See MAR finding number 12.

B, C,
F&G. Implemented.

A.2-5,
D&E. Not implemented. See MAR finding number 12.

3. Prosecuting Attorney's Controls and Procedures

- A. Monthly listings of open items (liabilities) for bad check restitution cases were not accurately prepared and reconciled to the cash balance. The November 2000, reconciled cash balance exceeded identified open items by \$7,576.
- B. One clerk performed all duties of receiving, recording, and depositing monies.
- C. Balances were not maintained in the bad check restitution and the court-ordered restitution check registers or in the one-write receipt system.
- D. Checks totaling \$1,016 written from 1994 to 1998, were still carried on the books at November 30, 2000.
- E. A system to account for all bad checks submitted to the office for collection and their disposition had not been established. Collection procedures and efforts were not always made timely.

Recommendation:

The Prosecuting Attorney:

- A. Prepare complete and accurate listings of open items and reconcile the listings to the cash balance monthly. An attempt should be made to investigate the unidentified monies and any monies remaining unidentified should be disbursed in accordance with state law.
- B. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- C. Maintain a book balance for the bad check and court ordered restitution accounts, and reconcile such balance to the monthly bank balances.
- D. Attempt to contact the payees of old outstanding checks. If the payees cannot be located, the balance should be distributed in accordance with applicable statutory provisions.
- E. Establish a system to account for all bad checks submitted to his office and their disposition.

Status:

A, B,
D&E. Not implemented. See MAR finding number 11.

C. Implemented.

4. Health Center Records and Procedures

A.1. Beginning cash balances on budgets were incorrectly reported.

2. Numerous mathematical errors were noted in the budget document resulting in inaccurate totals of actual revenue and expenditure amounts.

3. Actual revenues for 1998 and 1999 contained numerous classification errors.

B. Various internal accounting and financial reporting records of the health center were inconsistent with each other in amounts recorded for the audit period. These inconsistencies appeared to be the result of numerous posting errors, back dating of correcting entries, and the lack of reconciliations performed by the Health Center Administrator among these various records.

C. Health center personnel did not monitor amounts expended on Comprehensive Family Planning (CFP) services during the audit period, nor was the average cost per client of providing such services periodically calculated and monitored.

Recommendation:

The Health Center Board of Trustees:

A. Ensure budgets are accurate and complete.

B. Ensure maintenance of accurate accounting records and an effective financial reporting system to accurately monitor budgeted and actual financial activity.

C. Ensure CFP expenditures are in compliance with the contract and contact the state Department of Health to resolve this situation.

Status:

A. Partially implemented. Although some errors were noted on the Health Center's budget, improvements have been made. Although not repeated in our current MAR, our recommendation remains as stated above.

B. Implemented.

C. Implemented. The Health Center repaid the Department of Health \$17,550 in April 2001 and has established procedures to track and monitor contract expenditures.

5. Developmentally Disabled Board

The Developmentally Disabled Board did not properly monitor its bank balances to ensure that the board's depository banks pledged sufficient collateral securities.

Recommendation:

The Developmentally Disabled Board monitor the bank balance and ensure adequate securities are pledged for all funds on deposit in excess of FDIC coverage.

Status:

Implemented.

STATISTICAL SECTION

History, Organization, and
Statistical Information

WRIGHT COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1841, the county of Wright was named after Silas Wright, a U.S. Senator. In April 2001, Wright County abolished their townships and became a county-organized, third-class county. Wright County is part of the Forty-Fourth Judicial Circuit. The county seat is Hartville.

Wright County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 641 miles of county roads and 36 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 16,188 in 1980 and 17,955 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,				
		2003	2002	2001	2000	1985* 1980**
		(in millions)				
Real estate	\$	80.4	78.8	76.8	74.9	43.4 17.1
Personal property		33.0	33.7	31.9	30.6	12.6 6.6
Railroad and utilities		7.9	8.3	8.3	10.2	5.1 4.8
Total	\$	121.3	120.8	117.0	115.7	61.1 28.5

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Wright County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,			
		2003	2002	2001	2000
General Revenue Fund	\$	.0280	.0415	.0394	n/a
Health Center Fund		.0818	.0810	.0810	.0800
Senate Bill 40 Board Fund		.0818	.0810	.0810	.0800

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

Year Ended February 28 (29),				
	2004	2003	2002	2001
State of Missouri	\$ 38,833	37,856	36,414	35,433
General Revenue Fund	47,188	61,305	60,548	5,623
Special Road and Bridge Fund	24,432	36,299	142,395	24,001
Assessment Fund	45,155	44,233	43,648	44,594
Health Center Fund	105,572	102,060	98,056	95,812
Senate Bill 40 Board Fund	105,185	101,676	97,697	95,453
Township debt service	0	0	0	1,239
Townships	0	0	0	409,760
School districts	3,912,858	3,806,392	3,657,499	3,573,767
Library district	185,381	179,233	172,187	168,319
Tax Maintenance Fund	14,302	5,856	0	0
Cities	51,088	51,544	48,650	57,825
County Clerk	1,995	2,502	1,493	1,899
County Employees' Retirement	40,426	39,819	35,677	25,591
Commissions and fees:				
Townships	0	0	0	36,555
General Revenue Fund	82,221	80,773	79,631	37,272
Total	\$ 4,654,636	4,549,548	4,473,895	4,613,143

Percentages of current taxes collected were as follows:

Year Ended February 28 (29),				
	2003	2002	2001	2000
Real estate	90	88	88	88
Personal property	88	87	88	88
Railroad and utilities	100	100	100	100

Wright County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$.0050	None	50	%
Road and Bridge*	.0050	None	None	

* In November 2001 voters approved this sales tax which eliminated all Road and Bridge levies and allocated thirty percent of the sales tax collections to the Mountain Grove Special Road District. The sales tax became effective in April 2002.

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2004	2003	2002	2001	2000
County-Paid Officials:	\$				
Rex Epperly, Presiding Commissioner		22,566	22,566	22,566	22,566
John Williams, Associate Commissioner		20,566	20,566	20,566	17,500
Frank Bolt, Associate Commissioner		20,566	20,566	20,566	17,500
Tony Dugger, County Clerk		31,160	31,160	31,160	31,160
Larry A. Tyrrell, Prosecuting Attorney		36,900	36,900	36,900	36,900
Terry Gates, Sheriff		34,440	34,440	34,440	
G.L. (Mitch) Mitchell, Sheriff					35,000
Naomi Gray, County Treasurer		23,058		4,966	
Wilma (Faye) Campbell, County Treasurer			23,058	12,298	
Ben Hurtt, County Coroner		9,020	9,020	9,020	
Lynn Hurtt, County Coroner					6,500
John T. Miller, Public Administrator (1)		16,822	20,589	22,645	18,784
Cindy Cottengim, County Collector, year ended February 28 (29), (2)	31,160	31,160	28,564		
Fern Moore, Treasurer and Ex Officio County Collector, year ended March 31,			6,812	27,250	27,250
Brenda Day, County Assessor (3), year ended August 31,		32,060	32,060	42,556	30,420

(1) Includes fees received from probate cases.

(2) Includes \$260 received as Ex Officio County Collector.

(3) Includes \$900 annual compensation received from the state. The salary reported for 2001 includes a lump sum payment of \$8,880 plus \$1,096 interest required by a judgment from a lawsuit filed by the Assessor against the county regarding her salary.

State-Paid Officials:

Joe Chadwell, Circuit Clerk and Ex Officio Recorder of Deeds	47,300	47,300	47,300	46,126
Lynette Veenstra, Associate Circuit Judge	96,000	12,000		
Noble I. Leighton, Associate Circuit Judge		58,772	96,000	97,382



**WAYNE COUNTY, MISSOURI
YEARS ENDED DECEMBER 31, 2003 AND 2002**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-75
September 27, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

September 2004

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Wayne, that do not have a county auditor. In addition to a financial and compliance audit of various county operating funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Wayne County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- Payroll expenditures claimed against the Public Safety Partnership and Community Policing Grants (COPS) – Methamphetamine Initiative grant were not supported by adequately detailed time sheets. In addition, the office administrator's salary appears to be an unallowable cost. As a result, salary and fringe benefit amounts totaling \$57,871, appear questionable and could be disallowed by the granting agency. Also, the Schedule of Expenditures of Federal Awards prepared by the county was not complete or accurate.
- The county's General Revenue Fund financial condition is declining. The 2004 budget projected a zero cash balance at December 31, 2004, and the Special Road and Bridge Fund is owed \$68,997 due to the county's property tax reduction related to sales tax. In addition, the County Commission is considering the construction of a new jail even with its weak financial condition. It does not appear that the county has sufficient monies to payback the amounts owed to the Special Road and Bridge Fund, adequately reduce the property tax levy in the General Revenue Fund in future years, and to construct a new jail without some increase in revenues or a reduction in expenditures.
- Bids were not always solicited or advertised by the county, nor was bid documentation always retained, adequate supporting documentation was not always obtained and reviewed or was not in sufficient detail for some expenditures.
- The county paid the Western District County Road Overseer \$5,300 on October 7, 2003 for a 1992 truck to be used for road and bridge purposes. The truck was previously owned by the Western District Commissioner who sold the truck for \$2,500 to the overseer on October 6, 2003. No public notice was given and no bids were requested for the purchase of the truck. This transaction appears to be a conflict of interest and may violate state law.

(over)

YELLOW SHEET

- Formal budgets were not prepared for various funds, actual expenditures exceeded the budgeted amount in various funds, and expenditures of some funds exceeded the original budgets prior to amending the budgets. In addition, a deficit ending fund balance was budgeted for the Sheriff's Donations Fund in 2003, the published financial statements did not include the financial activity of various funds, and some county funds are not held by the County Treasurer and disbursed through the county's expenditure system.
- The county has not taken action on mid-term salary increases given to associate county commissioners in 1999. On May 15, 2001 the Missouri Supreme Court handed down an opinion that challenged the validity of Section 50.333.13, RSMo, which allowed county salary commissions in 1997 to provide mid-term salary increases for associate county commissioners. The Supreme Court held this section of law violated Article VII, Section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county and municipal officers during the term of office. The County Commission responded they are waiting to see what other counties in the state do on this issue.
- Additional salary concerns include actions of the salary commission in approving a raise for the County Treasurer were not supported by a written legal opinion, the Public Administrator receiving annual compensation based on a salary and fees instead of choosing to receive either a salary or fees, and the Sheriff receiving additional compensation from overtime and other payments.
- Several concerns were noted in the Sheriff's office. Checks and money orders are not always restrictively endorsed immediately upon receipt, receipts are not posted to the cash control ledger on a timely basis, receipts are not always deposited intact on a timely basis, and the composition of receipts is not reconciled to the composition of deposits. Also, checks have been outstanding for a considerable length of time and accrued costs are not adequately monitored.
- Several concerns were noted in the Sheriff's commissary procedures. Accounting duties are not adequately segregated, prenumbered receipt slips are not always issued, checks and money orders are not always endorsed upon receipt, receipts are not always deposited timely, and checks have been outstanding for a considerable length of time. Also, a commissary inventory listing is not maintained, profit earned on sales is not monitored, open items are not reconciled, and inmate balances are not reviewed. In addition, various invoices could not be located and questionable purchases were made.

The audit also includes some matters related to personnel policies and procedures and property records and procedures. The audit also suggests improvements in controls and procedures of the Prosecuting Attorney, Health Center, and the Senate Bill 40 Board.

All reports are available on our website: www.auditor.mo.gov

WAYNE COUNTY, MISSOURI

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WAYNE COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Wayne County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Wayne County, Missouri, as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Wayne County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2003 and 2002, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated June 18, 2004, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Wayne County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

June 18, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Randall Gordon, CPA
In-Charge Auditor:	Robert L. McArthur II
Audit Staff:	Clifford E. Lewton
	Jennifer L. Henze



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission
and
Officeholders of Wayne County, Missouri

We have audited the financial statements of various funds of Wayne County, Missouri, as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated June 18, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of various funds of Wayne County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Wayne County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition

in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Wayne County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

June 18, 2004 (fieldwork completion date)

Financial Statements

Exhibit A-1

WAYNE COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2003

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 94,238	1,610,402	1,570,452	134,188
Special Road and Bridge	156,026	1,467,429	1,472,490	150,965
Assessment	21,915	123,845	130,675	15,085
Law Enforcement Training	731	4,250	4,631	350
Prosecuting Attorney Training	264	743	597	410
Special Law Enforcement	593	40,044	23,810	16,827
Special Prosecuting Attorney	1,869	10,195	7,006	5,058
Recorder's User Fees	25,048	16,489	14,382	27,155
Sheriff's Donations	661	12,399	12,590	470
Landfill Trust	9,076	158	0	9,234
Sheriff's Civil	435	13,339	13,763	11
Circuit Clerk's Interest	26,953	528	603	26,878
Elevator Grant	1,957	0	1,957	0
Special Election	2,347	662	163	2,846
Courtroom Recorder Equipment	1,029	621	399	1,251
Victims of Domestic Violence	226	872	0	1,098
Public Water Supply District #2	500	12,500	13,000	0
Forest Service Title III	0	39,086	39,086	0
Public Water Supply District #4	500	205,174	205,174	500
Tax Maintenance	697	12,013	4,320	8,390
Health Center	362,880	1,304,292	1,286,057	381,115
Senate Bill 40 Board	192,161	80,105	48,240	224,026
Law Library	14,555	6,496	14,079	6,972
Associate Division's Interest	1,931	167	558	1,540
Corp Trail Grant	7,429	0	5,002	2,427
Jail Commissary	2,170	34,800	35,847	1,123
River Hills Drug Task Force	1,363	3,707	2,016	3,054
Total	\$ 927,554	5,000,316	4,906,897	1,020,973

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

WAYNE COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 100,457	1,428,607	1,434,826	94,238
Special Road and Bridge	134,747	1,902,340	1,881,061	156,026
Assessment	6,305	123,723	108,113	21,915
Law Enforcement Training	248	4,030	3,547	731
Prosecuting Attorney Training	331	683	750	264
Special Law Enforcement	3,436	10,027	12,870	593
Special Prosecuting Attorney	1,645	11,675	11,451	1,869
Recorder's User Fees	25,795	13,257	14,004	25,048
Sheriff's Donations	248	10,317	9,904	661
Landfill Trust	8,853	223	0	9,076
Sheriff's Civil	461	11,670	11,696	435
Circuit Clerk's Interest	26,894	1,447	1,388	26,953
Elevator Grant	2,499	1,957	2,499	1,957
Special Election	1,484	1,524	661	2,347
Courtroom Recorder Equipment	1,119	1,029	1,119	1,029
Victims of Domestic Violence	1,029	897	1,700	226
Public Water Supply District #2	500	98,930	98,930	500
Forest Service Title III	0	36,489	36,489	0
Public Water Supply District #4	0	288,576	288,076	500
Tax Maintenance	0	834	137	697
Health Center	290,249	1,283,942	1,211,311	362,880
Senate Bill 40 Board	156,795	82,241	46,875	192,161
Law Library	10,929	6,247	2,621	14,555
Associate Division's Interest	1,797	191	57	1,931
Corp Trail Grant	10,000	9,114	11,685	7,429
Jail Commissary	5,872	42,814	46,516	2,170
River Hills Drug Task Force	0	1,363	0	1,363
Total	\$ 791,693	5,374,147	5,238,286	927,554

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

WAYNE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TOTALS - VARIOUS FUNDS</u>						
RECEIPTS	\$ 5,060,525	4,961,642	(98,883)	5,626,596	5,314,418	(312,178)
DISBURSEMENTS	5,316,692	4,863,474	453,218	5,729,398	5,177,407	551,991
RECEIPTS OVER (UNDER) DISBURSEMENTS	(256,167)	98,168	354,335	(102,802)	137,011	239,813
CASH, JANUARY 1	907,860	914,661	6,801	747,584	763,095	15,511
CASH, DECEMBER 31	651,693	1,012,829	361,136	644,782	900,106	255,324
<u>GENERAL REVENUE FUND</u>						
RECEIPTS						
Property taxes	179,123	195,021	15,898	165,114	166,394	1,280
Sales taxes	390,000	407,904	17,904	401,944	401,944	0
Intergovernmental	717,068	630,364	(86,704)	499,803	449,704	(50,099)
Charges for services	211,000	199,070	(11,930)	202,625	193,183	(9,442)
Interest	900	1,014	114	1,500	1,096	(404)
Other	33,425	17,762	(15,663)	33,385	34,734	1,349
Transfers in	176,997	159,267	(17,730)	181,103	181,552	449
Total Receipts	1,708,513	1,610,402	(98,111)	1,485,474	1,428,607	(56,867)
DISBURSEMENTS						
County Commissioner	66,415	66,844	(429)	67,914	67,697	217
County Clerk	87,723	87,721	2	81,030	78,280	2,750
Elections	2,337	2,118	219	49,700	43,236	6,464
Buildings and grounds	49,192	44,430	4,762	47,232	46,385	847
Employee fringe benefit	267,856	223,360	44,496	233,545	216,233	17,312
County Treasurer	33,685	32,447	1,238	25,585	24,541	1,044
County Collector	67,211	67,077	134	65,368	65,461	(93)
Ex Officio Recorder of Deed	18,941	18,277	664	18,504	18,441	63
Circuit Clerk	10,350	5,988	4,362	10,350	9,565	785
Associate Circuit Court	825	816	9	800	505	295
Associate Circuit (Probate)	20,960	10,679	10,281	20,960	14,619	6,341
Court administration	7,850	1,921	5,929	7,905	2,116	5,789
Public Administrator	37,300	21,726	15,574	37,300	21,054	16,246
Sheriff	566,346	519,803	46,543	408,392	405,032	3,360
Jail	119,632	119,631	1	122,252	119,494	2,758
Prosecuting Attorney	95,631	95,380	251	95,644	94,235	1,409
Juvenile Offices	28,947	28,947	0	27,433	27,433	0
County Coroner	25,360	24,128	1,232	17,500	20,106	(2,606)
Special Prosecuting Attorney Fund	11,000	5,216	5,784	8,541	5,276	3,265
Special Law Enforcement Fund	7,000	8,413	(1,413)	6,116	6,116	0
Jury	6,000	4,196	1,804	18,000	3,732	14,268
New Jail	0	8,768	(8,768)	0	0	0
Other	176,570	156,704	19,866	125,324	118,352	6,972
Transfers out	15,862	15,862	0	26,917	26,917	0
Emergency Fund	33,699	0	33,699	64,296	0	64,296
Total Disbursements	1,756,692	1,570,452	186,240	1,586,608	1,434,826	151,782
RECEIPTS OVER (UNDER) DISBURSEMENTS	(48,179)	39,950	88,129	(101,134)	(6,219)	94,915
CASH, JANUARY 1	94,238	94,238	0	101,134	100,457	(677)
CASH, DECEMBER 31	46,059	134,188	88,129	0	94,238	94,238

Exhibit B

WAYNE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	106,267	107,653	1,386	101,141	110,417	9,276
Sales taxes	390,000	407,903	17,903	385,000	401,941	16,941
Intergovernmental	941,562	897,767	(43,795)	1,698,419	1,358,196	(340,223)
Charges for services	0	0	0	500	0	(500)
Interest	3,500	3,332	(168)	7,000	3,440	(3,560)
Other	600	14,688	14,088	1,000	2,548	1,548
Transfers in	20,000	36,086	16,086	0	25,798	25,798
Total Receipts	1,461,929	1,467,429	5,500	2,193,060	1,902,340	(290,720)
DISBURSEMENTS						
Salaries	378,367	369,265	9,102	357,930	356,627	1,303
Employee fringe benefit	101,074	82,947	18,127	79,105	71,905	7,200
Supplies	205,000	187,134	17,866	205,000	191,192	13,808
Insurance	30,000	37,901	(7,901)	26,022	26,022	0
Road and bridge materials	198,407	334,208	(135,801)	325,863	325,602	261
Equipment purchases	40,000	34,700	5,300	60,000	97,555	(37,555)
Construction, repair, and maintenance	272,584	160,955	111,629	867,078	550,123	316,955
Lease payments	121,338	128,598	(7,260)	107,861	107,861	0
Other	10,000	7,380	2,620	10,000	8,885	1,115
Transfers out	133,593	129,402	4,191	147,129	145,289	1,840
Total Disbursements	1,490,363	1,472,490	17,873	2,185,988	1,881,061	304,927
RECEIPTS OVER (UNDER) DISBURSEMENTS	(28,434)	(5,061)	23,373	7,072	21,279	14,207
CASH, JANUARY 1	156,026	156,026	0	134,747	134,747	0
CASH, DECEMBER 31	127,592	150,965	23,373	141,819	156,026	14,207
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	113,904	104,283	(9,621)	104,806	94,032	(10,774)
Interest	0	2,955	2,955	0	2,576	2,576
Other	2,000	745	(1,255)	2,000	198	(1,802)
Transfers in	15,862	15,862	0	26,917	26,917	0
Total Receipts	131,766	123,845	(7,921)	133,723	123,723	(10,000)
DISBURSEMENTS						
Assessor	138,869	115,863	23,006	118,623	93,013	25,610
Transfers out	14,812	14,812	0	15,100	15,100	0
Total Disbursements	153,681	130,675	23,006	133,723	108,113	25,610
RECEIPTS OVER (UNDER) DISBURSEMENTS	(21,915)	(6,830)	15,085	0	15,610	15,610
CASH, JANUARY 1	21,915	21,915	0	6,305	6,305	0
CASH, DECEMBER 31	0	15,085	15,085	6,305	21,915	15,610

Exhibit B

WAYNE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Charges for service:	4,030	4,250	220	4,200	4,030	(170)
Total Receipts	4,030	4,250	220	4,200	4,030	(170)
DISBURSEMENTS						
Sheriff	4,030	4,631	(601)	4,448	3,547	901
Total Disbursements	4,030	4,631	(601)	4,448	3,547	901
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(381)	(381)	(248)	483	731
CASH, JANUARY 1	731	731	0	248	248	0
CASH, DECEMBER 31	731	350	(381)	0	731	731
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for service:	720	743	23	650	683	33
Total Receipts	720	743	23	650	683	33
DISBURSEMENTS						
Prosecuting Attorney	980	597	383	981	750	231
Total Disbursements	980	597	383	981	750	231
RECEIPTS OVER (UNDER) DISBURSEMENTS	(260)	146	406	(331)	(67)	264
CASH, JANUARY 1	264	264	0	331	331	0
CASH, DECEMBER 31	4	410	406	0	264	264
<u>SPECIAL LAW ENFORCEMENT FUND</u>						
RECEIPTS						
Charges for service:	9,724	40,044	30,320	12,000	9,924	(2,076)
Interest	30	0	(30)	0	30	30
Other	0	0	0	0	73	73
Total Receipts	9,754	40,044	30,290	12,000	10,027	(1,973)
DISBURSEMENTS						
Law enforcement:	3,060	14,720	(11,660)	8,730	5,864	2,866
Transfers out	7,000	9,090	(2,090)	3,270	7,006	(3,736)
Total Disbursements	10,060	23,810	(13,750)	12,000	12,870	(870)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(306)	16,234	16,540	0	(2,843)	(2,843)
CASH, JANUARY 1	593	593	0	3,436	3,436	0
CASH, DECEMBER 31	287	16,827	16,540	3,436	593	(2,843)

Exhibit B

WAYNE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL PROSECUTING ATTORNEY FUND</u>						
RECEIPTS						
Charges for service:	11,675	10,195	(1,480)	10,800	11,651	851
Interest	0	0	0	0	24	24
Total Receipts	11,675	10,195	(1,480)	10,800	11,675	875
DISBURSEMENTS						
Prosecuting Attorney	850	1,043	(193)	3,903	593	3,310
Transfers out	11,000	5,963	5,037	8,542	10,858	(2,316)
Total Disbursements	11,850	7,006	4,844	12,445	11,451	994
RECEIPTS OVER (UNDER) DISBURSEMENTS	(175)	3,189	3,364	(1,645)	224	1,869
CASH, JANUARY 1	1,869	1,869	0	1,645	1,645	0
CASH, DECEMBER 31	1,694	5,058	3,364	0	1,869	1,869
<u>RECORDER'S USER FEES FUND</u>						
RECEIPTS						
Charges for service:	11,000	16,037	5,037	8,000	12,612	4,612
Interest	600	452	(148)	1,000	645	(355)
Total Receipts	11,600	16,489	4,889	9,000	13,257	4,257
DISBURSEMENTS						
Ex Officio Recorder of Deed	16,000	14,382	1,618	27,470	14,004	13,466
Total Disbursements	16,000	14,382	1,618	27,470	14,004	13,466
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,400)	2,107	6,507	(18,470)	(747)	17,723
CASH, JANUARY 1	25,048	25,048	0	25,795	25,795	0
CASH, DECEMBER 31	20,648	27,155	6,507	7,325	25,048	17,723
<u>SHERIFF'S DONATIONS FUND</u>						
RECEIPTS						
Charges for service:	3,120	2,420	(700)	3,540	3,120	(420)
Interest	2	2	0	15	2	(13)
Other	6,720	9,977	3,257	6,762	7,195	433
Total Receipts	9,842	12,399	2,557	10,317	10,317	0
DISBURSEMENTS						
Sheriff	12,000	12,590	(590)	9,904	9,904	0
Total Disbursements	12,000	12,590	(590)	9,904	9,904	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,158)	(191)	1,967	413	413	0
CASH, JANUARY 1	661	661	0	448	248	(200)
CASH, DECEMBER 31	(1,497)	470	1,967	861	661	(200)

Exhibit B

WAYNE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LANDFILL TRUST FUND</u>						
RECEIPTS						
Interest	220	158	(62)	400	223	(177)
Total Receipts	220	158	(62)	400	223	(177)
DISBURSEMENTS						
Other	0	0	0	0	0	0
Total Disbursements	0	0	0	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	220	158	(62)	400	223	(177)
CASH, JANUARY 1	9,076	9,076	0	8,853	8,853	0
CASH, DECEMBER 31	9,296	9,234	(62)	9,253	9,076	(177)
<u>SHERIFF'S CIVIL FUND</u>						
RECEIPTS						
Charges for service:	12,000	13,105	1,105	7,500	10,834	3,334
Interest	5	0	(5)	5	0	(5)
Other	850	234	(616)	4,162	836	(3,326)
Total Receipts	12,855	13,339	484	11,667	11,670	3
DISBURSEMENTS						
Sheriff	12,855	13,763	(908)	11,696	11,696	0
Total Disbursements	12,855	13,763	(908)	11,696	11,696	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(424)	(424)	(29)	(26)	3
CASH, JANUARY 1	435	435	0	476	461	(15)
CASH, DECEMBER 31	435	11	(424)	447	435	(12)
<u>CIRCUIT CLERK'S INTEREST FUND</u>						
RECEIPTS						
Interest	800	528	(272)	3,070	1,447	(1,623)
Total Receipts	800	528	(272)	3,070	1,447	(1,623)
DISBURSEMENTS						
Circuit Clerk	20,735	603	20,132	1,629	1,388	241
Total Disbursements	20,735	603	20,132	1,629	1,388	241
RECEIPTS OVER (UNDER) DISBURSEMENTS	(19,935)	(75)	19,860	1,441	59	(1,382)
CASH, JANUARY 1	20,735	26,953	6,218	8,675	26,894	18,219
CASH, DECEMBER 31	800	26,878	26,078	10,116	26,953	16,837
<u>ELEVATOR GRANT FUND</u>						
RECEIPTS						
Intergovernmental	0	0	0	0	1,957	1,957
Total Receipts	0	0	0	0	1,957	1,957
DISBURSEMENTS						
Elevator	1,957	1,957	0	200	200	0
Transfers out	0	0	0	2,299	2,299	0
Total Disbursements	1,957	1,957	0	2,499	2,499	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,957)	(1,957)	0	(2,499)	(542)	1,957
CASH, JANUARY 1	1,957	1,957	0	2,499	2,499	0
CASH, DECEMBER 31	0	0	0	0	1,957	1,957

Exhibit B

WAYNE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ELECTION FUND</u>						
RECEIPTS						
Charges for services:	800	649	(151)	1,000	1,512	512
Interest	7	13	6	0	12	12
Total Receipts	807	662	(145)	1,000	1,524	524
DISBURSEMENTS						
Equipment	650	0	650	1,200	0	1,200
Maps	0	0	0	0	600	(600)
Other	0	163	(163)	0	61	(61)
Total Disbursements	650	163	487	1,200	661	539
RECEIPTS OVER (UNDER) DISBURSEMENTS	157	499	342	(200)	863	1,063
CASH, JANUARY 1	2,347	2,347	0	1,484	1,484	0
CASH, DECEMBER 31	2,504	2,846	342	1,284	2,347	1,063
<u>COURTROOM RECORDER EQUIPMENT FUND</u>						
RECEIPTS						
Charges for services:	1,200	621	(579)	900	1,029	129
Interest	0	0	0	25	0	(25)
Total Receipts	1,200	621	(579)	925	1,029	104
DISBURSEMENTS						
Equipment	720	0	720	1,119	1,119	0
Office expense:	480	399	81	0	0	0
Total Disbursements	1,200	399	801	1,119	1,119	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	222	222	(194)	(90)	104
CASH, JANUARY 1	1,029	1,029	0	1,119	1,119	0
CASH, DECEMBER 31	1,029	1,251	222	925	1,029	104
<u>VICTIMS OF DOMESTIC VIOLENCE FUND</u>						
RECEIPTS						
Charges for services:	895	862	(33)	1,190	892	(298)
Interest	5	10	5	10	5	(5)
Total Receipts	900	872	(28)	1,200	897	(303)
DISBURSEMENTS						
Domestic violence shelte	1,000	0	1,000	2,000	1,700	300
Total Disbursements	1,000	0	1,000	2,000	1,700	300
RECEIPTS OVER (UNDER) DISBURSEMENTS	(100)	872	972	(800)	(803)	(3)
CASH, JANUARY 1	226	226	0	1,029	1,029	0
CASH, DECEMBER 31	126	1,098	972	229	226	(3)

Exhibit B

WAYNE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PUBLIC WATER SUPPLY DISTRICT #2 FUND</u>						
RECEIPTS						
Intergovernmental	12,500	12,500	0	101,174	98,930	(2,244)
Total Receipts	12,500	12,500	0	101,174	98,930	(2,244)
DISBURSEMENTS						
Engineering	0	0	0	5,381	5,887	(506)
Construction	0	0	0	96,293	93,043	3,250
Administration	13,000	13,000	0	0	0	0
Total Disbursements	13,000	13,000	0	101,674	98,930	2,744
RECEIPTS OVER (UNDER) DISBURSEMENTS	(500)	(500)	0	(500)	0	500
CASH, JANUARY 1	500	500	0	500	500	0
CASH, DECEMBER 31	0	0	0	0	500	500
<u>FOREST SERVICE TITLE III FUND</u>						
RECEIPTS						
Intergovernmental	39,086	39,086	0	36,461	36,489	28
Interest	0	0	0	28	0	(28)
Total Receipts	39,086	39,086	0	36,489	36,489	0
DISBURSEMENTS						
Emergency management	3,000	3,000	0	0	0	0
Road and bridge equipment	0	0	0	1,691	1,691	0
Sheriff's equipment	0	0	0	5,000	5,000	0
Ambulance district assistance	0	0	0	3,000	3,000	0
Transfers out	36,086	36,086	0	26,798	26,798	0
Total Disbursements	39,086	39,086	0	36,489	36,489	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	0	0	0	0	0
<u>PUBLIC WATER SUPPLY DISTRICT #4 FUND</u>						
RECEIPTS						
Intergovernmental	205,174	205,174	0	288,576	288,576	0
Total Receipts	205,174	205,174	0	288,576	288,576	0
DISBURSEMENTS						
Construction	191,424	191,424	0	186,666	186,666	0
Emergency well	0	0	0	96,910	96,910	0
Administration	13,750	13,750	0	4,500	4,500	0
Total Disbursements	205,174	205,174	0	288,076	288,076	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	500	500	0
CASH, JANUARY 1	500	500	0	0	0	0
CASH, DECEMBER 31	500	500	0	500	500	0

Exhibit B

WAYNE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TAX MAINTENANCE FUND</u>						
RECEIPTS						
Charges for services	9,000	12,013	3,013	834	834	0
Total Receipts	9,000	12,013	3,013	834	834	0
DISBURSEMENTS						
County Collector	9,697	4,320	5,377	137	137	0
Total Disbursements	9,697	4,320	5,377	137	137	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(697)	7,693	8,390	697	697	0
CASH, JANUARY 1	697	697	0	0	0	0
CASH, DECEMBER 31	0	8,390	8,390	697	697	0
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes	100,000	96,326	(3,674)	96,000	98,887	2,887
Intergovernmental	1,235,707	1,202,969	(32,738)	1,146,337	1,178,773	32,436
Interest	6,200	4,997	(1,203)	14,000	6,282	(7,718)
Other	0	0	0	1,500	0	(1,500)
Total Receipts	1,341,907	1,304,292	(37,615)	1,257,837	1,283,942	26,105
DISBURSEMENTS						
Salaries	953,109	928,317	24,792	881,800	897,314	(15,514)
Employee fringe benefit	222,100	226,506	(4,406)	213,500	167,642	45,858
Office expenditures	72,798	60,071	12,727	80,637	64,405	16,232
Equipment	7,000	4,681	2,319	2,500	3,290	(790)
Mileage and training	66,600	56,578	10,022	63,100	60,179	2,921
Other	20,300	9,904	10,396	17,000	18,481	(1,481)
Total Disbursements	1,341,907	1,286,057	55,850	1,258,537	1,211,311	47,226
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	18,235	18,235	(700)	72,631	73,331
CASH, JANUARY 1	362,297	362,880	583	289,481	290,249	768
CASH, DECEMBER 31	362,297	381,115	18,818	288,781	362,880	74,099
<u>SENATE BILL 40 BOARD FUND</u>						
RECEIPTS						
Property taxes	80,000	77,022	(2,978)	63,500	78,467	14,967
Intergovernmental	0	140	140	0	769	769
Interest	0	2,943	2,943	700	3,005	2,305
Total Receipts	80,000	80,105	105	64,200	82,241	18,041
DISBURSEMENTS						
Sheltered workshop	45,000	43,080	1,920	41,800	45,021	(3,221)
Construction	150,000	2,869	147,131	5,000	0	5,000
Other	8,775	2,291	6,484	3,975	1,854	2,121
Total Disbursements	203,775	48,240	155,535	50,775	46,875	3,900
RECEIPTS OVER (UNDER) DISBURSEMENTS	(123,775)	31,865	155,640	13,425	35,366	21,941
CASH, JANUARY 1	192,161	192,161	0	159,379	156,795	(2,584)
CASH, DECEMBER 31	68,386	224,026	155,640	172,804	192,161	19,357

Exhibit B

WAYNE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for services	5,985	6,496	511			
Interest	262	0	(262)			
Total Receipts	<u>6,247</u>	<u>6,496</u>	<u>249</u>			
DISBURSEMENTS						
Library materials	10,000	14,079	(4,079)			
Total Disbursements	<u>10,000</u>	<u>14,079</u>	<u>(4,079)</u>			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,753)	(7,583)	(3,830)			
CASH, JANUARY 1	14,555	14,555	0			
CASH, DECEMBER 31	<u>\$ 10,802</u>	<u>6,972</u>	<u>(3,830)</u>			

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

WAYNE COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Wayne County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, or the Senate Bill 40 Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Associate Division's Interest Fund	2003 and 2002
Corp Trail Grant Fund	2003 and 2002
Jail Commissary Fund	2003 and 2002
River Hills Drug Task Force Fund	2003 and 2002
Law Library Fund	2002

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Special Law Enforcement Fund	2003 and 2002
Law Enforcement Training Fund	2003
Sheriff's Donations Fund	2003
Sheriff's Civil Fund	2003
Law Library Fund	2003

Although Section 50.740, RSMo 2000, requires a balanced budget, a deficit balance was budgeted in the Sheriff's Donations Fund for the year ended December 31, 2003.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements for the years ended December 31, 2003 and 2002, did not include the Associate Division's Interest Fund, the Jail Commissary Fund, and the River Hills Drug Task Force Fund.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial

institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's and the Health Center Board's deposits at December 31, 2003 and 2002, were entirely covered by federal depositary insurance or by collateral securities held by the county's or the board's custodial bank in the county's or the board's name.

Of the Senate Bill 40 Board's bank balances at December 31, 2003 and 2002, \$100,000 was covered by federal depositary insurance while \$124,026 and \$92,161, respectively, were uninsured and uncollateralized.

Furthermore, because of significantly higher bank balances at certain times during the year, the amounts of uninsured and uncollateralized balances for the Senate Bill 40 Board were substantially higher at those times than such amounts at year-end.

To protect the safety of county deposits, Section 110.020, RSMo 2000, requires depositaries to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

3. Property Taxes

Through December 31, 2003, the General Revenue Fund owes the Special Road and Bridge Fund \$68,997 for additional property tax reductions. Section 67.505, RSMo 2000, requires the county to reduce property taxes for a percentage of sales taxes collected. Wayne County voters enacted a ½ cent sales tax with a provision to reduce property taxes by 50 percent of sales taxes collected. The General Revenue Fund tax levies were not reduced sufficiently for actual sales tax collections. Instead, Wayne County reduced property taxes restricted for use in the Special Road and Bridge Fund. Revenues of the Special Road and Bridge Fund are required by Section 137.555, RSMo, to be used only for improving and maintaining county roads and bridges.

4. Prior Period Adjustment

The Circuit Clerk's Interest Fund's cash balance at January 1, 2002, as previously stated has been increased by \$25,260 to reflect county monies held by the Circuit Clerk that were not reported previously.

The Associate Division's Interest Fund's cash balance at January 1, 2002, as previously stated has been increased by \$1,092 to reflect county monies held by the Associate Circuit Clerk that were not reported previously.

The Jail Commissary Fund's cash balance of \$5,872 at January 1, 2002, was not previously reported but has been added.

Supplementary Schedule

Schedule

WAYNE COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2003	2002
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state				
Department of Health and Senior Services -				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-2212W	\$ 0	51,733
		ERS045-3212W	43,904	16,846
		ERS045-4212W	17,651	0
	Program Total		61,555	68,579
10.559	Summer Food Service Program for Children	ERS146-2212I	0	60
		ERS146-3212I	65	0
	Program Total		65	60
Office of Administration				
10.665	Schools and Roads - Grants to States	N/A	195,430	182,307
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state Department of Economic Development				
14.228	Community Development Block Grants/State' Program	97PF29	1,957	0
		2000-PF-24	13,000	97,930
		2001-PF-28	205,174	288,076
	Program Total		220,131	386,006
U.S. DEPARTMENT OF JUSTICE				
Direct program:				
16.710	Public Safety Partnership and Community Policing Grant	N/A	221,052	102,168
Passed through:				
16.580	Missouri Sheriff's Meth-Amphetamine Relief Team			
	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	2000DDVX0055	47,256	34,764
State Department of Public Safety				
16.592	Local Law Enforcement Block Grants Program	2001-LBG-050	0	9,000
16	DWI Saturation Grant	02-164-AL-73	0	3,354

Schedule

WAYNE COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2003	2002
	Missouri Sheriffs' Association -			
16	Domestic Cannabis Eradication/Suppression Program	N/A	780	1,048
	U. S. DEPARTMENT OF TRANSPORTATION			
	Passed through state			
	Highway and Transportation Commission			
20.205	Highway Planning and Construction	BRO-111 (2)	0	10
		BRO-111 (4)	0	511,894
		BRO-111 (5)	3,298	10,602
		COE-111 (2)	3,025	0
		COE-111 (3)	105,666	0
		COE-111 (4)	2,998	0
		STP-9900(017)	0	9,114
	Program Total		114,987	531,620
	Department of Public Safety			
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	N/A	300	2,213
	GENERAL SERVICES ADMINISTRATION			
	Passed through state Office of Administration			
39.003	Donation of Federal Surplus Personal Property	N/A	0	82
	FEDERAL EMERGENCY MANAGEMENT AGENCY			
	Passed through state Department of Public Safety			
83.544	Public Assistance Grants ^a	FEMA-1412-DR-MO	78,705	405,360
	U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
	Passed through state			
	Department of Health and Senior Services -			
93.268	Immunization Grants	PGA064-2212A	0	2,860
		PGA064-3212A	3,000	950
		N/A	9,926	19,098
	Program Total		12,926	22,908
93.283	Centers for Disease Control and Prevention Investigations and Technical Assistance	AOC03380043	42,500	30,357
		AOC04380107	35,325	0
	Program Total		77,825	30,357

Schedule

WAYNE COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2003	2002
	Department of Social Services -			
93.563	Child Support Enforcemen	N/A	1,275	1,592
	Department of Health and Senior Services -			
93.575	Child Care and Development Block Gran	PGA067-2212C	0	330
		PGA067-3212C	594	174
		PGA067-2212S	560	560
	Program Total		<u>1,154</u>	<u>1,064</u>
	Department of Social Services -			
93.667	Social Services Block Grant	N/A	1,472	3,123
	Department of Health and Senior Services			
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Program	ERS161-20041	0	10,881
		ERS161-30040	8,135	1,697
		ERS161-40015	1,039	0
			<u>9,174</u>	<u>12,578</u>
93.994	Maternal and Child Health Services Block Grant to the States	ERS146-2212M	0	13,182
		ERS146-3212M	13,158	4,386
		ERS146-4212M	4,343	0
		ERS175-2081F	0	2,788
		ERS175-3081F	1,572	870
		N/A	94	166
	Program Total		<u>19,167</u>	<u>21,392</u>
	Total Expenditures of Federal Award:		<u>\$ 1,063,254</u>	<u>1,819,575</u>

* The CFDA number for this program changed to 97.036 in October 2002

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule

Notes to the Supplementary Schedule

WAYNE COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Wayne County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals. . . .

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

The amount for the Donation of Federal Surplus Personal Property (CFDA number 39.003) represents the estimated fair market value of property at the time of receipt.

Amounts for Immunization Grants (CFDA number 93.268) and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

Of the federal expenditures presented in the schedule, the county provided \$96,910 to a subrecipient under the Community Development Block Grants/State's Program (CFDA number 14.228) during the year ended December 31, 2002.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of Wayne County, Missouri

Compliance

We have audited the compliance of Wayne County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2003 and 2002. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs are the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

As described in finding number 03-1 in the accompanying Schedule of Findings and Questioned Costs, Wayne County, Missouri, did not comply with requirements regarding Activities Allowed or Unallowed Costs and Allowable Costs/Cost Principles that are applicable to its Public Safety Partnership and Community Policing Grants. Compliance with such requirements is necessary, in our opinion, for Wayne County, Missouri, to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, Wayne County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2003 and 2002. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 03-1 and 03-2.

Internal Control Over Compliance

The management of Wayne County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 03-1 and 03-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable conditions described above, finding numbers 03-1 and 03-2 to be material weaknesses.

This report is intended for the information and use of the management of Wayne County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

June 18, 2004 (fieldwork completion date)

Schedule

WAYNE COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2003 AND 2002

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? yes x no

Reportable conditions identified that are
not considered to be material weaknesses? yes x none reported

Noncompliance material to the financial statements
noted? yes x no

Federal Awards

Internal control over major programs:

Material weaknesses identified? x yes no

Reportable conditions identified that are
not considered to be material weaknesses? yes x none reported

Type of auditor's report issued on compliance for
major programs: Qualified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of OMB
Circular A-133? x yes no

Identification of major programs:

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
10.665	Schools and Roads – Grants to States
14.228	Community Development Block Grants/State's Program
16.710	Public Safety Partnership and Community Policing Grants

20.205 Highway Planning and Construction
83.544 Public Assistance Grants

Dollar threshold used to distinguish between Type A
and Type B programs: \$300,000

Auditee qualified as a low-risk auditee? yes x no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes the audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

03-1.	COPS Grant
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Federal Grantor:	U.S. Department of Justice
Pass-Through Grantor:	Not Applicable
Federal CFDA Number:	16.710
Program Title:	Public Safety Partnership and Community Policing Grants
Pass-Through Entity	
Identifying Number:	Not Applicable
Award Year:	2003 and 2002
Questioned Costs:	\$57,871

Payroll expenditures, mostly overtime, claimed by task force officers, deputies, and the project director (Sheriff) against the Public Safety Partnership and Community Policing Grants (COPS) – Methamphetamine Initiative grant were not supported by adequately detailed time sheets. In addition, the office administrator's salary appears to be an unallowable cost as described by the grant agreement.

Payroll expenditures totaling \$57,871 were reimbursed in 2003. During our review we noted that timesheets were not prepared for the project director and the task force officers. In addition, the timesheets submitted by the deputies were not adequately detailed to indicate that the overtime accumulated and paid was related to methamphetamine activities. Per the COPS Methamphetamine Initiative grant manual, overtime was to be paid for working extra hours beyond the normal work week to engage in methamphetamine activities. The Sheriff's office was required to track all overtime funded through the COPS Methamphetamine Initiative and salary payments were to be based on payroll records which were to be supported by time and attendance records. Without adequate supporting documentation for

the task force officers, deputies, and project directors' overtime, salary and fringe benefits amounts totaling approximately \$26,932, appears questionable and could be disallowed by the granting agency.

In addition, the office administrator position was filled by an existing employee, the office manager, whose position was then filled during the grant period by another employee already on staff working as a dispatcher. A new employee was hired to replace the dispatcher that moved into the office manager's position; however, the \$24,000 salary paid to the office administrator in 2003 was not equal to the \$13,312 salary paid to the new dispatcher. In addition, the salary of the office administrator was not paid from local funds as the county was reimbursed by the grant for an equal amount. The Public Safety Partnership and Community Policing Act of 1994 specifically states that:

" . . . Methamphetamine Initiative grant funds must be used to supplement (increase), and not supplant (replace), funds for activities that would have taken place in the absence of this grant. . . Each individual employed under the Methamphetamine Initiative grant program is newly hired on or after the grant award start date. . . " or

" . . . Grantees wishing to redeploy an experienced current employee to the grant project must continue to pay that employee with local funds; the COPS grant funds may instead be used to "backfill" the vacancy resulting from the redeployment with a newly hired employee. . . "

Because the salary of the new dispatcher hired to replace the redeployed employees was not the same amount as the salary of the office administrator under the grant agreement and the grant administrator's salary was not paid with local funds, the office administrator's salary and fringe benefits amounts totaling approximately \$30,939 appears questionable and could be disallowed by the granting agency.

WE RECOMMEND the County Commission and Sheriff contact the granting agency to resolve the questioned costs and ensure adequate supporting documentation is maintained on future grants.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Commission indicated that they will contact the Department of Justice to resolve the questioned costs and will use this recommendation to ensure compliance with future grants.

The Sheriff indicated he will contact the Department of Justice – COPS office regarding the concerns on the timesheets for officer overtime and on the grant administrator's position and has established a timesheet which will be used for any future grants.

03-2.**Schedule of Expenditures of Federal Awards**

Federal Grantor:	U.S. Department of Agriculture
Pass-Through Grantor:	Office of Administration
Federal CFDA Number:	10.665
Program Title:	Schools and Roads – Grants to States
Pass-Through Entity	
Identifying Number:	Not applicable
Award Year:	2003 and 2002
Questioned Costs:	Not Applicable
Federal Grantor:	U.S. Department of Housing and Urban Development
Pass-Through Grantor:	Department of Economic Development
Federal CFDA Number:	14.228
Program Title:	Community Development Block Grants/State's Program
Pass-Through Entity	
Identifying Number:	97PF29, 2000-PF-24, and 2001-PF-28
Award Year:	2003 and 2002
Questioned Costs:	Not Applicable
Federal Grantor:	U.S. Department of Justice
Pass-Through Grantor:	Not applicable
Federal CFDA Number:	16.710
Program Title:	Public Safety Partnership and Community Policing Grants
Pass-Through Entity	
Identifying Number:	Not Applicable
Award Year:	2003 and 2002
Questioned Costs:	Not Applicable
Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-111(2), BRO-111(4), BRO-111(5), COE-111(2), COE-111(3), COE-111(4), and STP-9900(017)
Award Year:	2003 and 2002
Questioned Costs:	Not Applicable
Federal Grantor:	Federal Emergency Management Agency
Pass-Through Grantor:	Department of Public Safety
Federal CFDA Number:	83.544
Program Title:	Public Assistance Grants
Pass-Through Entity	

Identifying Number: FEMA-1412-DR-MO
Award Year: 2003 and 2002
Questioned Costs: Not Applicable

Section .310(b) of Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the SEFA to the State Auditor's Office as a part of the annual budget.

The county does not have adequate procedures in place to track federal awards for the preparation of the SEFA. For the SEFA to adequately reflect the county's federal expenditures, it is necessary that all federal expenditures be properly reported. For the years ended December 31, 2003 and 2002, the county's SEFA included several errors which resulted in expenditures being overstated by approximately \$230,000 and \$370,000, respectively. For example, the county's SEFA for 2003 and 2002 included monies received totaling approximately \$222,000 and \$171,000, respectively, for payments in lieu of taxes and forest patrolling contracts, which did not represent expenditures of federal awards. The county's SEFA for 2002 also overestimated social service block grants expenses by approximately \$912,000 and did not include expenditures for the highway planning and construction program totaling approximately \$522,000. Compilation of the SEFA requires consulting county financial records and requesting information from other departments and officials. The County Commission should take steps to ensure all departments and/or officials properly track federal awards, or consider appointing a county-wide grants coordinator to ensure all federal awards are properly accounted for on the SEFA.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal awards.

WE RECOMMEND the County Clerk prepare a complete and accurate schedule of expenditures of federal awards. The County Commission should take steps to ensure other departments and/or officials properly track federal awards, or consider appointing a county-wide grants coordinator.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Clerk indicated that he will work to ensure a complete schedule of expenditures of federal awards is prepared in the future.

The County Commission indicated the County Clerk will work with other officials receiving the grants and/or federal/state monies to ensure the accuracy of the schedule of expenditures of federal awards.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

WAYNE COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 2001, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

WAYNE COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

This section represents the Summary Schedule of Prior Audit Findings, which was prepared by the county's management.

Findings - Two Years Ended December 31, 2001

01-1. Cash Management

Federal Grantor:	U.S. Department of Housing and Urban Development
Pass-Through Grantor:	Department of Economic Development
Federal CFDA Number:	14.228
Program Title:	Community Development Block Grants/State Program
Pass-Through Entity	
Identifying Number:	1997-PF-29 and PSWD #2
Award Year:	2001 and 2000
Questioned Costs:	\$721

The county did not adequately monitor the third-party administrator's procedures for cash draws to ensure funds received were expended within five days.

Recommendation:

The county review the third-party administrator's payment policies and monitor their procedures to determine whether controls are adequate. Also, the county attempt to obtain reimbursement of the questioned costs from the third-party administrator.

Status:

Partially implemented. While the County more closely monitored receipts and expenditures to ensure timely disbursement, one instance was noted in the current audit in which monies were not expended within the five-day limit as required by program guidelines. A letter received from the Department of Economic Development indicates "since there are no unresolved findings regarding the CDBG program, there are no further audit requirements for this audit period."

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

WAYNE COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Wayne County, Missouri, as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated June 18, 2004. We also have audited the compliance of Wayne County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2003 and 2002, and have issued our report thereon dated June 18, 2004.

In addition, we have audited the operations of elected officials with funds other than those presented in the financial statements to comply with the State Auditor's responsibility under Section 29.230, RSMo 2000, to audit county officials at least once every 4 years. The objectives of this audit were to:

1. Review the internal controls over the transactions of the various county officials.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents; interviewing various personnel of the county officials, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials referred to above. In addition, this report includes any findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These MAR findings resulted from our audit of the financial statements of Wayne County or of its compliance with the types of compliance requirements applicable to each of its major federal

programs but do not meet the criteria for inclusion in the written reports on compliance and on internal control over financial reporting or compliance that are required for audits performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

1. County Sales Tax and Financial Condition
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The county's General Revenue Fund financial condition is declining. The 2004 budget for the General Revenue Fund projects a zero cash balance at December 31, 2004. The General Revenue Fund's cash balance increased during the audit period, but this was primarily due to an inadequate general revenue property tax levy reduction in 2003 and 2002. As a result of the inadequate reduction, the General Revenue Fund owes the Special Road and Bridge Fund \$68,997. In addition, the county is considering a new jail project with estimated annual lease payments of \$50,000 which will be paid for from the General Revenue Fund.

In 2003 and 2002, the Special Road and Bridge Fund tax levies were reduced by .0515 and .0586 per \$100 of assessed valuation, respectively, to provide part of the required General Revenue Fund property tax collection reduction. Revenues of the Special Road and Bridge Fund are required by Section 137.555, RSMo 2000, to be used only for improving and maintaining county roads and bridges. It does not appear proper to reduce property taxes restricted for use in the Special Road and Bridge Fund to account for sales tax revenues deposited to the General Revenue Fund. As a result, the General Revenue Fund owes \$68,997 to the Special Road and Bridge Fund as of December 31, 2003.

A similar occurrence through 1999 was fixed by the county by offsetting over \$600,000 of the sales tax rollback due to the Special Road and Bridge Fund from the General Revenue Fund with over \$600,000 of unrestricted revenues (in lieu of tax payments) that was credited to the Special Road and Bridge Fund instead of the General Revenue Fund.

In addition, the County Commission is considering the construction of a new jail. The Commission approved placing a ½ cent law enforcement sales tax, to finance the new jail, on the November 5, 2002 ballot. The proposed sales tax failed for the fourth time. Determined to finance the jail project with county funds, a survey was performed and trees were cleared from the proposed site and the foundation was dug. Architects were obtained to design the new jail and used bathroom units were purchased from Pemiscot County. In November 2003 the final plans were approved and bids were solicited for the financing and construction of the facility. The bids opened on January 6, 2004, detailed that the project would require a minimum of a \$50,000 annual lease payment over a 15-20 year lease term to finance the construction of the jail. However, because of the county's financial condition the project was put on hold. It does not appear the resources are available to fund this future operation.

It does not appear that the county has sufficient monies to payback the amounts owed to the Special Road and Bridge Fund, adequately reduce the property tax levy in the General

Revenue Fund in future years, and to construct a new jail without some increase in revenues or a reduction in expenditures.

WE RECOMMEND the County Commission:

- A. Repay the Special Road and Bridge Fund \$68,997 from the General Revenue Fund. In addition, subsequent property tax levy rollbacks should be in the General Revenue Fund or sufficient monies paid to the Special Road and Bridge Fund.
- B. Ensure the financial condition of the General Revenue Fund is sufficient to pay for the increased costs associated with a new jail before commencing with the jail construction project.

AUDITEE'S RESPONSE

- A. *We have attempted to roll back the property tax as much as we could afford in the General Revenue Fund and will continue to do so in the future. We will see how the financial condition is at the end of the year to determine our ability to repay the liability due the Special Road and Bridge Fund.*
- B. *We are currently in the process of building the new jail. The new jail is not an extravagant facility. We believe revenues generated from the new jail will help us offset the costs. In addition, an increase in employees needed to run the jail is not expected.*

2. County Expenditures and Conflict of Interest
--

Bids were not always solicited or advertised by the county, nor was bid documentation always retained, adequate supporting documentation was not always obtained and reviewed or was not in sufficient detail for some expenditures, and a truck purchase appears to be a related party transaction.

- A. Bids were not always solicited or advertised by the county, nor was bid documentation always retained by the County Clerk for numerous purchases. In addition, each official is responsible for bidding their office purchases; however, we noted several purchases made for the Sheriff's office that were not bid. The following are examples of items purchased during the years ended December 31, 2003 and 2002, without bid documentation:

Items Purchased	Cost
County purchases:	
Dump Trucks	\$ 55,000
Flatcar Decks	22,000
Used Dump Truck	18,000
Asphalt	8,336

Fuel	8,228
Road Roller	6,500
Concrete	4,959
Sheriff's purchases:	
Truck	25,200
Radios	10,000
Copier	6,000
Computers/Printers/Projector	5,464
Cargo Trailer	4,500

The items identified above are individual purchases. Additional purchases of this nature were also not bid. In addition, the county does not bid items such as tires, culverts, and prisoner meals. The County Clerk, County Commission, and the Sheriff indicated bids are sometimes solicited through telephone calls or other direct contact with vendors; however, documentation of these contacts was not maintained or recorded in the County Commission minutes.

Section 50.660, RSMo 2000, requires the advertisement for bids for any purchases of \$4,500 or more, from any one person, firm, or corporation during any period of ninety days.

Bidding procedures for major purchases provide a framework for the economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best bidder. Competitive bidding ensures all interested parties are given an equal opportunity to participate in county business. To show full compliance with state law, documentation of bids should include, at a minimum, a listing of vendors from whom bids were requested, a copy of the request for proposal, a newspaper publication notice when applicable, a copy of all bids received, a summary of the basis and justification for awarding the bid, documentation of all discussions with vendors, and bid specifications designed to encourage competitive bidding. If bids cannot be obtained and sole source procurement is necessary, the official minutes should reflect the necessitating circumstances.

- B. Adequate supporting documentation was not always obtained and reviewed by the County Commission for some expenditures, while other expenditures approved by the County Commission had insufficient detail. For example, concerning the Sheriff's truck purchase noted in part A. above, the County Commission only reviewed and approved the voucher submitted by the Sheriff. The voucher did not include the invoice which was maintained by the Sheriff. In another instance, a summary statement accompanied the voucher submitted to the County Commission by the Sheriff for payment of prisoner food; however, the detailed invoice maintained by the Sheriff was not reviewed or approved by the County Commission. Without obtaining and properly reviewing adequate supporting documentation, the County Commission cannot determine the validity and propriety of the expenditures.

- C. In addition to the items discussed in Part A, the county paid the Western District County Road Overseer \$5,300 on October 7, 2003 for a 1992 truck to be used for road and bridge purposes. The truck was previously owned by the Western District Commissioner who sold the truck for \$2,500 to the overseer on October 6, 2003. No public notice was given and no bids were requested for the purchase of a truck. This transaction appears to be a conflict of interest and may violate state law.

WE RECOMMEND the County Commission:

- A. Solicit bids for all purchases (including the Sheriff's office purchases) in accordance with state law and maintain documentation of bids. If bids cannot be obtained and sole source procurement is necessary, the official minutes should reflect the necessitating circumstances.
- B. Ensure adequate supporting documentation is obtained for all expenditures.
- C. Review the transactions for propriety, and in the future, avoid transactions that represent actual conflicts of interest or the appearance of conflicts of interest.

AUDITEE'S RESPONSE

- A. *We will continue our best effort to ensure all purchases are put out for bid and maintain adequate documentation to support our decisions. Phone bids were obtained for some of the various items listed.*
- B. *We will require the proper documentation be obtained to support all expenditures.*
- C. *The Presiding Commissioner indicated he did not necessarily agree with the transaction and when the other commissioners agree to something there is not a lot he can do when he does not agree. He will discuss this transaction with the Prosecuting Attorney and he will not allow this type of transaction to happen again.*

The Eastern District Commissioner indicated he would discuss this transaction with the Prosecuting Attorney and avoid these types of transactions in the future.

The Western District Commissioner indicated that he thought the transaction was okay at the time the truck was sold and that this would never happen again.

3. Budgetary Practices and Published Financial Statements
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Formal budgets were not prepared for various funds, actual expenditures exceeded the budgeted amounts in various funds, and expenditures of some funds exceeded the original budgets prior to amending the budgets. In addition, a deficit ending fund balance was budgeted for the Sheriff's Donations Fund in 2003, the published financial statements did not

include the financial activity of various funds, and some county funds are not held by the County Treasurer and disbursed through the county's expenditure system.

- A. Formal budgets were not prepared for the Associate Division's Interest Fund, Corp Trail Grant Fund, Jail Commissary Fund, and River Hills Drug Task Force Fund for the years ended December 31, 2003 and 2002. In addition, the Law Library Fund was not budgeted for the year ended December 31, 2002. While most of these funds are not under the direct control of the County Commission, budgets for these funds are needed to provide a better overall picture of the county's financial condition and to comply with statutory provisions. Chapter 50, RSMo 2000, requires the preparation and filing of annual budgets for all county funds to present a complete financial plan for the ensuing year. By preparing or obtaining budgets for all county funds and activities, the County Commission is able to more effectively evaluate all county financial resources.
- B. Actual expenditures exceeded the budgeted amounts in various funds as follows:

Fund	Year Ended December 31,	
	2003	2002
Special Law Enforcement	\$ 13,750	870
Law Enforcement Training	601	N/A
Sheriff's Donations	590	N/A
Sheriff's Civil	908	N/A
Law Library	4,079	N/A

In addition, during 2003 and 2002, the County Commission amended various county budgets to reflect increased expenditures made during the year. Documentation of these amendments was recorded in the county commission minutes. However, the expenditures of some funds exceeded the original budgets prior to the county's official budget hearing amending the budgets on December 23, 2003 and December 24, 2002, respectively. For example, expenditures of the Public Water Supply District #4 Fund exceeded the original budget amount by approximately \$112,000 but the budget was amended on December 23, 2003. Budget amendments, when applicable, should be made when such expenditures are anticipated and prior to their incurrence. While these amendments make it appear as if the county complied with the law, the timing of these decisions did not allow for the budget to be used as an effective management tool. The audited financial statements have been adjusted for these amendments.

It was ruled in *State ex rel. Strong v. Cribb*, 364 Mo. 1122, 273 SW2d 246 (1954), that county officials are required to comply strictly with the county budget laws. If there are valid reasons which necessitate excess disbursements, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. In addition, Section 50.622, RSMo 2000, provides that counties

may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend its budget. Also, budget amendments should be made prior to incurring the actual expenditures.

- C. The 2003 Sheriff's Donations Fund budget reflects a deficit ending budgeted fund balance of \$1,497.

Appropriating expenditures in excess of available resources reduces the County Commission's ability to effectively manage the county's resources. In addition, counties are not authorized to budget deficit fund balances. Article VI, Section 26 (a) of the Missouri Constitution states, "no county...shall become indebted in an amount exceeding in any year the income and revenue provided for such year plus any unencumbered balances from previous years..."

- D. Our review of the published financial statements noted the following concerns:

1. The published financial statements did not include the financial activity of the Associate Division's Interest Fund, Jail Commissary Fund, and the River Hills Drug Task Force Funds, as required. The County Clerk indicated these funds are not under the control of the County Commission.
2. Expenditures were listed by vendor for only the General Revenue Fund, Special Road and Bridge Fund, Assessment Fund, Law Enforcement Training Fund, and the Prosecuting Attorney Training Fund. For other restricted funds maintained in the county treasury, the County Treasurer processes receipts and disbursements and signs checks without further approvals. As a result, the activity of these funds is not included in the County Clerk's accounting system and thus, not included in more detail in the published financial statements.

All monies received on behalf of the county should be in the custody of the County Treasurer and disbursed through the county's expenditure system. Section 54.140, RSMo 2000, provides that it shall be the duty of the county treasurer to separate and divide the revenues of the county as they come into his hands and pay out the revenues on warrants issued by the county commission. In addition, Section 50.800, RSMo 2000, provides that the financial statements show receipts or revenues, disbursements or expenditures, and beginning and ending balances for all county funds. The statute also requires detail lists of disbursements by vendor. For the published financial statements to adequately inform the citizens of the county's financial activities, all information required by law should be included.

Condition B was noted in our prior two reports.

WE RECOMMEND the County Commission:

- A. Ensure budgets are obtained or prepared for all county funds.
- B. Refrain from authorizing expenditures in excess of budgeted amounts. If valid reasons necessitate excess expenditures, the original budget should be formally amended and filed with the State Auditor's office. In addition, ensure budget amendments are made prior to incurring actual expenditures.
- C. Discontinue appropriating expenditures in excess of available resources.
- D.1. Ensure all county funds are held in the custody of the County Treasurer and disbursed through the county's expenditure system.
- 2. Ensure financial information for all county funds is properly reported in the annual published financial statements and expenditures are listed by vendor.

AUDITEE'S RESPONSE

- A. *We will continue to provide budget forms to officials for all special funds. If the budget form is not returned, this will be documented. We will make every effort to budget all funds in the future.*
- B. *We will do a better job of monitoring to ensure that we do not overspend the budgets. We will also discuss this issue with the Sheriff. However, we would like to note that the overspending of the budgets was not large dollar amounts and was primarily a result of additional revenues being received. If we believe a budget amendment is necessary we will approve such a budget amendment prior to the actual expenditures of funds.*
- C. *We failed to ensure this fund was properly budgeted by ensuring the information provided by the Sheriff agreed to the information provided by the County Treasurer. We will attempt to properly budget this fund in the future.*
- D.1. *We agree with the recommendation and will see that the recommendation is complied with.*
- 2. *We will comply with this recommendation and would like to note that we thought we were doing what was required.*

4. Officials' Salaries

Concerns were noted regarding the Associate Commissioners', County Treasurer's and Public Administrator's salaries. Also, a concern was noted regarding additional compensation for the Sheriff.

- A. The county has not taken action on mid-term salary increases given to the Associate County Commissioners in 1999.

Section 50.333.13 RSMo, enacted in 1997, allowed the salary commissions meeting in 1997 to provide mid-term increases for associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioners' terms had been increased from two years to four years. Based on this statute, in February 1999 (retroactively effective January 1, 1999) Wayne County's Associate County Commissioners' salaries were each increased approximately \$4,752 yearly, according to the salary commission minutes. However, in January 1999, the County Clerk had received a written opinion from the Prosecuting Attorney that concluded such "a mid-term salary increase for Associate Commissioners would be unconstitutional and is therefore prohibited". As a result, the County Commission acted contrary to legal advice when it granted the mid-term raise to the Associate Commissioners.

Subsequently, on May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of that statute. The Supreme Court held that this section of statute violated Article VII, Section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county, and municipal officers during the term of office. This case, *Laclede County v. Douglass et al.*, holds that all raises given pursuant to this statute section are unconstitutional, reaffirming the Prosecuting Attorney's position noted above. On June 5, 2001, the State Auditor notified all third-class counties of the Supreme Court decision and recommended that each county document its review of the impact of the opinion, as well as plans to seek repayment.

Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$9,504 for the two years ended December 31, 2000, should be repaid. The Associate County Commissioners have made no repayments and the county has taken no action to seek repayment.

- B. Actions of the salary commission in approving a raise for the County Treasurer were not supported by a written legal opinion. The County Treasurer's salary was increased \$8,100 annually, effective with the start of a new term of office on January 1, 2003. A salary commission meeting held in November 2002 approved this increase.

House Bill 2137, effective August 28, 2002, provided for an increase in the compensation paid to the county treasurer. It established an alternative, higher salary schedule and stated the salary commission may authorize the use of the alternative salary schedule. However, Section 50.333, RSMo 2000, appears to authorize salary commissions to meet only in odd-numbered years. The Prosecuting Attorney indicated the meeting would be allowable if a petition initiative was signed by two-thirds of the members. However, there was no written documentation supporting

whether the meeting complied with Section 50.333, RSMo 2000. In addition, the petition initiative was not signed by two-thirds of the members as only 64 percent (7 of the 11) members signed the petition initiative.

As a result, without a documented legal opinion, it is unclear whether the salary increase provided to the County Treasurer is in accordance with state law.

- C. Section 473.742, RSMo, enacted in 2000, allowed public administrators to make a determination within thirty days after taking office whether the public administrator elected to receive either a salary or fees as may be allowed by law to executors, administrators, and personal representatives. Prior to this change in state law, Section 473.739, RSMo 2000, allowed public administrators to receive annual compensation if the public administrator did not receive at least a certain amount in fees.

Following the Wayne County Public Administrator taking office for a new term in January 2001, he continued to receive annual compensation based on fees and also continued to receive a salary based on Section 473.739, RSMo 2000.

Section 473.742, RSMo, requires the public administrator to elect to receive either a salary or fees. Because the Public Administrator did not elect to receive either a salary or fees and instead continued to receive compensation based on an old state law, it appears questionable that the Public Administrator continued to receive a salary as well as compensation from fees.

- D. The Sheriff received \$3,908 in additional compensation from overtime and other payments during the year ended December 31, 2003. These payments were received as the Sheriff acted as the project director for the Public Safety Partnership and Community Policing Grants (COPS) – Methamphetamine Initiative grant.

Section 50.333, RSMo 2000, authorizes the salary commission to meet and set salaries for the elected officials including the Sheriff. The additional compensation received was above the amount established by the salary commission and does not appear to be in accordance with state law.

Condition A was noted in our prior report.

WE RECOMMEND the County Commission:

- A. Review the impact of this court decision and develop a plan for obtaining repayment of any salary overpayments.
- B. Consult with legal counsel and review the situation to ensure the actions taken were in accordance with state law.

- C. Require the Public Administrator to elect to receive either a salary or fees. In addition, consult with legal counsel to ensure proper amounts were paid and to seek reimbursement for any overpayments.
- D. Review the appropriateness of paying the Sheriff additional compensation and consider obtaining reimbursement of the additional compensation.

AUDITEE'S RESPONSE

- A. *We are waiting to see what other counties in the state do on this issue.*
- B. *We have consulted with legal counsel and he was of the opinion that this meeting was in accordance with the law. We will obtain a written legal opinion to that effect. In addition, in the future, we will ensure eight members of the salary commission sign all petitions.*
- C. *We will review the applicable statute and meet with the Public Administrator and legal counsel to resolve this issue. Again, we were of the understanding that we were in compliance with this statute at the time of our discussion.*
- D. *We discussed this issue with the Sheriff several times and he indicated he was allowed to receive these monies. We will discuss this issue with our legal counsel.*

5.	Personnel Policies and Procedures
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The county's written personnel policies do not specifically address compensatory time and overtime related to law enforcement personnel.

The Sheriff awards full-time deputies overtime at straight time for hours worked between 160 and 171 and time and a half for hours worked over 171 during a 28 day period. Also, overtime is paid at time and a half to part-time deputies if they worked over 85.5 hours in the 28 day period. Although the county has written personnel policies, the policy does not specifically address compensatory time and overtime policies related to law enforcement personnel.

Complete and detailed written policies are necessary to provide guidance to county employees and provide a basis for proper compensation. In addition, such policies should be uniformly applied, if possible, to ensure each employee is treated equitably.

WE RECOMMEND the County Commission work with the Sheriff to adopt personnel policies related to law enforcement personnel.

AUDITEE'S RESPONSE

We will work with the new Sheriff to adopt applicable personnel policies related to law enforcement personnel.

6. Property Records and Procedures

The County Commission or its designee is responsible for maintaining a complete detailed record of county property. In addition, each county official or their designee is responsible for performing periodic inventories and inspections. The county's fixed asset records were not adequate and complete and some county offices did not conduct timely annual physical inventories.

The County Commission issued a memo on June 24, 2003, stating that all county officials were to conduct an annual inventory of all equipment over \$250 and to file the inventories with the County Clerk by August 31 of each year. Per our review of the County Clerk's inventory file the Associate Circuit Judge, Prosecuting Attorney, and Eastern District Road and Bridge Supervisor did not meet this deadline.

In addition, our review of fixed asset purchases found that five assets tested were not included on the fixed asset listings. Examples of items not included on the fixed asset listings include a grader, a dump truck, two printers, and a drill. Also, we noted that fixed asset purchases are not reconciled to fixed asset records, records are not maintained in a manner that balances can be reconciled from period to period, and records do not indicate the date and method of fixed assets dispositions.

Adequate fixed asset records are necessary to meet statutory requirements, secure better internal control over county property, and provide a basis for determining proper insurance coverage for county property. Physical inventories of county property are necessary to ensure the fixed asset records are accurate, identify any unrecorded additions and deletions, detect theft of assets, and identify obsolete assets.

Section 49.093, RSMo 2000, provides the county officer of each county department shall annually inspect and inventory county property used by that department with an individual original value of \$250 or more and any property with an aggregate original value of \$1,000 or more. After the first inventory is taken, an explanation of material changes shall be attached to subsequent inventories. All remaining property not inventoried by a particular department shall be inventoried by the County Clerk. The reports required by this section shall be signed by the County Clerk.

WE RECOMMEND the County Commission establish a written policy related to the handling and accounting for fixed assets. Besides providing guidance on accounting, record keeping, and reconciliation procedures, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss

procedures for the handling of asset disposition, and any other concerns associated with county property.

AUDITEE'S RESPONSE

We will establish a written policy regarding fixed assets. In addition, we will pursue fixed assets records more diligently. Since the end of the audit we have received additional information requested regarding fixed assets from some of the officials.

7. Sheriff's Accounting Controls and Procedures
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Checks and money orders are not always restrictively endorsed immediately upon receipt, receipts are not posted to the cash control ledger on a timely basis, receipts are not always deposited intact on a timely basis, and the composition of receipts is not reconciled to the composition of deposits. Also, checks have been outstanding for a considerable length of time and accrued costs are not adequately monitored. The Sheriff's office maintains a fee account for collection of criminal and civil fees, bonds, gun permit fees, reimbursements for boarding and transporting prisoners, and other miscellaneous fees totaling approximately \$101,100 and \$122,200 for the years ended December 31, 2003 and 2002, respectively.

- A. Checks and money orders received are not always restrictively endorsed immediately upon receipt. To reduce the risk of loss or misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt.
- B. Receipts are not posted to the cash control ledger on a timely basis. Receipts are recorded in the cash control ledger after month-end. To ensure accounting records are complete, to assist in the reconciliation process, and to allow for consistent deposit procedures to be developed, receipts should be posted to the cash control ledger when written.
- C. Receipts are not always deposited intact on a timely basis. Deposits are generally made four to six times a month and average approximately \$1,200 for the months reviewed. A cash count performed on March 10, 2004 showed over \$3,400 on hand, \$970 of which was cash and some receipts dated back to February 27, 2004. Deposits are not made intact as coins received are sometimes not deposited until there are sufficient coins to fill a coin roll. Thus, the amount deposited does not always agree to the amount of receipts. In addition, the composition (cash, check, and money orders) of receipts is not reconciled to the composition of deposits. To ensure all monies are properly accounted for and to adequately safeguard receipts against loss, theft, or misuse of funds, deposits should be made intact daily or when accumulated receipts exceed \$100 and the composition of receipts should be reconciled to the composition of deposits.

- D. The Sheriff has not established procedures to routinely follow up on old outstanding checks. At December 31, 2003, the Sheriff had 30 outstanding checks over one year old, totaling approximately \$1,571. These old outstanding checks create additional and unnecessary record keeping responsibilities.

Procedures should be established to routinely investigate any checks remaining outstanding over a specified period of time. Old outstanding checks should be voided and reissued to those payees who can be readily located. If the payees cannot be located the amount should be disbursed to the State's Unclaimed Property Section as required by Section 447.595, RSMo 2000.

- E. A listing of accrued costs owed to the county is not maintained by the Sheriff's office and monitoring procedures related to unpaid accrued costs are not adequate. The Sheriff's office has approximately one-and-a-half file cabinet drawers of accrued costs tracked on fee sheets. The accrued costs are from civil paper service and jail board for prisoners housed in the county jail. The civil paper service costs are billed for all service provided, but unpaid accrued costs are not tracked. In addition, some jail board costs may be charged as court costs to the defendant if ordered by the judge, but these billings are not tracked.

By not adequately monitoring unpaid accrued costs, these costs could remain uncollected and might eventually result in lost revenue. A complete and accurate listing of accrued costs would allow the Sheriff to more easily review the amounts due to the county and to take appropriate steps to ensure amounts owed are collected on a timely basis.

WE RECOMMEND the Sheriff:

- A. Restrictively endorse all checks and money orders immediately upon receipt.
- B. Post all receipts to the cash control ledger on a timely basis.
- C. Deposit all monies intact daily or when accumulated receipts exceed \$100. In addition, reconcile the composition of receipts to the composition of deposits.
- D. Attempt to resolve the old outstanding checks and establish routine procedures to investigate checks outstanding for a considerable time.
- E. Maintain a complete listing of unpaid accrued costs and establish procedures to routinely follow-up and pursue timely collection.

AUDITEE'S RESPONSE

- A. *Every effort will be made to restrictively endorse all checks and money orders immediately upon receipt effective immediately.*

- B. *Due to a lack of enough manpower it is difficult to post receipts daily. We will make every effort to do what we can to follow the recommendation with the manpower we have to work with.*
- C. *Every effort will be made to make deposits as recommended. All monies are now deposited intact, including coins as we no longer wait for full rolls. Every attempt will be made to reconcile deposits with receipts as recommended.*
- D. *Before the end of the year we will have cleaned up the account by disbursing the very old monies to the state's Unclaimed Property Section (through the County Treasurer) and attempt to contact the old monies on the books. If no contact can be made then that money will be disbursed to the state's Unclaimed Property Section (through the County Treasurer). Procedures will be in place by the end of the year to ensure that no unclaimed monies are held with no action taken.*
- E. *We will come up with a system to monitor unpaid accrued costs and routinely follow-up on unpaid costs to ensure timely collection.*

8. Sheriff's Commissary Accounting Controls and Procedures

Accounting duties are not adequately segregated, prenumbered receipt slips are not always issued, checks and money orders are not always endorsed upon receipt, receipts are not always deposited timely, and checks have been outstanding for a considerable length of time. Also, a commissary inventory listing is not maintained, profit earned on sales is not monitored, open items are not reconciled, and inmate balances are not reviewed. In addition, various invoices could not be located and questionable purchases were made.

The Sheriff maintains a commissary account for the receipt and disbursement of inmates money, purchase of commissary items, as well as the purchase of office supplies and other law enforcement related items from commissary profits. Deposits to this account totaled approximately \$34,800 and \$42,800 for the years ended December 31, 2003 and 2002, respectively. The amounts of monies received, commissary purchases made, and the available cash balance for each inmate are recorded on a computer system.

- A. Accounting duties are not adequately segregated. The duties of receiving, recording, depositing, purchasing, and disbursing monies are performed by the office manager. There is no documentation that an independent review of deposits and accounting records is performed.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Proper segregation of duties helps to provide this assurance. If proper segregation of duties cannot be achieved, at a minimum, there should be a documented independent comparison of recorded receipts and bank

deposits, an independent review of bank reconciliations, and an independent approval of invoices.

- B. Prenumbered receipt slips are not issued for some monies received. In addition, the composition of receipts is not reconciled to the composition of deposits. To adequately safeguard receipts against loss, theft, or misuse of funds, prenumbered receipt slips should be issued for all monies received and the composition of receipts should be reconciled to the composition of deposits.
- C. Receipts are not always deposited on a timely basis. Deposits are generally made three times a month and average approximately \$1,100 for the months reviewed. A cash count performed on March 10, 2004 showed approximately \$1,750 of cash on hand, with some receipts dating back to February 25, 2004. In addition, checks and money orders received are not always restrictively endorsed immediately upon receipt. To ensure all monies are properly accounted for and to adequately safeguard receipts, deposits should be made intact daily or when accumulated receipts exceed \$100 and check and money orders should be restrictively endorsed immediately upon receipt.
- D. The Sheriff has not established procedures to routinely follow up on old outstanding checks. At December 31, 2003, the Sheriff had 44 outstanding checks over one year old, totaling approximately \$101. These old outstanding checks create additional and unnecessary record keeping responsibilities.

Procedures should be established to routinely investigate any checks remaining outstanding over a specified period of time. Old outstanding checks should be voided and reissued to those payees who can be readily located. If the payees cannot be located the amount should be disbursed to the State's Unclaimed Property Section as required by Section 447.595, RSMo 2000.

- E. The Sheriff provides commissary services whereby inmates are allowed to purchase snacks and personal items. The Sheriff's office does not maintain inventory records of commissary items. To adequately account for commissary merchandise, a detailed inventory ledger should be maintained. Inventory records should document the beginning balance for each item, items purchased, items sold or otherwise disposed of, and the ending balance of each item. Periodic physical inventory counts should be performed and reconciled to inventory records. Loss, misuse, or theft of commissary inventory may go undetected without adequate inventory records.
- F. The Sheriff does not have a system for tracking the profit and loss from the sales of commissary items. In addition, all monies earned from the sale of commissary items are retained in the commissary account. To adequately account for the commissary account, records should be maintained in a manner to allow for the tracking of profit and loss on all sales from the commissary. The profits from the commissary account should be deposited into the county treasury. Section 50.370, RSMo 2000, requires

every county official who receives any fees or other remuneration for official services to pay such money to the county treasury. Accountable fees should be turned over to the County Treasurer. Section 50.550, RSMo 2000, authorizes the County Commission to establish separate funds as necessary.

- G. Monthly listings of open items (liabilities) are not reconciled to cash balances. Included within the balance of the Sheriff's commissary checking account are profit earned on sales, monies due the commissary vendor for purchases, and the total of the individual inmate balances. Balances for each of these liabilities are maintained on computer files but the balances do not always reconcile to the total in the account. According to the Sheriff's records, a shortage of \$487 existed between the total liabilities as of March 16, 2004 and the book balance.

The discrepancy between liabilities and cash balance may be due to several factors. First, as described in part F, profit earned on commissary sales is not adequately monitored and the amount of profit earnings available could not be determined. Second, employees are allowed to purchase work related equipment through the commissary account. Employees deposit personal money, which is not receipted, into the commissary account and the office manager purchases the equipment for the employee. In some instances the amount deposited for the employee's purchase could not be agreed to the amount subsequently disbursed.

The Sheriff should perform monthly reconciliations of liabilities and cash balances. Monthly reconciliations of liabilities and individual prisoners accounts to the reconciled bank balance are necessary to ensure the bank account is in agreement with the accounting records and to detect and correct errors on a timely basis.

- H. At March 16, 2004, 196 inmates had closed accounts totaling approximately \$1,932. This indicates that the inmate was released from the county jail but the balance of their commissary account was not claimed. These closed accounts with inmate balances create additional and unnecessary record keeping responsibilities.

An attempt should be made to locate the inmates with unpaid commissary account balances that are no longer prisoners of the county jail. If the inmate cannot be located, various statutory provisions provide for the disposition of unclaimed monies. In addition, routine procedures should be established to investigate inmate balances unclaimed for a considerable time.

- I. Several purchases of flowers totaling \$535 were made during the two years ended December 31, 2003. These purchases do not appear to be necessary or prudent uses of public funds. In addition, the Sheriff's office was unable to locate commissary invoices for the year ended December 31, 2002. Retention of records is necessary to ensure expenditures are a prudent use of public funds, the transaction is valid, to provide an audit trail, and account for all monies received. Section 109.270, RSMo 2000, provides that all records made or received by an official in the course of their

public duties are public property and are not to be disposed of except as provided by law.

WE RECOMMEND the Sheriff:

- A. Segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. Issue prenumbered receipt slips for all monies received. In addition, reconcile the composition of receipts to the composition of deposits.
- C. Deposit all monies intact daily or when accumulated receipts exceed \$100. In addition, restrictively endorse all checks and money orders immediately upon receipt.
- D. Attempt to resolve the old outstanding checks and establish routine procedures to investigate checks outstanding for a considerable time.
- E. Maintain inventory records for commissary items and reconcile inventory records to periodic physical inventory counts. Any discrepancies should be investigated in a timely manner.
- F. Develop records to adequately track profits and losses on the commissary operations and turn all profits over to the County Treasurer as accountable fees.
- G. Prepare and reconcile a listing of liabilities of the commissary account, including individual inmate balances, to the total monies on deposit in the commissary account on a monthly basis.
- H. Attempt to resolve unclaimed balances of closed inmate accounts and establish routine procedures to investigate inmate balances unclaimed for a considerable time.
- I. Ensure all expenditures are reasonable and necessary and a prudent use of public funds. In addition, records should be retained in a secure location in accordance with state law.

AUDITEE'S RESPONSE

- A. *Accounting duties will be segregated as manpower allows. Procedures will be in place by the end of the year to audit recorded receipts and bank deposits, review bank reconciliations, and approve invoices.*
- B. *Upon exhaustion of our current supply of receipt slip books, prenumbered and identifiable colored receipt slip books will be ordered and used. Every effort will be made to reconcile receipts to deposits as recommended.*

- C. *Every effort will be made to make timely deposits and endorse all checks and money orders immediately upon receipt.*
- D. *Before the end of the year we will have cleaned up the account by disbursing the very old monies to the state's Unclaimed Property Section (through the County Treasurer) and attempt to contact the old monies on the books. If no contact can be made, then that money will be disbursed to the state's Unclaimed Property Section (through the County Treasurer). Procedures will be in place by the end of the year to ensure that no unclaimed monies are held with no action taken.*
- E. *As manpower allows, we will make every effort to implement the recommendation for inventory records for the commissary by the end of the year.*
- F. *By the end of the year, we will have a record keeping system in place to adequately track profit/losses on the commissary operation.*
- G. *As soon as possible, we will have a record keeping program in place to reconcile the liabilities of the commissary account on a monthly basis along with the bank reconciliation. We had written a check, in error, from the commissary account for payment. When we discovered the error we replaced the money in the commissary account with monies from the Sheriff's Civil Fund. Employee purchases are no longer being made from the commissary account. All purchases are being made through the Sheriff's Donations Fund. This was only done to establish credit with a few suppliers.*
- H. *Before the end of the year we will have cleaned up the account by disbursing the very old monies to the state's Unclaimed Property Section (through the County Treasurer) and attempt to contact the old monies on the books. If no contact can be made then that money will be disbursed to the state's Unclaimed Property Section (through the County Treasurer). Procedures will be in place by the end of the year to ensure that no unclaimed monies are held with no action taken.*
- I. *We will immediately ensure that all expenditures are reasonable and necessary and a prudent use of public funds as recommended. Additionally, all records are now being held in one secure location.*

9. Prosecuting Attorney's Accounting Controls and Procedures

"Donations" may be accepted in consideration of reduced charges filed on traffic tickets and other criminal cases. In addition, accounting duties are not adequately segregated, bad checks fees are not transmitted to the County Treasurer on a timely basis, and money orders received are not recorded and restrictively endorsed upon receipt. Also, receipt slips are not issued for court ordered restitution payments, no sequential summary record (cash control) of restitution receipts and disbursements is maintained and a log or other record is not maintained to account for all bad check complaints filed and their ultimate disposition.

The Prosecuting Attorney received bad check processing fees totaling approximately \$10,100 and \$11,600 during the years ended December 31, 2003 and 2002, respectively. In addition, donations received in lieu of reduced charges filed on traffic tickets totaled approximately \$40,000 and \$8,700 during the years ended December 31, 2003 and 2002, respectively. Also, the Prosecuting Attorney's office collected court ordered restitution and bad check restitution; however, summary records were not maintained for total restitution received.

- A. Defendants frequently make "donations" to the Special Law Enforcement Fund in consideration from the Prosecuting Attorney for reduced charges filed on traffic tickets. These donations often result in no points being added to the defendants driving record. In addition, in April 2003 a \$25,000 donation was accepted from a defendant in a criminal case in consideration for leniency from the Prosecuting Attorney.

There appears to be no authority for the Prosecuting Attorney to accept a "donation" in consideration for reduced charges filed on traffic tickets or leniency in criminal cases. In addition, Article IX, Section 7 of the Missouri Constitution states that the proceeds of all penalties, forfeitures and fines are to be distributed to the county school fund.

- B. Accounting duties are not adequately segregated. While one clerk usually performs the bad check duties and the other clerk handles criminal restitution and donations, either of the two clerks may perform all of the duties of receiving, recording, and disbursing monies. In addition, the Prosecuting Attorney does not perform periodic documented reviews of their records.

Proper segregation of duties helps ensure all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating duties of receiving, recording, and disbursing monies. If proper segregations of duties cannot be achieved, at a minimum, a periodic supervisory review of the records should be performed and documented.

- C. Bad check fees are not transmitted to the County Treasurer on a timely basis. Fees are generally transmitted approximately two or three times a month. In addition, money orders received for bad check fees and donations are not recorded and restrictively endorsed immediately upon receipt. These monies are recorded and endorsements are applied at the time of transmittal to the County Treasurer. To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be transmitted daily or when accumulated receipts exceed \$100 and money orders should be recorded and restrictively endorsed immediately upon receipt.
- D. Receipt slips are not issued for court ordered restitution payments. In addition, no sequential summary record (cash control) of restitution receipts and disbursements is

maintained. Money orders received for restitution payments are copied, recorded, and filed in the applicable case file but a cash control is not maintained.

To adequately account for all receipts, prenumbered receipt slips should be issued for all monies received and the numerical sequence accounted for properly. In addition, a cash control should be maintained for restitution transactions and periodically reconciled to the case files to ensure accuracy.

- E. Bad check collection procedures usually require that the check issuer pay restitution using two money orders. One money order is made payable to the merchant/victim for restitution and the other to the Prosecuting Attorney for the collection fee. The restitution money orders are forwarded to the merchant/victim after a photo copy is made. Bad check fee money orders are periodically remitted intact to the County Treasurer. However, a log or other record is not maintained to account for all bad check complaints filed with the Prosecuting Attorney and their ultimate disposition. A bad check complaint log would provide a record of all such complaints filed with the Prosecuting Attorney and provide more assurance that all receipts and disbursements related to these cases are properly handled.

To ensure all bad checks turned over to the Prosecuting Attorney are handled and accounted for properly, a sequentially numbered complaint form should be assigned to each bad check received and a log should be maintained showing each bad check and its disposition. The log should contain information such as the assigned complaint number, the date the check was received by the prosecutors office, the merchant, the issuer of the check, the amount of the check, the amount of the bad check fee, and the disposition of the bad check, including the date payment was received and transmitted to the merchant and County Treasurer or the criminal case number in which charges were filed or other disposition.

WE RECOMMEND the Prosecuting Attorney:

- A. Review the practice of accepting donations as part of consideration for reducing charges filed or leniency.
- B. Segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- C. Transmit fees to the County Treasurer daily or when accumulated receipts exceed \$100. In addition, record and restrictively endorse money orders received immediately upon receipt.
- D. Issue prenumbered receipt slips for all monies received and account for the numerical sequence of receipt slips. In addition, establish a cash control record for restitution transactions and reconcile periodically to the case files.

- E. Maintain a log to account for all bad check complaints filed with the Prosecuting Attorney's office.

AUDITEE'S RESPONSE

- A. *Defendants may make voluntary contributions to the Special Law Enforcement Fund. These voluntary contributions, by definition, are neither solicited or mandatory. The Prosecuting Attorney has complete discretion in deciding what charges are filed or amended and to what extent prosecuted. Mitigating factors which may be considered include, but are not limited to: community service; enlistment in the military; providing law enforcement with useful information in the investigation and prosecution of other criminal offenses; contributions to civic organizations (library, community center, etc.); and contributions to the Special Law Enforcement Fund. These voluntary contributions to the Special Law Enforcement Fund are not prohibited by statute. Furthermore, said contributions are not penalties, forfeitures, or fines and are not required to be distributed to the county school fund.*

The Special Law Enforcement Fund is utilized for law enforcement purposes including staff salaries, equipment, maintenance and construction of jail facilities and trial expenses. There are no tax dollars involved, only contributions by persons who have violated the law. The Judge does not order any contributions and does not participate in any manner. The Judge ultimately determines the sentence for the defendant. The Prosecuting Attorney has amended or reduced charges on traffic offenses on numerous occasions when there has been no voluntary contribution to the Special Law Enforcement Fund. Wayne County has limited financial resources and the Special Law Enforcement Fund will continue to accept voluntary contributions from persons who have violated the criminal code to defray the costs of enforcement and prosecution until this practice is prohibited by rule or statute.

- B. *The clerks in the Greenville office of the Prosecuting Attorney have an aggregate of 26 years of experience in that office. Both are trained and qualified to perform all functions of the office. The Prosecuting Attorney does in fact periodically review the records and will be ultimately accountable for their accuracy.*
- C. *Transmission of bad check fees to the County Treasurer two to three times a month is considered to be a timely basis by the Prosecuting Attorney. Only money orders or cashier's checks are accepted (no cash or personal checks). Endorsements of the money orders are applied as the schedule of clerks may permit upon consideration of the current caseload and trial docket. There have been no complaints or any allegations of mishandling money orders. We will attempt to transmit monies to the County Treasurer at least weekly.*
- D. *Court ordered restitution is generally obtained in advance of plea by the Prosecuting Attorney's office and same is reflected in the court file. The Prosecuting Attorney does not generally collect post-plea restitution. This function is left to the office of Probation and Parole or the Court, which utilizes the Citizens Action Board to collect restitution. We feel that all information is available in the case files.*

- E. *The Prosecuting Attorney's office does keep adequate records of pending bad checks and restitution, including a complete list of all checks received and restitution paid, including photocopies of same and a complete computer file listing. We have an extremely high success rate in our bad check department and have received no unresolved complaints. We will look into a new computer system that can more readily generate reports that provide the information requested.*

10. Health Center's Accounting Controls and Procedures

Some expenditures do not appear to represent a prudent use of public funds, additions of fixed assets are not recorded as they occur, fixed asset disbursements are not reconciled to additions in the fixed asset records, and property tags are not always affixed to assets when acquired.

- A. The Health Center Board expended approximately \$1,747 for employee incentives (Christmas dinners, employee's awards, etc.), \$770 for refreshments for Health Center Board meetings, and \$70 in flowers during the two years ended December 31, 2003. These expenditures do not appear to represent a prudent use of public funds and a necessary cost of operating the board. The taxpayers have placed a fiduciary trust in the Board to expend public funds in a necessary and prudent manner.
- B. Additions of fixed assets are not recorded as they occur and fixed asset disbursements are not reconciled to additions in the fixed asset records. In addition, property tags are not always affixed to assets when acquired. We noted that three computers, three computer monitors, and a van were not added to the fixed asset records. In addition, the computers and computer monitors were not properly tagged.

Adequate fixed asset records are necessary to secure better internal controls over the health center's property and provide a basis for determining insurance coverage.

WE RECOMMEND the Health Center Board:

- A. Ensure all expenditures are reasonable and necessary and a prudent use of public funds.
- B. Require all additions of fixed assets to be recorded as they occur, reconcile additions to the property records periodically, and affixed property tags to assets at the time of purchase.

AUDITEE'S RESPONSE

- A. *We spent money on incentives for the Homemakers because in 1999 we were given a 50 cent per hour increase from the in-home program and at this time they stated that it had to be spent directly on the employee that was providing the care for the client. This could be for*

incentives, salary increases, health insurance benefits, paid holidays, vacation leave or etc. We gave the in-home service workers an increase in salary and benefits and also put the incentives program into place at this time. We feel that by showing the employee that we appreciate what they do throughout the year it does benefit the public because with happier employees they serve the public which is the taxpayers better. We have seen less turnover in employees and more satisfied clients. As of 10/1/04 we will discontinue the employee incentive program.

The Board does not accept mileage for attending meetings. We have always provided refreshments for the board meetings instead of them accepting mileage. It would have cost the Health Center approximately \$1,257 if we had one meeting a month in the two years for mileage. There are some months that the Board ends up meeting more than once if there is a special circumstance. The \$770 that was spent in two years on refreshments for the board meetings was a savings for the Health Center of approximately \$629. The meetings are held in the evening because most all of the members hold full time jobs so therefore when they come in the evening to attend the meeting it is usually as they get off work and in our opinion this is a more prudent use of public funds than having to pay mileage.

The \$70 that was spent on flowers in two years was an oversight and should have been paid by the employee fund that is maintained by the employees for this purpose. As of 10/01/04 this will be monitored more closely to make sure this does not happen again.

- B. *Our staff has already updated the fixed asset list. The computers were all purchased at the same time and were just overlooked when the invoice came in and was not turned into the clerk who was in charge of updating the fixed asset list. The person in charge of the fixed asset list will make a physical inventory of the building at least bi-annually from this date forward to make sure everything is listed and that all equipment is properly tagged.*

The van was given to us so we did not purchase this item and did not realize it had to be added to the fixed asset list since we did not have to pay anything for this item. The van has been added to the fixed asset list.

11. Senate Bill 40 Board's Accounting Controls and Procedures
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Some expenditures do not appear to represent a prudent use of public funds and bank accounts are not sufficiently collateralized.

- A. The Senate Bill 40 Board expended approximately \$500 in gifts for employees of the Sheltered Workshop per the quarterly financial statement and \$32 in flowers during the two years ended December 31, 2003. These expenditures do not appear to represent a prudent use of public funds and a necessary cost of operating the board. The taxpayers have placed a fiduciary trust in the Board to expend public funds in a necessary and prudent manner. In addition, adequate supporting documentation was not maintained regarding the \$500 gifts.

- B. The Senate Bill 40 Board does not have adequate procedures to monitor and ensure monies in their various bank accounts are sufficiently collateralized. The Senate Bill 40 Board deposits were under collateralized by approximately \$124,000 and \$92,000 at December 31, 2003 and 2002, respectively. The Senate Bill 40 Board did not require the bank to pledge any collateral securities to ensure adequate coverage. Section 110.020, RSMo 2000, provides the value of the securities pledged shall at all times be not less than 100 percent of the actual amount of deposit less the amount insured by the FDIC. Inadequate collateral securities leave Senate Bill 40 Board funds unsecured and subject to loss in the event of a bank failure.

WE RECOMMEND the Senate Bill 40 Board:

- A. Ensure all expenditures are reasonable and necessary and a prudent use of public funds. In addition, all expenditures should be supported by adequate supporting documentation.
- B. Develop procedures to monitor and ensure adequate collateral securities are pledged by the depository banks for all funds on deposit in excess of FDIC coverage. Documentation of these efforts should be maintained.

AUDITEE'S RESPONSE

- A. *This was an oversight on our part. We did not realize that these types of expenditures were not allowed. This will not happen in the future. We will maintain adequate supporting documentation.*
- B. *Due to the recent construction our account balance has decreased below FDIC coverage. We have talked to the bank and they agreed to establish a collateral security agreement if our account balance exceeds \$100,000 in the future.*

Follow-Up on Prior Audit Findings

WAYNE COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Wayne County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 1999. The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Expenditures

- A. Several expenditures from the Special Law Enforcement Fund did not appear to be a prudent and necessary use of county funds.
- B. The County Commission voted to give the Associate Commissioners a mid-term raise totaling \$4,752 per year even though the County Commission had received a written opinion from the Prosecuting Attorney that concluded that such "a mid-term salary increase for Associate Commissioners would be unconstitutional and is therefore prohibited."
- C. The county unnecessarily incurred interest expense for warrants protested by the county as the county did not always redeem these warrants in a timely manner.

Recommendation:

The County Commission:

- A. Ensure all expenditures made with county monies are prudent and necessary.
- B. Review the appropriateness of the mid-term raise with the Prosecuting Attorney.
- C. And the County Treasurer discontinue the practice of protesting warrants when a sufficient cash balance exists.

Status:

- A. Partially implemented. No imprudent or unnecessary expenditures were noted from the Special Law Enforcement Fund. However, we did note expenditures from other funds that did not appear to be a prudent and necessary use of county funds. See MAR finding numbers 8, 10, and 11.
- B. Not implemented. See MAR finding number 4.

- C. This recommendation is no longer relevant as the county discontinued using the warrant system.

2. Budgetary Practices

Actual disbursements exceeded the budgeted amounts in several county funds.

Recommendation:

The County Commission, the Health Center Board and the Senate Bill 40 Board not authorize warrants in excess of budgeted disbursements. Extenuating circumstances should be fully documented and, if necessary, the budgets properly amended following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's Office.

Status:

Partially implemented. Actual disbursements did not exceed the budgeted amounts in the Health Center and the Senate Bill 40 Boards' funds. However, warrants were authorized in excess of budgeted disbursements in several other county funds. See MAR finding number 3.

3. Depository Agreements

The county did not have current written depository agreements with the two local banks where the county had monies on deposit.

Recommendation:

The County Commission enter into written agreements with depository banks in compliance with state law.

Status:

Implemented.

4. Personnel Policies and Procedures

- A. Except for road and bridge employees, the county commission had not established written personnel policies regarding vacation and sick leave, compensatory time, and overtime.
- B. Records of leave, overtime worked, and compensatory time balances were not centrally maintained except for road and bridge employees.

Recommendation:

The County Commission:

- A. Establish written personnel policies regarding vacation and sick leave, compensatory time, and overtime.
- B. Require the County Clerk to maintain centralized leave and compensatory records for county employees.

Status:

- A. Partially implemented. The county adopted personnel policies regarding vacation and sick leave, compensatory time, and overtime. However, the county's policy does not specifically address compensatory time and overtime policies related to law enforcement personnel. See MAR finding number 5.
- B. Implemented.

5. County Clerk's Account Book

The County Clerk did not maintain an account book with the County Collector.

Recommendation:

The County Clerk maintain an account book with the County Collector and use this information to verify the County Collector's annual settlements.

Status:

Implemented.

6. Senate Bill 40 Board

- A. The Senate Bill 40 Board contract with the Services for Extended Employment, Inc. did not provide adequate assurance on how monies were being spent. Additionally, the contract did not guarantee the provision of any specified services to residents of Wayne County or the number of clients to be served in exchange for funding.
- B.1. The Senate Bill 40 Board had not entered into a written contract with Cape Arrowhead regarding usage of monies provided and did not review financial records to determine how these monies were used.
- 2. Three Senate Bill 40 Board members also served on Cape Arrowhead's Board of Directors at the time it received funding resulting in a potential conflict of interest.

Recommendation:

The Senate Bill 40 Board:

A&

- B.1 Enter into written contracts which specify the amounts to be paid, the services to be provided, and the time period covered by the contracts.
- 2. Not have administrative or financial ties with its funding recipients.

Status:

Implemented.

STATISTICAL SECTION

History, Organization, and
Statistical Information

WAYNE COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1818, the county of Wayne was named after Anthony Wayne, a general of the Revolutionary War. Wayne County is a county-organized, third-class county and is part of the Forty-Second Judicial Circuit. The county seat is Greenville.

Wayne County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 537 miles of county roads and 74 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 11,277 in 1980 and 13,259 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,					
		2003	2002	2001	2000	1985*	1980**
		(in millions)					
Real estate	\$	59.8	58.1	56.4	53.5	29.2	10.5
Personal property		28.7	28.4	27.9	27.7	9.0	5.0
Railroad and utilities		12.1	12.3	12.2	11.9	9.3	6.4
Total	\$	100.6	98.8	96.5	93.1	47.5	21.9

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Wayne County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,			
		2003	2002	2001	2000
General Revenue Fund	\$	.1600	.1600	.1600	.1600
Special Road and Bridge Fund		.1100	.1100	.1100	.1100
Health Center Fund		.1000	.1000	.1000	.1000
Senate Bill 40 Board Fund		.0800	.0800	.0800	.0600

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

	2004	2003	2002	2001
State of Missouri	\$ 31,458	28,685	29,080	27,574
General Revenue Fund	194,287	177,987	183,070	174,581
Special Road and Bridge Fund	116,354	105,852	107,560	102,208
Assessment Fund	43,336	39,817	38,759	36,782
Health Center Fund	103,835	94,690	96,015	91,182
Senate Bill 40 Board Fund	83,195	75,490	75,580	56,265
School districts	3,169,666	2,912,068	2,931,173	2,802,579
Debt Service	17	20	31	457
Junior College Fund	225,953	205,886	209,187	198,922
Ambulance districts	297,728	263,077	127,057	119,098
Fire protection district	106,307	99,328	98,931	95,551
Cities	11,979	8,878	9,832	9,563
County Clerk	228	217	214	188
County Employees' Retirement	30,725	30,148	27,551	23,880
Tax Maintenance Fund	12,711	5,928	0	0
Tax Sale Overplus Fund	80,031	17,494	20,900	13,443
Commissions and fees:				
General Revenue Fund	76,702	71,317	68,914	65,335
Total	\$ 4,584,513	4,136,882	4,023,854	3,817,608

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),			
	2004	2003	2002	2001
Real estate	91.8	91.8	91.5	91.6 %
Personal property	87.9	89.8	90.1	89.5
Railroad and utilities	100.0	69.5	100.0	100.0

Wayne County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$.0050	None	50	%
Capital improvements	.0050	None	None	

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2004	2003	2002	2001	2000
County-Paid Officials:	\$				
Brian M. Polk, Presiding Commissioner		21,958	21,712	21,712	21,712
Cleo Crawford, Associate Commissioner		19,958	19,958	19,958	19,712
Bud Snyder, Associate Commissioner		19,958	19,958	19,958	19,712
Alan R. Lutes, County Clerk		30,240	29,920	29,920	29,920
Jon A. Kiser, Prosecuting Attorney		36,120	36,080	36,080	36,080
Larry W. Plunkett, Sheriff (1)		37,508	33,600	33,600	34,320
Sharon B. Hamby, County Treasurer		30,240	22,140	22,140	22,140
Barbara A. Anderson, County Coroner (2)		14,160	8,400	8,400	5,280
Harold Shrum, Public Administrator (3)		20,752	20,095	24,933	15,941
Mary Hampton-VanNoy, County Collector , year ended February 28 (29),	30,240	29,920	29,920	29,920	
Michelle M. Hollida, County Assessor (4), year ended August 31,		31,140	31,140	30,820	30,820

(1) 2003 compensation includes \$3,908 for acting as project director of a grant.

(2) 2003 compensation includes back-pay of \$5,760 for the years 1998 and 1999.

(3) Includes \$6,500 salary and fees received from probate cases.

(4) Includes \$900 annual compensation received from the state.

State-Paid Officials:

Darren T. Garrison, Circuit Clerk and Ex Officio Recorder of Deeds	47,300	47,300	47,300	46,127
Randy P. Schuller, Associate Circuit Judge	96,000	96,000	96,000	97,382

The county has entered into several lease purchase agreements for road and bridge equipment. At December 31, 2003, the balance of the leases total approximately \$346,000. Principal and interest payments are made from the Special Road and Bridge Fund.



**CARTER COUNTY, MISSOURI
YEARS ENDED DECEMBER 31, 2003 AND 2002**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-74
September 24, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

September 2004

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Carter, that do not have a county auditor. In addition to a financial and compliance audit of various county operating funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Carter County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The county has not taken action on mid-term salary increases given to the Associate County Commissioners in 1999. On May 15, 2001 the Missouri Supreme Court handed down an opinion that challenged the validity of Section 50.333.13, RSMo, which allowed county salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners. The Supreme Court held this section of law violated Article VII, Section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county and municipal officers during the term of office.
- The Public Administrator's salary was set at 85 percent of the salary provided by state law to correspond with the percentage of the maximum salaries paid to other officials. It is not clear whether the amount paid to the Public Administrator is in accordance with state law.
- The schedule of expenditures of federal awards did not accurately report expenditures of some federal programs. Total federal expenditures were overstated by approximately \$75,000 for the year ended December 31, 2003 and understated by approximately \$250,000 for the year ended December 31, 2002.
- Formal budgets were not prepared for various county funds for the years ended December 31, 2003 and 2002. Actual disbursements exceeded the budgeted amounts in various funds, including the Health Center Fund. The county's annual published financial statements did not include the financial activity of some funds as required. The County Commission and the Health Center amended various county budgets to reflect increased expenditures made during the year. The expenditures of some funds exceeded the original budget prior to amending the budgets and some amendments were made as late as December 31.

YELLOW SHEET

- The county did not require the Sheriff to submit detailed billing information for his cell phones, did not always enter into formal written agreements when required, and did not always require evidence of the receipt of goods or services on invoices prior to approving expenditures for payment.
- Several concerns were noted in the Sheriff's procedures. Accounting and bookkeeping duties are not adequately segregated, bank reconciliations are not prepared, receipts are not deposited on a timely basis, accounting for prisoner board costs is not adequate, and an inventory record of seized property is not maintained.
- Several concerns were noted in the County Collector's procedures. The annual settlements were not correct. Total collections did not always agree to the total distributions and some activity was incorrectly reported. Monthly listings of liabilities are not prepared and reconciled to cash balances. The reconciled bank balance was approximately \$82,000 as of February 29, 2004. Included in that amount is an unidentified balance of approximately \$13,000. Some mail receipts are deposited after the collector has prepared her monthly abstract and are not properly accounted for and distributed.

The County Collector accepts partial and pre-payments from taxpayers and holds these payments in escrow until the full payment is received and applied to the taxes due. The escrow account ledger was not complete. We tested receipts issued for partial and pre-payments and noted that 4 of 10 receipts were not accounted for on the County Collector's escrow account ledger. A properly maintained escrow account ledger is crucial in the process of identifying liabilities of the County Collector.

The County Collector incorrectly calculated the one-percent withholdings due to the Assessment Fund for the years ended February 28(29) 2004, 2002, and 2001. As a result, an additional \$2,462 remains due to the Assessment Fund and should be withheld from future collections. The County Collector is not properly withholding commissions from current tax collections. As a result, approximately \$16,700 was not withheld from tax collections of the various taxing authorities and turned over to the General Revenue Fund.

- The County Clerk and County Commission do not adequately review the annual settlements of the County Collector and controls over property tax book additions and abatements are not adequate.
- Budgets prepared by the Health Center Board of Trustees were not accurate and complete and financial records and procedures are in need of improvement.

The audit also suggested improvements in the procedures of the Associate/Probate Division, the Circuit Clerk, and the Senior Citizens' Service Board.

All reports are available on our website: www.auditor.mo.gov

CARTER COUNTY, MISSOURI

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CARTER COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Carter County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Carter County, Missouri, as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Carter County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2003 and 2002, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated June 3, 2004, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Carter County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

June 3, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Jeannette Eaves, CPA
In-Charge Auditor:	Daniel Vandersteen, CPA
Audit Staff:	Kelly Petree
	Sara Bull
	Cara Wolfe



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission
and
Officeholders of Carter County, Missouri

We have audited the financial statements of various funds of Carter County, Missouri, as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated June 3, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of various funds of Carter County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Carter County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition

in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Carter County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

June 3, 2004 (fieldwork completion date)

Financial Statements

Exhibit A-1

CARTER COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2003

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 169,424	748,431	683,735	234,120
Special Road and Bridge	348,501	772,709	878,974	242,236
Assessment	0	79,712	79,712	0
Law Enforcement Training	1,822	6,155	6,602	1,375
Sheriff's Fees	7,308	22,900	23,590	6,618
Multifloral Rose	4,270	157	931	3,496
Prosecuting Attorney Delinquent Tax	55	214	0	269
Prosecuting Attorney Bad Check	399	2,435	0	2,834
Domestic Violence	255	252	255	252
Recorder's User Fees	12,328	3,858	4,496	11,690
Prosecuting Attorney Training	394	935	1,050	279
Salary	233	9	242	0
Senior Citizens' Service Tax Board	2,330	10,752	10,600	2,482
South Van Buren Sewer District	10,857	0	0	10,857
Chemical Emergency	1,670	4,194	372	5,492
COPS Grant	7,618	59,849	67,467	0
Controlled Substance Enforcement Activity	0	10,004	10,004	0
South Van Buren O & M	25,857	23,370	28,337	20,890
Centralized Voter Registration Database	1,790	71	0	1,861
MO Smart	4,755	39,024	40,264	3,515
15% Forest Reserve	26,602	508	22,617	4,493
South Van Buren Extension & Replacement	2,270	1,588	0	3,858
South Van Buren Bond Reserve	15,307	606	0	15,913
Tax Maintenance	0	4,960	4,960	0
Circuit Clerk Interest	14,536	502	2,141	12,897
Health Center	218,643	803,341	875,697	146,287
Carter County Board for the Handicapped	16,310	29,191	30,076	15,425
Recorder's Technology	0	5,024	0	5,024
Recorder's Non-Standard Document	0	1,355	0	1,355
Associate Circuit Interest	591	137	0	728
Law Library	970	3,128	4,030	68
Total	\$ 895,095	2,635,371	2,776,152	754,314

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

CARTER COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 163,456	634,881	628,913	169,424
Special Road and Bridge	92,068	908,279	651,846	348,501
Assessment	0	77,548	77,548	0
Law Enforcement Training	75	4,505	2,758	1,822
Sheriff's Fees	2,069	19,636	14,397	7,308
Multifloral Rose Fund	4,316	193	239	4,270
Prosecuting Attorney Delinquent Tax	55	0	0	55
Prosecuting Attorney Bad Check	512	1,785	1,898	399
Domestic Violence	327	255	327	255
Recorder's User Fees	12,787	4,644	5,103	12,328
Prosecuting Attorney Training	104	750	460	394
Salary	222	11	0	233
Senior Citizens' Service Tax Board	134	10,147	7,951	2,330
South Van Buren Sewer District	14,520	14,250	17,913	10,857
Chemical Emergency	4,400	1,691	4,421	1,670
COPS Grant	4,722	93,814	90,918	7,618
Controlled Substance Enforcement Activity	0	11,367	11,367	0
South Van Buren O & M	35,287	25,757	35,187	25,857
Centralized Voter Registration Database	1,594	196	0	1,790
MO Smart	0	45,561	40,806	4,755
15% Forest Reserve	0	47,781	21,179	26,602
Circuit Clerk Interest	15,084	225	773	14,536
Health Center	139,459	827,362	748,178	218,643
Sheriff's Equipment Grant	0	10,000	10,000	0
South Van Buren Extension & Replacement	0	2,270	0	2,270
South Van Buren Bond Reserve	0	15,307	0	15,307
Carter County Board for the Handicapped	20,918	27,528	32,136	16,310
Associate Circuit Interest	960	158	527	591
Law Library	1,431	2,729	3,190	970
Total	\$ 514,500	2,788,630	2,408,035	895,095

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

CARTER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 2,670,718	2,625,727	(44,991)	2,722,940	2,758,166	35,226
DISBURSEMENTS	3,032,308	2,772,122	260,186	2,776,708	2,394,318	382,390
RECEIPTS OVER (UNDER) DISBURSEMENTS	(361,590)	(146,395)	215,195	(53,768)	363,848	417,616
CASH, JANUARY 1	899,344	893,534	(5,810)	514,092	512,109	(1,983)
CASH, DECEMBER 31	537,754	747,139	209,385	460,324	875,957	415,633
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	19,039	19,040	1	17,694	16,848	(846)
Sales taxes	342,941	342,942	1	348,000	349,021	1,021
Intergovernmental	220,985	211,168	(9,817)	154,786	148,449	(6,337)
Charges for services	102,476	104,317	1,841	90,054	97,044	6,990
Interest	5,000	9,055	4,055	7,000	9,277	2,277
Other	14,155	20,634	6,479	6,070	14,242	8,172
Transfers in	32,199	41,275	9,076	10,000	0	(10,000)
Total Receipts	736,795	748,431	11,636	633,604	634,881	1,277
DISBURSEMENTS						
County Commissioner	48,100	45,267	2,833	46,100	44,443	1,657
County Clerk	27,075	25,786	1,289	26,475	25,209	1,266
Elections	1,900	305	1,595	18,680	15,463	3,217
Buildings and grounds	40,460	22,252	18,208	30,010	28,190	1,820
Employee fringe benefit	39,600	36,299	3,301	35,400	30,009	5,391
County Treasurer	13,490	12,953	537	15,106	14,167	939
County Collector	40,262	37,286	2,976	30,318	30,263	55
Ex Officio Recorder of Deed	30,450	29,468	982	9,670	8,171	1,499
Circuit Clerk	6,950	4,691	2,259	9,800	3,416	6,384
Associate Circuit Court	10,600	9,886	714	9,750	9,771	(21)
Court administration	785	330	455	766	321	445
Public Administrator	18,364	17,808	556	18,254	17,633	621
Sheriff	188,392	188,121	271	188,201	184,776	3,425
Jail	69,788	69,856	(68)	30,853	30,853	0
Prosecuting Attorney	52,123	49,306	2,817	48,823	46,243	2,580
Juvenile Officer	27,532	26,500	1,032	26,476	25,700	776
County Coroner	11,025	9,303	1,722	7,643	6,865	778
General County Government	74,232	49,559	24,673	56,293	41,005	15,288
Court Reporter	317	199	118	337	181	156
Other Expense	10,000	8,126	1,874	13,200	12,072	1,128
Emergency Management	4,201	3,017	1,184	0	1,695	(1,695)
Transfers out	24,525	37,417	(12,892)	55,269	52,467	2,802
Emergency Fund	36,000	0	36,000	36,000	0	36,000
Total Disbursements	776,171	683,735	92,436	713,424	628,913	84,511
RECEIPTS OVER (UNDER) DISBURSEMENTS	(39,376)	64,696	104,072	(79,820)	5,968	85,788
CASH, JANUARY 1	169,424	169,424	0	163,456	163,456	0
CASH, DECEMBER 31	130,048	234,120	104,072	83,636	169,424	85,788

Exhibit B

CARTER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	78,950	82,299	3,349	79,428	78,179	(1,249)
Intergovernmental	644,650	673,062	28,412	779,244	816,840	37,596
Interest	4,000	14,380	10,380	7,198	10,865	3,667
Other	0	2,968	2,968	50	2,395	2,345
Total Receipts	727,600	772,709	45,109	865,920	908,279	42,359
DISBURSEMENTS						
Salaries	200,660	185,125	15,535	200,660	194,203	6,457
Employee fringe benefit	32,144	31,127	1,017	30,704	25,594	5,110
Supplies	72,000	69,419	2,581	58,000	50,831	7,169
Insurance	20,000	28,311	(8,311)	17,000	14,439	2,561
Road and bridge materials	314,000	262,165	51,835	305,560	207,985	97,575
Equipment repairs	15,000	17,583	(2,583)	10,000	9,620	380
Equipment purchases	261,168	270,734	(9,566)	129,771	127,702	2,069
Other	26,400	14,510	11,890	27,900	21,472	6,428
Transfers out	9,000	0	9,000	1,000	0	1,000
Total Disbursements	950,372	878,974	71,398	780,595	651,846	128,749
RECEIPTS OVER (UNDER) DISBURSEMENTS	(222,772)	(106,265)	116,507	85,325	256,433	171,108
CASH, JANUARY 1	348,501	348,501	0	92,068	92,068	0
CASH, DECEMBER 31	125,729	242,236	116,507	177,393	348,501	171,108
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	55,903	53,592	(2,311)	53,111	50,003	(3,108)
Interest	400	245	(155)	200	751	551
Other	800	1,440	640	856	800	(56)
Transfers in	22,750	24,435	1,685	22,891	25,994	3,103
Total Receipts	79,853	79,712	(141)	77,058	77,548	490
DISBURSEMENTS						
Assessor	79,853	79,712	141	77,058	77,548	(490)
Total Disbursements	79,853	79,712	141	77,058	77,548	(490)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	0	0	0	0	0
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	875	1,605	730	710	1,027	317
Charges for services	3,239	3,746	507	2,796	3,076	280
Interest	15	58	43	68	26	(42)
Other	0	746	746	0	376	376
Total Receipts	4,129	6,155	2,026	3,574	4,505	931
DISBURSEMENTS						
Sheriff	5,951	6,602	(651)	3,649	2,758	891
Total Disbursements	5,951	6,602	(651)	3,649	2,758	891
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,822)	(447)	1,375	(75)	1,747	1,822
CASH, JANUARY 1	1,822	1,822	0	75	75	0
CASH, DECEMBER 31	0	1,375	1,375	0	1,822	1,822

Exhibit B

CARTER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SHERIFF'S FEES FUND</u>						
RECEIPTS						
Charges for services	20,500	22,400	1,900	13,044	19,329	6,285
Interest	100	171	71	122	257	135
Other	0	329	329	0	50	50
Total Receipts	20,600	22,900	2,300	13,166	19,636	6,470
DISBURSEMENTS						
Salaries	2,500	2,544	(44)	0	0	0
Car expense	5,000	602	4,398	500	3,022	(2,522)
Canine expense	950	63	887	1,100	342	758
Equipment	4,000	9,271	(5,271)	2,000	2,036	(36)
Supplies	3,050	780	2,270	1,890	372	1,518
Mileage	1,000	740	260	500	0	500
Dues	3,000	5,700	(2,700)	3,000	100	2,900
Jail renovation	3,000	0	3,000	6,244	5,098	1,146
Training and lodging	2,000	3,890	(1,890)	0	2,427	(2,427)
Transfers out	0	0	0	0	1,000	(1,000)
Total Disbursements	24,500	23,590	910	15,234	14,397	837
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,900)	(690)	3,210	(2,068)	5,239	7,307
CASH, JANUARY 1	7,308	7,308	0	2,069	2,069	0
CASH, DECEMBER 31	3,408	6,618	3,210	1	7,308	7,307
<u>MULTIFLORAL ROSE FUND</u>						
RECEIPTS						
Interest	100	157	57	150	193	43
Total Receipts	100	157	57	150	193	43
DISBURSEMENTS						
Refunds	4,370	931	3,439	4,466	239	4,227
Total Disbursements	4,370	931	3,439	4,466	239	4,227
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,270)	(774)	3,496	(4,316)	(46)	4,270
CASH, JANUARY 1	4,270	4,270	0	4,316	4,316	0
CASH, DECEMBER 31	0	3,496	3,496	0	4,270	4,270
<u>PROSECUTING ATTORNEY DELINQUENT TAX FUND</u>						
RECEIPTS						
Intergovernmental	93	209	116	1,100	0	(1,100)
Interest	0	5	5	100	0	(100)
Total Receipts	93	214	121	1,200	0	(1,200)
DISBURSEMENTS						
Mileage and training	148	0	148	1,200	0	1,200
Total Disbursements	148	0	148	1,200	0	1,200
RECEIPTS OVER (UNDER) DISBURSEMENTS	(55)	214	269	0	0	0
CASH, JANUARY 1	55	55	0	55	55	0
CASH, DECEMBER 31	0	269	269	55	55	0

Exhibit B

CARTER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for service:	2,000	2,388	388	5,776	1,758	(4,018)
Interest	40	47	7	125	27	(98)
Total Receipts	2,040	2,435	395	5,901	1,785	(4,116)
DISBURSEMENTS						
Mileage and training	2,000	0	2,000	1,625	1,175	450
Salary and fringe benefit:	0	0	0	4,788	686	4,102
Other	0	0	0	0	37	(37)
Total Disbursements	2,000	0	2,000	6,413	1,898	4,515
RECEIPTS OVER (UNDER) DISBURSEMENTS	40	2,435	2,395	(512)	(113)	399
CASH, JANUARY 1	399	399	0	512	512	0
CASH, DECEMBER 31	439	2,834	2,395	0	399	399
<u>DOMESTIC VIOLENCE FUND</u>						
RECEIPTS						
Charges for service:	170	248	78	300	250	(50)
Interest	2	4	2	7	5	(2)
Total Receipts	172	252	80	307	255	(52)
DISBURSEMENTS						
Domestic violence shelte	300	255	45	327	327	0
Total Disbursements	300	255	45	327	327	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(128)	(3)	125	(20)	(72)	(52)
CASH, JANUARY 1	255	255	0	327	327	0
CASH, DECEMBER 31	127	252	125	307	255	(52)
<u>RECORDER'S USER FEES FUND</u>						
RECEIPTS						
Charges for service:	3,000	3,358	358	4,500	3,591	(909)
Interest	400	500	100	700	1,053	353
Total Receipts	3,400	3,858	458	5,200	4,644	(556)
DISBURSEMENTS						
Salaries	6,370	4,496	1,874	6,069	5,103	966
Equipment	3,500	0	3,500	0	0	0
Total Disbursements	9,870	4,496	5,374	6,069	5,103	966
RECEIPTS OVER (UNDER) DISBURSEMENTS	(6,470)	(638)	5,832	(869)	(459)	410
CASH, JANUARY 1	12,328	12,328	0	12,787	12,787	0
CASH, DECEMBER 31	5,858	11,690	5,832	11,918	12,328	410
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for service:	750	920	170	800	738	(62)
Interest	15	15	0	100	12	(88)
Total Receipts	765	935	170	900	750	(150)
DISBURSEMENTS						
Training & mileage	1,159	1,050	109	1,004	460	544
Total Disbursements	1,159	1,050	109	1,004	460	544
RECEIPTS OVER (UNDER) DISBURSEMENTS	(394)	(115)	279	(104)	290	394
CASH, JANUARY 1	394	394	0	104	104	0
CASH, DECEMBER 31	0	279	279	0	394	394

Exhibit B

CARTER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SALARY FUND</u>						
RECEIPTS						
Interest	10	9	(1)	10	11	1
Total Receipts	10	9	(1)	10	11	1
DISBURSEMENTS						
Transfers out	233	242	(9)	232	0	232
Total Disbursements	233	242	(9)	232	0	232
RECEIPTS OVER (UNDER) DISBURSEMENTS	(223)	(233)	(10)	(222)	11	233
CASH, JANUARY 1	233	233	0	222	222	0
CASH, DECEMBER 31	10	0	(10)	0	233	233
<u>SENIOR CITIZENS' SERVICE TAX BOARD FUND</u>						
RECEIPTS						
Property taxes	8,755	10,387	1,632	10,385	9,928	(457)
Intergovernmental	75	125	50	150	60	(90)
Interest	0	240	240	155	159	4
Total Receipts	8,830	10,752	1,922	10,690	10,147	(543)
DISBURSEMENTS						
Contract services	10,600	10,600	0	10,600	7,951	2,649
Total Disbursements	10,600	10,600	0	10,600	7,951	2,649
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,770)	152	1,922	90	2,196	2,106
CASH, JANUARY 1	2,265	2,330	65	134	134	0
CASH, DECEMBER 31	495	2,482	1,987	224	2,330	2,106
<u>SOUTH VAN BUREN SEWER DISTRICT FUND</u>						
RECEIPTS						
Intergovernmental	0	0	0	86,700	14,250	(72,450)
Interest	0	0	0	0	0	0
Total Receipts	0	0	0	86,700	14,250	(72,450)
DISBURSEMENTS						
Sewer constructor	10,857	0	10,857	86,700	14,250	72,450
Other	0	0	0	16,660	3,663	12,997
Total Disbursements	10,857	0	10,857	103,360	17,913	85,447
RECEIPTS OVER (UNDER) DISBURSEMENTS	(10,857)	0	10,857	(16,660)	(3,663)	12,997
CASH, JANUARY 1	10,857	10,857	0	16,660	14,520	(2,140)
CASH, DECEMBER 31	0	10,857	10,857	0	10,857	10,857
<u>CHEMICAL EMERGENCY FUND</u>						
RECEIPTS						
Intergovernmental	1,500	4,090	2,590	3,500	1,580	(1,920)
Interest	75	104	29	180	111	(69)
Total Receipts	1,575	4,194	2,619	3,680	1,691	(1,989)
DISBURSEMENTS						
Other	3,245	372	2,873	8,080	4,421	3,659
Total Disbursements	3,245	372	2,873	8,080	4,421	3,659
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,670)	3,822	5,492	(4,400)	(2,730)	1,670
CASH, JANUARY 1	1,670	1,670	0	4,400	4,400	0
CASH, DECEMBER 31	0	5,492	5,492	0	1,670	1,670

Exhibit B

CARTER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>COPS GRANT FUND</u>						
RECEIPTS						
Intergovernmental	124,304	58,921	(65,383)	88,722	92,931	4,209
Interest	340	928	588	348	883	535
Total Receipts	124,644	59,849	(64,795)	89,070	93,814	4,744
DISBURSEMENTS						
Salaries	77,187	28,386	48,801	76,652	84,220	(7,568)
Employee fringe benefit	12,257	3,008	9,249	12,518	6,698	5,820
Transfers out	9,613	36,073	(26,460)	4,571	0	4,571
Total Disbursements	99,057	67,467	31,590	93,741	90,918	2,823
RECEIPTS OVER (UNDER) DISBURSEMENTS	25,587	(7,618)	(33,205)	(4,671)	2,896	7,567
CASH, JANUARY 1	7,618	7,618	0	4,722	4,722	0
CASH, DECEMBER 31	33,205	0	(33,205)	51	7,618	7,567
<u>CONTROLLED SUBSTANCE ENFORCEMENT ACTIVITY FUND</u>						
RECEIPTS						
Transfers in	20,000	10,004	(9,996)	20,000	11,367	(8,633)
Total Receipts	20,000	10,004	(9,996)	20,000	11,367	(8,633)
DISBURSEMENTS						
Salaries	10,865	6,936	3,929	10,860	7,299	3,561
Equipment	6,935	3,068	3,867	9,140	2,381	6,759
Other	2,200	0	2,200	0	1,687	(1,687)
Total Disbursements	20,000	10,004	9,996	20,000	11,367	8,633
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	0	0	0	0	0
<u>SOUTH VAN BUREN O & M FUND</u>						
RECEIPTS						
Intergovernmental	22,524	22,524	0	24,000	24,646	646
Interest	500	846	346	200	1,111	911
Total Receipts	23,024	23,370	346	24,200	25,757	1,557
DISBURSEMENTS						
Insurance	4,500	4,011	489	0	3,941	(3,941)
Permit Fees	300	6,120	(5,820)	0	300	(300)
Bond payment and interes	14,928	14,928	0	15,846	13,113	2,733
Other	6,275	3,278	2,997	4,750	2,212	2,538
Transfers Out	0	0	0	0	15,621	(15,621)
Total Disbursements	26,003	28,337	(2,334)	20,596	35,187	(14,591)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,979)	(4,967)	(1,988)	3,604	(9,430)	(13,034)
CASH, JANUARY 1	25,857	25,857	0	35,287	35,287	0
CASH, DECEMBER 31	22,878	20,890	(1,988)	38,891	25,857	(13,034)
<u>CENTRALIZED VOTER REGISTRATION DATABASE FUND</u>						
RECEIPTS						
Intergovernmental	150	0	(150)	1,500	121	(1,379)
Interest	50	71	21	50	75	25
Total Receipts	200	71	(129)	1,550	196	(1,354)
DISBURSEMENTS						
Election expense	1,990	0	1,990	3,144	0	3,144
Total Disbursements	1,990	0	1,990	3,144	0	3,144
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,790)	71	1,861	(1,594)	196	1,790
CASH, JANUARY 1	1,790	1,790	0	1,594	1,594	0
CASH, DECEMBER 31	0	1,861	1,861	0	1,790	1,790

Exhibit B

CARTER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>MO SMART FUND</u>						
RECEIPTS						
Intergovernmental	49,826	38,756	(11,070)	33,292	30,358	(2,934)
Interest	45	268	223	100	97	(3)
Transfer in	0	0	0	11,269	15,106	3,837
Total Receipts	49,871	39,024	(10,847)	44,661	45,561	900
DISBURSEMENTS						
Salaries	28,870	26,113	2,757	33,461	25,487	7,974
Vehicle expense	20,346	13,014	7,332	10,950	13,341	(2,391)
Drug testing	458	0	458	250	0	250
Equipment	152	1,137	(985)	0	1,978	(1,978)
Total Disbursements	49,826	40,264	9,562	44,661	40,806	3,855
RECEIPTS OVER (UNDER) DISBURSEMENTS	45	(1,240)	(1,285)	0	4,755	4,755
CASH, JANUARY 1	4,755	4,755	0	0	0	0
CASH, DECEMBER 31	4,800	3,515	(1,285)	0	4,755	4,755
<u>15% FOREST RESERVE FUND</u>						
RECEIPTS						
Intergovernmental	0	0	0	22,914	47,022	24,108
Interest	0	508	508	0	759	759
Total Receipts	0	508	508	22,914	47,781	24,867
DISBURSEMENTS						
Search & rescue	26,602	22,617	3,985	22,914	21,179	1,735
Total Disbursements	26,602	22,617	3,985	22,914	21,179	1,735
RECEIPTS OVER (UNDER) DISBURSEMENTS	(26,602)	(22,109)	4,493	0	26,602	26,602
CASH, JANUARY 1	26,602	26,602	0	0	0	0
CASH, DECEMBER 31	0	4,493	4,493	0	26,602	26,602
<u>SOUTH VAN BUREN EXTENSION & REPLACEMENT FUND</u>						
RECEIPTS						
Intergovernmental	1,476	1,476	0			
Interest	20	112	92			
Total Receipts	1,496	1,588	92			
DISBURSEMENTS						
Other	3,766	0	3,766			
Total Disbursements	3,766	0	3,766			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,270)	1,588	3,858			
CASH, JANUARY 1	2,270	2,270	0			
CASH, DECEMBER 31	0	3,858	3,858			
<u>SOUTH VAN BUREN BOND RESERVE FUND</u>						
RECEIPTS						
Interest	200	606	406			
Total Receipts	200	606	406			
DISBURSEMENTS						
Other	0	0	0			
Total Disbursements	0	0	0			
RECEIPTS OVER (UNDER) DISBURSEMENTS	200	606	406			
CASH, JANUARY 1	15,307	15,307	0			
CASH, DECEMBER 31	15,507	15,913	406			

Exhibit B

CARTER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TAX MAINTENANCE FUND</u>						
RECEIPTS						
Charges for services	4,200	4,860	660			
Interest	0	100	100			
Total Receipts	4,200	4,960	760			
DISBURSEMENTS						
Transfers out	4,200	4,960	(760)			
Total Disbursements	4,200	4,960	(760)			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	0	0	0			
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest	500	502	2	2,500	225	(2,275)
Total Receipts	500	502	2	2,500	225	(2,275)
DISBURSEMENTS						
Equipment	1,000	2,141	(1,141)	1,200	773	427
Total Disbursements	1,000	2,141	(1,141)	1,200	773	427
RECEIPTS OVER (UNDER) DISBURSEMENTS	(500)	(1,639)	(1,139)	1,300	(548)	(1,848)
CASH, JANUARY 1	16,726	14,536	(2,190)	17,181	15,084	(2,097)
CASH, DECEMBER 31	16,226	12,897	(3,329)	18,481	14,536	(3,945)
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes	85,000	87,794	2,794	88,000	83,511	(4,489)
Intergovernmental	232,571	201,206	(31,365)	211,065	198,301	(12,764)
Charges for services	505,300	503,057	(2,243)	474,220	531,087	56,867
Interest	6,400	4,614	(1,786)	5,600	6,208	608
Other	3,700	6,670	2,970	2,700	8,255	5,555
Total Receipts	832,971	803,341	(29,630)	781,585	827,362	45,777
DISBURSEMENTS						
Salaries	537,269	527,599	9,670	519,936	475,111	44,825
Office Expenditures	40,416	42,035	(1,619)	43,500	37,392	6,108
Equipment & building	43,704	43,673	31	28,954	41,453	(12,499)
Mileage & training	64,549	63,145	1,404	59,400	58,731	669
Other professional service:	110,371	104,694	5,677	50,600	51,517	(917)
Medical supplies	90,970	82,292	8,678	99,601	78,695	20,906
Other expenses	2,926	12,259	(9,333)	4,650	5,279	(629)
Total Disbursements	890,205	875,697	14,508	806,641	748,178	58,463
RECEIPTS OVER (UNDER) DISBURSEMENTS	(57,234)	(72,356)	(15,122)	(25,056)	79,184	104,240
CASH, JANUARY 1	222,292	218,643	(3,649)	137,205	139,459	2,254
CASH, DECEMBER 31	165,058	146,287	(18,771)	112,149	218,643	106,494

Exhibit B

CARTER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
CARTER COUNTY BOARD FOR THE HANDICAPPED FUND						
RECEIPTS						
Property taxes	27,500	29,075	1,575	28,000	27,366	(634)
Interest	150	116	(34)	400	162	(238)
Total Receipts	27,650	29,191	1,541	28,400	27,528	(872)
DISBURSEMENTS						
Contract services	29,880	29,960	(80)	32,000	32,000	0
Office expenditures	100	100	0	100	100	0
Other	50	16	34	0	36	(36)
Total Disbursements	30,030	30,076	(46)	32,100	32,136	(36)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,380)	(885)	1,495	(3,700)	(4,608)	(908)
CASH, JANUARY 1	16,346	16,310	(36)	20,918	20,918	0
CASH, DECEMBER 31	13,966	15,425	1,459	17,218	16,310	(908)

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

CARTER COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Carter County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, the Carter County Board for the Handicapped, or the Senior Citizens' Service Tax Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Associate Circuit Interest Fund	2003 and 2002
Law Library Fund	2003 and 2002
Recorder's Technology Fund	2003
Recorder's Non-Standard Document Fund	2003
South Van Buren Extension and Replacement Fund	2002
South Van Buren Bond Reserve Fund	2002

Sheriff's Equipment Grant Fund

2002

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
South Van Buren O & M Fund	2003 and 2002
Carter County Board for the Handicapped Fund	2003 and 2002
Law Enforcement Training Fund	2003
Salary Fund	2003
Tax Maintenance Fund	2003
Circuit Clerk Interest Fund	2003
Assessment Fund	2002

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Associate Circuit Interest Fund	2003 and 2002
Law Library Fund	2003 and 2002
Carter County Board for the Handicapped Fund	2003 and 2002

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's and the health center's deposits at December 31, 2003 and 2002, were entirely covered by federal depository insurance or by collateral securities held by the county's or the health center's custodial bank in the county's or health center's name.

The Carter County Board for the Handicapped's and the Senior Citizens' Service Tax Board's deposits at December 31, 2003 and 2002 were entirely covered by federal depository insurance.

3. Prior Period Adjustment

The South Van Buren Sewer District Fund's cash balance at January 1, 2002, as previously stated has been decreased by \$2,140 to agree to the cash balance of the County Treasurer.

The Circuit Clerk Interest Fund's cash balance at January 1, 2002, as previously stated has been decreased by \$2,098 to agree to the cash balance of the Circuit Clerk.

The Health Center Fund's cash balance at January 1, 2002, as previously stated has been increased by \$2,517 to agree to the cash balance of the Health Center Treasurer.

Supplementary Schedule

Schedule

CARTER COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2003	2002
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state				
Department of Health and Senior Services -				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-3117W	\$ 30,132	49,964
10.559	Summer Food Service Program for Children	ERS146-41171	130	0
Office of Administration -				
10.665	Schools and Roads - Grants to States	N/A	41,695	349,540
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state Department of Economic Development				
14.228	Community Development Block Grants/State Program	98-PF-07	0	13,750
U.S. DEPARTMENT OF JUSTICE				
Direct program:				
16.710	Public Safety Partnership and Community Policing Grant	N/A		91,283
Passed through				
Missouri Sheriff's Meth-Amphetamine Relief Team				
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	SD-2002-02	40,264	
State Department of Public Safety -				
16.592	Local Law Enforcement Block Grants Program	N/A	0	9,000
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state Department of Public Safety				
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grant	N/A	2,209	0

Schedule

CARTER COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2003	2002
FEDERAL EMERGENCY MANAGEMENT AGENCY				
	Passed through state Department of Public Safety			
83.544	Public Assistance Grants *	035-99035-00		422,711
83.552	Emergency Management Performance Grants *	N/A	300	0
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
	Passed through state			
	Department of Health and Senior Services -			
93.268	Immunization Grants	PGA064-3117A	8,047	19,264
93.283	Centers for Disease Control and Prevention Investigations and Technical Assistance	DH030510025	15,695	3,631
	Department of Social Services -			
93.563	Child Support Enforcement	N/A	5	65
	Department of Health and Senior Services -			
93.575	Child Care and Development Block Grant	PGA067-3117S	400	400
	Department of Social Services -			
93.667	Social Services Block Grant	N/A	4,800	0
	Department of Health and Senior Services			
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Program	ERS161-30062	0	7,327
93.991	Preventive Health and Health Services Block Grant	DH030026001	24,441	16,994
93.994	Maternal and Child Health Services Block Grant to the States	ERS146-2117M	12,683	18,268
	Total Expenditures of Federal Awards:		\$ 180,801	1,002,197

* The CFDA number for this program changed to 97.036 in October 2003

** The CFDA number for this program changed to 97.042 in October 2002

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule

Notes to the Supplementary Schedule

CARTER COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Carter County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals. . . .

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for Immunization Grants (CFDA number 93.268) and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2003 and 2002.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of Carter County, Missouri

Compliance

We have audited the compliance of Carter County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2003 and 2002. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Carter County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2003 and 2002. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance

with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 03-1.

Internal Control Over Compliance

The management of Carter County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 03-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above, finding number 03-1, to be a material weakness.

This report is intended for the information and use of the management of Carter County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.



Claire McCaskill
State Auditor

June 3, 2004 (fieldwork completion date)

Schedule

CARTER COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2003 AND 2002

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? yes x no

Reportable conditions identified that are
not considered to be material weaknesses? yes x none reported

Noncompliance material to the financial statements
noted? yes x no

Federal Awards

Internal control over major programs:

Material weakness identified? x yes no

Reportable condition identified that is
not considered to be a material weakness? yes x none reported

Type of auditor's report issued on compliance for
major programs: Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of OMB
Circular A-133? x yes no

Identification of major programs:

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
10.665	Schools and Roads – Grants to States
83.544	Public Assistance Grants

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes the audit finding that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

03-1.	Schedule of Expenditures of Federal Awards
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Federal Grantor:	U.S. Department of Agriculture
Pass-through Grantor:	Office of Administration
Federal CFDA Number:	10.665
Program Title:	Schools and Roads – Grants to States
Pass-Through Entity	
Identifying Numbers:	Not applicable
Award Years:	2002 and 2003
Questioned Costs:	Not applicable

Federal Grantor:	Federal Emergency Management Agency
Pass-through Grantor:	Department of Public Safety
Federal CFDA Number:	83.544
Program Title:	Public Assistance Grants
Pass-Through Entity	
Identifying Numbers:	035-99035-00
Award Years:	2002 and 2003
Questioned Costs:	Not applicable

Section .310(b) of Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the schedule of expenditures of federal awards to the State Auditor's Office as a part of the annual budget. For the SEFA to adequately reflect the county's federal expenditures, it is necessary that all federal expenditures be properly reported.

The county does not have adequate procedures in place to track federal awards for the preparation of the SEFA. For the years ended December 31, 2003 and 2002, the county's

SEFA contained several errors and omissions which resulted in expenditures being overstated by approximately \$75,000 for the year ended December 31, 2003 and understated by approximately \$250,000 for the year ended December 31, 2002. For example, during 2002, the county failed to include \$189,000 of CFDA #10.665 Schools and Roads-Grants to States expenditures and \$91,000 of #16.710 Public Safety Partnership and Community Policing Grants expenditures. In addition, other required information such as federal CFDA numbers and pass-through entity identifying numbers was not always reported.

Without an accurate and complete SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal funds.

WE RECOMMEND the County Clerk prepare a complete and accurate schedule of expenditures of federal awards.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Clerk provided the following response:

I will try to do this to the best of my ability.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

CARTER COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 2001, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

CARTER COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

The prior audit report issued for the two years ended December 31, 2001, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

CARTER COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Carter County, Missouri, as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated June 3, 2004. We also have audited the compliance of Carter County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2003 and 2002, and have issued our report thereon dated June 3, 2004.

In addition, we have audited the operations of elected officials with funds other than those presented in the financial statements to comply with the State Auditor's responsibility under Section 29.230, RSMo 2000, to audit county officials at least once every 4 years. The objectives of this audit were to:

1. Review the internal controls over the transactions of the various county officials.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents; interviewing various personnel of the county officials, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials referred to above. In addition, this report includes any findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These MAR findings resulted from our audit of the financial statements of Carter County or of its compliance with the types of compliance requirements applicable to each of its major federal

programs but do not meet the criteria for inclusion in the written reports on compliance and on internal control over financial reporting or compliance that are required for audits performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

1. County Officials' Salaries

We noted concerns regarding the Associate Commissioners' and Public Administrator's salaries.

- A. The county has not taken action on mid-term salary increases given to the Associate County Commissioners in 1999.

Section 50.333.13 RSMo, enacted in 1997, allowed the salary commissions meeting in 1997 to provide mid-term increases for associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioners' terms had been increased from two years to four years. Based on this statute, in 1999 Carter County's Associate County Commissioners' salaries were each increased approximately \$8,600 yearly, according to the salary commission minutes.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of that statute. The Supreme Court held that this section of statute violated Article VII, section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county, and municipal officers during the term of office. This case, *Laclede County v. Douglass et al.*, holds that all raises given pursuant to this statute section are unconstitutional. On June 5, 2001, the State Auditor notified all third-class counties of the Supreme Court decision and recommended that each county document its review of the impact of the opinion, as well as plans to seek repayment.

Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$17,200 for the two years ended December 31, 2000, should be repaid. The Associate County Commissioners have made no repayments and the county has taken no action to seek repayment.

- B. The Public Administrator, who started a new term in January 2001, elected to be placed on salary rather than a fee basis. Section 473.742, RSMo, provides a salary scale based on the average number of open letters in the two years preceding the term when the salary is elected. The County Commission set the Public Administrator's salary at 85 percent of this amount to correspond with the percentage of the maximum salaries provided by state law paid to other officials for their respective offices. It is not clear whether the amount paid to the Public Administrator is in accordance with state law.

WE RECOMMEND the County Commission:

- A. Review the impact of this court decision and develop a plan for obtaining repayment of the salary overpayments.
- B. Consult with legal counsel and determine whether the Public Administrator's salary is in accordance with state law.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *Due to the conflict that exists between two separate statutes and due to the fact that no state agency will provide a definitive answer, the Carter County Commission believes that the issue should remain as is until such time the legislature passes a statute to resolve the question. The Salary Commission approved the raises effective 1997 and the raises were not taken until 1999.*
- B. *Based on the recommendation of the Prosecuting Attorney (January 2001) and the Salary Commission, the Public Administrator's salary will increase to \$20,000 effective January 2005. In 2003, the Salary Commission voted that county officials' salaries be set at 100 percent of the statutory amount.*

2. Budgetary Practices and Financial Statements
--

The County Clerk and County Commission are responsible for preparing and approving a budget and publishing an annual financial statement. Actual disbursements exceeded the budgeted amounts in various funds. The county's budgets and published financial statements for the years ended December 31, 2003 and 2002, excluded some funds.

- A. Formal budgets were not prepared for various county funds for the years ended December 31, 2003 and 2002. The County Commission indicated they overlooked these funds when preparing the budgets. Chapter 50, RSMo 2000, requires the preparation and filing of annual budgets for all county funds to present a complete financial plan for the ensuing year. By preparing or obtaining budgets for all county funds, the County Commission can evaluate all county financial resources more effectively.
- B. Expenditures exceeded the budgeted amounts in the following funds:

Fund	Expenditure Amount in Excess of Budget Year Ended December 31,	
	2003	2002
Assessment	N/A	490
Law Enforcement Training	651	N/A
Salary	9	N/A
South Van Buren O & M	2,334	14,591
Tax Maintenance	760	N/A
Circuit Clerk Interest	1,141	N/A
Carter County Board for the Handicapped	46	36

Adequate procedures have not been established to monitor budget to actual amounts, which allowed some funds to overspend their budgets. According to the County Commission, monthly budget to actual reports are provided to them. However, it appears the County Commission is not using these reports as an effective monitoring tool. There was no evidence the Carter County Board for the Handicapped conducted monitoring of their budget and actual expenditures during their quarterly board meetings. While the Circuit Clerk indicated she does monitor the budget and actual expenditures of the Circuit Clerk Interest Fund, expenditures did exceed the budget amount for the year ended December 31, 2003.

It was ruled in *State ex. Rel. Strong v. Cribb*, 364 Mo. 1122, 273 S. W.2d 246 (1954), that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess disbursements, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's Office. In addition, Section 50.622, RSMo 2000, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend its budget.

- C. The county's annual published financial statements did not include the financial activity of some funds as required. Section 50.800, RSMo 2000, provides that the financial statements are required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for all county funds. For the published financial statements to adequately inform the citizens of the county's financial activities, all monies received and disbursed by the county should be included.

WE RECOMMEND the County Commission:

- A. Ensure budgets are obtained or prepared for all county funds.

- B. And the Carter County Board for the Handicapped, and the Circuit Clerk refrain from incurring expenditures in excess of budget amounts. If the county receives additional funds which could not be anticipated when the budget was adopted, the County Commission, the Carter County Board for the Handicapped, and the Circuit Clerk should amend their budgets by following procedures required by state law.
- C. Ensure financial information for all county funds is properly reported in the annual published financial statements.

AUDITEE'S RESPONSE

The County Commission and County Clerk provided the following responses:

- A. *With the exception of the Associate Interest Fund and the Law Library Fund, these were new funds established after the budget was prepared. These funds were budgeted the following year.*
- B. *We try to amend budgets as necessary and we believe the budgets were amended adequately.*
- C. *We do not receive financial information for these funds.*

The Treasurer of the Carter County Board for the Handicapped provided the following response:

- B. *In the future, we will monitor the budget more closely and make adjustments when necessary.*

The Circuit Clerk provided the following response:

- B. *I will monitor the budget more closely in the future.*

3.	County Expenditures
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The county did not require the Sheriff to submit detailed billing information for his cell phones, did not always enter into formal written agreements when required, and did not always require evidence of the receipt of goods or services on invoices prior to approving expenditures for payment.

- A. The county did not require the Sheriff to submit detailed billing information for his cell phones. Only the total amount to be paid is submitted for the County Commission's review and approval. The Sheriff maintains there exists concerns over confidentiality if he submits the entire, detailed cell phone billing for payment. As a result, the County Commission is reviewing and approving cell phone bills without observing detailed bills. By not obtaining and reviewing adequate cell phone bill detail, unauthorized cell phone usage could occur and remain undetected. The

Sheriff's cell phone costs amounted to \$2,785 and \$3,531 in 2003 and 2002, respectively.

- B. The county did not always enter into formal written agreements when required.
1. The county did not have contracts with all counties and cities boarding Carter County prisoners.
 2. The Prosecuting Attorney maintains an office outside of the courthouse and bills the county \$400 per month for office expenses. The county has not entered into a contract with the Prosecuting Attorney.
 3. The county distributed monies from the 15% Forest Reserve Fund to fire districts for search and rescue purposes without the support of contracts.
 4. The county paid \$2,000 to the South Central Drug Task Force without the support of a contract.

Written agreements provide the framework necessary to detail the services to be provided and the compensation to be paid. In addition, Section 432.070, RSMo 2000, prohibits a county from making a contract unless it be in writing. In addition to being required by statute, written contracts are necessary to document the duties, rights, and responsibilities of each party and should establish performance criteria which must be met prior to payment for work completed.

- C. The receipt of goods or services is not always indicated on invoices prior to an expenditure being approved for payment. Approximately 9 of 40 (approximately 22 percent) invoices tested did not indicate if goods or services were received. Some examples are gasoline and diesel deliveries to road sheds, rock, and road oil. The documentation of the receipt of goods or services is necessary to ensure the county actually received the items or services.

WE RECOMMEND the County Commission:

- A. Require adequate supporting documentation prior to approving expenditures for payment.
- B. Ensure that contracts are obtained and entered into for services received.
- C. Ensure the receipt of goods or services is indicated on invoices prior to them being approved for payment.

AUDITEE'S REPSONSE

The County Commission and County Clerk provided the following responses:

- A. *We will request that the Sheriff provide detailed billings for his cell phones, but we may not get this information.*
- B. *We will attempt to enter into contracts with these entities.*
- C. *We will be more vigilant in checking invoices for receipt of goods.*

4. Associate/Probate Division's Accounting Controls and Procedures

Listings of open items are not prepared on a timely basis for the old account and some checks have been outstanding for over a year. The Associate/Probate Division processed receipts of approximately \$287,000 and \$243,000 in 2003 and 2002, respectively.

- A. Listings of open items (liabilities) are not prepared on a timely basis for the old account which was used until April 2000, when the division began using a new computer system and opened a new account. According to the division clerk, the open items listing for the old account is prepared as time allows; however, this does not occur monthly. An open items listing was prepared as of December 31, 2003 and totaled \$1,935, or approximately \$7,000 less than the reconciled book balance.

The open items listing included numerous old cases awaiting full collection of fees due. If it appears unlikely the remaining amounts due will be collected, a court order should be obtained to allow the balance in each case to be prorated among the various court costs. Attorney General's Opinion No. 26, 1973 to Osborne, concluded that "If, when liability has been established, accrued costs cannot be collected in full, charges not having any statutory priority or not allocated under court rule should be prorated."

Old inactive case balances increase the volume of cases which must be monitored and controlled, putting a greater burden on limited personnel resources. In addition, failure to prorate available monies when it is unlikely the balance will be collected, deprives the state and county of the use of those monies.

- B. At December 31, 2003, nineteen checks totaling over \$128 had been outstanding for more than one year. These old outstanding checks create additional and unnecessary record-keeping responsibilities. An attempt should be made to locate the payees of the old outstanding checks and the checks should be reissued, if possible. If the payees cannot be located, various statutory provisions provide for the disposition of unclaimed monies. In addition, procedures should be established to periodically investigate checks outstanding for a considerable time.

These conditions were also noted in our prior report.

WE AGAIN RECOMMEND the Associate/Probate Division:

- A. Prepare a complete listing of open items for the old account on a monthly basis and reconcile the listing to the cash balance. Any discrepancies should be investigated and resolved. In addition, along with the Associate Judge, review the older cases and determine the appropriate disposition of funds being held on inactive cases.
- B. Attempt to contact the payees of old outstanding checks. If the payees cannot be located, the balance should be distributed in accordance with applicable statutory provisions.

AUDITEE'S RESPONSE

The Associate/Probate Division Judge provided the following response:

We should be able to completely disburse unclaimed funds being held in the old bank account as well as disburse unclaimed funds in the new account in two years by working on this as time allows.

The Court Automation Project mandated by the state has increased the amount of time required to process cases, but has not funded additional clerical work hours. Without adequate allocation of funding by the state, maintenance of old and current cases will continue to be problematic. I estimate that computer automation has decreased clerical efficiency from 20 to 30 percent in that clerks spend an inordinate amount of time entering court docket entries and other data into the computer system, a task that was not previously required. In various aspects of case management this has resulted in two sets of records, one manual and one computerized and represents a waste of valuable resources; Carter County government is financially unable to fund additional staff to cover the shortfall in clerical hours needed to handle these extra duties.

5. Circuit Clerk's Accounting Controls and Procedures
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The Circuit Clerk processed receipts of approximately \$1.5 million and \$39,000 in 2003 and 2002, respectively. During 2003, the Circuit Clerk processed receipts in excess of \$1.4 million related to a Department of Transportation land condemnation case. Our review noted that listings of open items are not prepared on a timely basis for the old account and some checks have been outstanding for over a year.

- A. Listings of open items (liabilities) are not prepared on a timely basis for the old account which was used until April 2000, when the Circuit Clerk began using a new computer system and opened a new account. The last available open items listing was over two years old and totaled \$22,499, \$7,634 less than the reconciled book balance as of December 31, 2003. The listing should be brought up to date to facilitate final disposition of moneys remaining in the old account.

The open items listing included numerous old cases awaiting full collection of fees due. If it appears unlikely the remaining amounts due will be collected, a court order should be obtained to allow the balance in each case to be prorated among the various court costs. Attorney General's Opinion No. 26, 1973 to Osborne, concluded that "If, when liability has been established, accrued costs cannot be collected in full, charges not having any statutory priority or not allocated under court rule should be prorated."

Old inactive case balances increase the volume of cases which must be monitored and controlled, putting a greater burden on limited personnel resources. In addition, failure to prorate available monies when it is unlikely the balance will be collected, deprives the state and county of the use of those monies.

- B. At December 31, 2003, six checks totaling \$172 had been outstanding for more than one year. These old outstanding check create additional and unnecessary record-keeping responsibilities. An attempt should be made to locate the payees of the old outstanding checks and the checks should be reissued, if possible. If the payees cannot be located, various statutory provisions provide for the disposition of unclaimed monies. In addition, procedures should be established to periodically investigate checks outstanding for a considerable time.

Condition A. was also noted in our prior report.

WE RECOMMEND the Circuit Clerk:

- A. Prepare a complete, updated listing of open items for the old account and reconcile the listing to the cash balance. Any discrepancies should be investigated and resolved. In addition, along with the Circuit Judge, review the older cases and determine the appropriate disposition of funds being held on inactive cases.
- B. Attempt to contact the payees of old outstanding checks. If the payees cannot be located, the balance should be distributed in accordance with applicable statutory provisions.

AUDITEE'S RESPONSE

The Circuit Clerk provided the following responses:

- A. *I have updated the open items listing and the unidentified balance has been reduced to \$1,049. I have a list ready for the Circuit Judge to review and order disposition.*
- B. *I contacted the attorneys to determine if the checks should be replaced. I have stopped payment on these checks and have reissued the checks.*

6.**Sheriff's Accounting Controls and Procedures**

Accounting and bookkeeping duties are not adequately segregated, bank reconciliations are not prepared, receipts are not deposited on a timely basis, accounting for prisoner board costs is not adequate, and an inventory record of seized property is not maintained. The Sheriff processed receipts of approximately \$44,500 and \$76,000 in 2003 and 2002, respectively.

- A. Accounting and bookkeeping duties are not adequately segregated. The Sheriff's office manager performs all of the duties of receiving, recording, depositing, and disbursing monies. To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are properly accounted for and assets are adequately safeguarded. Proper segregation of duties helps to provide this assurance. If proper segregation cannot be achieved, at a minimum, periodic supervisory or independent reviews of the records should be performed and documented.
- B. Bank reconciliations were not prepared for the Sheriff's account. The preparation of bank reconciliations is necessary to ensure accounting records agree with bank records and errors are discovered on a timely basis.
- C. Receipts are not deposited on a timely basis. Deposits are made only two or three times per month. On July 7, 2003, \$1,831 was deposited which included \$210 received in cash during the period June 20, 2003 to July 2, 2003. To safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited daily or when accumulated receipts exceed \$100.
- D. The county incurred costs of approximately \$50,000 and \$26,000 to board county prisoners during the years ended December 31, 2003 and 2002, respectively.
 - 1. Carter County prisoners are housed in other nearby city and county jails. The Sheriff's jail log does not always indicate where these prisoners are housed. As a result, prisoner board bills received from other cities and counties cannot be reconciled to the jail log. On September 15, 2003, the county paid \$19,620 to Butler County for the board of prisoners. While the invoice from Butler County listed each prisoner and the number of days held in the jail, Carter County did not have an adequate jail log to ensure this information was accurate.

Without such a reconciliation, the billing cannot be verified and there is less assurance board bills paid by the county are complete and accurate.

- 2. The county purchased meals from a local restaurant and food from a grocery store for prisoners temporarily housed in the county's holding cell. Sheriff personnel did not always document on the restaurant invoices and the grocery

store tickets the names of the prisoners for which meals or food was purchased.

Since prisoner logs are maintained by prisoner name, all invoices for meals should include the date and the prisoner's name. The meal invoices should be reconciled to the jail log to ensure the invoices are accurate and complete.

- E. An inventory record of seized property is not maintained. When an item is received, a listing of seized property is prepared and filed in an individual case file. However, the item is not recorded on an inventory control record and a periodic inventory of the property on hand is not conducted.

Considering the often sensitive nature of seized property, adequate internal controls are essential and would significantly reduce the risk of theft or misuse of the items. An inventory control record should be maintained and periodic physical inventories should be performed and the results compared to the inventory records to ensure that seized property is accounted for properly.

Similar conditions were also noted in our prior report.

WE AGAIN RECOMMEND the Sheriff:

- A. Segregate accounting and bookkeeping duties to the extent possible. At a minimum, there should be documented supervisory reviews of the accounting records.
- B. Prepare monthly bank reconciliations.
- C. Deposit all receipts intact daily or when accumulated receipts exceed \$100.
- D.1. Ensure jail logs indicate the housing location for each prisoner and reconcile prisoner board bills to jail logs.
 - 2. Ensure all invoices for meals include the date and the prisoner's name and reconcile meal invoices to the county jail log.
- E. Prepare and maintain a complete inventory record of seized property. In addition, periodic inventories of seized property should be performed.

AUDITEE'S RESPONSE

The County Sheriff provided the following responses:

- A. *The office deputy will review the bank reconciliation and other records monthly.*
- B. *This will be implemented by the office manager.*

- C. *Deposits are currently made every Thursday.*
- D.1. *Beginning the first of the year, we will establish a log to indicate where prisoners are housed.*
- 2. *We are currently indicating prisoner names on all meal invoices. We will check with the County Clerk and grocery store to ensure these invoices are sent to the county.*
- E. *We will destroy evidence no longer needed for active cases. By the first of the year, we will establish an inventory record of seized property.*

7. Property Tax Controls and Procedures
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The County Clerk and County Commission do not adequately review the annual settlements of the County Collector and controls over property tax book additions and abatements are not adequate.

- A. The County Clerk does not adequately review the annual settlements of the County Collector. The County Clerk indicated her review consisted merely of determining the mathematical accuracy of the settlements. The County Clerk does prepare and maintain an account book with the County Collector; and thus, in addition to verifying mathematical accuracy of the annual settlements, the County Clerk should use her account book to further verify the accuracy and completeness of the County Collector's annual settlements. In addition, there was no evidence the County Commission examined and approved the County Collector's annual settlements. If a detailed review had been performed by the County Clerk and County Commission, discrepancies in the annual settlement as noted below in MAR No. 8 A. may have been identified prior to approval.
- B. Controls over property tax additions and abatements are not adequate. The Assessor issues orders for additions and abatements and sends a copy to the County Clerk and County Collector. The County Collector then makes changes in the property tax book records for the additions and abatements. The County Clerk conducts no independent review of the tax books to ensure these changes are proper.

Section 137.260, RSMo 2000 requires the tax books only be changed by the County Clerk under order of the County Commission. Controls should be established so that the County Clerk periodically reconciles all additions and abatements to changes made to the property tax system and charge these amounts to the County Collector. Further, court orders should be approved, at least monthly, by the County Commission for all additions and abatements to the property tax system.

WE RECOMMEND:

- A. The County Clerk and County Commission document adequate verification of the County Collector's annual settlements.
- B. The County Clerk reconcile additions and abatements to the County Collector's annual settlements. In addition, the County Commission should review and approve all additions and abatements on a timely basis.

AUDITEE'S RESPONSE

The County Commission and County Clerk provided the following responses:

- A. *The County Clerk will compare her numbers to the Collector's numbers and will notify the Collector of the differences by letter.*
- B. *The County Clerk receives additions and abatements from the Collector as changes are made. At the end of each month, the County Clerk and Collector compare addition and abatement numbers. At the end of each year, the Commission approves additions and abatements. The County Clerk will start comparing addition and abatement numbers to the Collector's annual settlement. In the future, the Commission will approve additions and abatements each month.*

8. County Collector's Accounting Controls and Procedures

Several problems were noted concerning the County Collector's controls and procedures including inadequate annual settlements and bank reconciliations, improper distributions, inaccurate escrow accounting, deposit concerns, an unidentified balance in the bank account, and incorrect withholdings for the Assessment Fund and commissions.

- A. The County Collector's annual settlements were not correct. Total collections did not always agree to the total distributions and some activity was incorrectly reported. Investment and penalty interest distributions were reported twice. These errors were not corrected, in part, because the County Clerk and County Commission do not adequately review the annual settlements as discussed in MAR No. 7.

Section 139.600.3, RSMo 2000, states that "...the collector shall ... settle his accounts of all monies received by him on account of taxes and other sources of revenue...." By not accurately reporting all sources of revenues and disbursements, the County Collector's annual settlement is incomplete and the County Commission cannot properly examine or approve it.

- B. Monthly listings of liabilities are not prepared and reconciled to cash balances. Errors occurred during the audit period and were not detected in a timely manner

because of the lack of such reconciliations. For example, real estate taxes totaling approximately \$1,300 were not abstracted or distributed to various political subdivisions and \$741 in utility taxes were not distributed to the State in December 2003.

The County Collector's reconciled bank balance was approximately \$82,000 as of February 29, 2004. Included in that amount is an unidentified balance of approximately \$13,000 which has accumulated in the account and is increasing as a result of the conditions discussed in parts C. through E. below. Adequate reconciliations between liabilities and cash balances are necessary to ensure the cash balance in the bank account is properly identified and monies are sufficient to meet liabilities. An attempt should be made to determine the proper disposition of the excess monies. Any amount that remains unidentified should be disposed of in accordance with applicable statutory provisions.

- C. The County Collector prepares monthly abstracts and calculates monthly distribution totals prior to accounting for all receipts received in the mail. Some mail receipts are received subsequent to month end but are postmarked prior to month end, and therefore, may not be accounted for in the abstracting and distribution process. These mail receipts are deposited, but are not always abstracted and distributed. Section 139.210, RSMo 2000, requires all collections to be distributed to the political subdivisions by the fifteenth day of the following month.

In addition to being required by state law, timely and proper distributions of property tax collections to the political subdivisions are important because most political subdivisions rely heavily on property tax revenues to fund their operations. The County Collector should take more care to ensure she has achieved a proper month-end cutoff prior to preparing the monthly abstract and calculating monthly distribution totals.

- D. The County Collector accepts partial and pre-payments from taxpayers. Partial payments are held in escrow until the tax bill is fully paid, whereupon the County Collector marks the taxes as paid in the tax book. Pre-payments are held in escrow until taxes become due, whereupon the County Collector applies the funds held in escrow against the taxes due.

The County Collector's escrow account ledger was not complete. We tested ten receipts issued for partial and pre-payments and noted that 4 of the 10 (40 percent) were not accounted for on the County Collector's escrow account ledger. One of the unrecorded payments was a pre-payment. That amount currently remains in escrow despite the fact the taxpayer apparently forgot about his pre-payment and paid the amount again upon receiving his tax bill. Had the County Collector properly recorded the pre-payment in the escrow account ledger, she would have known the taxpayer was due a refund for his duplicate payment.

Recording all partial and pre-payments is necessary to ensure all funds held in escrow are properly accounted for. A properly maintained escrow account ledger is crucial in the process of identifying liabilities of the County Collector.

- E. The County Collector does not compare the composition of collections received to the composition of deposits made to the bank account. While the Collector does compare daily collections and deposits in total, she does not always document her follow-up on differences noted. While such differences have been small in nature, the Collector should retain documentation to support her follow-up of such differences. Further, a comparison of the composition of collections and deposits is necessary to ensure all monies collected are properly recorded and deposited.
- F. The County Collector incorrectly calculated the one-percent withholdings due to the Assessment Fund for the years ended February 28(29) 2004, 2002, and 2001. The Collector failed to include state paid utility taxes in her computations during those years. As a result, an additional \$2,462 remains due to the Assessment Fund and should be withheld from future collections.
- G. The County Collector is not properly withholding commissions from current tax collections. For November and December, 2002, the Collector incorrectly withheld only a one percent commission on all current taxes collected instead of withholding two and one-half percent on the first \$350,000 of taxes collected and one percent on the amount of collections in excess of \$350,000, as allowed by Section 52.260, RSMo 2000. Also during that period, the Collector failed to withhold a one-half percent commission on current taxes, exclusive of railroad and utility taxes, as compensation for mailing the statements, as allowed by Section 52.250, RSMo 2000. The Collector made similar errors in November 2003. She did not begin withholding the one-half percent mailing commission until December 2003. While commissions were withheld at the two and one-half percent rate in December 2003, that rate was only applied to approximately \$56,000 of collections.

As a result of the Collector's commission procedures, approximately \$16,700 was not withheld from tax collections of the various taxing authorities and turned over to the General Revenue Fund.

WE RECOMMEND the County Collector:

- A. File complete and accurate annual settlements.
- B. Reconcile monthly listings of liabilities to the reconciled bank balance and attempt to identify the excess cash balance which currently exists. Any amounts which remain unidentified should be disposed of in accordance with state law. Finally, the Collector should abstract and disburse \$1,300 amongst the various taxing authorities and pay \$741 to the state.

- C. Establish proper month-end cutoffs prior to abstracting and disbursing tax collections.
- D. Ensure all partial and pre-payments are properly accounted for in the escrow account ledger.
- E. Compare the composition of collections received to deposits made to the bank account. In addition, the Collector should prepare and retain documentation of her investigations of any differences noted during her reviews of deposits.
- F. Withhold \$2,462 from the various taxing authorities and pay that amount to the Assessment Fund.
- G. Recalculate commissions for the audit period and withhold from or make adjustments to the various political subdivisions' future distributions to correct for errors noted. In the future, the County Collector should calculate and withhold commissions in accordance with state statutes.

AUDITEE'S RESPONSE

The County Collector provided the following responses:

- A. *I will try to ensure the annual settlements are complete and accurate.*
- B. *Assets were reconciled to liabilities as of August 31, 2004 and an unidentified balance of \$9,800 existed in the account. Mail receipts of \$1,300 were abstracted and distributed and \$741 was paid to the state. In addition, I found another \$3,000 received in May had not been properly abstracted and distributed. This amount was distributed prior to August 31.*
- C. *When monies are received after I have made my distribution, I will prepare a supplemental settlement.*
- D. *I no longer accept partial and pre-payments. The partial and pre-payments in the escrow account will be netted against 2004 tax bills and any amounts remaining in escrow will be refunded to the appropriate individual or turned over to the state's Unclaimed Property Section.*
- E. *I am now reconciling the cash/check composition and I make notes of any differences.*
- F. *This adjustment will be made in December.*
- G. *I have recalculated November 2002 and 2003 and will recalculate December 2002 and 2003. These adjustments will be made in December 2004.*

9. Senior Citizens' Service Tax Board
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The Senior Citizens' Service Tax Board receives approximately \$10,000 in property taxes annually. During the two years ended December 31, 2003, most expenditures made by the board were contractual payments to three local service providers for services provided to the senior residents of Carter County.

Under the contracts, the board may request from the local service providers reports regarding the use of county tax dollars and copies of operating budgets. However, no such information was requested or obtained by the board for 2003 and 2002. During 2003 and 2002, the board provided the local service providers approximately \$10,600 and \$8,000, respectively.

The board should obtain and review the financial information as outlined in the contracts to ensure that the local service providers are providing services for the consideration paid.

WE RECOMMEND the Senior Citizens' Service Tax Board document the review of financial information as outlined in the contracts.

AUDITEE'S RESPONSE

The Chairman of the Senior Citizens' Service Tax Board provided the following response:

Within six months, we will meet with the three service providers and request financial information.

10. Health Center's Accounting Controls and Procedures

Budgets prepared by the Health Center Board of Trustees were not accurate and complete, budgets were amended after year end, and financial records and procedures are in need of improvement.

A. Budgets prepared by the Health Center Board of Trustees were not accurate and complete. We noted the following concerns with budgets:

1. The Health Center Administrator compiles actual revenue and expenditure information for the budget from accounting records maintained by health center staff. There is no independent reconciliation between the actual amounts per the budget and the accounting records. As a result, errors in posting actual revenue and expenditure amounts to the budget were made and not detected. For example, 2003 interest income was understated by approximately \$1,300 as some interest earned on certificates of deposits was not recorded on the health center's books. Also, 2002 expenditures were overstated by approximately \$28,000 because of errors in accounting for

some employee fringe benefits, including the adding of one fringe benefit twice on the budget. Finally, 2002 revenues were understated by almost \$4,000 due to Home Health program receipts not being accounted for on the budget.

2. The budget did not include a cash reconciliation for 2002. The January 1, 2003 beginning cash balance was overstated by \$3,649 because the balance recorded was the cash balance as of the bank statement date, which was not December 31, 2002.

To be of maximum assistance to the Health Center Board of Trustees and to inform the public adequately, the budget documents should be complete and accurate. An independent reconciliation between actual amounts posted to the budget and the accounting records would aid in ensuring accuracy of the budgets.

- B. During January 2004 the Health Center Board amended the 2003 budget to reflect increased expenditures made during the year. Budget amendments, when applicable, should be made when such expenditures are anticipated and prior to their incurrence. While this amendment made it appear as if the Health Center complied with the law, the timing of these decisions did not allow for the budget to be used as an effective management tool. The audited financial statements have been adjusted for this amendment.

Section 50.622, RSMo 2000, allows budget amendments if additional sources of revenues are received which could not be estimated when the budget was adopted, and requires the Health Center to follow the same procedures required for adopting the original budget, including holding a public hearing.

To ensure the adequacy of the budgets as a planning tool and to ensure compliance with state law, budget amendments should be made prior to incurring the actual expenditures.

- C. Financial records and procedures are in need of improvement as follows:

1. Changes were made to financial records regarding the classification to receipts and disbursements for 2003 and 2002 after year end. As a result, the Health Center's financial records no longer agree to actual amounts recorded on the Health Center's budget. In addition, no documentation was retained to support these changes and personnel were unclear as to why the changes were made.
2. The Health Center did not have an investment ledger to monitor certificate of deposit investments. Only the interest earned is recorded for each investment. An investment ledger should include the certificate number,

interest rate, date of purchase and maturity, interest earned amounts, and the institution with whom the investment is made.

Complete, organized investment records are necessary to provide accurate and timely information upon which effective management decisions may be based. Furthermore, without such records, accountability over the Health Center's assets and related revenues is weakened.

To be of maximum assistance to the Health Center, financial records should be complete and accurate.

Conditions A. and C.1. were also noted in our prior report.

WE RECOMMEND the Health Center Board of Trustees:

- A.1. Ensure actual revenue and expenditure amounts are correctly recorded on budget documents by preparing a reconciliation of actual amounts per budget to the accounting records.
- 2. Include a completed, accurate cash reconciliation with the annual budget.
- B. Ensure budget amendments are made prior to incurring actual expenditures.
- C.1. Ensure any changes made to financial records are fully understood and documented and that financial records are in agreement to actual amounts presented on the budget document.
- 2. Establish and maintain an investment ledger.

AUDITEE'S RESPONSE

The Health Center Administrator provided the following responses:

- A.1. *We will review our budgets and internal records for accuracy and agreement.*
- 2. *We have requested that the bank print the statements as of the last day of the month. The December 31 balance will be used on the cash reconciliation.*
- B. *We will review the budgets monthly and make amendments as necessary.*
- C.1. *No adjustments will be made unless they affect the cash balance and any adjustments will be documented.*
- 2. *This has been implemented.*

Follow-Up on Prior Audit Findings

CARTER COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Carter County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 1999.

The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing these recommendations.

1. County Bonds

The Assessor was not bonded during September 1997 to March 1, 2000 and county-paid employees who handle monies were not covered by any employee bond during the two years ended December 31, 1999.

Recommendation:

The County Commission obtain adequate bond coverage for all officials and other county employees with access to monies.

Status:

Implemented.

2. Personnel Policies and Procedures

- A. The county did not have a comprehensive employee manual.
- B. The Sheriff received a mileage allowance of \$750 per month and was not required to submit mileage reimbursement requests for this allowance. The mileage allowance was not included on the Sheriff's W-2 form at year end. In addition, the Sheriff and deputies were not required to submit invoices or an itemized expense report to support uniform allowances received, nor were uniform allowances reported on W-2 forms.
- C. The County issued 1099's to deputies for transporting prisoners in their personal vehicles even though the related mileage costs were accounted for to the County Commission.

Recommendation:

The County Commission:

- A. Establish written policies and procedures to ensure operations are conducted in compliance with applicable legal provisions and to assist employees in properly performing their assigned duties.
- B. Ensure that mileage and uniform allowances are included on employee W-2 forms in compliance with IRS reporting requirements.
- C. Ensure that amounts reported on 1099 forms do not include amounts for mileage reimbursement which have already been properly accounted for.

Status:

- A. Not implemented. Although not repeated in the current report, our recommendation remains as stated above.
- B. Implemented. The county currently provides vehicles for the Sheriff's department and consequently, makes no mileage payments to personnel. In addition, the county currently pays uniform costs directly to the vendor and pays no uniform allowances.
- C. Implemented. The Sheriff's deputies currently use county owned vehicles and thus, receive no mileage reimbursements.

3. County Collector's Accounting Controls and Procedures

- A. As of May 25, 2000, the former County Collector had not filed an annual settlement for the year ended February 28, 1999. In addition, the former County Collector did not disburse collections in a timely manner. It was also noted that the current County Collector had not filed the annual settlement for the year ended February 29, 2000, as of May 25, 2000.
- B. As a result of calculation errors for the year ended February 29, 2000, the General Revenue Fund had not received approximately \$9,600 in commissions that were distributed to political subdivisions.
- C. The County Collector was not making every reasonable effort to ensure that property owners received their tax bills.

Recommendations:

The County Collector:

- A. Ensure annual settlements are filed as required by state law and ensure funds collected are distributed in a timely manner.
- B. Recalculate commissions for the year ended February 29, 2000, and withhold from the various political subdivisions' future distributions to correct for the error in commission calculation.
- C. Make every reasonable effort, including the use of internet resources to identify current landowner addresses, to ensure that property owners actually receive their tax bills.

Status:

- A. Partially implemented. Funds collected are now distributed in a timely manner. However the annual settlement for the year ended February 29, 2004 had not been filed as of June 3, 2004 due to problems with the computer program. Although this condition is not repeated in the current MAR, we noted other conditions regarding the annual settlements. See MAR No. 8.
- B. Partially implemented. Although December 2000 distributions were adjusted for these errors, similar errors were made during the current audit period. See MAR No. 8.
- C. Implemented.

4. Circuit Clerk's Accounting Controls and Procedures

- A. The Circuit Clerk's bank accounts were not adequately covered by collateral securities from December 1998 through March 1999.
- B. Monthly listings of open items (liabilities) were not prepared on a timely basis nor were they reconciled to the cash balance.

Recommendations:

The Circuit Clerk:

- A. Monitor the bank account balances and ensure the depository bank pledges adequate securities at all times in accordance with state law.
- B. Prepare a complete listing of open items for each account on a monthly basis and reconcile the listing to the cash balance. Any discrepancies should be

investigated and resolved. In addition, along with the Circuit Judge, review the older cases and determine the appropriate disposition of funds being held on inactive cases.

Status:

- A. Implemented.
- B. Not implemented. See MAR No. 5.

5. Associate/Probate Division's Accounting Controls and Procedures

- A. A listing of accrued costs owed to the court was not maintained by the Associate Clerk.
- B. Monthly listings of open items (liabilities) were not prepared on a timely basis. The last open items listing was prepared as of December 31, 1997 and included numerous old cases awaiting full collection of fees due.
- C. Checks totaling over \$671 had been outstanding longer than one year.
- D. Monies received were not deposited on a timely basis.
- E. A \$641 expenditure was made from the Associate Circuit Interest Fund for which adequate supporting documentation was not retained.

Recommendations:

The Associate/Probate Division:

- A. Maintain a listing of accrued costs to help pursue timely collection.
- B. Prepare a complete listing of open items for each account on a monthly basis and reconcile the listing to the cash balance. Any discrepancies should be investigated and resolved. In addition, along with the Associate Judge, review the older cases and determine the appropriate disposition of funds being held on inactive cases.
- C. Attempt to contact the payees of old outstanding checks. If the payees cannot be located, the balance should be distributed in accordance with applicable statutory provisions.
- D. Deposit receipts intact daily or when accumulated receipts exceed \$100.
- E. Maintain adequate supporting documentation on expenditures from the Associate Circuit Interest Fund.

Status:

A. Not implemented. Although not repeated in the current report, our recommendation remains as stated above.

B&C. Not Implemented. See MAR No. 4.

D&E. Implemented.

6. Sheriff's Accounting Controls and Procedures

A.1. Bond and gun permit receipts totaling \$300 could not be traced to deposits.

2. Receipt slips were not issued for some monies received, the method of payment was not always marked on receipt slips, and there was no accounting of the numerical sequence of receipt slips issued.

3. Receipts were not deposited intact on a timely basis and individual cash receipts comprising the deposit were not always indicated on the deposit slip.

4. Bank reconciliations were not prepared for the Sheriff's account.

5. The Sheriff did not file a formal monthly report of fees with the County Commission.

6. A complete listing of accrued costs owed to the Sheriff's office was not maintained and monitoring procedures related to accrued costs were not adequate.

B. The duties of cash custody and record-keeping were not adequately segregated and there were no documented supervisory reviews of the accounting records.

C.1. There were no written agreements for the housing of Carter County prisoners by other counties or cities.

2. The jail log did not always indicate where prisoners were housed and prisoner board bills were not reconciled to the jail log.

3. Prisoner names were not always indicated on the meal tickets to enable reconciliation of the jail log to meal invoices received from the local restaurant.

D. An inventory listing of seized property had not been updated since the Sheriff took office in January 1997.

Recommendations:

The Sheriff:

- A.1. Investigate the \$300 of undeposited receipts and take appropriate action to recover this amount.
- 2. Issue prenumbered receipt slips for all monies received, indicate the method of payment, and reconcile total cash, checks, and money orders to bank deposits and monthly reports.
- 3. Deposit all receipts intact daily or when accumulated receipts exceed \$100. In addition, ensure that individual receipts are listed on the deposit slips.
- 4. Prepare monthly bank reconciliations.
- 5. File a monthly report of fees collected with the County Commission.
- 6. Maintain a complete and accurate listing of accrued costs and pursue timely collection.
- B. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- C.1. And the County Commission enter into a written contract between the county and the various counties and cities regarding the boarding of Carter County prisoners.
- 2. Ensure jail logs indicate the housing location for each prisoner and reconcile prisoner board bills to jail logs.
- 3. Reconcile meal invoices to the county jail log.
- D. Maintain a complete and current inventory listing of all seized property. In addition, old evidence from closed cases should be disposed of properly.

Status:

- A.1. Greg Melton, County Sheriff, took office in January 2001, and was uncertain as to the outcome of this recommendation. The former bookkeeper does not work for the current sheriff.

A.2&

5, C.1 Implemented.

- A.3 Partially implemented. While individual receipts are now listed on the deposit slip, receipts were still not deposited on a timely basis. See MAR No. 6.

A.4,
B.,
C.2&3. Not implemented. See MAR No. 6.

A.6. Not implemented. Although not repeated in the current report, our recommendation remains as stated above.

D. Partially implemented. While the Sheriff has periodically disposed of old evidence from closed cases, a complete and current control listing of all seized property has not been maintained. See MAR No. 6.

7. Health Center

A. The Health Center did not have a depositary contract with its bank. In addition, the bank accounts were not adequately covered by collateral securities.

B.1. The budgets did not include a cash reconciliation for 1999 and 1998.

2. Various mathematical errors were noted in the budget documents.

3. Actual revenue and expenditure amounts presented were erroneous in at least one of the years presented.

4. Amendments made to line items on the budgets were not properly recorded on the following year's budget. In addition, a budget amendment was not submitted to the County Clerk or the State Auditor's Office.

5. The Health Center did not publish financial statements for the two years ended December 31, 1999.

C.1. Financial records were changed after year-end. In addition, no documentation was retained to support these changes and personnel were unclear as to why the changes were made.

2. Interest earned was not recorded in the Health Center's financial records.

Recommendations:

The Health Center Board of Trustees:

A. Enter into a written depositary agreement with any bank which holds board monies. In addition, monitor bank balances to ensure the depositary bank pledges adequate securities at all times in accordance with state law.

B.1. Include a completed, accurate cash reconciliation with the annual budget.

2. Ensure budget columns are correctly totaled.
3. Ensure actual revenue and expenditure amounts are correctly and consistently recorded on budget documents from one year to the next.
4. Record budget amendments on subsequent years' budgets. In addition, ensure budget amendments are approved according to statutory guidelines and filed with the County Commission and State Auditor's Office.
5. Publish financial statements in accordance with state law.
- C.1. Ensure any changes made to financial records are fully understood and documented and that financial records are in agreement to actual amounts presented on the budget document.
2. Ensure interest is accurately recorded on the financial records.

Status:

A.,
B.2, 3,
4&5. Implemented.

- B.1. Partially implemented. While the Health Center currently includes a cash reconciliation with annual budgets, the cash balances are not accurately stated. See MAR No. 10.
- C.1. Not implemented. See MAR No. 10.
2. Partially implemented. While interest earned is recorded on the financial records, such amounts were not always accurate. See MAR No. 10.

STATISTICAL SECTION

History, Organization, and
Statistical Information

CARTER COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1859, the county of Carter was named after Zimri Carter, a local pioneer. Carter County is a county-organized, third-class county and is part of the Thirty-Seventh Judicial Circuit. The county seat is Van Buren.

Carter County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 385 miles of county roads and 63 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 5,428 in 1980 and 5,941 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,					
		2003	2002	2001	2000	1985*	1980**
		(in millions)					
Real estate	\$	25.0	23.6	23.2	22.4	14.2	5.8
Personal property		8.5	7.9	7.9	7.0	2.1	2.5
Railroad and utilities		2.5	2.7	2.8	3.8	1.6	1.0
Total	\$	36.0	34.2	33.9	33.2	17.9	9.3

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Carter County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,			
		2003	2002	2001	2000
General Revenue Fund	\$	.0700	.0500	.0500	.0500
Special Road and Bridge Fund		.2354	.2354	.2341	.2300
Health Center Fund		.2500	.2500	.2500	.2500
Carter County Board for the Handicapped Fund		.0819	.0819	.0814	.0800

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28 (29),			
	2004	2003	2002	2001
State of Missouri	\$ 10,837	10,584	10,280	9,917
General Revenue Fund	24,379	17,562	17,014	16,214
Special Road and Bridge Fund	84,063	82,047	79,147	75,260
Assessment Fund	15,080	15,393	14,741	12,917
Health Center Fund	89,341	87,281	84,727	81,813
Carter County Board for the Handicapped	29,245	28,542	27,522	26,175
Schools	982,245	958,915	932,564	899,622
Library district	71,461	69,814	67,771	65,440
Ambulance district	142,390	137,791	132,859	126,334
Junior College	85,250	83,777	81,325	78,528
Fire Districts	23,074	22,292	21,560	21,079
Senior Citizens' Service Tax Board	10,612	10,379	10,074	9,714
Tax Sale Surplus	3,568	566	19	7,454
Escrow (Partial Payments)	405	(723)	(731)	561
Miscellaneous	1,609	313	120	2,435
Land Redemption	0	90	0	501
County Clerk	597	1,095	501	716
County Employees' Retirement	11,754	11,707	10,382	10,986
Tax Maintenance	5,012	1,874	0	0
Commissions and fees:				
General Revenue Fund	27,086	21,178	31,402	40,374
Total	\$ 1,618,008	1,560,477	1,521,277	1,486,040

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),			
	2004	2003	2002	2001
Real estate	88.7	89.3	89.9	90.7
Personal property	84.0	87.4	86.6	85.6
Railroad and utilities	100.0	100.0	100.0	100.0

Carter County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$ 0.005	None	50	%
General	0.005	None	N/A	

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2004	2003	2002	2001	2000
County-Paid Officials:	\$				
Gene Oakley, Presiding Commissioner		15,600	15,600	15,600	15,600
Eddie Ballard, Associate Commissioner		13,600	13,600	13,600	13,600
Lynn Murdick, Associate Commissioner		13,600	13,600	13,600	13,600
Pauline Peterman, Recorder of Deeds		24,650			
Rebecca Simpson-Gibbs, County Clerk		22,525	22,525	22,525	22,525
Bradshaw Smith, Prosecuting Attorney			26,350	26,350	26,350
Michael J. Ligons, Prosecuting Attorney		26,350			
Paul Bryant, Sheriff					25,500
Greg Melton, Sheriff		25,500	25,500	25,500	
Marjorie Duncan, County Treasurer		12,040	12,040	12,040	12,040
Dennis McSpadden, County Coroner		4,675	4,675	4,675	4,675
Betty Ann Ligons, Public Administrator		17,000	17,000	17,000	12,975
Jennifer Clark-Williams, County Collector, year ended February 28 (29),	20,188	20,188	20,188	20,188	
George Meyers, County Assessor (1), year ended August 31,		25,550	25,550	25,550	25,550

(1) Includes \$900 annual compensation received from the state.

State-Paid Officials:

Cathy Duncan-Terry, Circuit Clerk and Ex Officio Recorder of Deeds	47,300	47,300	47,300	46,127
David J. Hedspeth, Associate Circuit Judge	96,000	96,000	96,000	97,382



AUDIT OF OUT-OF-STATE PURCHASES

**From The Office Of State Auditor
Claire McCaskill**

Agency personnel followed state statutes in awarding contracts to out-of-state vendors; however, the Office of Administration needs to establish procedures to identify and report out-of-state purchases.

**Report No. 2004-73
September 22, 2004
www.auditor.mo.gov**

PERFORMANCE AUDIT



Office of
Missouri State Auditor
Claire McCaskill

September 2004

Oversight and Management of Out-Of-State Purchases

The Office of Administration (OA) and other state agencies followed statutory guidance in making out-of-state purchases. However, the OA has not established procedures to effectively identify or monitor out-of-state purchase activity.

No adequate method to identify out-of-state purchases

During 2003, OA estimated 30 percent of fiscal year 2003 procurements were made to out-of-state vendors. However, auditor analysis shows no more than 14 percent of the \$2.4 billion in purchases would have represented out-of-state purchases. The higher percentage estimated by OA is the result of using vendor billing addresses. Although OA plans to report on these purchases, as of April 2004, procedures had not been established to accurately identify and report out-of-state purchases. (See page 4)

OA taking steps to enhance in-state purchases

In response to the Executive Order 03-27, requiring Missouri preference, OA developed guidance for state agencies. This guidance includes a decision matrix to be used in applying executive order requirements and was distributed to state agencies in April 2004. (See page 5)

AUDIT OF OUT-OF-STATE PURCHASES

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CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Jacquelyn D. White, Commissioner
Office of Administration
Jefferson City, Missouri 65102

State agencies spent \$2.4 billion in fiscal year 2003 on goods and services, and capital improvements, from in-state and out-of-state vendors. Because of the importance of ensuring Missouri vendors have adequate opportunities to be considered for state purchases, we focused audit efforts on determining whether improvements are needed in the management and oversight of out-of-state purchases. Audit objectives included determining whether (1) the Office of Administration (OA) and other state agencies complied with statutory guidance in making out-of-state purchases, (2) improvements in identifying out-of-state purchase activity are needed, and (3) the state has taken action to enhance opportunities to buy goods and services from Missouri vendors.

We found purchase personnel complied with statutory guidance in purchasing and/or awarding contracts for goods and services, and capital improvements for 128 sampled payments reviewed. The sampled payments totaled \$29 million.

We also found OA had not established procedures to identify and report out-of-state purchase activity. During 2003, OA estimated out-of-state purchases represented 30 percent of total purchases. However, our analysis showed out-of-state purchases represented no more than 14 percent, or \$333 million of \$2.4 billion in purchases during fiscal year 2003.

The state has taken action to enhance competitive opportunities for Missouri vendors. Executive Order 03-27, issued in December 2003, allowed state agencies operating under Chapter 34 RSMo purchase guidelines, to consider the economic impact of purchasing Missouri products. In response, OA developed guidance for agency use in implementing the executive order and distributed it to state agencies in April 2004.

We conducted our audit in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such tests of the procedures and records as were considered appropriate under the circumstances.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

The following staff contributed to this report:

Director of Audits:	William D. Miller, CIA, CGFM
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RESULTS AND RECOMMENDATIONS

Oversight and Management of Out-of-State Purchases Has Been Adequate

The Office of Administration (OA) and other state agencies followed statutory guidance in making out-of-state purchases. While purchase personnel followed statutory guidance, which requires them to award contracts and purchases to the lowest and best bidder regardless of location, OA has not established procedures to identify out-of-state purchase activity. As a result, OA has no mechanism to monitor out-of-state purchase activity. The state has taken action to enhance competitive opportunities for Missouri vendors. Executive Order 03-27 allows state agencies, operating under Chapter 34 RSMo purchasing guidelines, to consider the company's economic presence within the State of Missouri (e.g., type of facilities: sales offices; sales outlets; divisions; manufacturing; warehouse; other), including Missouri employee statistics. In response to the executive order, OA developed guidance implementing the executive order and distributed it to state agencies in April 2004.

Background

State agencies spent \$2.4 billion in fiscal year 2003 on goods and services, and capital improvements from in-state and out-of-state vendors. OA's Division of Purchasing and Materials Management is responsible for the purchase of all state required supplies, materials, equipment and professional or general services, in accordance with Chapter 34 RSMo, except for those agencies exempted by law.¹ Chapter 34 states purchases in excess of \$3,000 shall be awarded to the lowest and best bidder. It also states agencies shall give preference to Missouri products and firms when the quality is equal or better and the delivered price is the same or less than out-of-state vendors. The preference applies to businesses or individuals maintaining offices or places of business in the state.

OA's Division of Design and Construction is responsible for the design, construction, renovation and repair of state facilities, and reviews all requests for appropriations for capital improvements in accordance with Chapter 8 RSMo (excludes highway and bridge projects of the Missouri Department of Transportation). Chapter 8 states contracts for construction projects shall be awarded to the lowest bidder and preference shall be given to products of mines, forests, and quarries located in the state when found in marketable quantities. Purchases for architectural, engineering, and land surveying services are awarded on the basis of demonstrated competence and qualifications at fair and reasonable prices.

Methodology

We reviewed applicable state statutes, federal regulations, and agency purchasing policies and procedures, and sampled 299 payments from Statewide Advantage for Missouri II (SAM II) identified as payments to out-of-state vendors, to determine whether agencies complied with applicable guidance in awarding contracts to out-of-state vendors. To determine whether

¹Agencies exempt from Chapter 34 RSMo include the Legislative Branch, Judicial Branch, Lottery Commission and Department of Transportation (except data processing, telecommunications, and printing). Exempt agencies follow other state statutes, federal regulations or agency purchasing policies.

improvements were needed in identifying out-of-state purchase activity, we reviewed OA's procedures used in identifying out-of-state purchase activity and compared OA's estimate to sample results. We also reviewed OA guidance issued to state agencies relating to Executive Order 03-27 and interviewed OA personnel to determine what actions are being taken to enhance opportunities for Missouri vendors.²

State agencies complied with statutory guidance in making out-of-state purchases

OA and other state agencies complied with statutory guidance in purchasing and/or awarding contracts for goods and services, and capital improvements to out-of-state vendors for 128 sampled payments reviewed by auditors. The sampled payments totaled \$29 million. Purchase personnel followed Chapter 34 RSMo and Chapter 8 RSMo, or other applicable guidance. See page 3 for additional information on statutory guidance.

OA has not developed an adequate method to identify out-of-state purchases

During 2003, OA estimated 30 percent of fiscal year 2003 procurements were made to out-of-state vendors. An OA official stated OA personnel used vendor billing addresses shown in SAM II to formulate this estimate.

OA estimate of out-of-state purchases is not accurate

Our analysis of out-of-state vendors shows no more than 14 percent of \$2.4 billion in purchases, made during fiscal year 2003, would have represented out-of-state purchases. The dollar universe from which our sample was selected was \$577 million for fiscal year 2003. The 299 payments in our sample were paid to 161 vendors. Those vendors received total payments of \$372 million in fiscal year 2003. By verifying addresses for the vendors, we determined \$244 million of the \$372 million represented in-state purchases. Consequently, as much as \$333 million (\$577 million - \$244 million), or 14 percent of fiscal year 2003 purchases (\$333 million / \$2.4 billion) could have been paid to out-of-state vendors.³

As of April 2004, procedures had not been established to accurately identify and report out-of-state procurements. However, an OA official stated the long term goal is to track and report out-of-state procurements on a quarterly basis for management's use.

All state procurements are entered in SAM II by agency data entry personnel. Vendor data entered includes the vendor's billing address. SAM II is equipped with an "in-state" indicator field, however, completion of this field is not a requirement but could be used to account for in-state and out-of-state procurements.

² See Appendix I, page 7, for objectives, scope and methodology.

³ Since we did not test the balance of \$205 million in the \$577 million universe, any occurrence of in-state purchases within the \$205 million would reduce the 14 percent we reported as out-of-state purchases.

OA taking steps to enhance in-state purchases

In December 2003, the governor issued Executive Order 03-27, which directed OA to ensure all state agencies follow the requirements of this executive order and the Missouri preference provisions set forth in Chapter 34, RSMo.⁴ In response, OA developed guidance which provides a summary of the executive order and a decision matrix to be used in applying executive order requirements. OA distributed it to state agencies in April 2004.⁵

The executive order requires state agencies to make a good faith search for, and purchase, Missouri products. It also states OA and other state agencies may consider the economic impact of products generated by Missouri vendors to the state. In addition, OA must provide a listing of Missouri products to all interested parties and state agencies and make efforts to identify and give notice of bidding opportunities to Missouri manufacturers or service providers. To help Missouri vendors improve products and services, to meet the needs of state government and become more competitive, the executive order requires state departments to prepare written explanations of why vendors did not receive awards, if requested by Missouri bidders.

When economic impact factors are to be considered, OA's guidance requires contractors to address the following in responding to agency requests for bids and proposals:

1. A description of the proposed services that will be performed and/or the proposed products that will be provided by Missourians and/or Missouri products.
2. A description of the economic impact returned to the state of Missouri through tax revenue obligations.
3. A description of the company's economic presence within the state of Missouri (e.g., type of facilities: sales offices; sales outlets; divisions; manufacturing; warehouse; other), including Missouri employee statistics.

The guidance also requires the agencies to evaluate these factors.

Conclusions

OA and state agency personnel followed statutory guidance in purchasing and/or awarding contracts for goods and services, and capital improvements to out-of-state vendors. However, OA has not established procedures needed to accurately identify out-of-state purchase activity. As a result, OA has no mechanism to monitor and report out-of-state purchases. OA plans to report on these purchases; however, at the conclusion of our review, procedures had not been established to accomplish this task. Tracking out-of-state purchase activity could be a useful management tool.

⁴ See Appendix III, page 10, for the executive order.

⁵ See Appendix IV, page 12, for OA's guidance.

Recommendation

We recommend the Commissioner of OA:

Establish policies and procedures requiring state agencies to identify in-state and out-of-state vendors and monitor the results.

Office of Administration Comments

There are over 156,000 business-type vendors in the SAM II Financial system and the method utilized by the State Auditor's Office for determining a Missouri business (161 vendors checked) was extremely time consuming. The recommendation requires the agencies to identify in-state and out-of-state vendors. However, since vendors can also self-register through DPMM's website, the on-line vendor registration system would have to be modified so vendors could appropriately identify themselves as a Missouri business. OA will determine the feasibility of establishing policies and procedures needed to track out-of-state purchases.

OBJECTIVES, SCOPE AND METHODOLOGY

Objectives

Our objectives included determining whether (1) OA and other state agencies complied with statutory guidance in making out-of-state purchases, (2) improvements are needed in identifying out-of-state procurement activity, and (3) enhanced opportunities exist to buy goods and services from Missouri vendors.

Scope and Methodology

We reviewed Statewide Advantage for Missouri II (SAM II) expenditures¹ related to the purchase of goods, services and capital improvements for fiscal year 2003, and identified \$2.4 billion in purchase activity. We also interviewed OA and other agency personnel at selected agencies.²

To test whether decisions to buy from out-of-state vendors complied with state statutes, we also conducted a statistical sample of payments made to vendors. To determine the sample universe of payments made to out-of-state vendors, we first used vendor billing addresses shown in SAM II which resulted in a sample universe of \$577 million. Using a 95 percent confidence level, a population of \$577 million, and a materiality level³ of \$5.8 million (1 percent), resulted in a sample of 299 payments. We used monetary unit sampling to determine a sample selection interval of \$1.9 million⁴ after haphazardly selecting the first monetary unit of about \$255,000 without any consideration as to which sample item would be selected.

To determine whether vendors were located in-state or out-of-state, we reviewed 161 vendors that had received 299 sampled payments totaling \$78 million to verify whether vendors were actually located in-state or out-of-state. When not readily apparent, we contacted vendors to determine whether vendors maintained Missouri offices or places of business. We then classified the vendor as an in-state vendor, and did not conduct any further audit work, or an out-of-state vendor. For vendors classified as out-of-state, we reviewed contracts and bid documentation, if applicable, for sampled payments to determine whether related purchases had been made in accordance with statutory and/or agency guidance. For payments related to purchases not requiring competitive bids,⁵ we interviewed agency and/or procurement personnel and reviewed the rationale for using an out-of-state vendor.

¹ Object codes are used to categorize state expenditures. OA Division of Accounting personnel identified applicable object codes related to the purchase of goods, services, and capital improvements for fiscal year 2003.

² See Appendix II, page 9, for listing of agencies reviewed and contacted.

³ The materiality level specifies the amount of money considered significant and is the maximum amount of error auditors were willing to accept in the population without detection.

⁴ We accumulated \$1.9 million in payments before selecting the next sample item.

⁵ According to Chapter 34 RSMo, purchases less than \$3,000 do not require competitive bids.

APPENDIX I

To determine if adequate procedures exist to identify out-of-state procurement activity, we discussed the method used by OA personnel to estimate the extent of out-of-state procurements and compared OA's estimate to the results achieved through our sample.

To determine whether the state has taken action to enhance competitive opportunities for Missouri vendors, we held discussions with OA officials and reviewed OA guidance issued to state agencies relating to a December 2003 executive order.

To determine the reliability of computer generated data, we traced data elements from our sample of 299 payments to corresponding information in SAM II. The test disclosed no errors.

We conducted our review from December 2003 to April 2004.

AGENCIES AND OUT-OF-STATE PAYMENTS REVIEWED

Of the 299 sampled payments, we determined 128 payments totaling \$29 million had been made to out-of-state vendors during fiscal year 2003. Table II.1 displays 15 agencies associated with sampled payments related to out-of-state procurements.

Table II.1: Out-of-State Purchases Reviewed by Agency

Agency/Department	Number of Payments	Total Amount
Conservation ¹	3	\$ 297,995
Corrections ¹	17	418,798
Economic Development	2	19,192
Elementary and Secondary Education	8	5,504,508
Health	2	79,945
Higher Education	6	1,478,941
Judiciary ¹	2	11,802
Mental Health ¹	2	70,379
Natural Resources	3	276,376
OA ¹	2	32,621
Public Defender ¹	1	2,100
Public Safety	7	2,712,615
Revenue ¹	10	3,376,001
Social Services ¹	8	407,876
Transportation ¹	55	14,313,268
Total	128	\$29,002,417

¹ OA did not have procurement data so auditors contacted agency.

Source: SAM II and SAO analysis.

EXECUTIVE ORDER 03-27

WHEREAS Missouri business and workers are highly skilled and efficient and produce high quality products and services.

WHEREAS, the economy of the State of Missouri benefits from keeping Missouri tax dollars in the state when state government purchases these excellent Missouri products and services. Taxpayers should expect to realize the full value for every tax dollar spent in Missouri.

WHEREAS, product and service specifications contained in an offer for a Missouri purchasing bid continue to provide free and open competition for all vendors, including those vendors offering Missouri products and services.

WHEREAS, the State of Missouri should purchase goods and services from in-state companies whenever possible in order to support Missouri business, grow the Missouri economy, and provide jobs for Missouri workers.

NOW, THEREFORE, I, BOB HOLDEN, GOVERNOR OF THE STATE OF MISSOURI, by virtue of the authority vested in me as governor of the State of Missouri, do hereby order as follows:

1. For purposes of this executive order, the term "Missouri product" refers to goods or commodities, which are manufactured, mined, produced or grown by companies in Missouri, or services provided by such companies in Missouri.
2. Under Sections 34.040 and 34.042, RSMo, a Missouri state government purchaser shall purchase a product that is determined to be the "lowest and best." In addition, Sections 34.070 and 34.073, RSMo, authorize a preference for Missouri products.
3. In determining the lowest and best award, cost and other factors are considered in the evaluation process. Factors may include value, performance and quality of a product.
4. Missouri state government agencies shall purchase a Missouri product unless it is determined that the value (including, but not limited to price, performance, and quality) of the Missouri product does not meet the needs of the user.
5. In assessing value, the Commissioner of the Office of Administration and other Missouri state governmental purchasers may consider the economic impact to the State of Missouri for Missouri products versus the economic impact of products generated from out of state. This economic impact may include the revenues returned to the state through tax revenue obligations.
6. The Commissioner of the Office of Administration shall provide a listing of Missouri products and access to such listing to all state government agencies and other interested

APPENDIX III

parties. The Commissioner of the Office of Administration shall also make efforts to identify and give notice of state government bidding opportunities to Missouri manufacturers or service providers. Finally, the Commissioner of the Office of Administration shall ensure state agencies follow the requirements of this Executive Order and the Missouri preference provisions set forth in Chapter 34, RSMo.

7. State government agencies shall make a good faith search of Missouri companies that provide Missouri manufactured products or services.
8. Upon request of the Missouri company, the state department for which the contract was awarded shall prepare a written explanation within 20 days of the award explaining why the Missouri manufacturer or service provider did not receive the award. This will enable Missouri companies to improve their products and services to meet Missouri government's needs and make them more competitive in the global marketplace.
9. This requirement for the purchase of Missouri products and services will become effective for all affected purchases made after December 9, 2003.

IN WITNESS WHEREOF, I have hereunto set my hand and caused to be affixed the Great Seal of the State of Missouri, in the City of Jefferson on this 2nd day of December, 2003.

MISSOURI FIRST EXECUTIVE ORDER REQUIREMENTS AND MATRIX

Definition of Missouri Product: goods or commodities, which are manufactured, mined, produced or grown by companies in Missouri, or services provided by such companies in Missouri. OA/PMM¹ has determined that if the company has a presence in Missouri, they will be treated as a Missouri firm. Presence must be an actual office or location operating in the state but does not mandate a headquarters operating in Missouri.

Definition of Lowest and Best: an award decision made by the government where cost and other factors are considered in the evaluation process. Methods include: low bid meeting specifications/requirements; qualified products list; low bid with no bad references; subjective criteria bids using value, performance and quality of product (subjective criteria weights must be stipulated in the solicitation document).

Executive Order Requirements:

1. Agencies shall purchase a Missouri product unless it is determined that the value (including, but not limited to price, performance and quality) of the Missouri product does not meet the needs of the user.
 - a. Local delegation: Agencies must properly document the need of the items and requirements being purchased. Statutes require competitive bids on purchases in excess of \$3,000.00. Missouri products/services must be purchased unless it is determined that the value (including, but not limited to price, performance and quality) of the Missouri product/service does not meet the needs of the user. Competitive bids using subjective criteria under the local delegation may utilize the method described by the DPMM and evaluate economic impact as described in this document.
 - b. PMM Procurements: The Division of Purchasing and Materials Management has developed a matrix that will be used to determine Missouri First Executive Order opportunities. The matrix is attached to this document.
2. The Commissioner and other agencies may consider the economic impact to the State of Missouri for Missouri products versus the economic impact of products generated from out of state. This economic impact may include the revenues returned to the state through tax revenue obligations.
 - a. OA/PMM will not implement a preference policy that would affect Missouri product/service providers doing business with other state governments similar to Missouri statute 34.076. Therefore, there will be no specific preference given for Missouri products.

¹OA used PMM and DPMM in lieu of the Division of Purchasing and Materials Management.

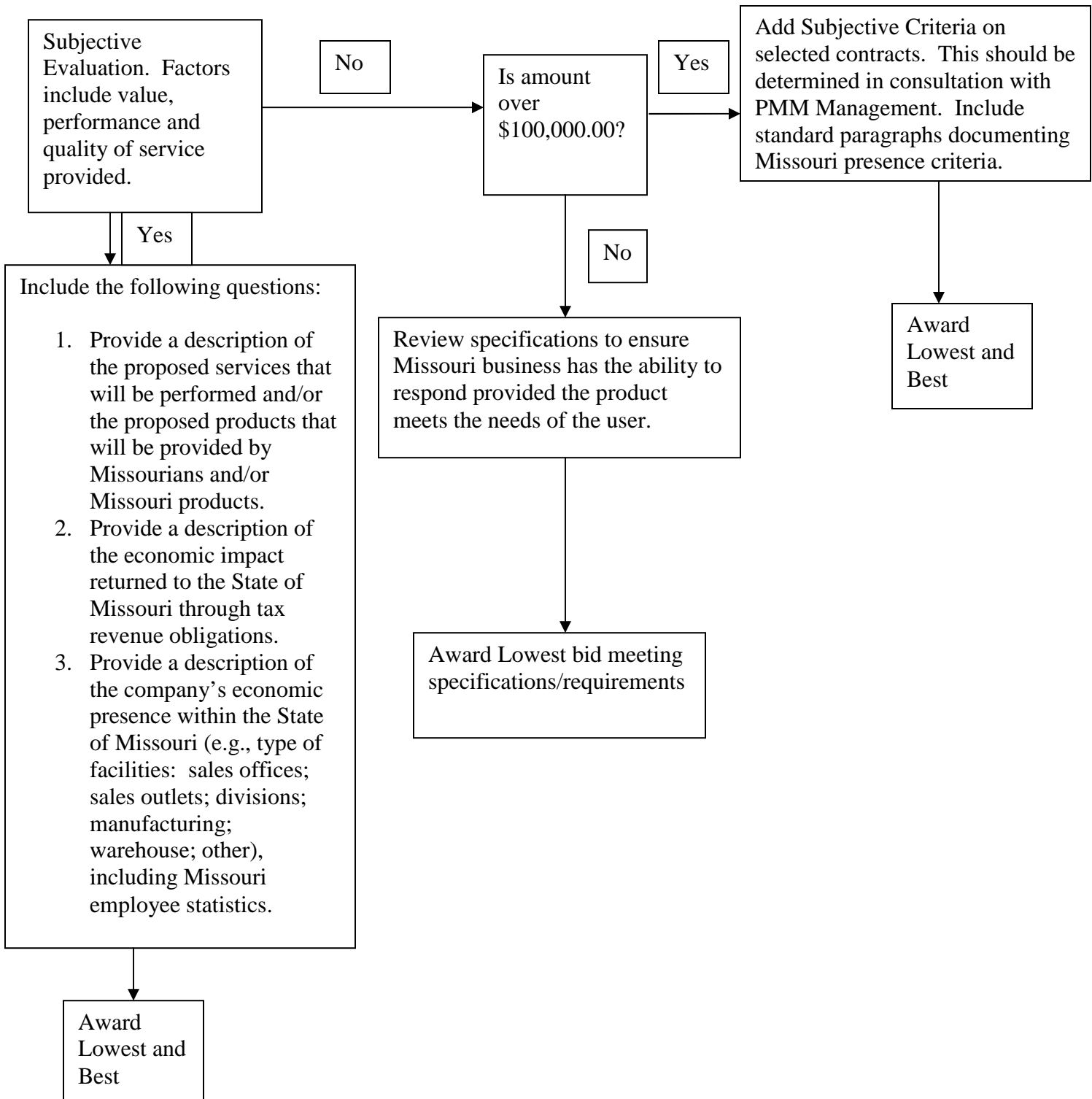
APPENDIX IV

- b. OA/PMM will utilize subjective criteria functionality, to implement economic impact considerations by incorporating the following questions in Scope of Work, Contractor Support, or pertinent sections of the evaluative criteria.
 - 1. Provide a description of the proposed services that will be performed and/or the proposed products that will be provided by Missourians and/or Missouri products.
 - 2. Provide a description of the economic impact returned to the State of Missouri through tax revenue obligations.
 - 3. Provide a description of the company's economic presence within the State of Missouri (e.g., type of facilities: sales offices; sales outlets; divisions; manufacturing; warehouse; other), including Missouri employee statistics.
 - c. The evaluator or evaluation committee shall consider the economic impact in the overall subjective evaluation of the criteria.
3. The Commissioner of Administration shall make efforts to identify and give notice of state government bidding opportunities to Missouri Manufacturers or service providers. The Commissioner shall provide a listing of Missouri products and access to such listing to all state government and other interested parties. The Commissioner shall ensure state agencies follow the requirements of the Buy Missouri Products First Executive Order.
- a. OA/PMM currently places notice on its website for all procurements issued by this office. We have also included bids by the Department of Revenue on our site. In addition, we have provided links to other agency bid sites. Agencies must submit links of potential bid opportunities so we may post on OA/PMM's web site. In addition, it is the responsibility of the agency to ensure bidding opportunities are made available to Missouri manufacturers or service providers for procurements under their delegation of authority.
 - b. OA/PMM will provide a listing showing Internet links of organizations representing Missouri manufacturers and service providers on its website. A section under "Show Me" will identify "where to find Missouri product and service providers". This link will take the user to a screen identifying links identifying the above. This site shall not be used to identify individual companies. It is intended only to provide notice of organizations representing Missouri manufacturers and service providers.
 - c. OA/PMM shall incorporate the Buy Missouri Products First Executive Order requirements in its delegation of authority. In addition, the OA/PMM shall review agency performance in its procurement audits (dependent upon resource availability).

APPENDIX IV

4. State government agencies shall make a good faith search of Missouri companies that provide Missouri Manufactured products or services.
 - a. Missouri vendors must be used if sources available to serve the needs of the agency.
 - b. OA/DPMM will provide website links to organizations of Missouri manufacturers and service providers.
5. Upon request of the Missouri Company, the agency shall prepare a written explanation within 20 days of the award explaining why the Missouri manufacturer or service provider did not receive the award.
 - a. The open records statute identifies that all records must be made available to the public. (RFQ/IFB upon opening date; RFP upon award).²
 - b. For bids awarded via low bid meeting specification, the abstract of responses (must include determination of responsiveness) shall be used as an explanation of the award decision.
 - c. For bids awarded via subjective evaluation, the evaluation report shall be used as an explanation of the award decision.

²RFQ/IFB/RFP refers to request for quote, invitation for bid, and request for proposal.

OFFICE OF ADMINISTRATION DECISION MATRIX



**KNOX COUNTY, MISSOURI
YEARS ENDED DECEMBER 31, 2003 AND 2002**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-72
September 21, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

September 2004

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Knox, that do not have a county auditor. In addition to a financial and compliance audit of various county operating funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

Many of the findings noted in this audit report were noted in past audit reports; however, little or no improvement has been made. The following concerns were noted as part of the audit:

- The county does not have adequate procedures in place to track federal awards for the preparation of the schedule of expenditures of federal awards. The county's schedules for 2003 and 2002 contained several errors and omissions. Without an accurate schedule, federal financial activity may not be audited and reported in accordance with federal audit requirements, which could result in future reductions in federal funds.
- The county has not established cash management procedures to ensure minimal time elapses between its receipt of federal project monies and the distribution of such monies to contractors as required by federal and state regulations.
- In December 2003, transactions were made that effectively lowered the cash balance of the Road and Bridge Fund by over \$150,000. The county prepaid \$100,000 to two local quarries for rock and prepared and signed a check for \$51,440 for a truck which had not yet been received. This check was held by the County Treasurer until delivery of the vehicle more than four months later. Prepaying for goods to be received at a later date could result in the county paying for goods or services not received.
- Several additional problems were noted concerning the Road and Bridge Fund including no written agreements with the two local quarries for the prepaid monies and no annual maintenance plan for county roads. Improvements are needed in the county's procedures regarding the purchase of road materials and the sale of some materials to the public.
- Problems were noted in the compensation paid to various county officials. Incorrect application of assessed valuation levels appears to have resulted in salaries being incorrectly calculated for many officials. The Public Administrator has continued to receive both a salary and fees which no longer complies with state law.

(over)

YELLOW SHEET

- There are several concerns regarding the counties personnel policies and procedures including a lack of timesheets and accurate leave records. Some payroll checks were issued in advance, an employee received both sick leave and unemployment compensation for the same time period, and numerous errors were made in the calculation and payment of overtime for a Sheriff's deputy. Similar concerns were noted in previous audit reports.
- As noted in prior audit reports, the County Commission does not maintain adequate records of its meetings to demonstrate compliance with the Sunshine Law.
- Formal budgets were not prepared for various county funds and, as noted in previous reports, actual disbursements exceeded the budgeted amounts in various funds. In addition, the county's budgets contained several misclassifications of receipts and disbursements. Also, as noted in previous reports, the annual published financial statements did not include some county funds and did not include complete financial activity of other county funds. The county did not properly calculate the property tax roll back in 2003 and 2002.
- Controls over county disbursements need improvement. Bids were not always solicited or documented and, as noted in previous reports, payments were approved without adequate supporting documentation and without acknowledgement of receipt of goods or services. In addition, written contracts were sometimes not prepared specifying the arrangements between applicable parties.
- Controls over the preparation of and changes to the property tax books are not adequate. Prior audit reports have also addressed this problem to the county clerk but, the conditions have not improved.

The audit also includes recommendations to improve computer system controls, fixed asset and vehicle records and controls, and monitoring of collateral securities. Additional concerns regarding controls were noted for the County Clerk, the County Treasurer, the County Collector, the County Assessor, the Sheriff, the Prosecuting Attorney, the Circuit Clerk, and the Public Administrator. In addition, the audit included recommendations to the Knox County Health Center regarding receipt records and controls, collateral securities, and computer controls.

All reports are available on our website: www.auditor.mo.gov

KNOX COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Knox County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Knox County, Missouri, as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Knox County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2003 and 2002, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated May 20, 2004, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Knox County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

May 20, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Alice M. Fast, CPA
In-Charge Auditor:	Robyn Vogt
Audit Staff:	Julie Tomlinson
	Michelle L. Knowles



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission
and
Officeholders of Knox County, Missouri

We have audited the financial statements of various funds of Knox County, Missouri, as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated May 20, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of various funds of Knox County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Knox County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all

matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Knox County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

May 20, 2004 (fieldwork completion date)

Financial Statements

Exhibit A-1

KNOX COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2003

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 189,796	591,167	583,269	197,694
Special Road and Bridge	519,578	1,506,266	1,415,692	610,152
Assessment	1,850	83,103	81,250	3,703
Law Enforcement Training	901	906	1,073	734
Prosecuting Attorney Training	217	227	0	444
Sheriff's Fees	10,037	5,780	7,828	7,989
Recorder's User Fee	1,467	2,479	1,938	2,008
Health Center	198,507	489,856	384,052	304,311
Prosecuting Attorney Crime	3,884	1,955	1,082	4,757
Children's Trust	2,238	199	0	2,437
Law Enforcement Sales Tax	13,054	179,994	191,048	2,000
Local Emergency Planning Committee	2,775	8,247	300	10,722
Election	246	6,065	5,620	691
Technology	1,824	1,464	0	3,288
Circuit Clerk Interest	808	299	0	1,107
Tax Maintenance	512	3,523	1,883	2,152
Sever Lake	17,624	9,894	11,612	15,906
Rock Creek Cemetery	5,731	272	300	5,703
CDBG Micro Enterprise Loan	0	1,000	1,000	0
CDBG Bridge	1,000	14,429	15,429	0
CDBG Chair Lift	3,876	5,224	8,670	430
Law Library	1,162	400	487	1,075
Economic Development	0	35,167	0	35,167
Associate Time Payment Fee	0	10	0	10
Total	\$ 977,087	2,947,926	2,712,533	1,212,480

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

KNOX COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 166,613	557,394	534,211	189,796
Special Road and Bridge	383,946	1,272,367	1,136,735	519,578
Assessment	410	79,139	77,699	1,850
Law Enforcement Training	412	1,676	1,187	901
Prosecuting Attorney Training	340	227	350	217
Sheriff's Fees	6,655	7,037	3,655	10,037
Recorder's User Fee	1,683	2,315	2,531	1,467
Health Center	123,028	439,828	364,349	198,507
Prosecuting Attorney Crime	3,116	1,595	827	3,884
Children's Trust	2,069	169	0	2,238
Law Enforcement Sales Tax	124	200,169	187,239	13,054
Local Emergency Planning Committee	2,631	4,132	3,988	2,775
Election	716	6,003	6,473	246
Technology	629	1,195	0	1,824
Circuit Clerk Interest	480	328	0	808
Tax Maintenance	0	512	0	512
Sever Lake	18,476	9,507	10,359	17,624
Rock Creek Cemetery	5,660	371	300	5,731
CDBG Micro Enterprise Loan	1,000	58,000	59,000	0
CDBG Bridge	1,000	11,099	11,099	1,000
CDBG Chair Lift	0	3,876	0	3,876
Law Library	1,054	380	272	1,162
Total	\$ 720,042	2,657,319	2,400,274	977,087

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

KNOX COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TOTALS - VARIOUS FUNDS</u>						
RECEIPTS	\$ 3,321,675	2,881,530	(440,145)	2,812,985	2,573,574	(239,411)
DISBURSEMENTS	3,440,497	2,675,035	765,462	2,867,556	2,319,244	548,312
RECEIPTS OVER (UNDER) DISBURSEMENTS	(118,822)	206,495	325,317	(54,571)	254,330	308,901
CASH, JANUARY 1	932,168	947,694	15,526	520,317	692,852	172,535
CASH, DECEMBER 31	813,346	1,154,189	340,843	465,746	947,182	481,436
<u>GENERAL REVENUE FUND</u>						
RECEIPTS						
Property taxes	146,800	155,643	8,843	136,000	138,966	2,966
Sales taxes	260,000	270,069	10,069	260,000	256,493	(3,507)
Intergovernmental	1,500	16,242	14,742	1,500	1,207	(293)
Charges for services	89,866	92,392	2,526	89,825	93,637	3,812
Interest	4,000	3,293	(707)	7,000	3,697	(3,303)
Other	18,453	9,701	(8,752)	85,800	11,253	(74,547)
Transfers in	119,602	43,827	(75,775)	53,070	52,141	(929)
Total Receipts	640,221	591,167	(49,054)	633,195	557,394	(75,801)
DISBURSEMENTS						
County Commissioner	59,300	56,527	2,773	49,330	51,798	(2,468)
County Clerk	53,384	52,793	591	45,868	44,652	1,216
Elections	0	355	(355)	10,000	18,613	(8,613)
Buildings and grounds	151,664	90,503	61,161	156,556	69,198	87,358
Employee fringe benefit	62,000	48,499	13,501	58,300	51,092	7,208
County Treasurer	25,880	25,287	593	19,824	19,741	83
County Collector	51,787	51,609	178	48,037	46,806	1,231
Ex Officio Recorder of Deed	16,173	12,423	3,750	15,873	11,230	4,643
Associate Circuit Court	3,945	1,428	2,517	4,625	2,749	1,876
Court administration	1,035	179	856	807	462	345
Public Administrator	27,150	22,518	4,632	25,850	31,038	(5,188)
Prosecuting Attorney	56,526	57,100	(574)	46,824	46,207	617
Juvenile Officer	29,050	33,181	(4,131)	26,312	26,672	(360)
County Coroner	8,700	9,325	(625)	8,700	6,845	1,855
Court Reporter	436	156	280	436	134	302
Other	50,689	62,216	(11,527)	51,116	52,090	(974)
Transfers out	61,806	59,170	2,636	49,937	54,884	(4,947)
Emergency Fund	20,000	0	20,000	30,000	0	30,000
Total Disbursements	679,525	583,269	96,256	648,395	534,211	114,184
RECEIPTS OVER (UNDER) DISBURSEMENTS	(39,304)	7,898	47,202	(15,200)	23,183	38,383
CASH, JANUARY 1	189,796	189,796	0	166,613	166,613	0
CASH, DECEMBER 31	150,492	197,694	47,202	151,413	189,796	38,383

Exhibit B

KNOX COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	339,433	347,082	7,649	326,751	333,010	6,259
Sales taxes	135,000	135,064	64	130,000	128,279	(1,721)
Intergovernmental	1,419,649	941,520	(478,129)	867,549	690,090	(177,459)
Interest	7,000	9,274	2,274	11,000	10,362	(638)
Other	79,000	54,140	(24,860)	79,701	99,233	19,532
Transfers in	1,300	19,186	17,886	25,528	11,393	(14,135)
Total Receipts	1,981,382	1,506,266	(475,116)	1,440,529	1,272,367	(168,162)
DISBURSEMENTS						
Salaries	265,000	228,374	36,626	262,000	259,262	2,738
Employee fringe benefit	70,273	54,132	16,141	62,050	58,425	3,625
Supplies	132,300	101,097	31,203	127,250	107,963	19,287
Insurance	12,000	18,404	(6,404)	11,000	14,244	(3,244)
Road and bridge materials	354,500	360,066	(5,566)	315,810	210,484	105,326
Equipment repairs	26,000	51,199	(25,199)	20,000	31,598	(11,598)
Rentals	5,000	8,865	(3,865)	5,000	14,132	(9,132)
Equipment purchases	256,000	175,544	80,456	256,000	140,423	115,577
Construction, repair, and maintenance	927,648	377,515	550,133	448,167	249,543	198,624
Other	2,050	1,876	174	1,050	591	459
Transfers out	34,102	38,620	(4,518)	50,070	50,070	0
Total Disbursements	2,084,873	1,415,692	669,181	1,558,397	1,136,735	421,662
RECEIPTS OVER (UNDER) DISBURSEMENTS	(103,491)	90,574	194,065	(117,868)	135,632	253,500
CASH, JANUARY 1	519,578	519,578	0	222,396	383,946	161,550
CASH, DECEMBER 31	416,087	610,152	194,065	104,528	519,578	415,050
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	62,066	58,010	(4,056)	63,839	64,632	793
Interest	300	93	(207)	450	132	(318)
Other	750	0	(750)	600	1,875	1,275
Transfers in	32,506	25,000	(7,506)	21,437	12,500	(8,937)
Total Receipts	95,622	83,103	(12,519)	86,326	79,139	(7,187)
DISBURSEMENTS						
Assessor	95,622	81,250	14,372	85,938	77,699	8,239
Total Disbursements	95,622	81,250	14,372	85,938	77,699	8,239
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	1,853	1,853	388	1,440	1,052
CASH, JANUARY 1	1,850	1,850	0	410	410	0
CASH, DECEMBER 31	1,850	3,703	1,853	798	1,850	1,052

Exhibit B

KNOX COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	0	0	0	0	527	527
Charges for services	910	898	(12)	1,800	893	(907)
Interest	15	8	(7)	30	6	(24)
Other	825	0	(825)	0	250	250
Total Receipts	1,750	906	(844)	1,830	1,676	(154)
DISBURSEMENTS						
Sheriff	1,400	1,073	327	1,800	1,187	613
Total Disbursements	1,400	1,073	327	1,800	1,187	613
RECEIPTS OVER (UNDER) DISBURSEMENTS	350	(167)	(517)	30	489	459
CASH, JANUARY 1	901	901	0	412	412	0
CASH, DECEMBER 31	1,251	734	(517)	442	901	459
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for services	230	224	(6)	270	224	(46)
Interest	20	3	(17)	15	3	(12)
Total Receipts	250	227	(23)	285	227	(58)
DISBURSEMENTS						
Prosecuting Attorney	350	0	350	325	350	(25)
Total Disbursements	350	0	350	325	350	(25)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(100)	227	327	(40)	(123)	(83)
CASH, JANUARY 1	217	217	0	340	340	0
CASH, DECEMBER 31	117	444	327	300	217	(83)
<u>SHERIFF'S FEES FUND</u>						
RECEIPTS						
Intergovernmental	0	518	518	0	0	0
Charges for services	6,900	5,175	(1,725)	5,000	6,930	1,930
Interest	100	87	(13)	250	107	(143)
Total Receipts	7,000	5,780	(1,220)	5,250	7,037	1,787
DISBURSEMENTS						
Sheriff	7,150	7,828	(678)	6,400	3,655	2,745
Total Disbursements	7,150	7,828	(678)	6,400	3,655	2,745
RECEIPTS OVER (UNDER) DISBURSEMENTS	(150)	(2,048)	(1,898)	(1,150)	3,382	4,532
CASH, JANUARY 1	10,037	10,037	0	6,655	6,655	0
CASH, DECEMBER 31	9,887	7,989	(1,898)	5,505	10,037	4,532

Exhibit B

KNOX COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>RECORDER'S USER FEE FUND</u>						
RECEIPTS						
Charges for services	1,775	2,455	680	1,800	2,293	493
Interest	25	24	(1)	30	22	(8)
Total Receipts	1,800	2,479	679	1,830	2,315	485
DISBURSEMENTS						
Ex Officio Recorder of Deed	2,600	1,938	662	1,700	2,531	(831)
Total Disbursements	2,600	1,938	662	1,700	2,531	(831)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(800)	541	1,341	130	(216)	(346)
CASH, JANUARY 1	1,467	1,467	0	1,683	1,683	0
CASH, DECEMBER 31	667	2,008	1,341	1,813	1,467	(346)
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes	50,000	54,940	4,940	50,000	52,189	2,189
Intergovernmental	291,680	312,562	20,882	372,290	356,209	(16,081)
Charges for services	13,800	12,686	(1,114)	11,450	12,052	602
Interest	3,000	7,505	4,505	2,500	6,914	4,414
Other	15,500	102,163	86,663	13,200	12,464	(736)
Total Receipts	373,980	489,856	115,876	449,440	439,828	(9,612)
DISBURSEMENTS						
Salaries	251,100	279,080	(27,980)	265,630	253,566	12,064
Office expenditures	35,500	30,608	4,892	26,625	23,815	2,810
Equipment and supplies	5,000	17,001	(12,001)	7,000	4,368	2,632
Mileage and training	13,000	14,014	(1,014)	13,000	11,903	1,097
Principal and interest	0	0	0	11,500	33,602	(22,102)
Other	42,850	43,349	(499)	50,300	37,095	13,205
Total Disbursements	347,450	384,052	(36,602)	374,055	364,349	9,706
RECEIPTS OVER (UNDER) DISBURSEMENTS	26,530	105,804	79,274	75,385	75,479	94
CASH, JANUARY 1	182,981	198,507	15,526	112,043	123,028	10,985
CASH, DECEMBER 31	209,511	304,311	94,800	187,428	198,507	11,079
<u>PROSECUTING ATTORNEY CRIME FUND</u>						
RECEIPTS						
Charges for services	1,600	1,911	311	2,000	1,550	(450)
Interest	50	44	(6)	100	45	(55)
Total Receipts	1,650	1,955	305	2,100	1,595	(505)
DISBURSEMENTS						
Prosecuting Attorney	1,100	1,082	18	900	827	73
Total Disbursements	1,100	1,082	18	900	827	73
RECEIPTS OVER (UNDER) DISBURSEMENTS	550	873	323	1,200	768	(432)
CASH, JANUARY 1	3,884	3,884	0	3,116	3,116	0
CASH, DECEMBER 31	4,434	4,757	323	4,316	3,884	(432)

Exhibit B

KNOX COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CHILDREN'S TRUST FUND</u>						
RECEIPTS						
Charges for services	165	175	10	125	141	16
Interest	35	24	(11)	60	28	(32)
Total Receipts	200	199	(1)	185	169	(16)
DISBURSEMENTS						
Shelters	0	0	0	0	0	0
Total Disbursements	0	0	0	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	200	199	(1)	185	169	(16)
CASH, JANUARY 1	2,238	2,238	0	2,069	2,069	0
CASH, DECEMBER 31	2,438	2,437	(1)	2,254	2,238	(16)
<u>LAW ENFORCEMENT SALES TAX FUND</u>						
RECEIPTS						
Sales taxes	135,000	135,041	41	130,000	128,179	(1,821)
Intergovernmental	23,940	3,913	(20,027)	15,600	17,210	1,610
Charges for services	7,500	7,623	123	2,000	9,038	7,038
Interest	150	107	(43)	500	66	(434)
Other	500	800	300	300	580	280
Transfers in	35,000	32,510	(2,490)	31,000	45,096	14,096
Total Receipts	202,090	179,994	(22,096)	179,400	200,169	20,769
DISBURSEMENTS						
Salaries	141,527	137,966	3,561	126,296	130,437	(4,141)
Office expenditures	5,350	4,505	845	4,300	5,049	(749)
Equipment	3,450	3,899	(449)	20,300	18,679	1,621
Mileage	6,500	4,236	2,264	6,000	6,155	(155)
Board of prisoners	20,000	38,018	(18,018)	18,000	24,939	(6,939)
Other	29,100	1,198	27,902	3,650	1,841	1,809
Transfers out	0	1,226	(1,226)	0	139	(139)
Total Disbursements	205,927	191,048	14,879	178,546	187,239	(8,693)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,837)	(11,054)	(7,217)	854	12,930	12,076
CASH, JANUARY 1	13,054	13,054	0	124	124	0
CASH, DECEMBER 31	9,217	2,000	(7,217)	978	13,054	12,076
<u>LOCAL EMERGENCY PLANNING COMMITTEE FUND</u>						
RECEIPTS						
Intergovernmental	3,500	8,247	4,747	4,100	4,132	32
Total Receipts	3,500	8,247	4,747	4,100	4,132	32
DISBURSEMENTS						
Emergency planning	3,500	300	3,200	4,100	3,988	112
Total Disbursements	3,500	300	3,200	4,100	3,988	112
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	7,947	7,947	0	144	144
CASH, JANUARY 1	2,775	2,775	0	2,631	2,631	0
CASH, DECEMBER 31	2,775	10,722	7,947	2,631	2,775	144

Exhibit B

KNOX COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ELECTION FUND</u>						
RECEIPTS						
Intergovernmental	0	0	0	0	24	24
Charges for services	7,000	3,583	(3,417)	7,000	3,576	(3,424)
Interest	20	19	(1)	10	19	9
Other	0	60	60	0	0	0
Transfers in	0	2,403	2,403	0	2,384	2,384
Total Receipts	7,020	6,065	(955)	7,010	6,003	(1,007)
DISBURSEMENTS						
Elections	7,000	5,620	1,380	7,000	6,473	527
Total Disbursements	7,000	5,620	1,380	7,000	6,473	527
RECEIPTS OVER (UNDER) DISBURSEMENTS	20	445	425	10	(470)	(480)
CASH, JANUARY 1	246	246	0	716	716	0
CASH, DECEMBER 31	266	691	425	726	246	(480)
<u>TECHNOLOGY FUND</u>						
RECEIPTS						
Charges for services	990	1,439	449	1,000	1,180	180
Interest	10	25	15	5	15	10
Total Receipts	1,000	1,464	464	1,005	1,195	190
DISBURSEMENTS						
Technology	0	0	0	0	0	0
Total Disbursements	0	0	0	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,000	1,464	464	1,005	1,195	190
CASH, JANUARY 1	1,824	1,824	0	629	629	0
CASH, DECEMBER 31	2,824	3,288	464	1,634	1,824	190
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest	200	299	99	500	328	(172)
Total Receipts	200	299	99	500	328	(172)
DISBURSEMENTS						
Circuit Clerk	0	0	0	0	0	0
Total Disbursements	0	0	0	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	200	299	99	500	328	(172)
CASH, JANUARY 1	808	808	0	480	480	0
CASH, DECEMBER 31	1,008	1,107	99	980	808	(172)

Exhibit B

KNOX COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TAX MAINTENANCE FUND</u>						
RECEIPTS						
Charges for service:	4,000	3,505	(495)			
Interest	10	18	8			
Total Receipts	4,010	3,523	(487)			
DISBURSEMENTS						
Collector	4,000	1,883	2,117			
Total Disbursements	4,000	1,883	2,117			
RECEIPTS OVER (UNDER) DISBURSEMENTS	10	1,640	1,630			
CASH, JANUARY 1	512	512	0			
CASH, DECEMBER 31	\$ 522	2,152	1,630			

The accompanying Notes to the Financial Statements are an integral part of this statement

Notes to the Financial Statements

KNOX COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Knox County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, or the Health Center Board of Trustees. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Sever Lake Fund	2003 and 2002
Rock Creek Cemetery Fund	2003 and 2002
CDBG Micro Enterprise Loan Fund	2003 and 2002
CDBG Bridge Fund	2003 and 2002
CDBG Chair Lift Fund	2003 and 2002
Law Library Fund	2003 and 2002

Economic Development Fund	2003
Associate Time Payment Fee Fund	2003
Tax Maintenance Fund	2002

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Sheriff's Fees Fund	2003
Health Center Fund	2003
Prosecuting Attorney Training Fund	2002
Recorder's User Fee Fund	2002
Law Enforcement Sales Tax Fund	2002

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
CDBG Micro Enterprise Loan Fund	2003 and 2002
CDBG Bridge Fund	2003 and 2002
CDBG Chair Lift Fund	2003 and 2002
Law Library Fund	2003 and 2002
Associate Time Payment Fee Fund	2003
Tax Maintenance Fund	2002

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or

through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The financial statements do not include the cash balances of the County Collector, who collects and distributes property taxes as an agent for various local governments. However, for the purpose of these risk disclosures, the County Collector's cash balances are included since collateral securities to cover amounts not covered by federal depositary insurance are pledged to the county rather than to specific county officials.

Of the county's bank balance at December 31, 2003, \$2,233,863 was covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name, and \$269,606 was uninsured and uncollateralized.

The county's deposits at December 31, 2002, were entirely covered by federal depositary insurance, or by collateral securities held by the county's custodial bank in the county's name.

Furthermore, because of significantly higher bank balances at certain times during the year, the amounts of uninsured and uncollateralized balances were substantially higher at those times than such amounts at year-end.

The Health Center Board's deposits at December 31, 2003 and 2002, were entirely covered by federal depositary insurance or by collateral securities held by the board's custodial bank in the board's name.

To protect the safety of county deposits, Section 110.020, RSMo 2000, requires depositaries to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

3. Prior Period Adjustment

The Sever Lake, Rock Creek Cemetery, CDBG Micro Enterprise Loan, and CDBG Bridge Funds' cash balances of \$18,476, \$5,660, \$1,000, and \$1,000, respectively, at January 1, 2002, were not previously reported but have been added.

Supplementary Schedule

Schedule

KNOX COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2003	2002
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state Department of Health and Senior Services				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-2152	\$ 0	9,627
		ERS045-3152	13,030	3,403
		ERS045-4152	4,323	0
	Program Total		<u>17,353</u>	<u>13,030</u>
10.559	Summer Food Service Program for Children	ERS146-2152I	0	60
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state				
Department of Economic Development -				
14.228	Community Development Block Grants/State' Program	99-ME-03	1,000	59,000
		2000-PF-19	15,429	11,099
		2001-PF-255	8,670	0
	Program Total		<u>25,099</u>	<u>70,099</u>
Department of Social Services -				
14.231	Emergency Shelter Grants Program	ERO1640577	7,441	0
U.S. DEPARTMENT OF JUSTICE				
Direct program:				
16.710	Public Safety Partnership and Community Policing Grant	1996-UM-WX-1026	2,197	3,641
Passed through:				
State Department of Public Safety				
16.579	Byrne Formula Grant Program	2002-NCD15B-002	694	12,685
Missouri Sheriff's Meth-Amphetamine Relief Team				
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	TF-2003-08	10,834	0
Missouri Sheriffs' Association -				
16	Domestic Cannabis Eradication/Suppression Program	N/A	1,392	1,397

Schedule

KNOX COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2003	2002
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state				
Highway and Transportation Commission				
20.205	Highway Planning and Constructior	BRO 052(14)	442	41,428
		BRO 052(15)	340,630	18,466
		BRO 052(16)	6,211	23,606
Program Total			347,283	83,500
Department of Public Safety				
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grant:	N/A	2,888	2,066
GENERAL SERVICES ADMINISTRATION				
Passed through state Office of Administration				
39.003	Donation of Federal Surplus Personal Property	N/A	831	1,666
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Passed through state Department of Public Safety				
83.544	Public Assistance Grants*	FEMA-1412-DR-MO	75,412	121,381
83.562	State and Local All Hazards Emergency Operations Plannin	EMK-2003-GR-2540	300	
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state Department of Health and Senior Services				
93.197	Childhood Lead Poisoning Prevention Projects State and Local Childhood Lead Poisoning Preventior and Surveillance of Blood Lead Levels in Childre	ERS146-2152L	0	2,410
93.268	Immunization Grants	PGA064-2152A	0	715
		PGA064-3152A	1,300	0
		N/A	7,857	7,126
Program Total			9,157	7,841
93.283	Centers for Disease Control and Prevention Investigations and Technical Assistanc	DH030240001	9,700	0
93.575	Child Care and Development Block Gran	PGA067-2152C	0	1,500
		PGA067-3152C	1,710	0
		PGA067-2152S	0	855
		PGA067-3152S	490	0
Program Total			2,200	2,355

Schedule

KNOX COUNTY, MISSOURI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2003	2002
93.991	Preventive Health and Health Services Block Gran	AOC02380057	0	19,937
		DH030033001	16,042	4,583
	Program Total		<u>16,042</u>	<u>24,520</u>
93.994	Maternal and Child Health Services Block Grant	DH020027035	0	389
	to the States	ERS146-2152M	0	8,976
		ERS146-3152M	11,068	3,017
		ERS175-3033F	266	0
		N/A	69	68
	Program Total		<u>11,403</u>	<u>12,450</u>
	Total Expenditures of Federal Award:		<u>\$ 540,226</u>	<u>359,101</u>

* The CFDA number for this program changed to 97.036 in October 2003

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule

Notes to the Supplementary Schedule

KNOX COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Knox County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals. . . .

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Donation of Federal Surplus Personal Property (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt. Amounts for Immunization Grants (CFDA number 93.268) and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both

cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

Of the federal expenditures presented in the schedule, the county provided \$7,441 to a subrecipient under the Emergency Shelter Grants Program (CFDA number 14.231) during the year ended December 31, 2003.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of Knox County, Missouri

Compliance

We have audited the compliance of Knox County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2003 and 2002. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Knox County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2003 and 2002. However, the results of our auditing procedures disclosed

instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 03-1 and 03-2.

Internal Control Over Compliance

The management of Knox County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 03-1 and 03-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above are material weaknesses.

This report is intended for the information and use of the management of Knox County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.



Claire McCaskill
State Auditor

May 20, 2004 (fieldwork completion date)

Schedule

KNOX COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2003 AND 2002

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? yes x no

Reportable conditions identified that are
not considered to be material weaknesses? yes x none reported

Noncompliance material to the financial statements
noted? yes x no

Federal Awards

Internal control over major programs:

Material weaknesses identified? yes x no

Reportable conditions identified that are
not considered to be material weaknesses? x yes none reported

Type of auditor's report issued on compliance for
major programs: Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of OMB
Circular A-133? x yes no

Identification of major program(s):

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
20.205	Highway Planning and Construction
83.544	Public Assistance Grants

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes the audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

03-1.	Schedule of Expenditures of Federal Awards
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Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO 052(14), BRO 052(15), & BRO 052(16)
Award Year:	2003 and 2002
Questioned Costs:	Not applicable

Federal Grantor:	Federal Emergency Management Agency
Pass-Through Grantor:	Department of Public Safety
Federal CFDA Number:	83.544
Program Title:	Public Assistance Grants
Pass-Through Entity	
Identifying Number:	FEMA-1412-DR-MO
Award Years:	2003 and 2002
Questioned Costs:	Not applicable

Section .310(b) of Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the SEFA to the State Auditor's Office as a part of the annual budget.

The county does not have adequate procedures in place to track federal awards for the preparation of the SEFA. For the years ended December 31, 2003 and 2002, the county's SEFA contained several errors and omissions. Expenditures relating to several federal grants were reported incorrectly or not included on the schedules and the County Clerk failed to

include the required pass-through grantor's number on the programs that were reported. For example, in 2003 the Public Assistance Grants Program was overstated by \$128,182. Compilation of the SEFA requires consulting county financial records and requesting information from other departments and/or officials. The County Commission should take steps to ensure all departments and/or officials properly track federal awards.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal awards.

WE RECOMMEND the County Clerk prepare a complete and accurate schedule of expenditures of federal awards. The County Commission should take steps to ensure other departments and/or officials properly track federal awards.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Clerk and County Commission agreed with the recommendation and will try to implement this recommendation with the 2004 schedule.

03-2.

Cash Management

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO 052(14), BRO 052(15), & BRO 052(16)
Award Year:	2003 and 2002
Questioned Costs:	Not applicable

The county contracts with the State Highway and Transportation Commission for bridge replacement and rehabilitation under the Highway Planning and Construction Program.

The county has not established cash management procedures to ensure minimal time elapses between its receipt of federal project monies and the distribution of such monies to contractors. For most expenditures, the County Commission makes payments to contractors subsequent to receiving the reimbursement. Of the reimbursements reviewed, we noted four reimbursements totaling \$5,724, \$17,477, \$442, and \$23,952, were received and held 8, 14, 22, and 39 business days, respectively, before the related payment was made to the contractor. There was no explanation of why these payments were not made timely. The County Clerk indicated consideration is being given to making payment to contractors prior to receiving the reimbursement to ensure payment is made timely.

Section .300(c) of Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires the auditee to, "comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs". Section XII of the Missouri Department of Transportation (MoDOT) Local Public Agency Manual provides that local agencies must develop cash management procedures to ensure payment is made to the contractor/consultant within two business days of receipt of funds from MoDOT.

WE RECOMMEND the County Commission establish procedures to minimize the time between the receipt of federal monies and disbursement of such funds to comply with MoDOT requirements.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Commission is now trying to make payment to the contractors prior to receiving reimbursement from the state when financially possible. Otherwise, they will pay the bills twice a month.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

KNOX COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Knox County, Missouri, on the applicable findings in the prior audit report issued for the two years ended December 31, 2001.

01-1. Minutes of County Commission Meetings

The minutes of County Commission meetings were not adequate.

Recommendation:

A complete record of County Commission meetings be prepared and approved on a timely basis.

Status:

Not implemented. See Management Advisory Report (MAR) finding number 4.

01-2. Published Financial Statements

The published financial statements did not include all county funds.

Recommendation:

Financial information for all county funds be properly reported in the annual published financial statements.

Status:

Not implemented. See MAR finding number 5.

01-3. Warrants in Excess of Budgeted Amounts

Warrants were issued in excess of approved budgets in some funds.

Recommendation:

Warrants not be issued in excess of budgeted funds.

Status:

Not implemented. See MAR finding number 5.

01-4. Prepaid Payroll Checks

The County prepaid employees by issuing payroll checks prior to the time for which employees were being paid.

Recommendation:

The County discontinue the practice of making payroll advances.

Status:

Not implemented. See MAR finding number 3.

01-5. County Clerk's Account Book

The County Clerk did not maintain an account book with the County Collector, which summarized all taxes charged to the County Collector, monthly collections, delinquent credits, abatements and additions, and protested amounts.

Recommendation:

The County Clerk maintain an account book from aggregate abstracts, court orders, monthly statements of collections, and the tax books to ensure the amount of taxes charged and credited to the County Collector each year is complete and accurate.

Status:

Not implemented. See MAR finding number 7.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

KNOX COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

The prior audit report issued for the two years ended December 31, 2001, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

KNOX COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Knox County, Missouri, as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated May 20, 2004. We also have audited the compliance of Knox County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2003 and 2002, and have issued our report thereon dated May 20, 2004.

In addition, we have audited the operations of elected officials with funds other than those presented in the financial statements to comply with the State Auditor's responsibility under Section 29.230, RSMo 2000, to audit county officials at least once every 4 years. The objectives of this audit were to:

1. Review the internal controls over the transactions of the various county officials.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents; interviewing various personnel of the county officials, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials referred to above. In addition, this report includes any findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These MAR findings resulted from our audit of the financial statements of Knox County or of its compliance with the types of compliance requirements applicable to each of its major federal

programs but do not meet the criteria for inclusion in the written reports on compliance and on internal control over financial reporting or compliance that are required for audits performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

1. Road and Bridge Fund

The county prepaid the purchase of various goods in December 2003 to lower the cash balance of the Road and Bridge Fund. In addition, failure to include all monies on deposit resulted in the cash balance of the Road and Bridge Fund being understated in the published financial statements for the year ended December 31, 2003. No written agreements were entered into between the county and two local quarries for the prepayment of rock. Also, an annual maintenance plan that would provide information on how the balance of the Road and Bridge Fund is to be used in the repair and maintenance of county roads is not prepared. Concerns were also noted with the county's procedures regarding the purchase of road materials and the sale of some materials to the public.

- A. While the balance in the Road and Bridge Fund does not appear to be excessive based on total budgeted expenditures of over \$2 million in 2004, various transactions were made at the end of 2003 that lowered the cash balance of the fund by over \$151,000 to the \$610,152 balance reported on Exhibit A.
- In December 2003, the county paid \$50,000 each to two local quarries for the prepayment of rock. The total prepayments were used by the end of June 2004.
 - The County Commission also prepared and signed a check in December 2003, for \$51,440, for a truck which had not yet been received. This check was held by the County Treasurer until delivery of the vehicle in May 2004.

The County Commission and the County Clerk indicated they made these prepayments because the road and bridge capital improvement one-half cent sales tax was up for renewal in April 2004. The County Commission also stated that by prepaying for the rock in December, the county was able to purchase the rock at the 2003 prices; however, the price paid to one quarry was greater than the 2003 price. Also, the prepayment was made on December 2, 2003, before any bids were received quoting 2004 prices. In addition, prepaying for goods and services violates the Missouri Constitution.

Article VI, Section 23 of the Missouri Constitution specifically prohibits counties, cities, or other political subdivisions of the state from granting public money to any corporation, association, or individual. Also, it is not prudent for the county to prepay for goods or services to be received at a later date. Doing so could result in the county paying for goods or services not received.

In addition, as discussed in MAR 5, the actual cash balance of the Road and Bridge Fund was not always accurately presented. The published financial statements reported a balance of \$339,512 at December 31, 2003 which did not include the certificates of deposit totaling \$270,640. This inaccurate reporting resulted in a lower balance being presented to the public. By not reporting the actual balance of the Road and Bridge Fund at December 31, 2003, county residents may have been misled into thinking the Road and Bridge Fund's financial condition was worse than it actually was.

- B. The county did not enter into written agreements with the two local quarries outlining the services to be provided in exchange for the monies prepaid. Written agreements provide the framework necessary to detail the services to be provided and the consideration to be paid.

Section 432.070, RSMo 2000, requires all contracts to be in writing. In addition to being required by statute, written contracts are necessary to document the duties, rights, and responsibilities of each party, and help ensure the reasonableness and propriety of such disbursements.

- C. An annual maintenance plan for county roads is not prepared. An annual maintenance plan should be prepared in conjunction with the annual fiscal budget and include a description of the roads to be worked on, the type of work to be performed, an estimate of the quantity and cost of materials needed, the dates such work could begin, the amount of labor required to perform the work, and other relevant information. The plan should be included in the budget message and be approved by the County Commission. In addition, a public hearing should be held to obtain input for the plan from county residents.

An annual maintenance plan would serve as a useful management tool and provide greater input into the overall budgeting process. Such a plan provides a means to continually and more effectively monitor and evaluate the progress made in the repair and maintenance of county roads throughout the year. A maintenance plan would show residents how the county plans to spend any monies received as a result of continuing the sales tax issue.

- D. The County Clerk does not compare the rock statements to the invoices and delivery tickets received by the Road and Bridge Department which show actual rock received. Although the invoices and delivery tickets are usually forwarded to the County Clerk's office for filing, they are not used by the County Clerk's office for comparison to the billing statements. Without such a comparison, the county has no assurance it is paying only for rock actually received. In addition, comparison of the rock statements and invoices would ensure the rock prices billed agree to bids the county received as well as ensuring compliance with contract terms.

- E. The county has not adopted formal policies and procedures over the sale of rock and culverts to the public. As a result of the lack of formal, consistent policies and procedures, the county does not have one complete record of all sales. In addition, the county has little assurance that all materials picked up from the Road and Bridge Department are billed or paid in full. The county received approximately \$61,400 from these sales during the two years ended December 31, 2003. Usually rock purchased by the public is put on county roads under a cost-sharing program, while culverts are purchased by individuals for private purposes.

The county's procedures regarding the sale of rock and culverts are inconsistent and do not provide adequate controls. Bills of sale or receipt slips are not always prepared for each sale to the public and a bill of sale or receipt slip is not required to pick-up materials from the Road and Bridge Department. In addition, the purchaser may make payment prior to picking up the materials, or the purchaser may first pick up the materials at the Road and Bridge Department and then make payment. However, there appears to be no contact between the Road and Bridge Department and the County Clerk's office to ensure that all materials picked-up are paid for properly. The County Commission maintains a listing of requests made for rock to be delivered on county roads; however, payments made are sometimes not noted on the listing and bills of sale or receipt slips are not prepared for each request or each payment.

Failure to adopt formal policies and procedures over sales to the public could result in lost revenues. The county should develop consistent procedures whereby all sales must be approved in the County Clerk's office and supported by a bill of sale (whether paid in advance or to be billed later) prior to the release of materials by the Road and Bridge Department.

WE RECOMMEND the County Commission:

- A. Discontinue the practice of prepaying for items. The County Commission should ensure the true balance of all funds is reflected in the published financial statements.
- B. Ensure written contracts, which specifically state what services are to be provided to the county, are entered into as required by state law.
- C. Prepare and document an annual maintenance plan for county roads at the beginning of the calendar year and periodically update the plan throughout the year, as needed. In addition, the County Commission should review the progress made in the repair and maintenance of county roads to make appropriate decisions on future projects.
- D. Ensure invoices received by the Road and Bridge Department and forwarded to the County Clerk are used for comparison to billing statements prior to payment to ensure payment is only made for goods and services actually received and to ensure amount billed is proper.

- E. Develop formal policies and procedures over sales to the public. One complete record of all sales should be maintained by the county and materials should only be released after customers present proof of payment or a bill of sale approved by the County Clerk's office.

AUDITEE'S RESPONSE

- A. *The County Commission indicated the prepayment of rock was done in an effort to save money. The truck has now been received and for any future purchases the County Commission will ensure the item is received prior to making payment.*
- B. *The County Commission will have a contract for any such transactions with the quarries in the future.*
- C. *The County Commission indicated most road and bridge work is done on an as needed basis focusing primarily on the more traveled roads and road work requested by county residents and school districts. It would be too difficult to document a road work plan due to the continuously changing availability of supplies and the factors affecting which roads are maintained.*
- D. *The County Commission indicated it would be too difficult to compare each invoice to the billing statement as hundreds of invoices are received each month. The County Clerk indicated he will try to check invoices with the billing statement on a random basis.*
- E. *The County Commission will try to improve the record keeping regarding rock and culvert sales.*

2. County Officials' Compensation
--

The Knox County Salary Commission has the statutory authority to set salaries of the county's elected officials. A review of the county's 1997, 1999, and 2001 salary commission meeting minutes and comparison of salaries authorized by the salary commission with salaries allowed by state law and salaries actually paid to the elected officials noted several problems. The amounts paid to several elected officials are questionable and there appears to be a lack of consistency in applying various actions of the salary commission to all officials.

- A. The Presiding Commissioner does not appear to be receiving the \$2,000 additional annual salary provided by Section 49.082.2, RSMo 2000. Recent salary commission minutes included no documentation to indicate payment of the additional salary has been discussed. In addition, a review of payroll records provided no evidence that the additional salary is being paid.
- B. Incorrect application of assessed valuation levels appears to have resulted in salaries being incorrectly calculated. Salaries paid to most elected officials are determined by

a salary structure that is based on the county's current assessed valuation level. Our review of the salary commission calculations noted errors in the application of assessed valuation levels when determining maximum allowable compensation for some elected officials.

- 1) The incorrect assessed valuation level appears to have been used to determine the salary of the Presiding Commissioner for the term beginning in 1999. As a result, the Presiding Commissioner may have been underpaid during 1999, 2000, 2001, and 2002.
- 2) The incorrect assessed valuation level appears to have been used in determining the salary of the two Associate Commissioners for their term beginning in 2001. This error appears to have been detected in late 2001, but no adjustments have been made for the salaries paid to the Associate Commissioners in 2001, resulting in possible underpaid salaries.
- 3) An increase in salary due to an increase in the county's assessed valuation level does not appear to have been given to the County Coroner in 2003. County officials indicated that the failure to increase the County Coroner's salary, while increasing the salaries of all other applicable officials, was due to oversight. As a result, the County Coroner's salary for 2003 appears to have been underpaid.
- 4) The county's assessed valuation decreased in 2003 resulting in decreases in salaries for 2004. Our review of salary calculations prepared to determine the correct amount of annual salary to be paid to officials during 2004 identified several problems. In addition, it does not appear any decrease in salary was made for the County Assessor. As a result of these inconsistencies and errors in the salary calculations, it appears the salaries of some officials may have been overpaid while the salaries of other officials may have been underpaid.

- C. Section 473.742, RSMo, enacted in 2000, allowed public administrators to make a determination within thirty days after taking office whether the public administrator elected to receive either a salary or fees as may be allowed by law to executors, administrators and personal representatives. Prior to this change in state law, Section 473.739, RSMo 2000, allowed public administrators to receive annual compensation in addition to fees, if the public administrator did not receive at least a certain amount in fees.

Following the Knox County Public Administrator taking office for a new term in January 2001, she continued to receive annual compensation based on fees and also continued to receive a salary based on Section 473.739, RSMo 2000.

Section 473.742, RSMo, requires the public administrator to elect to receive either a salary or fees; however, the Public Administrator continued to receive both fees and a salary based on the old state law.

The County Commission should ensure calculations of the salary commission are reviewed for accuracy to avoid misunderstandings as to the effective dates of various changes in county officials' compensation, to ensure consistent and appropriate applications among the various officials, and to ensure the mathematical accuracy of all calculations. The County Commission should review these matters with the Prosecuting Attorney to ensure the proper amounts were paid to the various officials.

WE RECOMMEND the County Commission consult with the Prosecuting Attorney to ensure proper amounts are paid to the various officials and to seek reimbursement for any overpayments. In addition, the Salary Commission minutes should include correct calculations of salary computations for each official and these calculations should be reviewed for accuracy.

AUDITEE'S RESPONSE

The County Commission will look into making any salary corrections when preparing the 2005 budget and will discuss with the Public Administrator changes in her salary for her term beginning in January 2005.

3. Payroll and Personnel Policies and Procedures

There were several concerns regarding the county's personnel policies and procedures including the lack of timesheets and accurate leave records for some county employees. In addition, the county made inaccurate payroll deductions of medical insurance premium costs. Also, some payroll checks were issued in advance, an employee received both sick leave and unemployment compensation for the same time period, and numerous errors were made in the calculation and payment of overtime for a Sheriff's deputy. Inadequate bond coverage was also noted for some county employees.

- A. Although hourly-paid employees prepare timesheets, timesheets or other records of actual time worked are not consistently maintained by salaried employees. As a result, the County Commission has no documentation to support these payroll expenditures.

The Fair Labor Standards Act (FLSA) requires employers to keep accurate records of actual time worked by employees, including compensatory time earned, taken, or paid. The timesheets should be prepared by the employee, approved by the applicable supervisor, and filed in a central location with the county's payroll records. Time records are necessary to document hours worked and provide the County Commission with a method to monitor hours worked and ensure the related compensation is reasonable.

This condition was noted in our prior audit report.

B. The county's policies and procedures for maintaining leave records and leave balances are not adequate.

- 1) Centralized records of leave balances and leave used and earned are not maintained for some county employees. The County Clerk indicated leave records are to be maintained by each individual officeholder but our review noted some employees either maintain their own leave records or no leave records are maintained. Leave records were not maintained for most salaried employees, who also are not required to prepare timesheets. As a result, there is no assurance that the leave taken by these individuals is appropriate.

This condition was noted in our prior audit report.

- 2) For those employees for whom leave records are maintained, inconsistencies and errors were noted with the employees reviewed.
 - One county employee received three weeks of vacation leave. The county's personnel policy manual states that after five years of employment, employees are entitled to two weeks of vacation leave and includes no provisions for earning three weeks of vacation leave. In addition, the employee's personnel file included no documentation to support this exception to the personnel policy manual.
 - The county's personnel policy manual states that employees will accrue sick leave at the rate of two days per month, with a maximum accrual of 90 ½ days. Two employees had instances where they did not receive their monthly sick leave accrual. No explanation could be provided as to why sick leave was not accrued in these instances.

All county employees should accrue vacation leave, sick leave, and overtime leave as stated in the county's personnel policy manual. The accrual, usage, and balance of such leave should be maintained in a centralized location. Without centralized and complete leave records, the County Commission cannot ensure that employees' vacation leave, sick leave, and overtime records are accurate, that all employees are treated equitably, and that leave time used does not exceed leave time earned and

accumulated. Centralized leave records also aid in determining unused vacation leave upon termination of employment.

- C. The county pays 50 percent of the medical insurance premium costs, up to a maximum of \$250 each month, for coverage of county employees. Employees can choose to either use the county's medical insurance provider or can elect to use an alternative provider. Employees using the county's medical insurance provider pay for their share of the premium cost through payroll deductions. If an alternative provider is used, the county will either reimburse the employee for 50 percent of the premium cost up to \$250, or the county will pay the alternative provider for 50 percent of the employee's premium cost up to \$250. Our review of medical insurance procedures disclosed the following concerns:

- 1) The county's informal policy for paying medical insurance is not included in the personnel policy manual. A clear and concise written personnel policy regarding procedures for the payment or reimbursement of medical insurance premium costs is necessary to ensure the equitable treatment of all employees.
- 2) The county does not reconcile monthly billing statements from the county's medical insurance provider to payroll records. During 2003, the county overpaid its share of health insurance premiums due to an error in the calculation of the premium amount withheld from employee's payroll. For each of the seven employees using the county's provider, \$165 was deducted from the employee's payroll instead of the correct amount of \$206, resulting in a \$41 underpayment by the employee and a \$41 overpayment by the county. This error occurred for each employee during each month of 2003, resulting in the county overpaying \$3,444.

By not reconciling the medical insurance providers' billing statements to payroll records, the county has little assurance that it is paying the proper premium amounts or that withholdings from employees' wages are handled and accounted for properly. The county should reconcile medical insurance billing statements to appropriate payroll records on a periodic basis, and the county should establish procedures and controls which ensure that medical insurance premium payments are correct and employee deductions are the proper amount.

- 3) The county paid the full medical insurance premium cost, including the 50 percent usually paid by the employee, for an employee that had left county employment. While the employee did reimburse the county for most payments made, reimbursement of \$1,106 was not paid until after the county had paid the full premium amount for five months, and \$85 in premium costs paid by the county was never reimbursed by the employee. The county's

personnel policy manual includes no provisions for the payment of medical insurance premiums after an individual leaves county employment.

In addition, such payments on behalf of former county employees appear to constitute a loan and Article VI, Section 23, of the Missouri Constitution, specifically prohibits counties, cities, or other political subdivisions of the state from granting public money or things of value to any corporation, association, or individual. The county should discontinue the practice of loaning money to former employees by paying medical insurance premium costs on their behalf.

- D. Payroll checks were issued to the Deputy County Clerk/payroll clerk, in advance of the pay period ending date. For example, a payroll check for the period ending September 23, 2003, was issued to the clerk on September 16, 2003. As a result, the clerk received payment for hours that had yet to be worked. Payroll checks were also issued in advance to the clerk during December 2002 and May 2003. Problems with payroll advances were also noted in the prior audit report and county officials indicated this practice would be discontinued; however, as noted above, problems continued to exist during the current audit period.

Such payroll advances appear to constitute a loan and Article VI, Section 23, of the Missouri Constitution, specifically prohibits counties, cities, or other political subdivisions of the state from granting public money or things of value to any corporation, association, or individual.

- E. A Road and Bridge Department employee received unemployment compensation, totaling \$540, while also receiving compensation from the county. During a three week period between October 2003 and November 2003, the county paid a Road and Bridge Department employee based on a timesheet which recorded hours used as sick leave. However, documentation received by the county from the Missouri Division of Employment Security indicated that this employee was also receiving unemployment benefits during the same three week period. Because the county is charged for all unemployment benefits paid to county employees, the county double paid compensation to this employee for the three week period .

Discussion with the Missouri Division of Employment Security indicated the county should file a protest of the benefits charged to the county and the matter would be investigated by the state. The county should contact the Missouri Division of Employment Security to determine the appropriate actions necessary to file this protest. In addition, the county should review all future unemployment compensation claims filed against the county to ensure the claims are appropriate and the employee receiving unemployment compensation is not also receiving compensation directly from the county.

F. The county's full-time Sheriff's deputy received overtime compensation totaling approximately \$9,800 and \$11,400 during the years ended December 31, 2003 and 2002, respectively. However, errors noted during our review of payroll procedures and overtime calculations have resulted in questions regarding the accuracy of overtime compensation paid to the deputy and possible noncompliance with the FLSA.

- 1) The county's personnel policy manual is unclear and contradictory regarding how overtime is calculated for the Sheriff's office. The policy is not clear as to whether overtime should be paid on a 28 day work cycle or a monthly work cycle. In addition, the county's actual procedures in paying overtime were inconsistent and not always accurate. Also, because the county has employed fewer than five individuals, the county may be exempt from paying overtime or giving compensatory time per the FLSA. As a result of unclear and inconsistent overtime procedures, and because the county may be exempt from FLSA overtime requirements, the county may be paying more overtime compensation than necessary.

Our review of the 12 monthly timesheets prepared by the Sheriff's Deputy during 2002 indicated the pay periods covered either a 28 or 35 day period. Overtime was calculated as any hours worked in excess of 171 ½ hours during the period, regardless if the pay period included 28 days or 35 days. Had the county paid overtime in accordance with the FLSA, overtime compensation would have been paid based on 13 annual periods and calculated only if hours worked in a 28 day period exceeded 171. Because the county had only twelve pay periods, and because some of these pay periods included time worked for a period exceeding 28 days, overtime hours were overstated. Under compliance with the FLSA, it appears 165 hours worked by the deputy would not have been considered as overtime; however, with the county's current procedures, these hours were paid as overtime resulting in an overpayment of \$2,236 (165 hours at \$13.55 per hour).

The County Commission should revise the personnel policy manual to clearly indicate the county's procedures for paying overtime or the earning of compensatory time for law enforcement personnel and any overtime paid by the county should be in accordance with the county's policy. In addition, the County Commission should review the overtime calculations prepared for the deputy and determine any overtime amounts overpaid.

- 2) Several errors were noted in the mathematical calculations performed when determining overtime hours to be paid. For overtime hours worked during a month, the deputy can either accrue the overtime as compensatory time to be taken or paid at a later date, or the overtime can be paid during the month it was earned. Because the deputy was allowed a choice in the treatment of overtime, confusion by the payroll clerk appears to have resulted in the

deputy being under paid for overtime hours. For example, in August 2002, the deputy chose to receive payment for overtime that he had previously accrued. While these hours were correctly deducted from the deputy's compensatory time balance, the hours were not correctly added to the deputy's payroll, resulting in the deputy not receiving payment for overtime hours worked. Similar errors also occurred during January, July, and October 2002 totaling 139 hours at a rate of \$13.55 per hour in overtime compensation that was not paid, for a total underpayment of \$1,883.

In addition, an error in the recording of compensatory time used by the deputy resulted in more compensatory time being used than was available. In January 2002, the timesheet of the deputy included using ten hours of accumulated compensatory time; however, these ten hours were not deducted from the cumulative compensatory time balance.

The activity reflected on employee time sheets and compensatory time records should be carefully reviewed for consistency and mathematical accuracy to ensure proper payment and to ensure all compensatory time used does not exceed compensatory time earned and accumulated. The County Commission should review the overtime calculations prepared for the deputy and consider making corrections for the overtime amounts over or underpaid.

- 3) Errors in the calculation of overtime hours appear to have resulted in overpayment of overtime compensation paid through a federal grant program. In September 2003, the county's full-time deputy began working for the North Missouri Drug Task Force. The county continued to pay the salary and overtime of the deputy but reimbursement was received from the North Missouri Drug Task Force through the Missouri Sheriff's Meth-Amphetamine Relief Team (MOSMART) federal grant. Instead of paying overtime in accordance with the FLSA as appropriate for deputies working for the North Missouri Drug Task Force, the county calculated overtime as hours worked in excess of 160 for a 28 day period. For the period of October 2003 through December 2003, it appears that 33 hours were calculated as overtime that should not have been, resulting in \$660 of excess overtime compensation. Because the overtime is reimbursed through the MOSMART federal grant, it appears that the federal grant may have been overcharged.

The County Commission should work with the North Missouri Drug Task Force to review overtime compensation calculated and paid during 2003, and to determine any actions necessary to resolve any federal grant overpayments. In addition, the County Commission should ensure the county is calculating overtime in accordance with the policies of the North Missouri Drug Task Force.

- G. The Prosecuting Attorney and several county employees from various offices with access to money are not covered by an employee bond. As a means of safeguarding assets and reducing the county's risk if a misappropriation of funds would occur, all officials and employees handling monies should be adequately bonded.

This condition was noted in our prior audit report.

WE RECOMMEND the County Commission:

- A. Require all county employees to prepare timesheets which reflect actual time worked and leave taken. These timesheets should be prepared and signed by the employee, approved by the applicable supervisor, and filed with the County Clerk.
- B. Ensure all employees accrue vacation leave, sick leave, and overtime leave in accordance with the county's personnel policy manual. In addition, the County Commission should ensure centralized records of leave earned, used, and accumulated are maintained for all county employees and all accumulated leave balances are accurate.
- C.1. Ensure the county's personnel policy manual adequately documents the county's policies regarding medical insurance procedures to ensure equitable treatment of all county employees.
2. Ensure medical insurance billing statements are reconciled to the appropriate payroll records on a periodic basis and ensure all premiums are paid and deducted from the employee's payroll at the correct amount.
3. Discontinue the practice of loaning money to former employees by paying medical insurance premium costs on their behalf. The County Commission should attempt to recover the \$85 due from the former employee.
- D. Discontinue the practice of loaning money to employees through payroll advances.
- E. Contact the Missouri Division of Employment Security to investigate the unemployment compensation paid to a county employee who was also receiving compensation from the county. In addition, the County Commission should review all future unemployment compensation claims to ensure employees are not receiving unemployment compensation while also receiving compensation from the county.
- F.1. Revise the personnel policy manual to adequately document the county's policies regarding the payment of overtime or the earning of compensatory time by law enforcement personnel. In addition, the County Commission should review the overtime calculations and consider making corrections for the overtime amounts overpaid.

2. Review payroll calculations for mathematical accuracy to ensure proper payment and to ensure compensatory time used does not exceed compensatory time earned and accumulated. In addition, the County Commission should review the overtime calculations prepared for the full-time deputy and consider making corrections for the overtime amounts underpaid.
 3. Work with the North Missouri Drug Task Force to review calculations of salary and overtime paid through the MOSMART federal grant and determine the actions necessary to resolve any overpayments that were funded through the MOSMART grant.
- G. Consider obtaining adequate bond coverage for the Prosecuting Attorney and all employees with access to monies.

AUDITEE'S RESPONSE

- A. *The County Commission has suggested in the past that all employees complete timesheets and submit them to the County Clerk. They will again discuss this with the officials.*
- B. *The County Commission will again ask officials to maintain leave records for employees and submit these to the County Clerk. The additional vacation leave has been corrected and the sick leave accrual was a mistake.*
- C.1. *The County Commission will review and update the personnel policy as part of the budget process when the decision is made as to how much insurance the county will cover.*
2. *The County Commission will ensure future premium calculations are accurate.*
3. *The County Commission indicated this was an unusual circumstance and they do not foresee this ever happening again.*
- D. *The County Commission indicated all vouchers are now approved before checks are issued. They will more closely review payroll checks in the future to ensure this does not happen again.*
- E. *The County Clerk will contact the Division of Employment Security on how to proceed with this issue and the County Commission will ensure employees laid off in the future do not receive double payment.*
- F.1. *The County Commission will look into revising and clarifying the policy regarding overtime.*
2. *The County Commission will monitor future overtime payments to ensure calculations are correct. They believe the Deputy was adequately compensated for work performed.*

3. *The County Commission will work with the Task Force to ensure future overtime policies are clear and calculations are correct, and to resolve the overpayment made.*
- G. *The County Commission will consider the risk of theft in comparison to the cost of such bond coverage.*

4. County Commission Minutes

The prior two audit reports have addressed the inadequacy of the County Commission's official minutes. While the County Commission responded to previous audits that recommendations would be implemented, conditions have not improved.

The County Commission does not maintain adequate records of its meetings to demonstrate compliance with the Sunshine Law. Unofficial handwritten minutes from meetings are kept by an Associate Commissioner and are then used by the Deputy County Clerk to prepare the typewritten County Commission minutes. However, the minutes are not formally written, are not added to the official record book, and are not approved by the County Commission until after the year end. For example, the minutes from 2002 were not approved or added to the official record book until February 14, 2003. Also, there was no date to indicate when the 2003 minutes were added to the official record book, but based on our review this was done in early 2004. In addition, for the two years ended December 31, 2003, items such as bid solicitations and selections, transfers between funds, and various other decisions made by the County Commission were not always documented in sufficient detail.

Section 610.023(2), RSMo 2000, states that each public governmental body shall make that body's public records available for inspection and copying by the public. Because the official minute book is not updated timely, the only record of the County Commission meetings available to the public is the unofficial notes. By maintaining an accurate record of County Commission proceedings, the county would demonstrate compliance with statutory provisions related to issues such as budget approval, the Sunshine Law (Chapter 610, RSMo), bidding, and purchasing decisions.

Pursuant to Section 51.120, RSMo 2000, the Clerk of the County Commission is to maintain an accurate record of orders, rulings, and proceedings of the County Commission. Timely preparation and approval not only adds assurance to the authenticity of official minutes, but allows a review of the contents to ensure that the minutes include all important information regarding the meetings held.

WE AGAIN RECOMMEND the County Commission ensure a formal and complete record of meetings is prepared and approved on a timely basis.

AUDITEE'S RESPONSE

The County Commission will try to improve on documenting the minutes more completely and approving them in a more timely manner.

5. Financial Practices

The County Commission did not prepare or obtain budgets for some county funds and authorized disbursements in excess of budgeted amounts for some funds. In addition, the county's budget included numerous misclassifications of receipts and disbursements. The county has not disbursed monies from the Children's Trust Fund since the fund was created, did not accurately include financial information for some funds in the published financial statements, and did not properly calculate the required property tax rollback.

- A. Formal budgets were not prepared for various county funds for the years ended December 31, 2003 and 2002. Some of the unbudgeted funds were new, while other funds were held outside the county treasury and no budgets were obtained or prepared for these funds. Chapter 50, RSMo 2000, requires the preparation and filing of annual budgets for all funds to present a complete financial plan for the ensuing year. By preparing or obtaining budgets for all county funds and activities, the County Commission can evaluate all county financial resources more effectively.

The Economic Development Fund was a new fund established in 2003 to record monies bequeathed to the county. Of the \$100,000 bequeath, \$35,000 was received in 2003 and \$65,000 was received in 2004. According to estate documents, this money is to be used to establish or maintain an Economic Development office for the county, but if after five years, the money has not been used for this purpose, the money can be used for any other purpose benefiting the county. The county did not budget the Economic Development Fund in either 2003 or 2004 and does not have a financial plan for the development of an Economic Development office or for other use of the monies in the Economic Development Fund. The County Commission should document their financial plans for the future use of the accumulated cash balance of the Economic Development Fund.

- B. The County Commission and other applicable officials did not adequately monitor budget and actual disbursements, and as a result, actual disbursements exceeded the budgeted amounts in various funds as follows:

Fund	Year Ended December 31,	
	2003	2002
Prosecuting Attorney Training	\$ N/A	(25)
Sheriff's Fees	(678)	N/A
Recorder's User Fee	N/A	(831)
Health Center	(36,602)	N/A
Law Enforcement Sales Tax	N/A	(8,693)

While budget to actual data is generated by the County Clerk's office monthly, it appears that the applicable officials responsible for the county funds in which overspending occurred are not reviewing the budget to actual reports and may not be aware of the legal restrictions established by the budgetary process. The Health Center's overspending in 2003 was due to the receipt of unplanned funding that resulted in additional disbursements that were not budgeted.

It was ruled in State ex. rel. Strong v. Cribb, 364 Mo. 1122, 273 S.W.2d 246 (1954), that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess disbursements, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's Office. In addition, Section 50.622, RSMo 2000, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend its budget.

A similar condition was noted in the two prior reports.

- C. The county's budgets contained several misclassifications of receipts and disbursements for both budgeted and actual amounts. Some receipts from the state were incorrectly recorded as other revenues, and several transfers between funds were incorrectly recorded as intergovernmental revenues, charges for services revenues, or other revenues. For example, intergovernmental revenues totaling approximately \$8,200 and \$4,100 in 2003 and 2002, respectively, were misclassified as other revenues in the Local Emergency Planning Committee Fund. Also, in 2003 and 2002, approximately \$2,400 of transfers in were misclassified as other revenues in the Election Fund. Adjustments have been made to the audited financial statements to correct these misclassifications.

The county's budgets should include accurate classifications of receipts, disbursements, and transfers to ensure the county's financial information is more consistently presented, to properly identify receipt and disbursement items, and to increase the effectiveness of the budgets as management tools.

- D. The county has not been disbursing monies it collects for victims of domestic violence. Section 488.445, RSMo 2000, authorizes the county to impose certain fees on the issuance of marriage licenses and on any civil case filed in circuit court. These fees are to be used to provide financial assistance to shelters for victims of domestic violence. During the two years ended December 31, 2003, fees totaling \$368 were collected for this purpose and deposited into the Children's Trust Fund. No monies have been expended from this fund since it was established in 1990 and the county currently has no plans to distribute these funds. At December 31, 2003, the Children's Trust Fund had a balance of \$2,437.

Although there appears to be no applicable shelter located in Knox County, shelters do appear to exist in neighboring counties. The county should determine whether any shelters located in neighboring counties provide services to Knox County residents and consider providing funding to those shelters, as applicable.

- E. The annual published financial statements of the county did not include the financial activity of some county funds and did not include complete financial activity of other county funds.
- 1) The annual published financial statements did not include the activity of the three CDBG funds and the Law Library Fund for 2003 and 2002, the Associate Fees Fund for 2003, and the Tax Maintenance Fund for 2002.
 - 2) The cash balances reported in the annual published financial statements for some county funds did not adequately reflect all available resources. The cash balances of the General Revenue Fund, the Special Road and Bridge Fund, and the Rock Creek Cemetery Fund were understated as the balances did not include the balances of certificates of deposit maintained for each fund. For example, the Special Road and Bridge Fund cash balance did not include certificates of deposit of \$270,640 and \$166,308 for the years ended December 31, 2003 and 2002, respectively.

Section 50.800, RSMo 2000, provides that the financial statements are required to show receipts, disbursements, and beginning and ending balances for all county funds. For the published financial statements to adequately inform the citizens of the county's financial activities and the county's current financial position, all monies received and disbursed by the county should be included, and actual total resources on hand should be reported.

A similar condition was noted in the two prior reports.

- F. In 2003 and 2002, the county did not properly calculate its general revenue property tax levy rollback in compliance with Section 67.505, RSMo 2000. The county is required to reduce the property tax levy by 50 percent of sales tax revenues. The property tax rollback calculations were inaccurate in 2003 and 2002, as the actual tax

rate ceilings of .4312 and .4115, respectively, were not used and instead the rate of .4000 was used for both years. As a result, the actual property tax levy was set lower than necessary resulting in approximately a \$21,200 unnecessary reduction.

To ensure the appropriate amount of property tax revenues are received, the County Commission should ensure the calculation for the property tax levy is accurate and meets the rollback requirement. If the County Commission determines it wants to further reduce the property tax beyond the required rollback, the additional rollback should be reported as a voluntary rollback.

WE RECOMMEND the County Commission:

- A. Ensure budgets are prepared or obtained for all county funds. In addition, the County Commission should document their financial plans for the use of the accumulated cash balance of the Economic Development Fund.
- B. And the Health Center Board of Trustees not authorize warrants in excess of budgeted amounts. If valid reasons necessitate excess disbursements, the original budget should be formally amended and filed with the State Auditor's office.
- C. And the County Clerk ensure all significant receipts, disbursements, and transfers are properly classified in the county budget documents.
- D. Determine if there are any shelters for domestic violence victims which provide services to county residents that may qualify for financial support and ensure Children's Trust Fund monies are disbursed to such qualifying shelters in a timely manner.
- E. Include all county funds in the published financial statements as required by state law, and ensure receipts, disbursements, and beginning and ending balances are accurately presented for each county fund.
- F. Review all sales tax rollback calculations for accuracy and ensure adjustments are made to the levy to recover unnecessary reductions of property tax collections in prior years.

AUDITEE'S RESPONSE

- A. *The County Commission indicated some of these unbudgeted funds are not under their control. They will request budgets from the officials for all funds for 2005. The Economic Development Fund will be budgeted for 2005.*

- B. *The County Commission indicated most of the funds with overspending were not under their control. A monthly budget to actual report is available for the other officials to review. The County Clerk monitors the budget to actual reports for the funds controlled by the County Commission.*

The Health Center Administrator indicated she will monitor the budget and file amendments when necessary.

- C. *The County Commission will look into this and discuss it with the Deputy County Clerk and the County Treasurer in order to improve communication regarding the classification of receipts and disbursements.*
- D. *The County Commission has contacted Adair County about the availability of these funds.*
- E. *The County Commission will try to improve on including all funds in the published financial statements and will include the complete balances in the 2004 statements.*
- F. *The County Clerk will review the sales tax rollback calculations for accuracy and this year any additional reductions will be properly classified as a sales tax rollback or as a voluntary rollback.*

6. County Disbursements

Controls and procedures over county expenditures need improvement. Bids were not always solicited or documented and payments were approved without adequate supporting documentation and without acknowledgement of receipt of goods or services. In addition, written contracts were not always prepared specifying the arrangements between applicable parties, and monies appear to have been improperly paid for radio ads. Some federal grants received on behalf of the county were maintained in a bank account not adequately monitored by the County Treasurer.

- A. Bids were not always solicited or advertised by the county, nor was bid documentation always retained by the County Clerk for various purchases. Examples of items purchased during the years ended December 31, 2003 and 2002, for which bid documentation could not be located are as follows:

Items Purchased	Cost
Motorgrader / Backhoe Lease Purchase	\$ 97,364
Computer Equipment	7,528
Furnace Repairs	5,400
Voting Machine	4,518

The items identified above are individual purchases. Additional purchases of this nature may also not have been bid. The County Clerk and the County Commission

indicated bids are sometimes solicited through telephone calls or other direct contact with vendors; however, documentation of these contacts was not always maintained or recorded in the County Commission minutes.

Section 50.660, RSMo 2000, requires the advertisement for bids for any purchases of \$4,500 or more, from any one person, firm, or corporation during any period of ninety days.

Bidding procedures for major purchases provide a framework for the economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best bidder. Competitive bidding ensures all interested parties are given an equal opportunity to participate in county business. To show full compliance with state law, documentation of bids should include, at a minimum, a listing of vendors from whom bids were requested, a copy of the request for proposal, a newspaper publication notice when applicable, a copy of all bids received, a summary of the basis and justification for awarding the bid, documentation of all discussions with vendors, and bid specifications designed to encourage competitive bidding. If bids cannot be obtained and sole source procurement is necessary, the official minutes should reflect the necessitating circumstances.

- B. Instances were noted in which the county approved payments to vendors without requiring or retaining adequate supporting documentation including payment of \$1,000 to a local rescue squad and health insurance premium reimbursements paid to county employees.

In addition, we noted instances in which the County Commission approved some payments to vendors, including payments for vehicles, steel, tank cars, culverts, computer software, and computer equipment, as well as payment for various repair services, without requiring acknowledgment of receipt of goods or services. The County Commission has no procedures to require county officials or county employees to sign invoices to indicate the receipt of goods and/or services. As a result, the county does not always have adequate assurance it is paying for actual goods and services received.

To ensure the validity and propriety of disbursements, adequate supporting documentation, such as paid receipts or vendor-provided invoices, should be maintained for all payments to vendors. In addition, the county should require acknowledgment of receipt of goods and/or services prior to payment. Such documentation is necessary to ensure the purchase is a proper disbursement of county funds.

Similar conditions were noted in our prior report.

C. Written contracts were not always prepared specifying the arrangements between applicable parties.

1) During the two years ended December 31, 2003, the county made payments to vendors and service organizations without entering into written agreements.

- \$1,000 to the Knox County Rescue Squad.
- \$500 to the OATS Knox County Committee.
- \$500 to the Knox County Council on Aging.

Article VI, Section 23 of the Missouri Constitution specifically prohibits counties, cities, or other political subdivisions of the state from granting public money to any corporation, association, or individual. Without a written contract that clearly indicates the services being provided by these vendors and organizations, these uses could be considered to be in violation of the constitution. If the services provided by these entities are determined to be desirable and necessary services for the county or county residents, the county should enter into written contractual agreements with the entities, specifying services to be provided and a method for the county to evaluate and monitor the services.

2) No written contract was entered into between the county and a Sheriff's deputy for the use of a drug dog. According to the County Clerk, the deputy was responsible for all costs associated with the dog. However, the deputy was paid an additional one hour each day specifically for the training and care of the dog. We also noted that the county did purchase some equipment to be used with the drug dog. This Sheriff's deputy is no longer employed by the county and is now working for a regional drug task force. However, a new Sheriff's deputy recently purchased a dog that will be trained for use as a drug dog in the future.

Section 432.070, RSMo 2000, requires contracts of political subdivisions be in writing. Written contracts are necessary to outline the terms of such arrangements, specify services to be provided and the related funding, and help ensure the reasonableness and propriety of such expenditures.

D. During the two years ended December 31, 2003, the Sheriff authorized payments totaling approximately \$800 for radio ads. These ads were frequently in support of local community activities, such as high school graduation, the county fair, the county corn festival, and National 4-H week, and do not appear to be law enforcement related. The purchasing of these radio ads does not appear necessary for the operation of the office and does not appear to be a prudent use of county funds.

- E. Bank accounts maintained for some federal grant monies received on behalf of the county are not reviewed or monitored by the County Treasurer.

The county contracts for administrative services for various programs with Northeast Missouri Regional Planning Commission (NEMO RPC). Program monies are deposited to bank accounts maintained by the NEMO RPC. For some program monies, the checks are signed by the County Treasurer and the County Clerk or the Presiding Commissioner. For other program monies, the monies are transferred by the County Treasurer from the bank account maintained by the NEMO RPC to a bank account controlled by the County Treasurer. However, neither the County Commission nor the County Treasurer performs or reviews bank statements and bank reconciliations of the accounts maintained by the NEMO RPC. Monies handled by the NEMO RPC totaled approximately \$20,700 and \$73,000 in 2003 and 2002, respectively.

All bank accounts maintained for monies received on behalf of the county should be reviewed and monitored by the County Treasurer to ensure all county monies are properly accounted for and to ensure all federal grant monies are properly disbursed.

WE RECOMMEND the County Commission:

- A. Solicit bids for all purchases in accordance with state law and maintain adequate documentation of bids. If bids cannot be obtained and sole source procurement is necessary, the official minutes should reflect the necessitating circumstances.
- B. Ensure adequate supporting documentation is obtained to support all disbursements and require acknowledgment of receipt of goods and/or services prior to payment.
- C.1. Refrain from making contributions of public funds unless it is pursuant to written contracts, which specifically state what services are to be provided to the county and provide a means of monitoring the disbursements.
 - 2. Enter into a written contract regarding the drug dog.
- D. And the Sheriff ensure all expenditures of county monies are a necessary and prudent use of county funds.
- E. Ensure all bank accounts receiving county monies are reviewed and monitored.

AUDITEE'S RESPONSE

- A. *The County Commission indicated bids are usually solicited for all necessary items including lease purchases, but documentation may not always have been maintained. The voting machine purchase was from a sole source vendor for compatible equipment with the system already in use. The furnace repairs were also from a sole source vendor.*

B. *The County Commission will try to ensure invoices and documentation acknowledging receipt of goods is maintained for all disbursements.*

C.1. *The County Commission believes these payments were for items or services that benefit the community. Written requests were received from the OATS Knox County Committee and the Knox County Council on Aging prior to making payment. They will ensure more detailed contracts or documentation is received in the future.*

2. *The County Commission indicated they have tried to discuss with the Sheriff's Office obtaining a contract for the drug dog and will try to do so again.*

The Sheriff indicated a drug dog policy has been documented and given to the County Commission for their approval.

D. *The County Commission agrees and will discuss this with the Sheriff.*

The Sheriff agreed and indicated that any such future items will be to support law enforcement related activities.

E. *The County Commission indicated they will discuss this with the County Treasurer.*

The County Treasurer indicated one account has been closed and he is now receiving copies of the monthly bank statements for the remaining account.

7. Property Tax Controls

Controls over the preparation of and changes to the property tax books are not adequate. The county is not in compliance with various statutes regarding the segregation of duties involving the tax books.

The prior five audit reports have also addressed the inadequacy of the county's property tax book procedures. While the County Clerk indicated in the 1999 audit that he would implement the audit recommendations, conditions have not improved. The County Commission and County Clerk have failed to implement the procedures necessary to adequately comply with state law regarding tax books.

A. The County Clerk does not prepare or verify the current or back tax books. Instead, both the current and back tax books are generated from the computer by the County Collector. The County Clerk indicated he does select tax statements for a few individuals over a three year period to review for fluctuations in taxes due. However, there is no evidence that the County Clerk is adequately reviewing the tax calculations for accuracy or verifying the tax books charged to the County Collector. Sections 137.290 and 140.050, RSMo 2000, require the County Clerk to extend tax books and charge the County Collector with the whole amount of the current tax

books, and the aggregate amount of taxes, interest, and clerk's fees contained in the back tax books. The procedures outlined in the statutes for the preparation of the tax books provide for the separation of duties and act as a form of checks and balances on the County Assessor, County Clerk and County Collector. Failure to perform reviews of the tax books and test individual tax statement computations may result in errors and irregularities going undetected.

- B. Controls over property tax additions and abatements are not adequate. The County Assessor prepares the documentation for all additions and abatements and the County Collector uses this documentation to make changes to the property tax system. At the end of the year, the County Collector prints out all of the additions and abatements for the year for the County Commission to review and approve.

Section 137.260, RSMo 2000, requires that the tax book only be changed by the County Clerk under the order of the County Commission. Controls should be established so that the County Clerk periodically reconciles all additions and abatements to changes made to the property tax system and charges these amounts to the County Collector. Further, court orders should be approved, at least monthly, by the County Commission for all additions and abatements to the property tax system.

- C. The County Clerk does not maintain an account book with the County Collector and no procedures are performed by the County Clerk to verify the County Collector's monthly or annual settlements. As a result, the County Collector's settlements are not adequately reviewed and errors could go undetected. An account book would summarize all taxes charged to the County Collector, monthly collections, delinquent credits, abatements and additions, and protested amounts. These amounts could then be verified by the County Clerk from aggregate abstracts, tax books, court orders, monthly collection reports, and totals of all charges and credits. These verifications are the County Clerk's means of ensuring the amount of taxes charged to the County Collector and reported credits are complete and accurate.

Section 51.150(2), RSMo 2000, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury. A properly maintained account book would enable the County Clerk and the County Commission to verify the County Collector's annual settlements.

Conditions A and C were noted in prior reports.

WE RECOMMEND the County Clerk:

- A. Review the tax books for accuracy, test individual tax statements for accuracy, and document all procedures performed.

- B. Reconcile additions and abatements to the County Collector's annual settlements. In addition, the County Commission should review and approve all additions and abatements on a timely basis.
- C. Maintain an account book with the County Collector. In addition, the County Commission should consider using the account book to verify the annual settlements of the County Collector.

AUDITEE'S RESPONSE

- A. *The County Clerk will try to review some tax calculations for accuracy and document his review this year.*
- B. *The County Clerk will try to reconcile additions and abatements to the annual settlement. The County Commission agrees and will begin approving additions and abatements monthly.*
- C. *The County Clerk will try to implement procedures to review the County Collector's monthly and annual settlements.*

8. Computer Controls

The county uses a network computer system to perform its general ledger accounting, budgetary accounting and reporting, cash disbursement, assessment, and tax collection functions. Passwords or other procedures are not used to limit access, there is no formal contingency plan for the computer system in case of emergency, and backup disks are not prepared and stored at an off-site location by some officials.

- A. Passwords and other procedures are not in place to limit access to the various data files and programs utilized by the county officials. Lack of such passwords and procedures provides the potential for personnel to make undetected and unauthorized changes to information.

Since access to various information is not adequately restricted, unauthorized changes could possibly be made to programs and/or data files without the changes being detected. For example, unauthorized changes could be made to assessed valuation amounts, payment of taxes, or the extension of taxes by officials or employees in offices other than the one specifically responsible for such duties.

To establish individual responsibility, as well as help preserve the integrity of computer programs and data files, access to information should be limited to authorized individuals. A system of passwords and other procedures should be used to properly restrict access to only those data files and programs individuals need to accomplish their jobs. A unique password should be assigned to each user of a system, and these passwords should be kept confidential and changed periodically to help limit the effect of unauthorized access to computer files.

In addition to establishing passwords to properly restrict access, a security system should be in place to detect or prevent incorrect log-on attempts. An unauthorized individual could try an infinite number of times to log on the system and if successful, have unrestricted access to program and data files. To help protect computer files, a security system should be implemented to stop incorrect log-on attempts after a certain number of tries. Such a system should produce a log of the incorrect attempts which should be reviewed periodically by an authorized official.

- B. The county does not have a formal contingency plan for the computer system in case of an emergency. As a result, the county has not formally negotiated arrangements for backup facilities in the event of a disaster. The major benefit of thorough contingency planning comes from the ability of the county to recover rapidly from disaster or extraordinary situations that might cause considerable loss or disruption.
- C. Backup disks of information which could be used to provide a means of recreating destroyed master disks, are not prepared periodically by some officials, including the County Clerk and the Collector. As a result, damage to these computer systems could make it difficult, or even impossible, to retrieve or recreate lost program modifications and/or data.

In addition, while other officials do prepare backup disks, the disks are not stored at an off-site location. Failure to store the computer backup disks off-site results in the backups being susceptible to the same damage as the original data on the computer. Preparation of backup disks, along with offsite storage, would provide increased assurance that methods are available to restore any lost data or program modifications.

WE RECOMMEND the County Commission:

- A. Consult with their computer programmer and establish procedures to restrict access to computer files, including the use of unique passwords, to authorized individuals. In addition, the County Commission should implement a security system to detect and report incorrect log-on attempts after a certain number of tries.
- B. Develop a formal contingency plan including arrangements for use of alternative data processing equipment during emergency situations.

- C. Ensure backup disks are prepared and stored in a secure, off-site location.

AUDITEE'S RESPONSE

- A. *The County Commission will consult with the programmer about possible options to limit and restrict access.*
- B. *The County Commission will notify all offices to develop contingency plans regarding data processing and emergencies.*
- C. *The County Commission will notify all offices to prepare backups as needed.*

9. Fixed Asset Records and Vehicle Procedures
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The county's records and procedures relating to general fixed assets and vehicles are not adequate and several problems were noted with the controls over county property.

- A. The county has not established a written policy related to the handling and accounting for general fixed assets. Per Section 49.091, RSMo 2000, the County Commission or its designee is responsible for maintaining a complete detailed record of county property. In addition, Section 49.093, RSMo 2000, provides that the officer or their designee is responsible for performing periodic inventories and inspections. Currently, the County Clerk maintains all records of fixed assets held by county officials. These records consist of inventory index cards which include the description, serial number, date of purchase, cost, and location of the asset. According to the County Clerk, each official is responsible for reporting purchases of fixed assets to his office to be added to the fixed asset records. Our review of the general fixed asset records indicated the following areas where improvements are needed:
- Physical inventories are not conducted annually. We found no indication of when the last physical inventory had been conducted.
 - Assets are not properly numbered, tagged, or otherwise identified as county owned property.
 - The fixed asset records do not always include complete and accurate information applicable to the item. Information such as purchase price and location were incorrect for some items reviewed. In addition, the date and means of disposition was not always recorded for assets no longer owned by the county.
 - Purchases of fixed assets per the disbursement records are not reconciled to additions per the property records. During our review of equipment

purchases, we noted four of eight items were not recorded on the county's fixed asset records. These items were purchased for approximately \$22,500, and included a voting machine, mowing equipment, and computers and software for the Sheriff's Department.

Adequate general fixed asset records are necessary to secure better internal control over county property, meet statutory requirements, and provide a basis for determining proper insurance coverage required on county property. Annual physical inventories of county property are necessary to ensure the fixed asset records are accurate, identify any unrecorded additions and deletions, detect theft of assets, and identify obsolete assets.

- B. While the county does not maintain adequate fixed asset records, according to the county's property insurance files, the county owns 17 vehicles that are used for road and bridge and law enforcement purposes. Logs, which document vehicle usage, are not maintained. Without adequate vehicle usage logs, the county cannot effectively monitor the cost of operating and maintaining the vehicles or ensure that vehicles are used for official business only. These logs should indicate at a minimum, the date used, beginning/ending odometer reading, destination/purpose, and the employee utilizing the vehicle, as well as fuel and maintenance costs for each vehicle.

A similar condition was noted in our prior audit.

WE RECOMMEND the County Commission:

- A. Establish a written policy related to the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy should include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for the handling of asset disposition, and any other concerns associated with county property. In addition, annual physical inventories of all county property should be performed, and all items should be tagged or identified as county owned property.
- B. Require usage logs be maintained on all county vehicles which identify the vehicle operator, dates of use, miles driven, destination and purpose of trips, and the fuel and maintenance expenses incurred.

AUDITEE'S RESPONSE

- A. *The County Commission will try to improve fixed asset records and monitor future purchases and dispositions more closely.*
- B. *The County Commission indicated the Sheriff's vehicles should have logs, but the Road and Bridge vehicles are old, the logs would be lost, and the vehicles are used continuously during the day by multiple people for various duties.*

The Sheriff indicated he will try to implement procedures where mileage and purpose of trips are recorded.

10.

Collateral Securities

The county has not established adequate procedures to monitor collateral securities pledged by its depository bank and, as a result, funds were undercollateralized at various times during the audit period. The amount of collateral securities pledged by the county's depository bank to cover deposits of the County Treasurer and County Collector were insufficient by approximately \$270,000 and \$25,000 during December 2003 and January 2004, respectively. The high balance periods were primarily due to deposits of property tax monies collected by the County Collector for county funds and disbursed to the County Treasurer. County officials indicated they perform no monitoring procedures to ensure the collateral securities pledged are sufficient to cover the county's bank balances.

Section 110.020, RSMo 2000, requires that the value of securities pledged shall at all times be not less than 100 percent of the actual amount on deposit less the amount insured by the Federal Deposit Insurance Corporation (FDIC). Inadequate collateral securities leave county funds unsecured and subject to loss in the event of a bank failure.

WE RECOMMEND the County Commission establish monitoring procedures to ensure the depository bank pledges adequate collateral securities at all times.

AUDITEE'S RESPONSE

The County Commission will discuss this issue with the County Collector and the County Treasurer and will follow up with the bank to make sure this has been taken care of.

The County Treasurer indicated he has discussed with the bank the pledging of additional securities from approximately November through January.

11.

Apportionment of Railroad and Utility Taxes

A calculation error in the apportionment of 2002 railroad and utility taxes resulted in incorrect payments being made to two school districts. This error was due to the Deputy County Clerk apportioning the revenues for the capital projects tax levy to the incorrect school district. Such calculations appear to have been done correctly in other years. The following table indicates the amount over or (under) paid to the two school districts for the 2002 tax collections:

<u>School District</u>	<u>Actual Distribution</u>	<u>Correct Apportionment</u>	<u>Amount Over (Under) Paid</u>
LaPlata R-II	\$ 2,788	363	2,425
Adair County R-II	3,933	6,358	(2,425)

A similar condition was included in our prior report which noted an error in the calculation of the 1999 apportionment. To ensure all future apportionment calculations are correct and proper payments are made, the County Clerk should implement procedures to review all calculations for accuracy.

WE AGAIN RECOMMEND the County Clerk consult with the various school districts and the Missouri Department of Elementary and Secondary Education for guidance on how to correct this error. In addition, the County Clerk should review all future apportionment calculations to ensure accuracy.

AUDITEE'S RESPONSE

The County Clerk has contacted the school districts and adjustments will be made to future apportionments until the errors are resolved.

12. County Clerk's Accounting Controls and Procedures

Accounting duties for the County Clerk's office are not adequately segregated and no supervisory review is performed. In addition, controls are inadequate to ensure the proper safeguarding of fees received by the County Clerk as receipt slips are not issued for all monies received and no other accounting record is maintained to document all receipts collected. Also, adequate records of receipts and disbursements of the petty cash fund are not maintained and a county employee borrowed monies from the petty cash fund.

The County Clerk's office collects money for various fees and licenses, including notary fees, plat books, liquor licenses, and all-terrain vehicle permits, and then transmits the fees to the County Treasurer for deposit. According to the General Revenue Fund budget, during the years ended December 31, 2003 and 2002, the County Clerk's office collected approximately \$4,600 and \$5,200, respectively, in such fees.

- A. The duties of receiving, recording, and transmitting monies to the County Treasurer are not adequately segregated. Currently, both the County Clerk and the Deputy County Clerk perform these duties and there is no documentation that a review of receipts and accounting records is performed.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Because there are only two employees, the County Clerk and the Deputy, proper segregation of duties cannot

be achieved. Therefore, it is imperative that the County Clerk perform and document a periodic supervisory review of the records.

- B. The County Clerk's office does not have adequate controls in place to ensure the proper safeguarding of county revenue from theft, misuse or loss. Receipt slips are only issued if requested by the payor and not all receipts are consistently recorded in the County Clerk's calendar book. According to the County Clerk, monies are usually transmitted to the County Treasurer immediately upon receipt; however, no receipt slip is obtained from the County Treasurer at the time of the turnover. While the County Treasurer does eventually issue receipt slips for all monies received (see MAR 13), a copy of this receipt slip is not given to the County Clerk's office to support that all monies collected by the County Clerk's office were properly handled and transmitted to the County Treasurer.

All payments made to the County Clerk's office are accountable fees and should be remitted to the county treasury. To provide assurance all monies received have been properly transmitted to the County Treasurer, prenumbered receipt slips should be issued for all monies received, transmittal reports should be prepared to indicate which receipts are being remitted, and the composition of monies received should be reconciled to the composition of monies transmitted to the County Treasurer. In addition, the County Clerk should obtain a receipt slip from the County Treasurer at the time of the transmittal.

- C. No record is maintained of receipts, disbursements or cash balances of the County Clerk's petty cash fund. In addition, it appears accountable fees collected by the County Clerk's office are being withheld from transmittals to the County Treasurer and being used to replenish the petty cash fund. As noted in Part B above, all accountable fees should be remitted to the county treasury.

A cash count on March 11, 2004, identified \$35 of petty cash on hand as well as a note from the Deputy County Clerk indicating she had borrowed \$25 from the petty cash fund. The County Clerk indicated he was not aware of what the balance of the petty cash fund should be and because no records exist to support receipts or disbursements of this fund, it was not determined if the petty cash balance included monies received from the collection of fees by the County Clerk's office.

Section 50.370, RSMo 2000, requires every county official who receives fees for official services to pay such monies to the county treasury. If a petty cash fund is determined to be necessary, it should be kept on an imprest basis and all reimbursements should be supported by vendor invoices or other documentation. In addition, employees should not be allowed to borrow monies for personal use from the petty cash fund.

WE RECOMMEND the County Clerk:

- A. Perform and document periodic supervisory reviews of the accounting records.
- B. Issue prenumbered receipt slips for all monies, transmit all monies received, and obtain a receipt slip from the County Treasurer at the time of transmittal. The County Clerk should ensure that transmittals indicate which receipts are included in the transmittal and reconcile the cash, checks, and money orders received to the composition of receipt slips and transmittals.
- C. Ensure all monies collected are transmitted intact to the County Treasurer. If a petty cash fund is determined to be necessary, it should be funded by the county, maintained on an imprest basis, and documentation should be retained to support all expenditures. In addition, the County Clerk should discontinue the practice of allowing employees to borrow monies.

AUDITEE'S RESPONSE

- A&B. The County Clerk will try to ensure all receipts are recorded on the calendar and the monies transmitted to the County Treasurer agree to the recorded receipts.*
- C. The County Clerk will try to limit the uses for petty cash and only maintain a change fund. He will discontinue allowing employees to borrow monies.*

13. County Treasurer's Accounting Controls and Procedures
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Receipt slips are not issued immediately upon receipt for some monies and some monies are not deposited intact. In addition, no procedures are performed to reconcile the composition of monies received to the composition of monies deposited.

The County Treasurer will hold miscellaneous receipts, including monies received from other fee offices for copies, map sales, plat book sales, etc., until several receipts have been collected before issuing a receipt slip. As a result, deposits are not always made intact, as these miscellaneous receipts may be withheld for deposit until several such receipts have been collected. No procedures are performed to reconcile the composition of all monies received, including the miscellaneous receipts, to the composition of monies deposited.

To reduce risk of loss or misuse of county resources, the County Treasurer should record monies and prepare prenumbered receipt slips immediately upon receipt for all monies, and all monies should be deposited intact daily or when accumulated receipts exceed \$100. In addition, to ensure receipts are accounted for properly, the composition of receipt slips issued should be reconciled to the composition of deposits.

WE RECOMMEND the County Treasurer issue receipt slips immediately upon receipt for all monies and ensure all monies are deposited intact daily or when accumulated receipts exceed \$100. In addition, the composition of receipt slips issued should be reconciled to the composition of monies deposited.

AUDITEE'S RESPONSE

The County Treasurer indicated this will be implemented. All monies will be receipted daily and deposited when total accumulated receipts exceed \$100. In addition, reconciliations of the composition of receipts to the composition of deposits will be performed.

14. County Collector's Accounting Controls and Procedures
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No reconciliation of the composition of receipts to the composition of deposits is performed by the County Collector. Such reconciliation is difficult because cash refunds are made for overpayments of fees paid by check and occasionally the County Collector will use personal monies to cover any minimal shortages that may occur.

The County Collector is responsible for collecting and distributing property taxes for most political subdivisions within the county. During the years ended February 28, 2004 and 2003, the County Collector collected property taxes totaling approximately \$3 million and \$3.1 million, respectively.

Although the County Collector does note any differences in each day's total receipts compared to the total deposit, no reconciliation is performed to ensure that the composition of receipts, adjusted for cash differences and cash refunds, reconciles to the composition of deposits.

To safeguard receipts and reduce the risk of loss, theft, or misuse of funds, the composition of receipts should be reconciled to the composition of deposits.

WE RECOMMEND the County Collector reconcile the composition of receipts to the composition of deposits.

AUDITEE'S RESPONSE

The County Collector agrees and will document when cash refunds are given and will reconcile the composition of receipts to deposits.

15. County Assessor's Accounting Controls and Procedures

Accounting duties for the Assessor's office are not adequately segregated and no supervisory review is performed. In addition, the method of payment is not consistently indicated on all receipt slips, the composition of monies collected is not reconciled to the composition of monies turned over to the County Treasurer, and receipt slips were not always issued in numerical sequence. The Assessor collected various fees from the sale of maps and property record cards totaling approximately \$577 and \$386 in 2003 and 2002, respectively.

- A. The duties of receiving, recording, and transmitting monies to the County Treasurer are not adequately segregated. Currently, all employees of the Assessor's office perform these duties and there is no documentation that an independent review of receipts and accounting records is performed.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating duties of receiving, recording, and transmitting receipts. If proper segregation of duties cannot be achieved, at a minimum, a periodic supervisory review of the records should be performed and documented.

- B. No reconciliation of receipt slips to the amount and composition of monies transmitted to the County Treasurer is performed. The Assessor is unable to perform such comparisons because receipt slips sometimes do not indicate the method of payment, no report is prepared by the Assessor's office to document the amount and composition of receipts turned over to the County Treasurer, and no documentation or receipt slip is received from the County Treasurer to indicate the amount or composition of monies transmitted (see MAR 13.)

To adequately account for all monies receipted and to provide assurance all monies received have been properly transmitted to the County Treasurer, the method of payment should be recorded on all receipt slips, documentation of monies transmitted to or received by the County Treasurer should be maintained, and the composition of receipt slips issued should be reconciled to the composition of the monies transmitted to the County Treasurer.

- C. Prenumbered receipt slips were not always issued in numerical sequence. To ensure receipts are accounted for properly, receipt slips should be issued in numerical sequence.

WE RECOMMEND the Assessor:

- A. Adequately segregate duties among available employees and/or establish a documented periodic review of the accounting records by an independent person.

- B. Reconcile the composition of receipts to the composition of monies transmitted to the County Treasurer. In addition, the Assessor should ensure the method of payment is indicated on all receipt slips issued, and obtain a receipt slip or other documentation from the County Treasurer at the time of transmittal.
- C. Issue receipt slips in numerical sequence.

AUDITEE'S RESPONSE

A. *The County Assessor will begin reviewing the transmittal of monies turned over to the County Treasurer and will compare the transmittal to receipt slips issued.*

B&C. This has been implemented.

16.	Sheriff's Accounting Controls and Procedures
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Accounting duties for the Sheriff's office are not adequately segregated and no supervisory review is performed. In addition, receipt slips are not issued for some monies received, deposits are not always made on a timely basis, and checks and money orders are not restrictively endorsed immediately upon receipt. Concerns were also noted regarding the Sheriff's procedures relating to paper service and the controls over seized property.

A. Accounting duties of the Sheriff's office are not adequately segregated. The Sheriff's secretary is responsible for receiving, depositing and disbursing monies, preparing bank reconciliations, and maintaining the accounting records. There is no documentation that an independent review of deposits and accounting records is performed.

Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of depositing receipts from reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, a periodic supervisory review of the records should be performed and documented.

B. 1) Receipt slips were not issued for 16 of the 20 bonds reviewed. Since bonds collected are deposited into the Sheriff's bank account, the composition of receipt slips does not reconcile to the composition of deposits.

To adequately account for all receipts, prenumbered receipt slips should be issued for all monies received, the numerical sequence of receipt slips should be accounted for, and the composition of receipt slips issued should be reconciled to the composition of deposits.

- 2) Deposits are not always made on a timely basis. Our review of deposits made from October 2003 through December 2003, indicated deposits are made on average once a week. During this review, we also noted that receipts totaling \$124, \$140, \$202, and \$157 were held 12, 11, 8, and 6 days, respectively, before being deposited.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited daily or when accumulated receipts exceed \$100.

- 3) Checks and money orders received are not restrictively endorsed immediately upon receipt. Instead, the endorsement is applied at the time the deposit is made. However, as noted above, deposits are not always made on a timely basis. To reduce the risk of loss or misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt.

C. The Sheriff's office frequently serves papers for attorneys, courts, and other counties relating to civil and criminal cases. The Sheriff's office collects fees and mileage reimbursements in return for serving papers.

- 1) Fees for paper service are frequently received prior to delivery of the papers; however, these monies are not receipted and deposited until the papers have actually been delivered. Most fees are received by check, and the Sheriff's secretary indicated the checks are returned to the payor if the papers cannot be served.

To ensure paper service fees are accounted for properly, receipt slips should be issued immediately upon receipt and the monies deposited into the Sheriff's bank account. If it is later determined that the related papers cannot be served, refund checks should be issued.

- 2) In some instances, the paper service fee is not collected before the service is performed. There are no procedures to monitor, collect, and follow-up on these past due paper service fees and the Sheriff's office has not determined the total costs due for paper service fees. By not adequately monitoring unpaid paper service fees, these fees could remain uncollected and might eventually result in lost revenue.

To facilitate collection of paper service fees, proper follow-up action should include preparing billings for outstanding paper service fees and performing periodic reconciliations of billings, collections, and other adjustments. Such reconciliations will help to ensure all amounts have been accounted for properly.

D. Our review of seized property noted the following concerns:

- 1) Adequate controls over seized property have not been established. A complete log of seized property is not maintained and periodic inventories of the property on hand are not conducted. In addition, although some property was identified with a tag or case number, some property did not include any identification.

Considering the often sensitive nature of the seized property, adequate internal controls are essential and would significantly reduce the risk of theft or misuse of the stored items. An inventory control record should include information such as description, persons involved, current location, case number, and disposition of such property. Officers should be required to sign the inventory record each time evidence is removed from the room. In addition, periodic physical inventories should be performed and the results compared to the inventory records to ensure that seized property is accounted for properly.

- 2) Procedures have not been implemented to periodically review cases and dispose of related seized property items. As a result, numerous items for which the related cases have been disposed in court are being stored. Property is on hand dating back to the late 1970s and early 1980s.

Section 542.301(5), RSMo 2000, states seized property may be ordered sold or destroyed by a judge if not claimed within one year from the date of seizure.

WE RECOMMEND the Sheriff:

- A. Adequately segregate accounting duties or ensure periodic supervisory reviews are performed and documented.
- B.1. Issue prenumbered receipt slips for all monies received and reconcile the composition of receipts to the composition of bank deposits.
 2. Deposit all receipts daily or when accumulated receipts exceed \$100.
 3. Restrictively endorse checks and money orders immediately upon receipt.
- C.1. Issue receipt slips for paper service fees immediately upon receipt and deposit all paper service fees in the bank account. Any refunds should be made by check.
 2. Establish adequate procedures to monitor and collect unpaid paper service fees.

- D.1. Maintain a complete inventory record of all seized property including information such as a description, persons involved, current location, case number, and disposition of such property. Also, all items should be properly identified. In addition, a periodic inventory should be performed and compared to the inventory listing and any differences investigated.
- 2. Adopt procedures to periodically follow up on seized property items and obtain written authorization to dispose of the items upon final disposition of the cases.

AUDITEE'S RESPONSE

A. *The Sheriff indicated that review procedures will be implemented to review accounting records and bank reconciliations.*

B.1&3. These have been implemented.

2. *The Sheriff indicated deposits are now made when accumulated receipts exceed \$100.*

C.1. This has been implemented.

2. *The Sheriff indicated a record of outstanding paper service fees is in the process of being prepared. He will be implementing procedures to review and follow up on unpaid paper service fees.*

D.1. The Sheriff indicated he has started an inventory record of all new seized property. He plans to inventory old seized property in the future as time permits.

2. *The Sheriff indicated he will obtain a written order from the Circuit Judge to dispose of old property no longer needed.*

17. Prosecuting Attorney's Accounting Controls and Procedures
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Accounting duties for the Prosecuting Attorney's office are not adequately segregated and no supervisory review is performed. In addition, money orders and cashier's checks are not restrictively endorsed immediately upon receipt and receipts are not posted to the accounting records and deposited daily or when accumulated receipts exceed \$100. The Prosecuting Attorney collected fees and restitution on bad checks totaling approximately \$14,800 and \$12,800 for the years ended December 31, 2003 and 2002, respectively.

A. Accounting duties are not adequately segregated. Currently, all accounting duties, including receiving and recording bad check complaints and payments, depositing and disbursing monies, and preparing bank reconciliations, are primarily performed by one secretary with no documented independent review or oversight.

Internal controls would be improved by segregating the duties of receiving and recording complaints and payments from the duties of depositing and disbursing monies. If duties cannot be adequately segregated, at a minimum, someone independent should periodically review the accounting records, compare monies received with deposits and disbursements, and ensure recorded dispositions appear proper. Failure to adequately segregate duties or provide a supervisory review increases the risk that errors or irregularities will not be detected in a timely manner.

- B. Money orders and cashier's checks payable to the Prosecuting Attorney are not restrictively endorsed immediately upon receipt; rather endorsement is applied when the deposit is prepared. In addition, receipts are not posted to the accounting records until the deposit is prepared and deposits are not always prepared daily or when accumulated receipts exceed \$100.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, all money orders and cashier's checks should be restrictively endorsed immediately upon receipt and all monies should be posted to accounting records and deposited daily or when accumulated receipts exceed \$100.

A similar condition was noted in our prior report.

WE RECOMMEND the Prosecuting Attorney:

- A. Adequately segregate accounting duties or ensure periodic independent reviews are performed and documented.
- B. Restrictively endorse all money orders and cashier's checks immediately upon receipt and ensure all monies are recorded and deposited daily or when accumulated receipts exceed \$100.

AUDITEE'S RESPONSE

- A. *In April 2004, the Prosecuting Attorney implemented procedures for one employee to review the records and reconciliations of another employee. In August 2004, the Prosecuting Attorney also started reviewing these records and reconciliations.*
- B. *The Prosecuting Attorney has started depositing every day as of August 1, 2004 and endorsement is now applied as checks are received.*

18. Circuit Clerk's Accounting Controls and Procedures

A complete listing of accrued costs owed to the court is not maintained by the Circuit Clerk and monitoring procedures related to accrued costs are not adequate. In addition, the Circuit Clerk's open items listing as of December 31, 2003, included approximately \$2,900 for 32 cases that were at least 8 years old.

- A. While the Circuit Clerk does maintain a listing of accrued costs owed to the court, the listing is incomplete as it contains only criminal cases. This listing does not include non-criminal cases, such as civil, domestic relations, and juvenile cases. When a criminal case is closed and the costs determined, the Circuit Clerk prepares and sends a cost bill to the defendant. Second notices are sent for some criminal cases; however, no collection procedures are performed for non-criminal cases. Accrued costs as of December 31, 2003, for criminal cases totaled approximately \$62,900, but no estimate of total accrued costs for all cases could be determined. By not adequately monitoring accrued costs, these costs could remain uncollected and might eventually result in lost revenue.
- B. The Circuit Clerk accepts partial payments of accrued costs and accumulates them until the entire balance has been collected. The Circuit Clerk's open items listing includes numerous older cases containing balances which are insufficient to cover all costs charged to the case. Included on the open items listing are approximately 32 cases dating to 1995 or before, on which approximately \$2,900 is being held. In addition, monies dating back twenty years or more have not yet been disbursed. If it appears unlikely the remaining amounts owed will be collected, a court order should be obtained to allow the balance in the cases to be prorated among the various court costs.

Attorney General's Opinion No. 26, 1973 to Osborne, concluded that "If, when liability has been established, accrued costs cannot be collected in full, charges not having any statutory priority or not allocated under court rule should be prorated." Old inactive case balances increase the volume of cases which must be monitored and controlled, putting a greater burden on limited personnel resources. In addition, failure to prorate available monies when it is unlikely the balance will be collected, deprives the state and county of the use of those monies.

WE RECOMMEND the Circuit Clerk:

- A. Maintain a complete record of accrued costs and establish procedures to follow up and pursue timely collection of all costs owed to the court.
- B. Review older cases with the Circuit Judge and determine the appropriate disposition of inactive cases.

AUDITEE'S RESPONSE

- A. *The Circuit Clerk indicated that within the next year the accrued cost listing will be completed. He is working with the Circuit Judge and the Probation Officer to pursue collection of costs owed to the court.*
- B. *The Circuit Clerk indicated he has discussed the disposition of inactive cases with the Circuit Judge and is working on how to distribute the monies collected; this will be completed within the next year.*

19. Public Administrator's Accounting Controls and Procedures
--

The Public Administrator acts as the court appointed personal representative for wards and decedent estates of the Probate Court and is responsible for receiving, disbursing, and accounting for the assets of those individuals and estates. During the two years ended December 31, 2003, the Public Administrator handled approximately twenty cases. The Public Administrator did not maintain documentation of monthly bank reconciliations, did not account for the numerical sequence of disbursements on the annual settlements, and did not maintain documentation to support the calculation of fees charged to some wards' estates.

- A. Although the Public Administrator indicated she performs monthly bank reconciliations for each ward, no documentation of the bank reconciliations is prepared to support that the cumulative book balance agreed to the bank balance or that outstanding checks and any deposits in transit were reviewed. In addition, inadequate details regarding receipts and disbursements listed in the check register, such as missing dates of direct deposits and electronic transfers, make it difficult to compare the cumulative book balance to the bank balance.

Complete and accurate cash control records, including check registers, are necessary to provide accountability over funds, provide summarized financial information, and facilitate reconciliations between bank and book balances. In addition, formal documented bank reconciliations are necessary to ensure accounting records agree with bank records and to detect errors in a timely manner.

- B. Disbursements reported on the annual settlements were not always identified by check number. In addition, when check numbers were identified, checks were not listed in numerical sequence or were missing from the numerical sequence. Discussion with the Public Administrator indicated that these missing checks were voided; however, voided checks are not retained and are not documented on the annual settlements.

To properly account for all disbursements, checks issued should be recorded in numerical order on the annual settlement. In addition, voided checks should be properly defaced and retained, and accounted for on the annual settlement.

- C. The Public Administrator earns a fee when performing her duties as the court appointed personal representative for some wards. This fee is charged to the ward and remitted to the Public Administrator. According to the Public Administrator, cases are either charged a fee of five percent based on the lesser of income or disbursements of the ward or the cases are charged a fee based on services performed. For the two years ended December 31, 2003, the Public Administrator received approximately \$7,000, in fees from cases charged five percent and \$11,300 in fees from cases charged based on services performed.

No documentation is maintained to support the determination of when a case is charged a fee of five percent or when the fee is based on services performed. For those wards charged a fee based on services performed, there was no documentation to support how the amount was calculated. For example, no estimation of time spent at an hourly rate is calculated. The Public Administrator stated that some wards are charged fees depending on the availability of funds in the ward's estate; however, for these wards no documentation was maintained to support how the actual fee paid was determined.

There is no written policy detailing when the five percent fee should be applied or when a different basis is used to determine the fee paid. In addition, there is no written policy detailing how the actual fee amount charged is determined when the five percent basis is not used. Without a written policy identifying how fees are charged to the various cases and without a consistent application of fees, there is no assurance that cases are handled equitably or that fees are properly calculated.

WE RECOMMEND the Public Administrator:

- A. Maintain complete and accurate cash control records and perform monthly documented bank reconciliations for each ward.
- B. Account for the numerical sequence of all checks on the annual settlements. In addition, all voided checks should be properly defaced and retained.
- C. Work with the Associate Circuit Judge to develop written guidelines that identify the process for charging fees. Written documentation of fee calculations should be prepared and maintained for all annual settlements and submitted to the Probate Court for approval.

AUDITEE'S RESPONSE

- A. *This has been implemented.*
- B. *The Public Administrator indicated the numerical sequence of checks will be accounted for on the next annual settlements prepared. All voided checks are now properly defaced and retained.*

- C. *The Public Administrator indicated this will be discussed with the Associate Circuit Judge and they will document a policy for fees.*

20.

Health Center

Concerns with the Health Center's records and procedures include not reconciling the composition of receipts to the composition of deposits, not issuing receipt slips for some monies received and not depositing intact, no current depositary agreement with a local bank, and inadequate computer controls.

- A. No reconciliation of receipt slips to the amount and composition of monies deposited is performed. Such comparisons would be difficult because receipt slips are not issued for some monies received and some receipts are not deposited intact. Receipt slips are not consistently issued for monies received from the state and from other counties. In addition, monies received for fee for service receipts, including immunizations and blood testing, are withheld from other receipts and usually deposited every two to three weeks when accumulated receipts are approximately \$200. Receipts for other than fee for service monies, including grant monies and vital records, are deposited daily or when accumulated receipts exceed \$100.

To adequately safeguard receipts against loss, theft, or misuse of funds, prenumbered receipt slips should be issued immediately upon receipt for all monies received or listings or logs of all monies collected should be prepared. In addition, the composition of receipts should be reconciled to the composition of deposits, and all deposits should be made intact daily or when accumulated receipts exceed \$100.

Similar conditions were noted in our prior audit report.

- B. The Health Center does not have a current written depositary agreement with its local depositary bank. The most recent depositary agreement was dated 1993. Section 110.130, RSMo 2000, requires the Health Center to enter into agreements with the banks selected as depositaries during the May term of 1997, and every fourth year thereafter.

A current depositary agreement is necessary to ensure both the bank and the Health Center understand and comply with the agreement. Such an agreement may cover issues such as costs of checking accounts and safe deposit boxes, interest charges for borrowed funds, interest to be paid on certificates of deposit, savings accounts, and interest bearing checking accounts, and should include collateral securities required to be pledged.

- C. Our review of the Health Center's computer system indicated the following areas where improvements are needed:

- 1) The Health Center does not have a formal contingency plan for the computer system in case of emergency. As a result, the Health Center has not formally negotiated arrangements for backup facilities in the event of a disaster. The major benefit of thorough contingency planning comes from the ability of the Health Center to recover rapidly from disaster or extraordinary situations that might cause considerable loss or disruption to the Health Center.
- 2) The Health Center periodically prepares backup disks of all financial information; however, the backup disks are not stored at an off-site location. Backups of computer information provide a means for recreating destroyed data. Failure to store the computer backup disks off-site results in the backups being susceptible to the same damage as the original data on the computer. Backup disks should be maintained and stored off-site to provide increased assurance that county data can be recreated.

WE RECOMMEND the Health Center Board:

- A. Require receipt slips be issued upon receipt for all monies received or require a log or listing be maintained for all monies collected. In addition, reconciliations of the composition of receipts to the composition of deposits should be performed, and all receipts should be deposited intact daily or when accumulated receipts exceed \$100.
- B. Enter into written agreements with depository banks in compliance with state law.
- C.1. Develop a formal contingency plan including arrangements for use of alternative data processing equipment during emergency situations.
2. Ensure backup disks are prepared and stored in a secure, off-site location.

AUDITEE'S RESPONSE

- A. *The Health Center Administrator indicated receipt slips are now issued for all monies received, the composition of receipts is reconciled to the composition of deposits, and deposits are made as accumulated receipts exceed \$100.*
- B. *This has been implemented.*
- C.1. *The Health Center Administrator indicated they are in the process of developing a formal contingency plan.*
2. *The Health Center Administrator indicated they are preparing backup disks and are in the process of making arrangements to store the backups at an off-site location.*

Follow-Up on Prior Audit Findings

KNOX COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Knox County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 1999.

The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Financial Condition

The financial condition of the county's General Revenue Fund was weak.

Recommendation:

The County Commission consider the various alternatives of increasing receipts and/or reducing disbursements.

Status:

Implemented. The approval of a half-cent law enforcement sales tax by county voters which became effective January 1999 has helped allow the financial condition of the county's General Revenue Fund to improve.

2. County Expenditures

- A. Actual expenditures exceeded budgeted amounts for some funds.
- B. The County Commission approved some payments to vendors without requiring acknowledgment of receipt of goods or services.
- C. Vendor invoices or other documentation were not available to support \$32,296 in expenditures that were approved for payment.

Recommendation:

The County Commission:

- A. And the Health Center Board of Trustees not authorize warrants in excess of budgeted expenditures. If valid reasons necessitate excess expenditures, the original budget should be formally amended and filed with the State Auditor's office.
- B. Require acknowledgment of receipt of goods and/or services prior to payment.

C. Ensure supporting documentation is maintained for all expenditures.

Status:

A. Not implemented. See MAR finding number 5.

B&C. Not implemented. See MAR finding number 6.

3. County Financial Statements and Commission Minutes

A. The annual published financial statements of the county did not include the financial activity of some county funds as required.

B. The County Clerk did not prepare adequate records of County Commission meetings.

Recommendation:

The County Commission:

A. Ensure financial information for all county funds is properly reported in the annual published financial statements.

B. Ensure a complete record of meetings is prepared and approved on a timely basis.

Status:

A. Not implemented. See MAR finding number 5.

B. Not implemented. See MAR finding number 4.

4. Apportionment of Railroad and Utility Taxes

A calculation error in the apportionment of 1999 railroad and utility taxes by the County Clerk resulted in incorrect payments of railroad and utility taxes to the various school districts.

Recommendation:

The County Clerk consult with the various school districts and the Missouri Department of Elementary and Secondary Education for guidance on how to correct these past errors.

Status:

Partially implemented. While the school districts were contacted and adjustments made to correct the 1999 apportionment errors, our review of the calculations for the apportionment of 2002 railroad and utility taxes noted additional errors. See MAR finding number 11.

5. Personnel and Payroll Policies and Procedures

- A. Time sheets or other records of actual time worked were not maintained by salaried employees.
- B. Centralized records of leave balances and leave used and earned were not maintained.
- C. The county did not keep records of mileage incurred on the county vehicle used by a Road and Bridge employee for commuting purposes.
- D. Several county employees from various offices with access to money were not covered by an employee bond.

Recommendation:

The County Commission:

- A. Require all county employees to prepare time sheets which reflect actual time worked and leave taken. These time sheets should be prepared and signed by the employee, approved by the applicable supervisor, and filed with the County Clerk.
- B. Maintain centralized records of leave earned, used, and accumulated for all county employees.
- C. Comply with IRS guidelines for reporting fringe benefits related to commuting in county-owned vehicles. In addition, the county should establish a written policy for road and bridge employees regarding the appropriate use of county vehicles for commuting purposes and ensure records are kept which distinguish commuting and business mileage.
- D. Consider obtaining adequate bond coverage for all employees with access to monies.

Status:

A, B

&D. Not implemented. See MAR finding number 3.

- C. Not implemented. The Road and Bridge Supervisor is allowed to use a county vehicle for commuting purposes as he is on-call 24 hours a day. If the County

Commission believes this employee should be exempt from taxable fringe benefits due to the 24 hour on-call status, this decision should be adequately documented in the minutes. Although not repeated in the current report, our recommendation remains as stated above. For any county vehicle used by Road and Bridge Department employees, the Sheriff, or a Deputy Sheriff, no written policy has been developed and no records are maintained regarding the use of the county vehicles by these employees. See MAR finding number 9.

6. County Clerk's Accounting Controls and Procedures

- A. The County Clerk neither prepared nor verified the tax books.
- B. The County Clerk did not maintain an account book with the County Collector.

Recommendation:

The County Clerk:

- A. Verify the tax books generated by the County Collector's office.
- B. Establish and maintain an account book with the County Collector. The County Commission should use the account book to verify the County Collector's annual settlements.

Status:

A&B. Not implemented. See MAR finding number 7.

7. Prosecuting Attorney's Accounting Controls and Procedures

- A. Receipt slips were not issued for all monies received.
- B. Monthly bank reconciliations were not compared to the check register.
- C. Monthly listings of open items (liabilities) were not prepared and, consequently, liabilities were not reconciled with the cash balance on a periodic basis.
- D. Receipts were not always kept in a secured location until the deposit and money orders were not restrictively endorsed when received.

Recommendation:

The Prosecuting Attorney:

- A. Ensure all monies received are recorded on prenumbered receipt slips. In addition, the method of payment should be recorded on these receipt slips and reconciled to deposits.
- B. Ensure monthly bank reconciliations are performed and compared to the check register.
- C. Prepare monthly listings of open items and reconcile the listings to the cash balances.
- D. Restrictively endorse money orders immediately upon receipt and keep receipts in a secure location until deposited.

Status:

- A. Partially implemented. While receipt slips, which do indicate method of payment, are issued for all monies received, and receipts are reconciled to deposits, the receipt slips are not prenumbered. Although not repeated in the current report, our recommendation remains as stated above.

B&C. Implemented.

- D. Partially implemented. While receipts are now kept in a secure location, money orders are not restrictively endorsed immediately upon receipt. See MAR finding number 17.

8. Ex Officio Recorder of Deeds Accounting Controls and Procedures

The method of payment for receipts was not consistently indicated on the abstract of fees. In addition, monies were not deposited intact as cash refunds were made for overpayments of fees paid by check, and no record was maintained of the actual amount received and the amount refunded.

Recommendation:

The Ex Officio Recorder of Deeds record the method of payment on the abstract of fees and reconcile the composition of receipts to the composition of bank deposits. In addition, the Ex Officio Recorder of Deeds should deposit all monies intact and write checks for refunds of overpayments.

Status:

Partially implemented. While the method of payment is recorded on the abstract of fees, cash refunds are still given for overpayments of fees paid by check. However, all cash refunds are documented and the composition of receipts is reconciled to the composition of bank deposits. Although not repeated in the current report, our recommendation remains as stated above.

9. Health Center

- A. Receipt slips were not prenumbered and were not issued for some monies received.
- B. The Health Center calculated overtime worked by employees covered under the Fair Labor standards Act at straight time rather than time and one-half.
- C. During the two years ended December 31, 1999, the Health Center did not update its property records, and did not number, tag, or otherwise identify property items. In addition, annual inventories of property were not performed.

Recommendation:

- A. Issue prenumbered receipt slips for all monies received and account for the numerical sequence of those receipt slips.
- B. Ensure overtime pay or compensatory time earned is calculated in accordance with the Fair Labor Standards Act.
- C. Maintain property records for general fixed assets that include all pertinent information for each asset, such as tag number, description, cost, acquisition date, location, and subsequent disposition, if applicable. In addition, an actual physical inventory of the various property items should be performed periodically.

Status:

- A. Partially implemented. While the numerical sequence of receipt slips issued is accounted for properly, prenumbered receipt slips are not issued for all monies received. See MAR finding number 20.

B&C. Implemented.

10. Sheriff's Accounting Controls and Procedures

Formal bank reconciliations were not prepared on a timely basis.

Recommendation:

The Sheriff prepare bank reconciliations monthly and reconcile to accounting records.

Status:

Implemented.

STATISTICAL SECTION

History, Organization, and
Statistical Information

KNOX COUNTY, MISSOURI HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

Organized in 1845, the county of Knox was named after Henry Knox, a General of the American Revolution. Knox County is a county-organized, third-class county and is part of the Second Judicial Circuit. The county seat is Edina.

Knox County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 521 miles of county roads and approximately 500 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 5,580 in 1980 and 4,361 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,				
		2003	2002	2001	2000	1985*
		(in millions)				
Real estate	\$	30.4	31.0	30.4	30.8	26.7
Personal property		13.0	13.3	12.1	11.5	6.5
Railroad and utilities		8.7	10.1	10.1	10.0	9.0
Total	\$	52.1	54.4	52.6	52.3	42.2
						1980**

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Knox County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,			
		2003	2002	2001	2000
General Revenue Fund	\$	.2700	.2800	.2553	.2904
Special Road and Bridge Fund		.6431	.6431	.6431	.6400
Health Center Fund		.1000	.1000	.1000	.1000

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

Year Ended February 28 (29),				
	2004	2003	2002	2001
State of Missouri	\$ 15,870	16,293	15,614	15,629
General Revenue Fund	146,166	155,347	137,639	155,054
Special Road and Bridge Fund	337,048	346,158	331,380	320,328
Assessment Fund	29,360	30,015	28,776	28,250
Health Center Fund	52,371	53,808	51,554	51,609
School districts	1,965,234	2,006,510	1,906,628	1,879,624
Library district	52,371	53,808	51,554	51,609
Ambulance district	198,362	203,687	195,201	195,338
Nursing homes	78,584	80,708	77,358	77,285
Troublesome Creek Watershed	10,553	10,139	9,954	9,548
Tax sale surplus	0	0	500	19,796
Refund	0	114	30,623	40
Cities	46,075	40,331	38,182	35,123
County Clerk	61	69	69	68
County Employees' Retirement	13,702	14,910	13,828	10,959
Tax Maintenance Fund	3,411	2,116	0	0
Commissions and fees:				
General Revenue Fund	44,209	45,357	43,273	41,886
Collector	616	459	474	332
Total	\$ 2,993,993	3,059,829	2,932,607	2,892,478

Percentages of current taxes collected were as follows:

Year Ended February 28 (29),				
	2004	2003	2002	2001
Real estate	95.7	95.9	95.4	95.6 %
Personal property	94.0	93.8	92.4	94.1
Railroad and utilities	100.0	100.0	100.0	100.0

Knox County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$.0050	None	50	%
General	.0050	2005	None	
Road and Bridge Capital Improvement	.0050	2004	None	
Law Enforcement Sales Tax	.0050	2006	None	

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2004	2003	2002	2001	2000
County-Paid Officials:	\$				
L.P. Mayfield, Presiding Commissioner		21,120	15,629	15,134	15,134
Terry Marble, Associate Commissioner		15,840	14,850	14,355	11,967
Michael McGinnis, Associate Commissioner		15,840	14,850	14,355	11,967
Bill Baker, County Clerk		32,000	24,485	24,485	24,485
William Alberty, Prosecuting Attorney		39,000	30,144	30,144	30,144
Michael Kite, Sheriff		28,500	27,750	27,750	
Daniel Bishop, Sheriff					26,257
Allen Gudehus, County Treasurer		23,704	17,574	17,574	17,574
Allen G. Rimer, County Coroner		6,375	6,375	6,375	4,376
Kathy Poore, Public Administrator (1)		21,276	29,828	31,218	23,945
Brenton Karhoff, County Collector (2), year ended February 28 (29),	32,616	28,389	28,404	28,262	
Vance Parrish, County Assessor (3), year ended August 31,		29,060	27,316	27,316	27,316

(1) Includes fees received from probate cases.

(2) Includes \$616, \$459, \$474 and \$332, respectively, of commissions earned for collecting city property taxes.

(3) Includes \$900 annual compensation received from the state.

State-Paid Officials:

James Gibbons, Circuit Clerk and Ex Officio Recorder of Deeds	47,300	47,300	47,300	46,127
Garry Lewis, Associate Circuit Judge	96,000	96,000	96,000	97,382



**BENTON COUNTY, MISSOURI
YEARS ENDED DECEMBER 31, 2003 AND 2002**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-71
September 20, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

September 2004

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Benton County, that do not have a county auditor. In addition to a financial and compliance audit of various county operating funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Benton County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The county's General Revenue Fund is experiencing a declining cash balance. Despite a growth in receipts, the county has spent more than it received during the last two years and anticipates a similar situation during 2004. The General Revenue Fund 2004 budget document projects a \$800 year-end cash balance.
- The county's criteria and selection procedures related to selecting an architect to design and administer the construction of an E-911 facility were not adequately documented. In addition, although significant building design changes were made after bids on the original design for the E-911 facility were opened, the county did not reject all bids and re-bid the project.
- In 1999, mid-term raises, of approximately \$9,986, were given to the Associate Commissioners. On May 15, 2001, the Missouri Supreme Court handed down an opinion that challenged the validity of Section 50.333.13, RSMo, which allowed county salary commissions in 1997 to provide mid-term salary increases for associate county commissioners. The Supreme Court held this section of law violated Article VII, Section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county and municipal officers during the term of office. The county has not documented its review of the Supreme Court decision.
- The County Treasurer did not prepare proper bank reconciliations, distribute surplus monies from land tax sales as provided by law, or prepare semiannual settlements.
- Numerous problems were noted with the County Collector's control procedures. Bank reconciliations are not prepared on a timely basis and bank balances are not reconciled to liabilities, resulting in a \$5,100 shortage in the bank accounts. A \$1,358 shortage from the prior audit was reimbursed by the collector. Outstanding

(over)

YELLOW SHEET

checks are not monitored and approximately \$8,055 in old outstanding checks were added back to the cash balance in the collector's records with no effort made to locate payees or reissue new checks. Some bank account balances were not adequately monitored for the sufficiency of pledged collateral securities or commercial insurance.

- Several problems were noted with the County Collector's property tax collection, distribution, and reporting procedures. Surtax collections continue to be distributed based on 1985 information. Property tax collection services provided to cities either are not supported by a written agreement or are based on outdated written agreements. Interest income earned from March 2000 through February 2004, totaling in excess of \$36,000, has not been distributed. Annual settlements were filed late, contained errors, and were not reviewed by the County Commission.
- In our prior report it was noted the County Collector was not properly distributing payment in lieu of tax monies, resulting in approximately \$12,000 being due from the county's General Revenue Fund to various political subdivisions. While these monies are now being properly distributed, the \$12,000 error has not been corrected.
- The Sheriff has not provided for a proper segregation of recordkeeping duties, the identification of liabilities, and timely deposits.
- The Health Center's budget document did not adequately project the anticipated financial position for the health center fund.

All reports are available on our website: www.auditor.mo.gov

BENTON COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Benton County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Benton County, Missouri, as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Benton County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2003 and 2002, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated April 15, 2004, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Benton County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.



Claire McCaskill
State Auditor

April 15, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Regina Pruitt, CPA
In-Charge Auditor:	John Lieser, CPA
Audit Staff:	Flower Chadraabal
	Malcolm Nyatanga



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission
and
Officeholders of Benton County, Missouri

We have audited the financial statements of various funds of Benton County, Missouri, as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated April 15, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of various funds of Benton County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Benton County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all

matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Benton County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

April 15, 2004 (fieldwork completion date)

Financial Statements

Exhibit A-1

BENTON COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2003

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 262,253	1,729,013	1,808,530	182,736
Special Road and Bridge	635,338	1,320,698	1,216,442	739,594
Assessment	78	208,968	212,997	(3,951)
Law Enforcement Training	7,669	7,179	4,999	9,849
Prosecuting Attorney Training	934	1,791	1,389	1,336
Capital Improvement Sales Tax	434,481	774,261	564,355	644,387
Insurance	135,143	130,134	182,569	82,708
Adult Abuse	263	556	507	312
Prosecuting Attorney Bad Check	158	17,687	16,316	1,529
Recorder's User Fees	28,396	27,005	19,813	35,588
Prosecuting Attorney Delinquent Tax	3,227	1,971	0	5,198
Juvenile Detention	19,903	37,409	33,100	24,212
Sheriff Drug	345	4	349	0
Sheriff Civil	0	14,473	14,473	0
Circuit Clerk Interest	7,899	748	265	8,382
Health Center	903,575	2,804,432	2,577,376	1,130,631
D.A.R.E.	24	3,382	3,096	310
Local Law Enforcement Block Grant	96	3	99	0
Election Services	3,065	723	1,152	2,636
Law Library	4,131	9,078	5,937	7,272
E-911	70,583	520,539	232,851	358,271
Tax Maintenance	641	22,228	19,483	3,386
Drug Court	100	1,255	535	820
COPS Grant	0	127,263	84,920	42,343
Total	\$ 2,518,302	7,760,800	7,001,553	3,277,549

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

BENTON COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 323,440	1,663,228	1,724,415	262,253
Special Road and Bridge	702,688	1,416,632	1,483,982	635,338
Assessment	1	215,186	215,109	78
Law Enforcement Training	5,586	7,431	5,348	7,669
Prosecuting Attorney Training	1,231	1,860	2,157	934
Capital Improvement Sales Tax	525,986	722,702	814,207	434,481
Insurance	127,469	152,918	145,244	135,143
Adult Abuse	853	449	1,039	263
Prosecuting Attorney Bad Check	1,303	14,222	15,367	158
Recorder's User Fees	16,217	26,223	14,044	28,396
Prosecuting Attorney Delinquent Tax	2,282	945	0	3,227
Juvenile Detention	12,616	39,201	31,914	19,903
Sheriff Drug	338	7	0	345
Sheriff Civil	4,530	12,438	16,968	0
Circuit Clerk Interest	6,708	1,304	113	7,899
Health Center	705,680	2,789,214	2,591,319	903,575
D.A.R.E.	24	1,268	1,268	24
Local Law Enforcement Block Grant	1,041	15	960	96
Election Services	2,985	2,094	2,014	3,065
Law Library	4,635	8,932	9,436	4,131
E-911	0	106,306	35,723	70,583
Tax Maintenance	0	641	0	641
Drug Court	0	350	250	100
Total	\$ 2,445,613	7,183,566	7,110,877	2,518,302

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

BENTON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 7,656,829	7,760,800	103,971	7,050,645	7,182,575	131,930
DISBURSEMENTS	9,150,467	7,001,553	2,148,914	9,093,922	7,110,627	1,983,295
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,493,638)	759,247	2,252,885	(2,043,277)	71,948	2,115,225
CASH, JANUARY 1	2,466,997	2,518,302	51,305	2,397,824	2,445,613	47,789
CASH, DECEMBER 31	973,359	3,277,549	2,304,190	354,547	2,517,561	2,163,014
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	252,000	261,723	9,723	249,700	238,287	(11,413)
Sales taxes	635,000	632,971	(2,029)	602,900	635,953	33,053
Intergovernmental	289,757	287,499	(2,258)	297,296	248,316	(48,980)
Charges for services	393,510	402,377	8,867	351,800	403,657	51,857
Interest	8,500	5,100	(3,400)	16,200	9,990	(6,210)
Other	78,975	80,460	1,485	83,850	54,225	(29,625)
Transfers in	62,498	58,883	(3,615)	85,670	72,800	(12,870)
Total Receipts	1,720,240	1,729,013	8,773	1,687,416	1,663,228	(24,188)
DISBURSEMENTS						
County Commissioner	88,755	88,267	488	87,840	88,244	(404)
County Clerk	76,600	72,700	3,900	76,140	72,890	3,250
Elections	27,750	22,324	5,426	79,090	49,235	29,855
Buildings and grounds	42,898	40,255	2,643	43,170	37,674	5,496
Employee fringe benefit	92,900	102,898	(9,998)	96,300	84,864	11,436
County Treasurer	32,190	33,076	(886)	32,290	31,380	910
County Collector	107,066	107,174	(108)	106,065	104,174	1,891
Ex Officio Recorder of Deed	31,582	28,554	3,028	32,427	27,320	5,107
Circuit Clerk	39,900	24,122	15,778	40,400	23,239	17,161
Court administration	45,527	17,983	27,544	50,380	18,300	32,080
Public Administrator	24,225	24,307	(82)	23,740	23,024	716
Sheriff	727,372	683,105	44,267	702,216	658,585	43,631
Jail	139,186	130,972	8,214	126,447	112,454	13,993
Prosecuting Attorney	213,001	201,677	11,324	135,465	129,407	6,058
Juvenile Officer	24,155	12,405	11,750	60,832	16,527	44,305
County Coroner	19,100	18,997	103	16,000	17,061	(1,061)
Public health and welfare service	500	0	500	500	0	500
Other	147,466	163,547	(16,081)	142,004	145,340	(3,336)
Transfers out	50,748	36,167	14,581	83,928	84,697	(769)
Emergency Fund	50,200	0	50,200	50,000	0	50,000
Total Disbursements	1,981,121	1,808,530	172,591	1,985,234	1,724,415	260,819
RECEIPTS OVER (UNDER) DISBURSEMENTS	(260,881)	(79,517)	181,364	(297,818)	(61,187)	236,631
CASH, JANUARY 1	262,253	262,253	0	323,440	323,440	0
CASH, DECEMBER 31	1,372	182,736	181,364	25,622	262,253	236,631

Exhibit B

BENTON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	323,430	331,938	8,508	327,750	305,717	(22,033)
Intergovernmental	899,570	973,653	74,083	1,138,370	1,090,021	(48,349)
Charges for services	0	300	300	0	0	0
Interest	11,900	10,186	(1,714)	40,200	13,049	(27,151)
Other	5,950	4,621	(1,329)	11,200	7,845	(3,355)
Total Receipts	1,240,850	1,320,698	79,848	1,517,520	1,416,632	(100,888)
DISBURSEMENTS						
Salaries	510,000	455,321	54,679	530,000	477,831	52,169
Employee fringe benefit	65,600	59,418	6,182	76,500	59,054	17,446
Supplies	113,300	95,988	17,312	135,550	102,598	32,952
Insurance	26,500	27,441	(941)	22,500	23,857	(1,357)
Road and bridge materials	113,700	92,112	21,588	295,000	96,492	198,508
Equipment repairs	70,000	68,592	1,408	95,000	100,902	(5,902)
Rentals	5,600	3,886	1,714	44,000	4,802	39,198
Equipment purchases	135,000	81,067	53,933	273,000	111,889	161,111
Construction, repair, and maintenance	237,500	194,509	42,991	565,000	373,729	191,271
Other	65,200	71,029	(5,829)	75,100	65,047	10,053
Transfers out	71,500	67,079	4,421	60,000	67,781	(7,781)
Total Disbursements	1,413,900	1,216,442	197,458	2,171,650	1,483,982	687,668
RECEIPTS OVER (UNDER) DISBURSEMENTS	(173,050)	104,256	277,306	(654,130)	(67,350)	586,780
CASH, JANUARY 1	584,894	635,338	50,444	654,943	702,688	47,745
CASH, DECEMBER 31	411,844	739,594	327,750	813	635,338	634,525
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	196,400	184,805	(11,595)	195,924	182,515	(13,409)
Charges for services	3,250	3,601	351	2,400	3,345	945
Interest	550	562	12	2,200	551	(1,649)
Other	0	0	0	300	0	(300)
Transfers in	48,348	20,000	(28,348)	45,328	28,775	(16,553)
Total Receipts	248,548	208,968	(39,580)	246,152	215,186	(30,966)
DISBURSEMENTS						
Assessor	228,398	204,247	24,151	231,648	200,605	31,043
Transfers out	8,750	8,750	0	14,504	14,504	0
Total Disbursements	237,148	212,997	24,151	246,152	215,109	31,043
RECEIPTS OVER (UNDER) DISBURSEMENTS	11,400	(4,029)	(15,429)	0	77	77
CASH, JANUARY 1	78	78	0	1	1	0
CASH, DECEMBER 31	11,478	(3,951)	(15,429)	1	78	77

Exhibit B

BENTON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Charges for service:	8,000	7,179	(821)	6,500	7,431	931
Total Receipts	8,000	7,179	(821)	6,500	7,431	931
DISBURSEMENTS						
Sheriff	6,500	4,999	1,501	6,700	5,348	1,352
Total Disbursements	6,500	4,999	1,501	6,700	5,348	1,352
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,500	2,180	680	(200)	2,083	2,283
CASH, JANUARY 1	7,669	7,669	0	5,586	5,586	0
CASH, DECEMBER 31	9,169	9,849	680	5,386	7,669	2,283
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for service:	1,700	1,791	91	1,550	1,860	310
Total Receipts	1,700	1,791	91	1,550	1,860	310
DISBURSEMENTS						
Prosecuting Attorney	2,450	1,389	1,061	1,950	2,157	(207)
Total Disbursements	2,450	1,389	1,061	1,950	2,157	(207)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(750)	402	1,152	(400)	(297)	103
CASH, JANUARY 1	934	934	0	1,231	1,231	0
CASH, DECEMBER 31	184	1,336	1,152	831	934	103
<u>CAPITAL IMPROVEMENT SALES TAX FUND</u>						
RECEIPTS						
Sales taxes	660,000	695,170	35,170	663,000	693,539	30,539
Interest	8,500	11,058	2,558	30,700	13,539	(17,161)
Other	16,000	6,158	(9,842)	1,400	15,624	14,224
Transfer in	61,000	61,875	875	0	0	0
Total Receipts	745,500	774,261	28,761	695,100	722,702	27,602
DISBURSEMENTS						
Equipment	139,200	97,652	41,548	212,900	175,432	37,468
Buildings and grounds	394,000	175,037	218,963	162,200	25,257	136,943
Highways and road	396,000	291,666	104,334	630,000	553,518	76,482
Transfers out	0	0	0	70,000	60,000	10,000
Total Disbursements	929,200	564,355	364,845	1,075,100	814,207	260,893
RECEIPTS OVER (UNDER) DISBURSEMENTS	(183,700)	209,906	393,606	(380,000)	(91,505)	288,495
CASH, JANUARY 1	434,481	434,481	0	525,986	525,986	0
CASH, DECEMBER 31	250,781	644,387	393,606	145,986	434,481	288,495

Exhibit B

BENTON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>INSURANCE FUND</u>						
RECEIPTS						
Interest	1,500	2,095	595	7,500	2,985	(4,515)
Other	68,400	59,172	(9,228)	82,000	44,739	(37,261)
Transfers in	75,400	68,867	(6,533)	69,000	105,194	36,194
Total Receipts	145,300	130,134	(15,166)	158,500	152,918	(5,582)
DISBURSEMENTS						
Employee fringe benefit	163,600	182,569	(18,969)	197,700	145,244	52,456
Total Disbursements	163,600	182,569	(18,969)	197,700	145,244	52,456
RECEIPTS OVER (UNDER) DISBURSEMENTS	(18,300)	(52,435)	(34,135)	(39,200)	7,674	46,874
CASH, JANUARY 1	135,143	135,143	0	127,469	127,469	0
CASH, DECEMBER 31	116,843	82,708	(34,135)	88,269	135,143	46,874
<u>ADULT ABUSE FUND</u>						
RECEIPTS						
Charges for service:	500	550	50	500	436	(64)
Interest	8	6	(2)	25	13	(12)
Total Receipts	508	556	48	525	449	(76)
DISBURSEMENTS						
Domestic violence shelte	700	507	193	850	1,039	(189)
Total Disbursements	700	507	193	850	1,039	(189)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(192)	49	241	(325)	(590)	(265)
CASH, JANUARY 1	263	263	0	853	853	0
CASH, DECEMBER 31	71	312	241	528	263	(265)
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for service:	15,730	15,238	(492)	15,000	14,166	(834)
Interest	250	82	(168)	450	56	(394)
Transfers in	2,367	2,367	0	0	0	0
Total Receipts	18,347	17,687	(660)	15,450	14,222	(1,228)
DISBURSEMENTS						
Prosecuting Attorney	1,490	1,174	316	50	219	(169)
Transfers out	12,000	15,142	(3,142)	16,500	15,148	1,352
Total Disbursements	13,490	16,316	(2,826)	16,550	15,367	1,183
RECEIPTS OVER (UNDER) DISBURSEMENTS	4,857	1,371	(3,486)	(1,100)	(1,145)	(45)
CASH, JANUARY 1	158	158	0	1,303	1,303	0
CASH, DECEMBER 31	5,015	1,529	(3,486)	203	158	(45)

Exhibit B

BENTON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>RECORDER'S USER FEES FUND</u>						
RECEIPTS						
Charges for service:	23,900	26,306	2,406	19,800	25,641	5,841
Interest	550	699	149	1,500	582	(918)
Total Receipts	24,450	27,005	2,555	21,300	26,223	4,923
DISBURSEMENTS						
Office expenditure:	6,900	8,525	(1,625)	10,200	1,798	8,402
Equipment	5,000	4,213	787	3,400	4,575	(1,175)
Transfers out	9,500	7,075	2,425	8,500	7,671	829
Total Disbursements	21,400	19,813	1,587	22,100	14,044	8,056
RECEIPTS OVER (UNDER) DISBURSEMENTS	3,050	7,192	4,142	(800)	12,179	12,979
CASH, JANUARY 1	28,396	28,396	0	16,217	16,217	0
CASH, DECEMBER 31	31,446	35,588	4,142	15,417	28,396	12,979
<u>PROSECUTING ATTORNEY DELINQUENT TAX FUND</u>						
RECEIPTS						
Intergovernmental	800	1,879	1,079	1,500	871	(629)
Interest	100	92	(8)	250	74	(176)
Total Receipts	900	1,971	1,071	1,750	945	(805)
DISBURSEMENTS						
Prosecuting attorney	218	0	218	900	0	900
Total Disbursements	218	0	218	900	0	900
RECEIPTS OVER (UNDER) DISBURSEMENTS	682	1,971	1,289	850	945	95
CASH, JANUARY 1	3,227	3,227	0	2,282	2,282	0
CASH, DECEMBER 31	3,909	5,198	1,289	3,132	3,227	95
<u>JUVENILE DETENTION FUND</u>						
RECEIPTS						
Charges for service:	37,890	36,985	(905)	36,150	38,784	2,634
Interest	250	424	174	650	417	(233)
Total Receipts	38,140	37,409	(731)	36,800	39,201	2,401
DISBURSEMENTS						
Detention center	34,253	33,100	1,153	35,823	31,914	3,909
Total Disbursements	34,253	33,100	1,153	35,823	31,914	3,909
RECEIPTS OVER (UNDER) DISBURSEMENTS	3,887	4,309	422	977	7,287	6,310
CASH, JANUARY 1	19,903	19,903	0	12,616	12,616	0
CASH, DECEMBER 31	23,790	24,212	422	13,593	19,903	6,310

Exhibit B

BENTON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SHERIFF DRUG FUND</u>						
RECEIPTS						
Interest	2	4	2	20	7	(13)
Total Receipts	2	4	2	20	7	(13)
DISBURSEMENTS						
Sheriff	342	349	(7)	357	0	357
Total Disbursements	342	349	(7)	357	0	357
RECEIPTS OVER (UNDER) DISBURSEMENTS	(340)	(345)	(5)	(337)	7	344
CASH, JANUARY 1	345	345	0	338	338	0
CASH, DECEMBER 31	5	0	(5)	1	345	344
<u>SHERIFF CIVIL FUND</u>						
RECEIPTS						
Charges for service:	12,500	14,473	1,973	14,500	12,438	(2,062)
Total Receipts	12,500	14,473	1,973	14,500	12,438	(2,062)
DISBURSEMENTS						
Other	4,000	0	4,000	0	0	0
Transfers out	8,500	14,473	(5,973)	19,020	16,968	2,052
Total Disbursements	12,500	14,473	(1,973)	19,020	16,968	2,052
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	(4,520)	(4,530)	(10)
CASH, JANUARY 1	0	0	0	4,530	4,530	0
CASH, DECEMBER 31	0	0	0	10	0	(10)
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest	1,200	748	(452)	2,000	1,304	(696)
Total Receipts	1,200	748	(452)	2,000	1,304	(696)
DISBURSEMENTS						
Equipment and supplies	5,630	265	5,365	5,625	113	5,512
Total Disbursements	5,630	265	5,365	5,625	113	5,512
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,430)	483	4,913	(3,625)	1,191	4,816
CASH, JANUARY 1	7,953	7,899	(54)	6,535	6,708	173
CASH, DECEMBER 31	3,523	8,382	4,859	2,910	7,899	4,989

Exhibit B

BENTON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes	620,000	665,482	45,482	650,000	614,116	(35,884)
Intergovernmental	2,040,200	2,124,633	84,433	1,832,000	2,160,678	328,678
Interest	10,000	13,317	3,317	30,000	14,420	(15,580)
Other	15,000	1,000	(14,000)	15,000	0	(15,000)
Total Receipts	2,685,200	2,804,432	119,232	2,527,000	2,789,214	262,214
DISBURSEMENTS						
Salaries	1,677,836	1,624,888	52,948	1,612,620	1,545,762	66,858
Employee fringe benefit	288,000	299,386	(11,386)	312,680	258,756	53,924
Travel	145,500	116,955	28,545	133,200	136,725	(3,525)
Equipment	41,000	30,866	10,134	60,000	31,833	28,167
Office expenditure:	258,500	225,398	33,102	246,100	236,699	9,401
Other	1,177,939	279,883	898,056	868,080	381,544	486,536
Total Disbursements	3,588,775	2,577,376	1,011,399	3,232,680	2,591,319	641,361
RECEIPTS OVER (UNDER) DISBURSEMENTS	(903,575)	227,056	1,130,631	(705,680)	197,895	903,575
CASH, JANUARY 1	903,575	903,575	0	705,680	705,680	0
CASH, DECEMBER 31	0	1,130,631	1,130,631	0	903,575	903,575
<u>D.A.R.E. FUND</u>						
RECEIPTS						
Interest	2	6	4	12	2	(10)
Other	2,000	3,376	1,376	1,800	1,266	(534)
Total Receipts	2,002	3,382	1,380	1,812	1,268	(544)
DISBURSEMENTS						
Supplies	2,000	3,096	(1,096)	1,800	1,268	532
Total Disbursements	2,000	3,096	(1,096)	1,800	1,268	532
RECEIPTS OVER (UNDER) DISBURSEMENTS	2	286	284	12	0	(12)
CASH, JANUARY 1	24	24	0	24	24	0
CASH, DECEMBER 31	26	310	284	36	24	(12)
<u>LOCAL LAW ENFORCEMENT BLOCK GRANT FUND</u>						
RECEIPTS						
Interest	0	3	3	50	15	(35)
Total Receipts	0	3	3	50	15	(35)
DISBURSEMENTS						
Uniforms and equipmen	96	99	(3)	1,091	960	131
Total Disbursements	96	99	(3)	1,091	960	131
RECEIPTS OVER (UNDER) DISBURSEMENTS	(96)	(96)	0	(1,041)	(945)	96
CASH, JANUARY 1	96	96	0	1,041	1,041	0
CASH, DECEMBER 31	0	0	0	0	96	96

Exhibit B

BENTON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ELECTION SERVICES FUND</u>						
RECEIPTS						
Intergovernmental	1,900	723	(1,177)	2,950	2,094	(856)
Total Receipts	1,900	723	(1,177)	2,950	2,094	(856)
DISBURSEMENTS						
County Clerk	3,700	1,152	2,548	5,900	2,014	3,886
Total Disbursements	3,700	1,152	2,548	5,900	2,014	3,886
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,800)	(429)	1,371	(2,950)	80	3,030
CASH, JANUARY 1	3,065	3,065	0	2,985	2,985	0
CASH, DECEMBER 31	1,265	2,636	1,371	35	3,065	3,030
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for service:	8,000	8,896	896	8,600	8,863	263
Interest	120	45	(75)	150	69	(81)
Other	0	137	137	0	0	0
Total Receipts	8,120	9,078	958	8,750	8,932	182
DISBURSEMENTS						
Law library	8,072	5,937	2,135	10,740	9,436	1,304
Total Disbursements	8,072	5,937	2,135	10,740	9,436	1,304
RECEIPTS OVER (UNDER) DISBURSEMENTS	48	3,141	3,093	(1,990)	(504)	1,486
CASH, JANUARY 1	3,957	4,131	174	4,764	4,635	(129)
CASH, DECEMBER 31	4,005	7,272	3,267	2,774	4,131	1,357
<u>E-911 FUND</u>						
RECEIPTS						
Sales Tax	510,000	515,703	5,703	45,000	46,233	1,233
Interest	200	4,334	4,134	0	70	70
Other	0	502	502	0	3	3
Transfers In	0	0	0	60,000	60,000	0
Total Receipts	510,200	520,539	10,339	105,000	106,306	1,306
DISBURSEMENTS						
Salaries	20,000	34,792	(14,792)	12,000	0	12,000
Office Expenses:	3,000	2,376	624	3,000	0	3,000
Equipment	220,100	28,493	191,607	2,400	0	2,400
Mileage and training	2,000	1,203	797	2,000	0	2,000
Mapping and addressing	157,600	101,437	56,163	32,000	35,723	(3,723)
Other	25,500	1,244	24,256	4,600	0	4,600
Transfers out	61,000	63,306	(2,306)	0	0	0
Total Disbursements	489,200	232,851	256,349	56,000	35,723	20,277
RECEIPTS OVER (UNDER) DISBURSEMENTS	21,000	287,688	266,688	49,000	70,583	21,583
CASH, JANUARY 1	70,583	70,583	0	0	0	0
CASH, DECEMBER 31	91,583	358,271	266,688	49,000	70,583	21,583

Exhibit B

BENTON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TAX MAINTENANCE FUND</u>						
RECEIPTS						
Charges for service:	20,000	22,202	2,202			
Interest	0	26	26			
Total Receipts	20,000	22,228	2,228			
DISBURSEMENTS						
County Collector	13,000	19,483	(6,483)			
Total Disbursements	13,000	19,483	(6,483)			
RECEIPTS OVER (UNDER) DISBURSEMENTS	7,000	2,745	(4,255)			
CASH, JANUARY 1	0	641	641			
CASH, DECEMBER 31	7,000	3,386	(3,614)			
<u>DRUG COURT FUND</u>						
RECEIPTS						
Charges for service:	500	1,025	525			
Other	500	230	(270)			
Total Receipts	1,000	1,255	255			
DISBURSEMENTS						
Drug court expenses	950	535	415			
Total Disbursements	950	535	415			
RECEIPTS OVER (UNDER) DISBURSEMENTS	50	720	670			
CASH, JANUARY 1	0	100	100			
CASH, DECEMBER 31	50	820	770			
<u>COPS GRANT FUND</u>						
RECEIPTS						
Intergovernmental	222,222	127,263	(94,959)			
Total Receipts	222,222	127,263	(94,959)			
DISBURSEMENTS						
Salaries	10,000	2,228	7,772			
Supplies and equipment	176,492	74,681	101,811			
Other	35,730	8,011	27,719			
Total Disbursements	222,222	84,920	137,302			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	42,343	42,343			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	\$ 0	42,343	42,343			

The accompanying Notes to the Financial Statements are an integral part of this statement

Notes to the Financial Statements

BENTON COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Benton County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, or the Health Center Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt a formal budget for the Tax Maintenance Fund and the Drug Court Fund for the year ended December 31, 2002.

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Prosecuting Attorney Training Fund	2002
Insurance Fund	2003
Adult Abuse Fund	2002
Prosecuting Attorney Bad Check Fund	2003
Sheriff Drug Fund	2003
Sheriff Civil Fund	2003
D.A.R.E. Fund	2003
Local Law Enforcement Block Grant Fund	2003
Tax Maintenance Fund	2003

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Circuit Clerk Interest Fund	2003 and 2002
Law Library Fund	2003 and 2002
Tax Maintenance Fund	2003 and 2002
Drug Court Fund	2003 and 2002

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's deposits at December 31, 2003 and 2002, were entirely covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name.

The Health Center Board's deposits at December 31, 2003 and 2002, were entirely covered by federal depositary insurance or by collateral securities held by the board's custodial bank in the board's name.

Supplementary Schedule

Schedule

BENTON COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2003	2002
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state				
Department of Health and Senior Services -				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-2107	\$ 0	25,517
		ERS045-3107	30,281	8,965
		ERS045-4107	10,091	0
	Program total		<u>40,372</u>	<u>34,482</u>
U.S. DEPARTMENT OF JUSTICE				
Direct program:				
16.710	Public Safety Partnership and Community Policing Grant	N/A	84,920	0
Passed through:				
State Department of Public Safety				
16.540	Juvenile Justice and Delinquency Prevention - Allocation to States	N/A	1,670	0
16.575	Crime Victim Assistance	2000-VOCA-0102	24,482	4,277
16.592	Local Law Enforcement Block Grants Program	N/A	99	960
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state				
Highway and Transportation Commission				
20.205	Highway Planning and Construction	BRO-008(9)	0	277,710
		COE-008(1)	149,131	0
	Program total		<u>149,131</u>	<u>277,710</u>
Department of Public Safety				
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grant	N/A	5,920	0
GENERAL SERVICES ADMINISTRATION				
Passed through state Office of Administration				
39.003	Donation of Federal Surplus Personal Property	N/A	0	1,508
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Passed through state Department of Public Safety				
83.552	Emergency Management Performance Grant	N/A	3,300	0

Schedule

BENTON COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2003	2002
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state				
Department of Health and Senior Services -				
93.197	Childhood Lead Poisoning Prevention Projects State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	ERS146-2107L	0	1,795
93.268	Immunization Grants	N/A	41,909	43,177
		PGA064-4107	4,350	3,780
	Program total		<u>46,259</u>	<u>46,957</u>
93.283	Centers for Disease Control and Prevention Investigations and Technical Assistance	DH030088001	6,356	3,631
Department of Social Services -				
93.563	Child Support Enforcement	N/A	0	250
Department of Health and Senior Services -				
93.575	Child Care and Development Block Grant	PGA067-4107S	2,280	2,150
Department of Social Services -				
93.667	Social Services Block Grant	N/A	2,247	5,148
Department of Health and Senior Services				
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	ERS161-20048	0	6,773
93.991	Preventive Health and Health Services Block Grant	DH030034001	13,750	33,592
93.994	Maternal and Child Health Services Block Grant to the States	ERS146-3107M	17,904	17,201
		N/A	386	394
	Program total		<u>18,290</u>	<u>17,595</u>
	Total Expenditures of Federal Award:		<u>\$ 399,076</u>	<u>436,828</u>

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

Notes to the Supplementary Schedule

BENTON COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Benton County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals. . . .

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Donation of Federal Surplus Property Program (CFDA number 39.003) represent the estimated fair market value of the property at the time of receipt. Additionally, amounts for Immunization Grants (CFDA number 93.268) and the Maternal and Child Health Services Block Grant to the States (CFDA number

93.994) include both cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2003 and 2002.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of Benton County, Missouri

Compliance

We have audited the compliance of Benton County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2003 and 2002. The county's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Benton County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 2003 and 2002.

Internal Control Over Compliance

The management of Benton County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the management of Benton County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

April 15, 2004 (fieldwork completion date)

Schedule

BENTON COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2003 AND 2002

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

Material weaknesses identified?

_____ yes x no

Reportable conditions identified that are
not considered to be material weaknesses?

_____ yes x none reported

Noncompliance material to the financial statements
noted?

_____ yes x no

Federal Awards

Internal control over major program:

Material weaknesses identified?

_____ yes x no

Reportable conditions identified that are
not considered to be material weaknesses?

_____ yes x none reported

Type of auditor's report issued on compliance for
major program:

Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of OMB
Circular A-133?

_____ yes x no

Identification of major program:

CFDA or
Other Identifying

Number
20.205

Program Title

Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

BENTON COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 2001, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

BENTON COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

The prior audit report issued for the two years ended December 31, 2001, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

BENTON COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Benton County, Missouri, as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated April 15, 2004. We also have audited the compliance of Benton County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2003 and 2002, and have issued our report thereon dated April 15, 2004.

In addition, we have audited the operations of elected officials with funds other than those presented in the financial statements to comply with the State Auditor's responsibility under Section 29.230, RSMo 2000, to audit county officials at least once every 4 years. The objectives of this audit were to:

1. Review the internal controls over the transactions of the various county officials.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents; interviewing various personnel of the county officials, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials referred to above. In addition, this report includes any findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These MAR findings resulted from our audit of the financial statements of Benton County or of its compliance with the types of compliance requirements applicable to its major federal program but do

not meet the criteria for inclusion in the written reports on compliance and on internal control over financial reporting or compliance that are required for audits performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

1. Financial Condition

The county's General Revenue Fund is experiencing a declining cash balance. During the last several years the county has experienced significant growth in the receipts and disbursements of the General Revenue Fund. Despite the growth in receipts, the county has spent more than it received during the last two years and projects a similar situation during 2004, resulting in a decline of the cash balance. The following chart shows the General Revenue Fund's receipts, disbursements, and cash balances for the six years ended December 31, 2003, as well as estimates for the year ended December 31, 2004:

		2004						
		Estimated	2003	2002	2001	2000	1999	1998
Beginning Cash, January 1	\$	182,736	262,253	323,440	253,617	236,016	221,860	184,401
Receipts		1,836,612	1,729,013	1,663,228	1,636,833	1,469,980	1,443,623	1,409,856
Disbursements		(2,018,548)	(1,808,530)	(1,724,415)	(1,567,010)	(1,452,379)	(1,429,467)	(1,372,397)
Ending Cash, December 31	\$	800	182,736	262,253	323,440	253,617	236,016	221,860
Receipts Over (Under)								
Disbursements	\$	(181,936)	(79,517)	(61,187)	69,823	17,601	14,156	37,459

As shown in the above chart, the General Revenue Fund 2004 budget document (amended in August 2004) projects a \$800 year-end cash balance. While receipts have continued to grow from year to year, the increases have not kept pace with the increasing disbursements. One possible reason for this is that sales taxes, which make up about one third of the General Revenue Fund budget, decreased by a small amount between 2002 and 2003. Also, the county has not obtained additional revenues to offset some of the increased disbursements discussed below.

Contributing to the increasing level of disbursements were various items such as the growing cost of employee health insurance premiums and other fringe benefits, and county official salary increases (salary increases approved by the county salary commission took effect in 1999 and 2001, the Public Administrator elected to be paid on a salary rather than a fee basis beginning in 2001, and the Prosecuting Attorney became full-time in 2003). There have also been continued increases in some required or essential areas, including the jail operation, elections, and court administration. We also noted expenses totaling approximately \$2,500 for catered dinners for county employees and their families during the two years ended December 31, 2003, to honor employees for their years of service. These disbursements are

discretionary and do not appear necessary to the operations of the county, and do not appear to be a prudent use of public monies especially given these financial condition concerns.

The County Commission is aware of this problem and has made efforts during the audit period to control health insurance costs by changing insurance carriers. In addition, the County Commission is preparing quarterly budget reports and memos to inform other county officials of the status of the General Revenue Fund receipts, disbursements, and cash balance.

The County Commission should continue to review discretionary disbursements to ensure available county resources are used efficiently and effectively and to determine if long term reductions in disbursements are possible. In addition, the County Commission should ensure it maximizes receipts from all sources.

WE RECOMMEND the County Commission continue to closely monitor the county's financial condition and consider various alternatives of increasing receipts and/or reducing disbursements of the General Revenue Fund.

AUDITEE'S RESPONSE

The County Commission provided the following response:

We are presently and will continue to closely monitor our financial condition. As discussed above, there are reasons for the declining financial condition. We are monitoring fund balances monthly and providing this information and quarterly reports to the county officials. We made reductions in the county's 2004 budget for discretionary spending.

2. Excess Expenditures

The various county officials did not properly monitor budget and actual expenditures. Actual expenditures exceeded budgeted amounts in the following funds:

Fund	Year Ended December 31,	
	2003	2002
Prosecuting Attorney Training	\$ N/A	207
Insurance	18,969	N/A
Adult Abuse	N/A	189
Prosecuting Attorney Bad Check	2,826	N/A
Sheriff Drug	7	N/A
Sheriff Civil	1,973	N/A
D.A.R.E.	1,096	N/A
Local Law Enforcement Block Grant	3	N/A
Tax Maintenance	6,483	N/A

The County Commission periodically reviews budget progress reports for all budgeted funds and also provides officeholders with a periodic status report of the General Revenue Fund. While the County Commission amended the budgets for several funds during the two years ended December 31, 2003, the budgets for most of the funds noted above were not amended. Although the Tax Maintenance Fund is in the custody of another official who administers the transactions of that fund, the County Commission should require periodic budget progress reports from that official. Better monitoring of disbursements by the County Commission is needed to ensure expenditures do not exceed budgeted amounts.

It was ruled in State ex rel. Strong v. Cribb, 364 Mo. 1122, 273 S.W. 2d 246 (1954) that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess expenditures, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office.

WE RECOMMEND the County Commission not authorize warrants in excess of budgeted expenditures. Extenuating circumstances should be fully documented and, if necessary, the budgets properly amended and filed per state law.

AUDITEE'S RESPONSE

The County Commission provided the following response:

We will continue to work on this area and will more closely monitor expenditures in the final quarter of the year.

3. E911 Building Project

In April 2002, Benton County voters approved a three-eighths cent county-wide sales tax for providing law enforcement, central dispatching of fire protection, emergency ambulance, and emergency telephone services (E911). We noted concerns with the documentation maintained for selection of an architect and the bidding process to select a contractor for construction of an E911 center.

- A. In March 2003, the county hired an architect to design and administer the construction of a building to house the E911 operations. Although the County Commission meeting minutes indicated various firms were interviewed and identified the firm eventually selected, the criteria used to evaluate the various firms and selection procedures was not adequately documented by the county. Section 8.289, RSMo 2000, requires the county to evaluate the qualifications of the firms by considering the specialized experience and technical competence of the firms, the capacity and capability of the firms to perform the work, the past record of performance of the firms, and the firm's proximity to and familiarity with the area. The county retained the resumes submitted by the five firms and the Presiding

County Commissioner indicated the county considered the experience, references, and staff qualifications of the architects in making its award decision. The County Commission should document the criteria used and basis for selection either as part of the County Commission meeting minutes or in separate documents referred to in the minutes to provide complete documentation of its efforts to obtain quality services at a reasonable price and demonstrate compliance with state law.

- B. In December 2003, the county hired a contractor to construct the E911 center for approximately \$609,000. The county did not solicit new or modified construction bids for significant building design changes made after bids on the original design were opened. Upon reviewing the initial construction bids on December 1, 2003, it was determined that all the bids were substantially higher than the architect's cost estimate. The architect estimated construction costs to total about \$448,000. The initial bids received by the county totaled \$699,540, \$699,915, \$732,500, and \$759,700. Rather than rejecting all bids and re-bidding the project, the County Commission instructed the architect to work with the company that provided the lowest initial bid to determine why the bids were so much over the cost estimates. Subsequently, the architect and that company provided design modifications that reduced the total price about \$91,000. The county accepted the proposed changes and executed a contract with that company. The Presiding County Commissioner indicated the county did not revise its specifications and solicit bids again because the time required to complete this process would delay implementation of the E911 operation. Section 50.660, RSMo 2000, requires bids on all purchases of \$4,500 or more from any one person, firm or corporation during any period of ninety days. Because it precluded other vendors from bidding on the design changes, the county did not fully comply with the competitive procurement process required by state law. Additionally, the county may have achieved a lower price by allowing other parties to bid on the redesigned project.

WE RECOMMEND the County Commission:

- A. Maintain documentation in the meeting minutes of criteria considered in awarding contracts.
- B. Consider soliciting bids on significant design changes when necessary on future construction projects.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *We believe our decisions were sound, but will better document criteria and decisions for future projects.*
- B. *We understand the concern and will comply with the recommendation.*

In 1999, mid-term raises were given to the Associate Commissioners.

Senate Bill No. 11 (SB 11), effective August 28, 1997, amended numerous statutory sections relating to the compensation of county officials, including increases to the statutory maximum salaries allowed. As a part of this legislation, Section 50.333.13, RSMo, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioners' terms had been increased from two years to four years.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of that statute. The Supreme Court held that this section of statute violated Article VII, section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county, and municipal officers during the term of office. This case, *Laclede County v. Douglass et al.*, holds that all raises given pursuant to this statute section are unconstitutional. On June 5, 2001, the State Auditor notified all third-class counties of the Supreme Court decision and recommended that each county document its review of the impact of the opinion, as well as plans to seek repayment. However, the county has not documented its review of the impact of the Supreme Court decision

In 1999, each of the Associate Commissioners salaries was increased \$9,986. The Benton County Salary Commission minutes did not specifically address the provisions of Section 50.333.13, RSMo, but did provide that all officials taking office in 1999 would receive 100 percent of the maximum salaries. Prior to 1999, these officials were compensated at less than 100 percent of the statutory maximums. In a December 1997 written opinion the Prosecuting Attorney concluded the Associate Commissioners were not eligible for a salary increase in January 1999 due to the wording of the motion during the 1997 salary commission meeting. However, in February 1999, the Prosecuting Attorney reconsidered that opinion and concluded that salary increases provided to the Associate Commissioners were allowable in that it clearly appeared to be contemplated by the salary commission that the Associate Commissioners' raises would go into effect on January 1, 1999. The increase in the Associate Commissioners' salaries was calculated based upon the salary scale provided in SB 11. By using the salary schedules from the 1998 statutes (those changed by SB 11) and increasing the percentage of the maximum, mid-term raises were in effect granted to the Associate Commissioners that had been elected in 1996.

In light of the Supreme Court ruling, the raises given to each of the Associate Commissioners, totaling \$19,972 for two years ended December 31, 2000, should be repaid.

WE RECOMMEND the County Commission review the impact of this court decision and develop a plan for obtaining repayment of any salary overpayments.

AUDITEE'S RESPONSE

The County Commission provided the following response:

We will consult again with the Prosecuting Attorney regarding this issue. The Associate Commissioners can then consider and assess their responsibilities. A determination will be made regarding this recommendation.

The Prosecuting Attorney provided the following response:

The state legislature provided for these raises and the county's salary commission clearly intended for the Associate Commissioners to be included in raises taking effect on January 1, 1999.

5. County Treasurer's Controls and Procedures
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The County Treasurer did not prepare proper bank reconciliations, maintain a listing of liabilities for the Land Tax Sale Overplus Fund, or prepare semiannual settlements.

- A. Monthly bank reconciliations have not been properly prepared or documented. The County Treasurer indicated he reviews the bank statements and compares his receipts to bank statement deposits. An employee in the County Clerk's office prepares a monthly listing of outstanding checks. However, neither the County Treasurer nor the County Clerk's office staff document a reconciliation of the total bank balances to the total fund balances. Although the former county treasurer indicated a December 2002 reconciliation was performed, it could not be located. Our comparison showed that bank account balances (adjusted for the outstanding checks, unrecorded interest earnings, and other miscellaneous items) exceeded total fund balances by varying amounts at both December 31, 2002 and 2003. Complete and properly documented reconciliations between the bank balances and the fund ledger balances are necessary to ensure all monies have been accounted for properly.
- B. No monies have been distributed from the Land Tax Sale Overplus Fund to various school districts since late 2002. A review of the County Collector's land tax sales records indicated that at least \$5,300 of the \$110,863 fund balance as of December 31, 2003, has been held in excess of three years. Section 140.230, RSMo Supp. 2003, requires surplus monies from land tax sales be held by the treasurer for a period of three years. At that time the monies shall be distributed to the various school districts within the county. No record was available in the County Treasurer's office that would identify the length of time monies had been held and when distribution would be appropriate. The County Treasurer should prepare a liability listing and distribute the amounts due the school districts each year, as applicable.
- C. The County Treasurer has prepared no semiannual settlements since taking office in January 2003. Apparently semiannual settlements have not been prepared in recent

years. The former county treasurer indicated such reporting did not provide any additional benefit beyond the monthly reporting and reconciliation procedures in place between her office and the county clerk. Section 54.150, RSMo 2000, requires the County Treasurer to settle accounts with the County Commission semiannually.

WE RECOMMEND the County Treasurer:

- A. Prepare and document proper monthly bank reconciliations.
- B. Disburse \$5,300 from the Land Tax Sale Overplus fund to the school districts, maintain a liability listing for the Land Tax Sale Overplus Fund, and ensure distributions from the fund are made on a timely basis.
- C. Prepare settlements semiannually as required by law.

AUDITEE'S RESPONSE

The County Treasurer provided the following responses:

- A. *Monthly bank reconciliations had not been completed at the time I assumed office in January 2003. After tracking the balances for the first half of 2003, six of the accounts have been reconciled monthly with the bank. The main account was reconciled with the County Clerk throughout 2003, as per instructions from the State Auditor's office. I am currently in the process of reconciling the main account monthly with the bank also.*
- B. *Since becoming aware that the overplus funds distribution was the responsibility of this office, the amount of monies to be distributed for the year of 2003 has been totaled and will be distributed to the schools in the month of September. The County Clerk and I have set up an annual schedule to track and distribute these monies.*
- C. *I am in the process of preparing the semiannual settlement at this time. It has been delayed due to a coding problem that occurred at the bank at the beginning of the year and an internal programming problem that occurred in March of this year. It is anticipated that the year-end settlement will be submitted on time.*

6. County Collector's Controls and Settlements

The County Collector does not properly reconcile his accounts, follow-up on old outstanding checks, distribute interest timely, distribute surtax properly, monitor the pledged collateral securities on his bank accounts, or prepare accurate and timely annual settlements. Many of these conditions have been noted in previous audits but have not been corrected although the County Collector indicated in the previous audit he would take actions to implement most of the recommendations.

The County Collector's office processed property taxes totaling about \$9.0 million and \$8.6 million during the years ended February 28(29), 2004 and 2003, respectively.

- A. The County Collector does not prepare timely bank reconciliations and does not reconcile the bank balances to liabilities. As of February 2004, bank reconciliations had not been completed for five months. A comparison of the September 30, 2003, reconciled bank balance to liabilities showed total liabilities exceeded the reconciled cash balance by about \$5,100 as follows:

Total reconciled bank balances	\$ 68,679
Less: September 2003 tax collections	33,200
Undistributed interest earnings	32,524
Amounts due to various taxpayers for overpayments	<u>8,055</u>
Total liabilities	<u>73,779</u>
Total liabilities over total reconciled bank balances	<u>\$ (5,100)</u>

The County Collector could not explain the account shortage. The County Collector has recently prepared current bank reconciliations but still does not compare his cash balances to liabilities.

Timely bank reconciliations and identification of month-end liabilities are necessary to ensure all receipts and disbursement are properly accounted for, that cash in the bank is adequate to meet liabilities and that there is no unidentified excess or shortage in the account.

- B. The County Collector does not adequately follow up on checks that are outstanding for a considerable time. In June 2003, the County Collector removed 34 checks, which had been outstanding in excess of a year and totaled approximately \$8,055, from his outstanding check list and increased the cash balance in his records accordingly. According to the County Collector these checks were due to various taxpayers for reimbursement of property tax overpayments. He did not attempt to locate the payees or reissue the checks and had no plans to turn over the items as unclaimed property. Procedures should be adopted to routinely follow up on old outstanding checks. Various statutory provisions provide for the disposition of unclaimed monies.
- C. The County Collector continues to distribute surtax collections using percentages calculated for distributing the 1985 collections and has not recalculated the surtax distribution percentages each year as required by state law. Surtax collections are to be distributed to various political subdivisions based on percentages derived from a combination of the 1984 merchants' and manufacturers' taxes paid and the current assessed valuation for subclass 3 commercial property for each year compared to the 1985 valuation. Section 139.600, RSMo 2000, outlines the procedures to be followed to calculate the percentages for the first and each succeeding year the surtax is imposed.

- D. The County Collector provides property tax collection services for the cities of Warsaw, Cole Camp, and Ionia. He withholds a 4 percent commission from city tax collections for Warsaw and a 1 percent commission from city tax collections for Cole Camp and Ionia. These commissions are allocated equally to the County Collector and county's General Revenue Fund. A 7 percent additional commission paid by the taxpayer is applied to delinquent city tax collections. This additional commission is allocated 3 percent to the County Employees Retirement Fund, 2 percent to the County Collector, and 2 percent to the Tax Maintenance Fund. The County Collector received commissions totaling \$8,658 for these services for the four years ended February 28, 2004. The County Collector has no written agreements with Warsaw for these services. The written agreements with Cole Camp and Ionia were executed in 1986 and 1989, respectively.

Section 50.332, RSMo 2000, allows county officials, with the approval of the county commission, to perform services for cities that they normally provide to the county for additional compensation. Section 432.070, RSMo 2000, requires all such contracts be in writing. Current written contracts, signed by the city, the County Collector, and the County Commission should be prepared.

- E. The County Collector has not distributed the interest earned on bank deposits on a timely basis. Interest earned from March 2000 through February 2004, totaling in excess of \$36,000, has not been distributed. Interest earnings should be distributed at least annually to county funds and taxing entities to allow for the proper current or future use of those monies.
- F. The County Collector does not adequately monitor some bank account balances for sufficiency of pledged collateral securities or commercial insurance. While the County Collector's primary bank account is covered under the county's depository agreement, for another bank account no securities were pledged and the bank balance exceeded FDIC coverage by about \$800,000 during January 2004. After we brought this situation to the attention of the bank and the County Collector, the bank issued a \$900,000 letter of credit in February 2004 to secure the County Collector's deposits.

Section 110.020, RSMo 2000, provides the value of the securities pledged shall at all times be not less than 100 percent of the actual amount of deposit less the amount insured by the FDIC. Inadequate collateral securities leave property tax collections unsecured and subject to loss in the event of a bank failure.

- G. The County Collector's annual settlements were inaccurate and untimely.
1. The County Collector does not file annual settlements with the County Commission on a timely basis. The County Collector filed the annual settlements for each of the years ended February 28, 2003, and February 28, 2002, on April 18, 2003. The annual settlement for the year ended February 29, 2004, has not been filed as of July 2004. Section 139.160, RSMo 2000,

requires the annual settlement to be filed with the County Commission by the first Monday in March. The County Collector needs to make a greater effort to ensure his annual settlements are filed as required.

2. Various errors and omissions occurred in the annual settlements filed for the years ended February 28, 2003, 2002, and 2001. For example, total distributions exceeded collections by about \$592,000 on the settlement for the year ended February 28, 2002. Similar though less significant differences between collections and distributions were present on the other settlements.
3. The County Commission does not review the annual settlements prepared by the County Collector. The County Clerk maintains an account book in which she records the monthly collections reported by the County Collector, but neither she nor the County Commission use the account book to verify the annual settlements of the County Collector. A review of the annual settlements is necessary to detect errors and omissions in the settlements.

WE RECOMMEND the County Collector:

- A. Prepare monthly bank reconciliations and reconcile the cash balance to listings of liabilities.
- B. Attempt to locate the payees of the old outstanding checks and reissue checks if possible. Any remaining unclaimed amounts should be disbursed in accordance with state law.
- C. Ensure future distributions of surtax collections take into consideration the current year's assessed valuation of subclass 3 commercial property for each political subdivision as required by state law.
- D. Work with the County Commission to obtain current written agreements with the cities for tax collections.
- E. Allocate interest earned on bank deposits in a timely manner.
- F. Monitor and ensure adequate collateral securities are pledged by the depository banks for all funds on deposit in excess of FDIC coverage.
- G. File complete and accurate annual settlements on a more timely basis. In addition, the County Commission should use the account book to verify the annual settlements of the County Collector.

AUDITEE'S RESPONSE

The County Collector provided the following responses:

- A. I will make an effort to do more timely reconciliations and attempt to reconcile to liabilities.*
- B. I will attempt to adopt follow-up procedures and disburse unclaimed items in accordance with state law.*
- C. I do not plan to change surtax distribution procedures.*
- D. The arrangement with the city of Warsaw has been in place for more than 20 years. I do not plan to change the arrangement or obtain a written agreement. No party to this arrangement or any other city agreements have expressed any concerns or interest in updating the arrangement and/or agreements.*
- E. I have calculated the interest allocation amounts and will make the distributions before November 2004.*
- F. I will talk to the banks and with them monitor the balances for adequate collateral.*
- G. I will do a better job on the next annual settlement and attempt to complete settlements sooner in the future.*

The County Commission provided the following response:

- G. We will ask the County Collector to prepare his annual settlements timely and we will review the settlements.*

7. Sheriff's Accounting Controls

The Sheriff has not provided for a proper segregation of recordkeeping duties, the identification of liabilities, and timely deposits. The Sheriff's office receives monies for civil and criminal fees, gun permits, bonds, and other miscellaneous receipts, and handled receipts totaling approximately \$136,000 and \$120,000 during the years ended December 31, 2003 and 2002, respectively.

- A. Accounting and bookkeeping duties are not adequately segregated. The bookkeeper performs the duties of receiving, recording, depositing, and disbursing for the Sheriff's bank account. Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and depositing receipts from recording and reconciling receipts. If proper segregation of duties cannot be*

achieved, at a minimum, a periodic supervisory review of the records should be performed and documented.

- B. Monthly listings of open items (liabilities) are not prepared and reconciled to the cash balance. An open items listing prepared as of December 31, 2003, at our request, indicated the account balance totaling \$5,082 exceeded identified open items by about \$200.

Monthly listings of open items should be prepared and reconciled to the cash balance to ensure records are in balance, errors are detected and corrected on a timely basis, and sufficient cash is available to meet liabilities. The Sheriff should attempt to identify all open items. Any monies remaining unidentified should be disposed of in accordance with state law.

- C. Receipts are not deposited on a timely basis. The Sheriff's bookkeeper usually makes about four deposits monthly. We reviewed two deposits in January 2004 and noted the deposits contained receipts totaling about \$2,300 and \$800 that were held one week or more before the deposit. A significant portion of the monies deposited was cash.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, deposits should be made intact daily or when accumulated receipts exceed \$100.

WE RECOMMEND the Sheriff:

- A. Segregate accounting and bookkeeping duties to the extent possible, or at a minimum, perform and document periodic reviews of the work performed.
- B. Prepare monthly listings of open items and reconcile the listings to the cash balance. Differences should be investigated and any monies remaining unidentified should be disposed of in accordance with state law.
- C. Deposit receipts intact daily or when accumulated receipts exceed \$100.

AUDITEE'S RESPONSE

The Sheriff provided the following responses:

A&B. These recommendations will be implemented as soon as possible.

C. This has already been implemented.

The Health Center's budget document did not adequately project the anticipated financial position for the Health Center Fund. The Health Center Board estimated the ending cash balance at December 31, 2003 and 2002, to be zero while actual ending cash balances at December 31, 2003 and 2002, were \$1,130,631 and \$903,575, respectively. The Board has routinely appropriated its excess cash reserves resulting in an overestimation of total expenditures and underestimation of the ending cash balance. The Health Center administrator indicated the Health Center's Board of Directors is accumulating a cash reserve in an attempt to allow for possible, but not specifically identified, contingencies.

Prudent fiscal management of Health Center funds should include setting aside reasonable, but not excessive, amounts of operating reserves to be used in future years or to be available for emergencies. While it appears the Health Center Board's intent is to keep sufficient reserves; the current budgets do not effectively inform county residents of this intent. Such intent would be more properly communicated to county residents through a formal reserve of the fund balance.

The practice of overestimating expenditures results in an inaccurate statement of the Health Center's financial position. The practice of routinely budgeting to spend significantly more resources than truly intended decreases the effectiveness of the budget as a management planning tool and as a control over expenditures.

WE RECOMMEND the Health Center Board of Directors prepare reasonable estimates of disbursements so that projected reserves are more properly presented in the annual budgets. If the Board desires to build up reserves for future specific needs, this information should be documented in the budget.

AUDITEE'S RESPONSE

The Health Center Administrator provided the following response:

The board will more reasonably estimate disbursements. They will designate a portion of funds for a reserve and identify this on the budget, and will also note plans for future capital improvements on the budget.

Follow-Up on Prior Audit Findings

BENTON COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Benton County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 1999.

The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Budgetary Practices, Expenditures and Interest Allocation

- A. Budgets were not prepared for several county funds.
- B. Actual expenditures exceeded budgeted amounts in several funds.
- C. Budgets prepared for the Special Road and Bridge Fund did not include all projected receipts, disbursements and cash balances related to County Aid Road Trust (CART) monies received from the state.
- D. The county and Health Center did not have procedures in place to track federal awards for the preparation of the Schedule of Expenditures of Federal Awards (SEFA). The SEFA contained numerous errors and omissions.
- E. The County Commission did not review the bid documentation obtained by the Sheriff for law enforcement related purchases. Several sheriff's department purchases were not bid in accordance with statutory requirements.
- F. The County Treasurer did not allocate interest earned to the Capital Improvement Sales Tax Fund or the Sheriff Drug Fund.

Recommendation:

- A. The County Commission ensure budgets are prepared or obtained for all county funds in accordance with state law.
- B. The County Commission not authorize warrants in excess of budgeted expenditures. Extenuating circumstances should be fully documented and, if necessary, the budgets properly amended and filed per state law.
- C. The County Commission ensure all CART activity is appropriately included in the annual Special Road and Bridge Fund budget.

- D. The County Clerk, with the assistance of the Health Center, ensure the completeness and accuracy of the schedule of expenditures of federal awards.
- E. The County Commission ensure bids are solicited for all items in accordance with state law. Documentation of bids solicited by the Sheriff and justification for bids awarded should be reviewed by the County Commission and appropriately retained. If it is not practical to obtain bids in a specific instance, the circumstances should be thoroughly documented.
- F. The County Treasurer include the Capital Improvement Sales Tax Fund, the Sheriff Drug Fund and any other funds required to retain interest earned on balances or with significant cash balances in future monthly interest allocations.

Status:

A&F. Implemented.

- B. Not implemented. See MAR finding number 2.
- C. Partially implemented. Receipts, disbursements, and cash balances related to CART monies are included in the budgets of the Special Road and Bridge Fund except for December CART receipts, which are held in an unbudgeted fund at each year end. Although not repeated in the current MAR, our recommendation remains as stated above.
- D. Partially implemented. The schedule of expenditures of federal awards prepared by the County Clerk for the years ended December 31, 2003 and 2002, contained few errors and omissions. Although not repeated in the current MAR, our recommendation remains as stated above.
- E. Partially implemented. We noted no instances where county purchases lacked appropriate bidding. However, the County Commission still does not review the bids solicited by the Sheriff and his justifications for bids awarded. Although not repeated in the current MAR, the County Commission should review and approve the bids solicited by the Sheriff and his justification for bids awarded.

2. County Collector's Accounting Controls and Procedures

- A. Bank reconciliations were not performed on a timely basis and monthly listings of liabilities were not prepared and reconciled to cash balances.
- B. One bank deposit was apparently lost. Consequently, the bank account was \$1,348 short. The County Collector had not followed up on the lost deposit.

- C. The County Collector improperly distributed amounts received from the State Department of Conservation as payments in lieu of taxes (PILT) to the General Revenue Fund and did not correct similar improper distributions from the prior audit. As a result, at least \$12,000 was due to various political subdivisions from the General Revenue Fund.
- D. The 1999 and 1998 surtax collections were distributed by the County Collector using percentages calculated for distributing the 1985 collections.
- E. The County Collector provided property tax collection services to the city of Warsaw without a written agreement and collected an additional commission in excess of the commission allowed by state law for collections of delinquent taxes for that city.
- F. The County Collector did not file annual settlements with the County Commission on a timely basis and unexplained differences existed between collections and distributions reported on one annual settlement.

Recommendation:

- A. The County Collector perform monthly bank reconciliations on a timely basis, prepare monthly listings of liabilities and reconcile the listings to the reconciled bank balance.
- B. The County Collector follow up on future deposit problems in a timely manner. He should attempt to obtain replacement checks on lost tax payments and personally repay any uncollected amounts to his official bank account.
- C. The County Collector recompute the PILT distribution for amounts improperly distributed in the current and prior audit period and ensure the appropriate amounts are distributed to the appropriate political subdivisions. In addition, future PILT payments received from the Department of Conservation should be distributed in accordance with the Missouri Constitution.
- D. The County Collector ensure future distributions of surtax collections take into consideration the current years assessed valuation of subclass 3 commercial property for each political subdivision as required by state law.
- E. The County Collector and County Commission obtain a written agreement with all cities for tax collections. The contracts should specifically define the amount of penalties to be collected on delinquent city taxes and how the penalties are to be distributed. The penalty amounts should be based on applicable state law or local ordinance.
- F. The County Collector file complete and accurate annual settlements on a more timely basis.

Status:

A,D,

E&F. Not implemented. See MAR finding number 6.

B. Implemented. The County Collector reimbursed the bank account for the \$1,348 shortage with personal monies.

C. Partially implemented. Beginning in 2000, the County Collector distributes PILT payments from the Department of Conservation to the appropriate political subdivisions, however, no adjustments were made for past improper distributions. Although not repeated in the current MAR, our recommendations remains as stated above.

3. Circuit Clerk's Accounting Controls and Procedures

A. A complete open items listing was not prepared. At February 29, 2000, the open items listing was approximately \$28,000 less than the cash balance.

B. The Circuit Clerk maintained an inactive account with sixty-six checks totaling \$5,267 that were outstanding for more than one year.

Recommendation:

The Circuit Clerk:

A. Reconcile the monthly listing of open items to the cash balance. Any unidentified monies should be disposed of in accordance with state law.

B. Establish procedures to investigate checks outstanding for a considerable amount of time. Any remaining unclaimed monies should be disposed of in accordance with state law.

Status:

A&B. Implemented.

4. Sheriff's Accounting Controls and Procedures

A. Monthly listings of open items were not reconciled with the cash balance of the Sheriff's account and the open items listing included bonds that had been held for more than one year.

B. Receipts were not deposited on a timely basis.

- C. The Sheriff had not established a formal policy for follow up collection efforts for unpaid incarceration billings. Copies of billings were not marked paid when payments were received and a separate ledger tracking billings and collections was not maintained.

Recommendation:

The Sheriff:

- A. Reconcile the listing of open items to the cash balance monthly and dispose of any unidentified monies in accordance with state law. In addition, open items held for a considerable time should be routinely followed up on to determine if disbursement is necessary.
- B. Deposit all monies intact daily or when accumulated receipts exceed \$100.
- C. Maintain complete records which track incarceration billings and subsequent payments. In addition, establish and implement procedures for pursuing collection of delinquent incarceration billings.

Status:

- A&B. Not implemented. See current MAR finding number 7.
- C. Not implemented. Generally, the only prisoners held for other entities have been arrested by the sheriff's department on an outstanding warrant and are only held until picked up by the jurisdiction that issued the warrant. Benton County and the other entities do not charge each other in these situations.

STATISTICAL SECTION

History, Organization, and
Statistical Information

BENTON COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1835, the county of Benton was named after Thomas Hart Benton, a U.S. Senator. Benton County is a county-organized, third-class county and is part of the Thirtieth Judicial Circuit. The county seat is Warsaw.

Benton County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 535 miles of county roads and 76 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 12,183 in 1980 and 17,180 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,				
		2003	2002	2001	2000	1985* 1980**
		(in millions)				
Real estate	\$	111.5	108.1	105.5	101.6	54.2 27.1
Personal property		43.5	41.1	38.6	36.2	11.0 7.7
Railroad and utilities		12.7	14.3	17.1	14.1	7.8 6.8
Total	\$	167.7	163.5	161.2	151.9	73.0 41.6

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Benton County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,			
		2003	2002	2001	2000
General Revenue Fund	\$	.15	.15	.15	.15
Special Road and Bridge Fund *		.21	.21	.21	.21
Health Center Fund		.40	.40	.40	.40

* The county retains all tax proceeds from areas not within road districts. The county has three road districts that receive four-fifths of the tax collections from property within these districts, and the Special Road and Bridge Fund retains one-fifth. The road districts also have an additional levy approved by the voters.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

		Year Ended February 28 (29),			
		2004	2003	2002	2001
State of Missouri	\$	50,433	49,099	48,532	45,194
General Revenue Fund		265,721	245,824	246,393	233,742
Special Road and Bridge Fund		320,585	314,929	308,458	287,555
Special road districts		32,674	31,284	31,444	31,980
Assessment Fund		85,654	82,931	81,891	76,233
Health Center Fund		665,146	643,007	639,701	601,918
School districts		5,365,007	5,213,344	5,068,872	4,766,465
Library district		232,918	226,958	224,182	210,840
Ambulance districts		307,700	298,684	293,253	279,478
Fire protection districts		437,879	364,034	350,166	337,847
Surtax		79,187	78,840	84,465	79,021
Nursing home districts		63,544	61,801	59,458	57,126
Junior College		660,159	642,914	634,126	599,257
Overplus Fund		108,802	36,916	28,130	38,014
Cities		122,161	122,978	140,135	118,273
County Clerk		1,189	1,419	1,367	1,536
County Employees' Retirement		51,828	50,330	46,929	46,174
Tax Maintenance Fund		22,891	0	0	0
Commissions and fees:					
County Collector		2,206	2,170	2,198	2,084
General Revenue Fund		145,656	177,382	169,550	127,844
Total	\$	9,021,340	8,644,843	8,459,251	7,940,583

Percentages of current taxes collected were as follows:

		Year Ended February 28 (29),			
		2004	2003	2002	2001
Real estate		90.4	89.9	90.6	89.6 %
Personal property		88.9	89.1	88.6	88.6
Railroad and utilities		98.3	96.0	99.7	99.9

Benton County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$.00500	None	50	%
Capital improvements	.00500	2006	None	
Law Enforcement - E-911*	.00375	None	None	

* Approved in April 2002 election

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2004	2003	2002	2001	2000
County-Paid Officials:	\$				
Rodney Meyer, Presiding Commissioner		29,060	29,060	28,400	28,400
John Spry, Associate Commissioner		27,060	27,060	26,400	26,400
Walter Schumacher Jr., Associate Commissioner		27,060	27,060	26,400	26,400
Mary Lutman, County Clerk		41,000			
Glenalee Dillon, County Clerk			41,000	40,000	40,000
Karen Woodley, Prosecuting Attorney (1)		96,000	49,000	47,000	47,000
Gary Friar, Sheriff		45,000	45,000	44,000	
Glenn Spencer, Sheriff					33,374
Rick Renno, County Treasurer		30,340			
Kathryn Dockery, County Treasurer			30,340	29,600	29,600
James Miller, County Coroner		13,000	13,000	12,000	4,830
Donna Hart, Public Administrator (2)		20,000	20,000	20,000	1,557
Annabelle Kindle, Public Administrator (2)					3,350
J.D. Johnson, County Collector (3), year ended February 28 (29),	43,206	43,170	42,365	42,084	
Rodger Reedy, County Assessor (4), year ended August 31,		41,900	40,900	39,060	39,060
Jesse Wininger, County Surveyor (5)					

(1) The prosecuting attorney became a full-time position on January 1, 2003.

(2) Amounts in 2000 include fees totaling \$907 received from probate cases. Beginning in 2001, the Public Administrator received a salary in lieu of fees from probate cases.

(3) Includes \$2,206, \$2,170, \$2,198, and \$2,084 respectively, of commissions earned for collecting city property taxes.

(4) Includes \$900 annual compensation received from the state.

(5) Compensation on a fee basis.

State-Paid Officials:

Cheryl Schultz, Circuit Clerk and Ex Officio Recorder of Deeds	47,300	47,300	47,300	46,127
Larry Burditt, Associate Circuit Judge	96,000	96,000	96,000	97,382

In 1995, a juvenile detention center was constructed in the city of Bolivar for the Thirtieth Judicial Circuit. The five counties in the circuit are required to pay for the cost of construction in accordance with a cooperative agreement with the Thirtieth Circuit Youth Services, Inc., a not-for-profit organization established to operate the detention center. The Bolivar Industrial Development Authority issued revenue bonds of \$830,000 on behalf of the Thirtieth Circuit Youth Services, Inc., to finance the required share of construction costs for each of the counties in the circuit. The Thirtieth Circuit Youth Services, Inc., makes the bond payments, but the counties are required to pay their share of the debt in accordance with the cooperative agreement. The remaining debt associated with the construction totaling \$299,000 was refinanced on October 29, 2001. The interest rate is 5 percent and payments are made semi-annually for five years, with a lump sum payment due on November 1, 2006. Benton County's share of the debt is 65.36 percent and on December 31, 2003, the county's obligation for the remaining principal balance was \$163,425.

The county has entered into several lease purchase agreements for road and bridge equipment. At December 31, 2003, the principal balance of the leases totaled approximately \$559,000. Principal and interest payments are made from the Special Road and Bridge Fund.



**STATE AGENCY REMOVAL OF
DATA FROM SURPLUS COMPUTERS**

**From The Office Of State Auditor
Claire McCaskill**

Ineffective computer sanitation policies or lack of policies at state agencies exposes the state, its employees and citizens to unnecessary risk of data disclosure.

**Report No. 2004-70
September 15, 2004
www.auditor.mo.gov**

PERFORMANCE AUDIT



Office of
Missouri State Auditor
Claire McCaskill

September 2004

Weak Controls Increase the Risk Sensitive or Confidential Material Is Not Properly Safeguarded

Each year the state disposes of hundreds of computers through surplus property sales to political subdivisions and certain not-for-profit organizations and auctions open to the public. We evaluated state agency and overall state policies and procedures for removal of data from disposed of computers to prevent sensitive or confidential data from being disclosed.

Data removal not always effective or consistently done across state agencies

Test results showed we could read or use data recovery software to read data on 37 of the 56 (66 percent) computers tested, which indicated there had been no attempt to remove data or attempts were ineffective. For 13 of the 37 (36 percent) computers, the agency formatted the drive or removed the partition, attempting to remove data. Changing a hard drive format using the format command or removing the partition on a hard drive are sometimes misunderstood as ways to erase data, but neither technique actually removes data. (See page 3)

Sensitive data remained on computers not sanitized

Twenty-three of the 37 (64 percent) computers which had not been sanitized had sensitive data. The sensitive data included social security numbers, bank account information, computer network access information, and medical data. All 37 computers still had licensed software. (See page 4)

No consistent statewide policy

In August 2004, the Office of Information Technology (OIT) provided guidance to state agencies in establishing computer sanitation standards. Until that time state agencies had received little help regarding computer sanitation. As a result, they had inconsistent data removal policies. Only 2 of 12 agencies tested (Departments of Health and Senior Services, and Mental Health) had established written department-wide policies. Other agencies had informal guidelines that were not consistently used by each agency unit or division or were ineffective based on our test results. State agencies will need to develop their own computer sanitation standards based on the OIT guidance. (See page 5)

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YELLOW SHEET

**STATE AGENCY REMOVAL OF
DATA FROM SURPLUS COMPUTERS**

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CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Members of the General Assembly
and
Gerald Wethington, Chief Information Officer
Office of Information Technology
and
State Agency Directors
Jefferson City, MO 65102

Each year the state disposes of hundreds of computers through surplus property sales to political subdivisions and certain not-for-profit organizations and auctions open to the public. Our audit objective was to evaluate state agency and overall state policies and procedures for removal of data from disposed of computers to prevent sensitive or confidential data from being disclosed.

We identified sensitive data on 23 of 56 computers tested. The sensitive data included social security numbers, bank account information, network access information, and patient medical data. Until August 2004, state agencies did not have guidance to follow when establishing computer sanitation policies. State agency's policies and procedures ranged from detailed written procedures to informal procedures that were not consistently followed or were ineffective. As a result, sensitive and/or confidential material was available to the public on surplus computers.

We conducted the audit in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such tests of the procedures and records as were considered appropriate under the circumstances.

Claire McCaskill
State Auditor

The following auditors contributed to this report:

Director of Audits:	William D. Miller, CIA, CGFM
Assistant Director of Audits:	Jon Halwes, CPA, CGFM
Information Systems Audit Manager:	Jeff Thelen, CPA
In-Charge Auditor:	Jeff Roberts
Audit Staff:	Frank Verslues

RESULTS AND RECOMMENDATIONS

Weak Controls Increase the Risk Sensitive or Confidential Material Is Not Properly Safeguarded

State agencies are not consistently removing data from computer hard drives before they are sold, transferred, or disposed of. As a result, sensitive or confidential material may be compromised causing potential security risks to the state or disclosure of personal information of state employees or citizens. Some agencies had established effective procedures for removal of data while others had informal procedures that were inconsistently applied and ineffective. The state has a fiduciary responsibility to safeguard information provided by the public or sensitive in nature to the state or its employees. Lack of statewide guidance from the Office of Information Technology and sufficient consideration of this issue by state agency management has contributed to the weaknesses identified.

Background

The state uses various means to sell or transfer used computer equipment that is no longer needed either because its technology is outdated or parts are no longer functioning. Many agencies use the Office of Administration - Missouri State Agency for Surplus Property (MOSASP) for this service. Some agencies, including the Department of Conservation, hold public auctions or dispose of equipment including computers without using MOSASP.

MOSASP acts as an agent to facilitate the transfer or sale of surplus equipment. Equipment received by MOSASP may be transferred to another state agency, sold to local school districts and other political subdivisions, certain not-for-profit organizations, or other organizations registered with the division. Items that remain unsold to these organizations are periodically sold as part of public auctions. MOSASP policy states it is each agency's responsibility to remove data from surplus computers.

Data removal methods and controls

Deleting a file does not destroy the data. It only removes the reference to the file location on the hard drive. Removing the reference to the file location makes it appear that the file no longer exists. However, the actual data is not removed and the file remains on the hard drive indefinitely, until its space is needed and overwritten by another file. With the increased use of large storage hard drives, drive space may never be fully used, and files may never be overwritten. Inexpensive data recovery software is commercially available that can easily be used to search for and recover these deleted files from hard drives.

Before a hard drive can be used, a primary partition must be created to allocate disk space to support a file system and assign a drive letter (for example the C: drive). A computer is started or booted from and the operating system is read from the primary partition. Once a hard drive is partitioned, it must be formatted to create a file system. A file system manages the overall structure in which files are named, stored, and organized. After a drive has been partitioned and

formatted, the necessary information is stored to allow the hard drive to accept, store, and retrieve data.

Changing a hard drive format using the format command is sometimes misunderstood as a way to erase data, but it only removes the filename link to the physical location of the data. The data remains on the drive, as when data is deleted. The format command actually creates a new file system, leaving all previous data on the hard drive untouched. Removing the partition on a hard drive is also misunderstood as a technique to erase data. When the partition is removed from the drive, the computer will not complete the normal boot process, which makes it appear that all files have been deleted. Data recovery software can also be used to search for and recover files from hard drives that have been formatted or had a partition removed.

Sanitizing (also called overwriting, wiping or purging) a computer means removing all traces of information from a hard drive in a manner that gives assurance the information is unrecoverable by any means. Sanitizing defeats attempts to recover information using data recovery software or more advanced methods. The sanitizing process replaces previously stored data on the hard drive with a predetermined pattern of meaningless information. Sanitizing software is commercially available. To ensure data cannot be recovered using data recovery software or other methods, sanitizing software often has options to overwrite the entire hard drive three or more times.

Methodology

We tested a sample of 56 computers ready for sale or transfer, which had been disposed of by state agencies, to determine if any data, information, or software remained on them or could be recovered. For each computer that had recoverable files, we searched all documents, spreadsheets, and other files for data and information considered sensitive or confidential and licensed software. We met with officials from each of the agencies from which computers were selected to discuss the results of our testing and to determine the policies and procedures used by the agencies for removal of data prior to computer disposal. We also met with officials from the state's Office of Information Technology (OIT)¹ regarding statewide policies and procedures covering this issue. *(See Appendix I, page 10, for more detail on the methodology).*

Data removal not always effective or consistently done across state agencies

Test results showed we could read or use data recovery software to read data on 37 of the 56 (66 percent) computers tested, which indicated there had been no attempt to remove data or attempts were ineffective. Table 1 shows what action state agencies took to remove or destroy data on each computer tested. "No Action Taken" means no procedures were performed to remove data from the hard drive. The computer either booted normally (17 computers) or had a hardware problem (7 computers), such as a missing graphics card, that prevented it from booting normally, but the drive was readable when connected to our computer equipment. If the agency formatted the drive or removed the partition, there had been an attempt to remove data. If the drive had been sanitized, data had been permanently removed.

¹ The OIT is responsible for coordinating information technology initiatives for the state and has the authority to establish statewide policies that will contribute to the effective use of information technology within the state.

Table 1: Computers Selected By Agency and Initial Results

Agency	Number of Computers Tested	No Action Taken	Drive Formatted or Partition Removed	Hard Drive Sanitized
DESE ¹ - Administrative and Financial Services	5	5	0	0
Public Safety - Veterans Commission	3	3	0	0
Governor	3	3	0	0
Natural Resources	4	2	0	2
Public Safety - Capitol Police	2	2	0	0
OA ² - Facilities Management	5	2	2	1
OA - Information Services	3	2	1	0
Corrections - Probation and Parole	1	1	0	0
Higher Education	2	1	0	1
OA - General Services	1	1	0	0
Lieutenant Governor	1	1	0	0
House of Representatives	3	1	2	0
Conservation	5	0	5	0
OA - Design and Construction	3	0	3	0
DESE - Vocational Rehabilitation	4	0	0	4
Health and Senior Services	6	0	0	6
Mental Health	5	0	0	5
Total	56	24	13	19

¹ Department of Elementary and Secondary Education

² Office of Administration

Source: SAO analysis

Sensitive data remained on computers not sanitized

We found 23 of the 37 (64 percent) computers which had not been sanitized had sensitive data. We defined sensitive data as any information not considered available to the public such as social security numbers and medical information. Almost all computers (34 of 37) also had non-sensitive data. We defined non-sensitive data as any information that would generally be available to the public. All 37 computers still had licensed software² on them. Table 2 shows the results by agency for these 37 computers.

² Licensed software included any computer program subject to licensing requirements or restrictions.

Table 2: Data Search Results

Agency	Computers Not Sanitized	Type of Data Found	
		Non-Sensitive	Sensitive
Conservation	5	5	4
Corrections - Probation and Parole	1	1	1
DESE ¹ - Administrative and Financial Services	5	5	5
Higher Education	1	1	0
Natural Resources	2	2	0
Public Safety - Capitol Police	2	2	2
Public Safety - Veterans Commission	3	3	2
OA ² - Design and Construction	3	3	3
OA - Facilities Management	4	2	0
OA - General Services	1	1	1
OA - Information Services	3	2	0
Governor	3	3	1
Lieutenant Governor	1	1	1
House of Representatives	3	3	3
Total	37	34	23

¹ Department of Elementary and Secondary Education

² Office of Administration

Source: SAO analysis

The majority of sensitive data found on the hard drives was related to the work performed by the state employee using the computer, such as social security numbers of state employees and state program applicants or participants. Other sensitive data found included:

- Bank account information
- Network access information including the remote dial-in phone number
- A document from the federal government labeled "For Official Use Only"
- Medical history information
- A patient's plan of care
- Report of patients' medicine dosage errors
- Law enforcement official investigation report
- Abuse/neglect occurrence investigation report
- Nursing home complaint forms
- Employee performance appraisals

No consistent statewide policy

As of June 2004, OIT had not established a statewide policy to ensure data is completely removed from computers designated for surplus. As a result, state agencies had inconsistent data removal policies. Only 2 of 12 agencies tested (Departments of Health and Senior Services, and Mental Health) had established written department-wide policies. The Department of Health and Senior Services' policies and procedures were effective based on our hard drive test results and review of the policies. The Department of Mental Health also used an effective sanitation

process based on our test results; however, the department's procedures did not include a testing phase to ensure data was completely removed. Other agencies had informal guidelines that were not consistently used by each agency unit or division or were ineffective based on our test results. The Department of Conservation and House of Representatives policies only required hard drives be formatted to alter the original drive's file system and/or remove the drive's partitions, which do not permanently remove data. The Office of Administration and Department of Public Safety had not established organization-wide policies to follow, but some of their agency units or divisions had established informal policies or followed those established by other divisions. Agency officials provided the following reasons why formal written policies had not been established:

- Waiting for guidance from the OIT
- Relying on other state agencies to handle the agency's computer disposal issues
- Did not believe their computers had sensitive or confidential data
- Believed their informal procedures for removing hard drive partitions were effective

Only the Department of Health and Senior Services of the 12 agencies tested, had effective procedures for testing or certifying that computers had been sanitized prior to disposal. Such procedures are necessary to ensure computers are not missed and the sanitation process is working properly. Three agencies (the Departments of Elementary and Secondary Education, Higher Education, and Natural Resources) using effective sanitization methods, disposed of un-sanitized computers at least in part due to not having testing procedures.

OIT addressed the issue of removing data from surplus computers in a February 2003 Information Technology Advisory Board (ITAB) meeting. In the meeting, state information technology officials discussed a media report of state of Kentucky surplus computers still having secure data. The ITAB minutes from that meeting indicated a statewide policy would be developed, but no timeframe was noted. OIT's Chief Information Officer said sanitation of surplus computers was ranked 11th of 42 priority items by his office. OIT finalized computer sanitation guidance at the end of July 2004 and made it available to state agencies in August. He said each state agency would need to develop its own computer sanitation standards based on the guidance. We reviewed the guidance and found it covered the key elements needed when establishing a computer sanitation policy.

Conclusion

Commitment by all state agencies to develop and implement computer sanitation policies and procedures is needed to ensure sensitive or confidential material is appropriately safeguarded and licensed software is removed before the surplus, sale, transfer, or disposal of computer equipment. Ineffective policies or lack of policies at state agencies exposes the state, its employees and citizens to unnecessary risk of data disclosure.

Recommendation

State agencies, using the OIT guidance, develop organization-wide computer sanitation policies. The policies should define the following requirements:

- The responsibility for the removal of data before the surplus, sale, transfer, or disposal of computer equipment.
- The minimum requirements and acceptable methods for the removal of data from an agency's computer hard drives prior to the surplus, sale, transfer, or disposal of the equipment.
- A process to test and certify an agency's removal of data from computer hard drives.

OIT Comments

In response to the audit "State Agency Removal of Data from Surplus Computers", the Office of Information Technology agrees with the finding "Ineffective computer sanitation policies or lack of policies at state agencies exposes the state, its employees and citizens to unnecessary risk of data disclosure." As detailed in the audit report, OIT raised the issue at the February 2003 ITAB meeting and had the issue assigned to the ITAB security committee. Subsequently, the issue was assigned to the Missouri Adaptable Enterprise Architecture (MAEA) Security Domain Committee for action. The issue was assigned a priority of 11 out of 42 security disciplines that had to be addressed. The priority of 11 was assigned, as there were more pressing security issues before the Security Domain Committee that posed greater risk to the State, its employees and citizens. The audit report does point out the resulting time line for the OIT publishing a MAEA Compliance Component on PC Disposal and with respect to the compliance component comments, "We reviewed the guidance and found it covered the key elements needed when establishing a computer sanitation policy."

With respect to further action on this issue, it is worth reporting that at the August 25, 2004 ITAB meeting, OIT directed the Security Domain Committee to develop a Product Compliance Component for PC Disposal to ensure consistency across state agencies with respect to software used to sanitize PCs prior to disposal.

Department of Conservation Comments

The Missouri Department of Conservation will review its policy for the removal of data from surplus computers and will take steps considered necessary to ensure sensitive information is appropriately removed.

Department of Corrections Comments

The department concurs with the recommendation and will await guidance from the Office of Information Technology as specified.

Department of Elementary and Secondary Education Comments

We agree with this recommendation. The department is in the process of developing a department-wide computer sanitation policy.

Department of Mental Health Comments

The Department of Mental Health will follow the guidelines listed in the State Enterprise Architecture Compliance Component that was approved on July 30, 2004. The Department of Mental Health already has a procedure for sanitizing data from computer equipment. The report stated that the department's procedure "did not include a testing phase to ensure data was completely removed." The product that the department procedure requires is Gdisk. While our procedure did not specifically refer to the verification phase, the Gdisk product does indicate upon completion, whether the product was successful or not. Current department procedures are being modified to include:

- *Verifying and recording that the sanitization process was successful*
- *Labeling of sanitized computers*
- *Keeping a record of the sanitization history of all surplus computers*

Department of Natural Resources Comments

We agree with the recommendations noted in the audit and have had procedures on data removal from surplus computers for some time. Following the discussions with your staff, we made procedural modifications to address the weaknesses noted in the audit. These modifications were documented in an August 9, 2004 memo to the department's division directors. These modifications were also discussed in the most recent monthly technical support staff meeting. We will formalize the procedures by developing a written policy in the near future.

Department of Public Safety Comments

The Department of Public Safety agrees with the finding. Divisions within the Department of Public Safety have a policy of wiping the hard drives clean before the computers are sent to surplus. We are in the process of developing a department wide policy that will establish a minimum procedure that each division will follow. The divisions will have the option of implementing stronger standards but they will be required to follow, at least, the minimum standard procedure.

Office of Administration Comments

We agree. In compliance with the Compliance Component that was recently approved by ITAB, OA has drafted a department wide policy that will be issued in September. OA has included the acceptable method for removal of data in its policy and has acquired software to ensure that this is done to meet the requirement of the compliance component. OA has included procedures in its policy to test to ensure data removal was successful. In addition, OA is modifying its Report

of State Owned Surplus Property, MO 300-1249N (8-03), to include a check box that requires the submitting agency to acknowledge whether or not the computers itemized have been sanitized consistent with the Missouri Adaptable Enterprise Architecture's PC Disposal Compliance Component and requires the signature of the individual responsible for sanitization as well as the date sanitized. Finally, the Division of State Surplus Property will in the future not accept PCs for disposal unless the new fields are completed on the form.

Governor Comments

The Governor's Office does currently overwrite all hard drives on computers that are sent to surplus property. We concur that information that is either sensitive and/or confidential, should be irrevocably erased from computer hard drives before they are disposed of by state departments and entities.

Lt. Governor Comments

Our office strongly supports the need for a uniform data removal policy in order to protect the sensitive nature of citizen inquiries. The Office of Administration services the computers in the Lt. Governor's office so we will work with them to ensure compliance with the final procedures.

The Departments of Health and Senior Services and Higher Education and the House of Representatives chose not to provide a response to the recommendation.

OBJECTIVE, SCOPE AND METHODOLOGY

Objective

Our audit objective was to evaluate state agency and overall state policies and procedures for removal of data from disposed of computers to prevent sensitive or confidential data from being disclosed.

Scope and Methodology

On various dates in May and June 2004, we obtained 51 computers, from the Office of Administration - Missouri State Agency for Surplus Property (MOSASP). These computers had been transferred to MOSASP by various state agencies for sale or disposal. We also obtained 5 computers from the Department of Conservation in June 2004, that were being sold by that agency. Computers that contained a hard drive were haphazardly selected for testing. The following procedures were performed on the selected computers:

- A monitor, mouse, and keyboard were plugged into the computer to determine if the system would boot normally. The boot results were noted and the computer shut down. If the computer booted normally, nothing had been done to remove the data, information, or software.
- We removed the hard drive from the original computer and connected it to our computer equipment for further evaluation.
- The hard drive was then scanned using inexpensive, commercially available data recovery software. The hard drive was scanned to recognize information on the drive, which is a prerequisite to recovering deleted partitions, re-formatted drives, and for recovering deleted files on the drive. Use of the data recovery software was not necessary to recover files that had not been deleted.
- If a computer did not boot normally, we used information from the drive and other tools to determine what had been done to prevent the drive from booting. In some cases, the drive had been formatted to alter the drive's original file system or a partition had been removed to change the boot record and logical division of the drive. In these cases, the data recovery software was used to recover files in the same manner as for the computers that booted normally.
- We then searched all documents, spreadsheets, and other readable files for data or information considered sensitive or confidential that would not be available to the public. We also searched for licensed software.
- Per a written agreement with MOSASP officials, we used software to sanitize the hard drive by overwriting all previous data from any computers which still had data before we returned them.

We met with officials from each of the agencies from which computers were selected to discuss the results of our testing and to determine the policies and procedures used by the agencies for removal of data prior to computer disposal. In addition, we met with an official from the Department of Transportation to discuss that agency's policies and procedures, but selected no computers from that agency for testing. We also met with officials from the state's Office of Information Technology regarding statewide policies and procedures covering this issue.



**CITY OF INDEPENDENCE, MISSOURI
YEAR ENDED JUNE 30, 2003**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-69
September 15, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

September 2004

The following problems were discovered as a result of an audit conducted by our office of the City of Independence, Missouri.

Expenditures from the General Fund have exceeded revenues in three of the last five years resulting in a decline of the fund balance. The city's goal is to maintain 5 percent of General Fund annual revenues in undesignated fund balance to be used for unanticipated and/or catastrophic events. At June 30, 2003, the undesignated fund balance was approximately \$2.5 million below the city's goal of 5 percent of annual revenues. While recent monthly financial reports suggest ways to increase the undesignated fund balance, the city has not developed a plan to restore the balance in accordance with its policy.

The following, if eliminated or handled differently, represent discretionary spending or designating of funds that could have increased the undesignated General Fund balance:

- The city chooses to earmark unrestricted tax increment financing (TIF) distribution monies for capital projects. Within the General Fund, the city designated \$1.5 million in TIF distribution monies to be spent on capital projects during the year ended June 30, 2003. Additionally, \$330,000 in other General Fund monies was transferred from the General Fund into restricted funds to be used for capital projects. Therefore, \$1.8 million in unrestricted monies used or reserved for capital improvements could have been available for other purposes or left as undesignated in the General Fund during the year ended June 30, 2003.
- The Revolving Public Improvements Fund had a \$235,000 balance at July 1, 2002, of which the city spent \$196,000 on capital projects during the year ended June 30, 2003. This balance consisted of interest revenue remaining in the fund which was not restricted and could have been transferred into the General Fund.
- The city paid approximately \$6.8 million from the General Fund for its portion of employee medical insurance premiums during the year ended June 30, 2003. The city continues to pay 86 percent of the total premium costs, despite a recommendation in an actuarial study done in 2000 that the city should increase the portion paid by its employees.

The following concerns were noted regarding the Stay Well Health Care Plan, which is the city's self-funded medical insurance plan for employees and retirees:

(over)

YELLOW SHEET

- The city has not been meeting the Council-approved funding goals established for the Stay Well plan, and as of June 30, 2003, the plan was underfunded by approximately \$1.9 million. Expenditures have exceeded revenues in three of the last five years, resulting in a decline in the plan's fund balance. While the city prepares annual analyses to project premium rate increases necessary to fully fund the plan, full funding is projected to occur three or five years subsequent to the preparation of these analyses, and the city has not enacted the required rate increases over these three- or five-year periods to fully fund the plan.
- The city pays for actuarial studies of the Stay Well plan. The study performed in March 2000 included nine recommendations and the city has only implemented two of them.
- The city could potentially save costs by dropping its aggregate attachment point reinsurance coverage, which is coverage when total employee medical claims for the year exceed a specified dollar limit. The city has never had to use this coverage, and the city spent \$33,000 for such coverage during the year ended June 30, 2003.
- The city provides a Health Maintenance Organization (HMO) option to city employees and retirees which costs the city less per employee/retiree than the Stay Well plan. If every employee/retiree was enrolled in the HMO, it appears the city could have saved over \$1 million in premium costs during the year ended June 30, 2003. The city should perform a thorough analysis comparing the costs and benefits of the Stay Well plan to the costs and benefits of other employee medical insurance plans, including the HMO option.

The construction of the Santa Fe Trail Tax Increment Financing (TIF) area has been delayed and no additional development is expected within the next year. Currently, TIF expenses (bond payments) are significantly higher than the revenues generated. If additional development is not started soon, the city will need to use general funds to make the majority of the remaining debt service payments, which increase significantly during the latter years of the project and average \$921,000 per year through 2023. For the year ended June 30, 2005, the city estimated \$861,000 in available TIF funds; however, the required debt payments for the year totaled \$955,000.

Also included in the report are recommendations to improve records and procedures for procurement card purchases and other city expenditures, vehicle and equipment inventory and usage records, vehicle allowances paid to city officials and employees, and closed council meeting minutes.

All reports are available on our website: www.auditor.mo.gov

CITY OF INDEPENDENCE, MISSOURI

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the Honorable Mayor
and
Members of the City Council
City of Independence, Missouri

The State Auditor was engaged to perform an audit of the City of Independence, Missouri. The city engaged KPMG LLP, Certified Public Accountants (CPAs), to audit the city's financial statements for the year ended June 30, 2003. To minimize duplication of effort, we reviewed the report and substantiating working papers of the CPA firm. The scope of our audit of the city included, but was not necessarily limited to, the year ended June 30, 2003. The objectives of this audit were to:

1. Perform procedures to evaluate citizens' concerns.
2. Review internal controls over significant management and financial functions.
3. Review compliance with certain legal provisions.

To accomplish these objectives, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents; interviewed various personnel of the city, as well as certain external parties; and tested selected transactions. Our methodology included, but was not necessarily limited to, the following:

1. We obtained an understanding of citizen concerns and performed various procedures to determine their validity and significance.
2. We obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.
3. We obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide

reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the city's management and was not subjected to the procedures applied in the audit of the city.

The accompanying Management Advisory Report presents our findings arising from our audit of the City of Independence, Missouri.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

April 29, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Mark Ruether, CPA
In-Charge Auditor:	Susan Beeler
Audit Staff:	Danielle E. Parker
	Marty Carter

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

CITY OF INDEPENDENCE, MISSOURI
MANAGEMENT ADVISORY REPORT –
STATE AUDITOR'S FINDINGS

1.	Financial Condition
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Expenditures from the General Fund have exceeded revenues in three of the last five years resulting in a decline of the fund balance. The city's goal is to maintain 5 percent of General Fund annual revenues in undesignated fund balance to be used for unanticipated and/or catastrophic events. However, the city has not reached this goal for the past two years as shown below:

		Year Ended June 30,				
		2003	2002	2001	2000	1999
Beginning fund balance	\$	7,094,206	7,969,012	6,229,361	6,152,180	7,785,760
Revenues*		59,051,715	64,525,048	58,860,727	53,538,614	50,288,109
Expenditures**		(61,186,616)	(65,399,854)	(57,121,076)	(53,461,433)	(51,921,689)
Ending fund balance	\$	<u>4,959,305</u>	<u>7,094,206</u>	<u>7,969,012</u>	<u>6,229,361</u>	<u>6,152,180</u>
Undesignated ending fund balance	\$	413,564	1,965,621	3,509,067	2,623,804	3,245,732
Undesignated fund balance as a percentage of revenues		0.70%	3.05%	5.96%	4.90%	6.45%

* Includes other financing sources, such as utility payments in lieu of taxes and debt proceeds.

**Includes other financing uses, such as transfers to other funds.

The undesignated fund balance consists of all funds that are not designated or reserved for specific uses. The remainder of the fund balance is reserved and designated for items such as year-end encumbrances (commitments related to unperformed contracts for goods or services), debt service reserves, protested tax revenues, workers compensation insurance reserve, and capital projects.

As noted in the above chart, revenues steadily increased until fiscal year 2003. During fiscal year 2003, most revenue categories remained about the same; however, intergovernmental revenues, which includes state and federal grants, decreased by approximately \$5 million in fiscal year 2003 compared to fiscal year 2002. While expenditures also decreased in fiscal year 2003, they still exceeded revenues by over \$2 million. At June 30, 2003, the undesignated fund balance was approximately \$2.5 million below the city's goal of 5 percent of annual revenues.

The following situations represent discretionary spending or designating of funds that, if eliminated or handled differently, could have increased the undesignated balance of the General Fund:

- The city chooses to earmark tax increment financing (TIF) distribution monies for capital projects. TIF distribution monies are the increase in general tax revenues generated in a TIF area after the TIF has been completed. While these revenues are legally restricted to pay for TIF infrastructure improvements and related debt payments while the TIF project is active, this money is deposited into the General Fund and there are no legal restrictions on the use of these revenues once the TIF project has been completed and the related debt has been extinguished. Within the General Fund, the city designated \$1.5 million in TIF distribution monies to be spent on capital projects during the year ended June 30, 2003. During the same time period, \$330,000 in other General Fund monies was transferred from the General Fund into restricted funds to be used for capital projects. Therefore, \$1.8 million in unrestricted monies used or reserved for capital improvements could have been available for other purposes or left as undesignated in the General Fund during the year ended June 30, 2003.
- The Revolving Public Improvements Fund, which is historically a restricted capital projects fund, had a \$235,000 balance at July 1, 2002, of which the city spent \$196,000 on capital projects during the year ended June 30, 2003. However, this balance consisted of interest revenue remaining in the fund which was not restricted and could have been transferred into the General Fund.
- The city paid approximately \$6.8 million from the General Fund for its portion of employee medical insurance premiums during the year ended June 30, 2003. The city continues to pay 86 percent of the total premium cost, despite a recommendation in an actuarial study done in 2000 that the city should increase the portion paid by its employees. In addition, the majority of city employees and retirees use the self-funded medical insurance plan while it appears the city's HMO option is less costly. See Management Advisory Report (MAR) No. 2 for more specific concerns about the Stay Well Health Care Plan.
- The city paid approximately \$62,000 in vehicle allowances from the general fund during the year ended June 30, 2003 and does not require the applicable officials and employees to document mileage incurred on city business. See MAR No. 6 for more specific concerns about vehicle allowances.

The city has a policy stating the city will strive to restore the undesignated fund balance if it falls below the city's goal. While recent monthly financial reports provided to the City Council suggest ways to increase the undesignated fund balance, the city has not developed a plan to restore the balance in accordance with its policy. The city should take steps to reverse the trend of the declining fund balance and develop short-term and long-term plans to strengthen the financial condition of the General Fund.

WE RECOMMEND the City Council closely monitor the financial condition of the city and take appropriate steps to restore the undesignated portion of the General Fund balance to the city's goal of 5 percent of annual revenues.

AUDITEE'S RESPONSE

The City concurs with this recommendation. Through most of fiscal year 2003-04, the City took steps to improve the financial position of the General Fund, and in preparing the Operating Budget for fiscal year 2004-05, provided for funding to restore the Undesignated Fund Balance in accordance with its policy.

2. Stay Well Health Care Plan

The city has not been meeting the Council-approved funding goals established for the Stay Well Health Care Plan, which is the city's self-funded employee medical insurance plan, and as of June 30, 2003, the plan was underfunded by approximately \$1.9 million. The city has not adequately implemented recommendations resulting from internal and external reviews of Stay Well. The city could potentially save money on the Stay Well plan by making changes to its reinsurance policy. It appears the city could save as much as \$1 million annually if city employees/retirees used the city's Health Maintenance Organization (HMO) plans instead of Stay Well, and the city should perform a cost/benefit study comparing Stay Well to other employee medical insurance options.

The Stay Well Health Care Plan was established by the city in 1982 as a self-funded employee medical insurance plan for the benefit of eligible employees, their dependents, and retirees. During the year ended June 30, 2003, approximately 79 percent of eligible city employees/retirees were enrolled in Stay Well. For the past several years, insurance premium costs have been paid 86 percent by the city and the remaining 14 percent by the employees/retirees. Plan revenues and expenses are accounted for in a separate city fund, called the Staywell Health Care Fund. Plan revenues for the year ended June 30, 2003 totaled \$10.2 million, of which \$8.7 million was the city's portion of premiums.

- A. The Staywell Health Care Fund expenditures exceeded revenues in three out of the last five years resulting in a decline of the fund balance as shown in the table below:

		Year Ended June 30,				
		2003	2002	2001	2000	1999
Beginning balance	\$	(60,795)	172,727	1,125,330	1,923,716	1,008,605
Revenues		10,212,446	8,784,246	8,287,365	6,900,234	6,653,728
Expenditures		(9,647,777)	(9,017,768)	(9,239,968)	(7,698,620)	(5,738,617)
Ending balance	\$	<u>503,874</u>	<u>(60,795)</u>	<u>172,727</u>	<u>1,125,330</u>	<u>1,923,716</u>

The city's budget for the year ended June 30, 2004 projected no change in the fund balance. According to city officials, the city chose not to increase premiums for the year ended June 30, 2004, because of a lack of available resources. In lieu of premium increases for 2004, the city has made changes to the plan, such as implementing higher co-payments. As of April 30, 2004, the balance in the fund was \$439,064.

The city is not meeting its funding level goal for the plan. The city's funding level goal is set at the aggregate attachment point, which is 125 percent of estimated medical claims, or total estimated claims for the year plus an additional 25 percent (three months) of estimated claims. This provides additional funds in case estimated claims are higher than expected. Had the city fully funded the plan in accordance with its goal, the city should have had approximately \$2.4 million fund balance at June 30, 2003, which represents approximately 3 months of claims. However, as shown above, the city had less than one month of estimated claims available at that time, and therefore, the plan was underfunded by approximately \$1.9 million.

Annually, the Finance Department prepared three-year rolling analyses to project premium rate increases necessary for the plan to be fully funded by the end of the third year. These analyses were based on different potential premium increase and benefit change scenarios for the city council to evaluate and determine an appropriate premium increase for the subsequent year. For the year ended June 30, 2004, the scenario chosen by the city council was a five-year analysis instead of the normal three-year analysis. Our review noted the following concerns with these yearly analyses:

1. The funding level goal is not met because the final year of the analyses is never reached. Each analysis included estimated yearly revenues, expenditures, and fund balance based on recommended annual premium increases, but the increases recommended for the first two years of the three-year analyses (first four years for the five-year analysis) are not sufficient to reach the aggregate attachment point at the end of each year. The analyses only plans for recovery of a portion of the underfunding each year. Since the city prepares a new analysis every year, the only way the city will reach its funding goal is to set premiums to reach the aggregate attachment point during the first year and each subsequent year of the analysis. The city should ensure it adopts funding goals that it intends to attain, and full funding is not constantly three or five years away.
2. When preparing the analyses described above, the city uses the cash balance in the Staywell Health Care Fund instead of net assets as the amount of beginning available resources. By using the cash balance instead of net assets, the city is not considering liabilities for medical claims expenses incurred but not yet paid, and therefore, the city is overestimating the balance available to pay for future medical claims incurred. For example, at June 30, 2003, the cash balance was \$1.3 million while net assets were only \$0.5 million, so the city overstated its beginning available resources by \$0.8 million. An outside actuarial study performed in March 2000 concluded this method of using cash balance rather than net assets contributes to the city's inability to meet its funding goal.

City officials stated the beginning cash balance is used because the plan is "ongoing from year to year," and claims not paid in one year will be paid in the next plan year. Therefore, it appears the city plans to use subsequent year's premiums to cover some previous year's claims.

B. The city has only implemented or taken steps toward implementing 3 of 11 recommendations made in recent internal and external reviews of the Stay Well Health Care Plan. In March 2000, the city received an outside actuarial valuation, and in April 2003, the city's Management Analyst performed an internal review of the plan.

1. The March 2000 actuarial valuation included nine recommendations and the city has only taken steps toward implementing two of them. One unimplemented recommendation is for the city to require smaller premium increases every year rather than zero increase some years, followed by exaggerated increases in others. The actuary suggested premium increases of 5 to 10 percent annually as a common industry practice. The city increased premiums by 15 percent and 22 percent in the first two years after the report was issued, and 0 percent in the third year (2003-2004). Additionally, the actuary recommended the city increase the employee portion of premium costs (currently 14 percent), stating the current employee contribution rate was low compared to other plans.

The other unimplemented recommendations include reviewing the rate structures for employees, dependents, and retirees, and increasing the level of coinsurance and co-payments.

The city paid \$15,000 for the actuarial valuation performed in March 2000 and recently paid \$29,000 for another actuarial valuation completed in March 2004. The city has not adequately documented actions taken to address the March 2000 recommendations and since many of these recommendations have not been implemented, the city should thoroughly review the new information provided by the March 2004 valuation. If the city continues to only implement some of such recommendations, it should re-evaluate the benefits received from these reviews compared to the costs incurred.

2. The review performed by the city's Management Analyst included two recommendations to the city, of which one has been implemented. In addition, the Management Analyst reviewed 100 percent of medical claims incurred during the year ended June 30, 2002, and determined duplicate claims of \$48,759 were made. In December 2002, the Management Analyst provided a list of these potential duplicate claims to the plan's third party administrator to begin recoupment efforts; however, apparently little effort had been made to follow up on the duplicate claims. Upon our questioning of the status of the duplicate claims, the third party

administrator prepared a status update in February 2004 which stated \$27,317 was not actually overpaid and \$10,982 had been recovered. However, nothing had been done on the remaining \$10,460. The city should continue follow-up efforts to resolve the remaining amount of duplicate claims.

- C. The city could potentially save costs by dropping its aggregate attachment point reinsurance coverage. Aggregate attachment point reinsurance is a policy which activates when total claims in aggregate exceed a specified dollar limit during the contract year. This dollar limit is determined by the reinsurance company and represents 125 percent of expected claims during the contract year. City officials indicated Stay Well claims have never reached the aggregate attachment point level; therefore, the city is paying for reinsurance that has never been used. Other cities in Missouri and the surrounding area with self-funded employee medical insurance plans and the Mid America Regional Council, an insurance pool among smaller cities, do not purchase aggregate attachment point reinsurance or have chosen to drop this coverage because claims never reached the aggregate attachment point level. The city paid approximately \$33,000 for aggregate attachment point reinsurance during the year ended June 30, 2003. While the city may need to change other plan details which could add additional reinsurance costs, it appears the city may realize a savings by dropping its aggregate attachment point coverage.
- D. The city has not performed an analysis to determine if different employee medical insurance options would benefit the city. The city provides a Health Management Organization (HMO) option to city employees which costs the city less per employee than the Stay Well plan. The city pays 86 percent of the premiums for both plans. During the year ended June 30, 2003, approximately 79 percent or 1,229 employees/retirees chose Stay Well, while 21 percent or 329 employees/retirees chose the HMO. During the same year, the city paid an average of \$7,083 per person (or approximately \$8.7 million total) for Stay Well premiums, and paid an average of \$5,733 per person (or approximately \$1.9 million total) for HMO premiums. If every employee/retiree was enrolled in the HMO, it appears the city could have saved over \$1 million during the year ended June 30, 2003.

The city should perform a thorough analysis comparing the costs and benefits of the Stay Well plan to the costs and benefits of other employee medical insurance plans, including the current HMO option.

WE RECOMMEND the City Council:

- A Adopt funding goals for the Stay Well Health Care Plan that the city plans to attain and which ensure the Staywell Health Care Fund stays financially viable.

- B. Adequately document actions taken to address recommendations made concerning the Stay Well plan. The City Council should also re-evaluate the benefit of paying for external reviews of the Stay Well plan if it does not intend to implement the recommendations resulting from these reviews. In addition, the city should follow up on the status of the duplicate claims noted during the internal review.
- C. Perform an analysis to determine if dropping the Stay Well plan's aggregate attachment point coverage would be beneficial.
- D. Perform a cost/benefit analysis comparing the Stay Well plan to other employee medical insurance options and choose the option(s) which provide the best value to the city and its employees/retirees.

AUDITEE'S RESPONSE

- A. *The City concurs with this recommendation.*
- B. *The City periodically initiates external reviews of the Stay Well Plan, either in an effort to address specific questions or to assist in the general evaluation and management of the plan. While the recommendations of those reviews are assessed, not all end up being practical to implement, for financial or other reasons. The issue of duplicate claims will continue to be addressed.*
- C. *The analysis recommended has been performed. The City purchases aggregate stop loss reinsurance coverage to limit the maximum annual financial exposure of the City for the Stay Well Health Care Plan expenses. The current annual aggregate stop loss or attachment point is approximately \$13,700,000. The City recognizes that if the fund is adequately financed, aggregate stop loss reinsurance may not be necessary. The City's risk management consultant suggests the Plan have a total of approximately 35% of last year's claims and fixed expenses in reserve for claim run-off and catastrophic years before considering dropping aggregate stop loss reinsurance coverage. The Plan's current cash balance of \$1,039,567 is approximately 11% of last fiscal year's claim and fixed expenses. Using this methodology, the Plan's cash balance would need to increase an additional \$2,300,000 before the City should consider dropping the Plan's aggregate stop loss reinsurance coverage.*
- D. *The City concurs in the recommendation to perform periodic analysis on the Stay Well Plan to ensure that the best values in medical insurance options are being provided to the City and its employees and retirees.*

3.	Santa Fe Trail Tax Increment Financing
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The construction of the Santa Fe Trail Tax Increment Financing (TIF) Area has been delayed and no additional development is expected within the next year. Currently, TIF

expenses (bond payments) are significantly higher than the revenues generated. If additional development is not started soon, the city's general funds will have to be used to help pay the bond payments. The city expects to use general fund monies of approximately \$94,000 during the year ended June 30, 2005, to make bond principal and interest payments for the related redevelopment project.

The city has approved several TIF projects over the past few years, and while some have started slowly, TIF projects other than the Santa Fe Trail TIF are producing revenues sufficient to cover the related expenses. The city approved the Santa Fe Trail TIF district in 1997 and the related redevelopment plan in 2000. The 29-acre redevelopment project was approved as a TIF project pursuant to Sections 99.800 to 99.865, RSMo. The city issued \$10 million in tax increment allocation bonds in August 2001 to pay a portion of the costs of the infrastructure improvements needed for the development. The city established the project with the intent to repay the bonds using a portion of the incremental increase in the economic activity taxes (EATS) and payments in lieu of taxes (PILOTS). EATS are sales taxes, earnings taxes, food and beverage taxes and motor vehicle sales taxes generated within the TIF area, while PILOTS are the incremental increases in property taxes on real estate in the TIF area. At the time of the bond issuance, the city received capitalized interest totaling \$1,538,450, which represents part of the bond proceeds reserved to make the first few debt service payments due to anticipation of insufficient EATS and PILOTS during the first few years of the TIF.

The following chart documents TIF income and debt services payments during the first two years of the TIF project.

Santa Fe Trail TIF Analysis			
Year Ending June 30	TIF Income and Interest	Debt Service Payment	Deficit
2002	\$ 273,824	\$ 351,394	\$ (77,570)
2003	130,351	527,091	(396,740)
Total			\$ (474,310)

As shown, EATS and PILOTS in the first two years of the TIF were not sufficient to cover the debt services payments. Capitalized interest from the bond proceeds was used to cover the deficit. If the developer does not attract any new businesses into the TIF area, the city will need to use general funds to make the majority of the remaining debt service payments, which increase significantly during the latter years of the project and average \$921,000 per year through 2023.

The city's original projections indicated the expected TIF revenues (EATS and PILOTS) would total \$22 million over the life of the TIF to cover the total debt service payments of \$19 million, resulting in a projected surplus of \$3 million. However, development has been delayed causing EATS and PILOTS to be significantly less than estimated in the original cost analysis.

While the TIF plan included 220,000 square feet of new retail/commercial space, approximately eight new residential units, and related off-site public improvements, only one of the original proposed buildings (commercial) was completed. Currently, only two businesses (one planned and one unplanned) are operating within the TIF area. The original analysis, which indicated that the estimated EATS and PILOTS would be sufficient to cover the debt service payments, was based on the TIF developer's lease agreement with a company to establish a grocery store as the main (anchor) tenant. However, after the bonds were issued for the TIF, the grocery store company pulled out due to financial difficulties, and the developer has not been successful in attracting a new main tenant. City officials indicated that once the main tenant is established, additional tenants will follow. Due to this delay, the EATS and PILOTS generated in the project area have not been sufficient to meet the yearly debt service obligations. In addition, the City's Community Development Director indicated that although the developer is still attempting to attract a main tenant, as of April 2004, there is no additional planned development within the TIF project area.

As of February 2004, the city estimated \$861,000 in available funds, which included remaining fund balance and anticipated TIF revenues for the year ended June 30, 2005. Based on available funds and the debt service payments totaling \$955,000 for the year, the city estimates a subsidy of approximately \$94,000 in city general funds during the year ended June 30, 2005.

WE RECOMMEND the City Council review the current status of the Santa Fe Trail project and determine the appropriate course of action to minimize the amount of city general fund subsidies required to cover the debt service requirements of this project.

AUDITEE'S RESPONSE

The City concurs with this recommendation. The City has worked with the developer of this project and has implemented a plan to avoid a debt service shortfall for FY 2004-05. The City will continue to communicate with the developer regarding future shortfalls and the need to bring businesses to this site.

4. Expenditure Procedures

Adequate supporting documentation for procurement card purchases was not always present prior to payment. Additionally, the city does not have formal policies regarding in-town meal expenses and purchasing flowers/plants in the event of death or illness of an employee or immediate family member.

- A. Some procurement card purchases did not include adequate supporting documentation prior to payment. Forty-three employees have been issued procurement cards. During our review of one monthly procurement card statement and supporting documentation, approximately \$1,800 of the \$11,535 total charges was not supported by invoices prior to payment. The city's

procurement policy provides for forwarding of sales receipt slips to a designated department employee for reconciliation and approval prior to payment. Additionally, it states if goods or materials are ordered by phone, the card holder should ask the vendor to include a detailed sales receipt in the package. The city did obtain supporting documentation for the \$1,800 subsequent to our review.

The city should ensure the users of the procurement cards follow the city's procurement card policy by properly submitting invoices or other adequate documentation for all charges prior to payment.

- B. The city does not have a formal city-wide policy for purchasing flowers/plants in the event of death or illness. City personnel explained some departments take up a collection for such purchases while other departments use city funds. Such expenditure of city funds may not be a necessary or prudent use of funds.

Formal policies related to purchase of flower/plants are necessary to ensure public funds are expended in a necessary and prudent manner, and ensure consistency between departments.

- C. The city does not have a formal policy regarding using city funds for employee meals while not on travel status or for meals of non-city employees. Our review of selected expenditures noted a \$224 meal charge at a local restaurant for 5 city employees and 3 guests, who were performing an accreditation review of the police department. The city was unable to provide us with a yearly total of these types of expenditures.

The city should develop formal policies regarding these issues, which address meal expenditures for non-city employees and require documentation of the city-related business purpose of each meal. The policy should also address when in-town meal expenditures for city employees are allowed.

WE RECOMMEND the City Council:

- A. Require adequate supporting documentation for all procurement card purchases prior to payment.
- B. Develop a formal city-wide policy related to purchasing flowers/plants in the event of death or illness.
- C. Adopt policies regarding the payment of meal expenses for guests and in-town meal expenditures for city employees. Adequate supporting documentation and the purpose of the expenditures should be maintained to ensure such expenditures are for necessary city business.

AUDITEE'S RESPONSE

- A. *The City concurs with this recommendation. The City has an adopted policy that requires receipts for all procurement card transactions.*
- B. *The City concurs with this recommendation. A policy will be drafted and implemented.*
- C. *The City concurs with this recommendation. A policy has recently been adopted for in-town meal expenditures for city employees. The City will examine its practices concerning expenses for guests.*

5. Vehicle and Equipment Procedures
--

The city does not maintain adequate inventory records or usage logs for vehicles and heavy equipment.

- A. The city does not maintain adequate centralized property records to account for approximately 960 vehicles and equipment owned by the city. Additionally, the departments do not always inform the Finance Department's Accounting Division of changes to their inventory and annual physical inventories are not conducted.

The various departments do not always inform the accounting division of all vehicles that have been surplus or traded-in, and the corresponding replacement vehicles. We noted ten vehicles that were traded or surplus, which were not reported to the accounting division and therefore, were not deleted from the city's inventory records. One of these vehicles was surplus in 1991. We also noted one vehicle added to the inventory was a leased vehicle to replace a previous leased vehicle. The Police Department re-used the asset number from the previous leased vehicle; therefore, the accounting division's inventory records reflected the vehicle that had been replaced. The city should develop formal policies requiring the departments to inform the accounting division when a vehicle is traded or surplus.

In addition, the city does not conduct annual physical inventories of vehicles. It is the city's informal policy to conduct a city-wide periodic physical inventory at least every five years, and a periodic inventory of assets purchased with federal funds every two years. The last periodic inventory of vehicles was conducted on April 17, 2000, by the accounting division; however, some departments did not participate in this inventory.

Adequate vehicle records are necessary to provide better controls over city property and provide a basis for proper financial reporting. Formal policies and procedures for the annual physical inventory are necessary to ensure all personnel understand the duties assigned to them.

- B. Usage logs are not maintained for most vehicles and equipment. City employees stated mileage is tracked through the city's fueling system, which requires the users to enter the mileage prior to fueling, and therefore, vehicle logs are not maintained. The fueling system, however, does not allow for the tracking of purpose and destination of each trip, and the beginning and ending odometer readings or hours of usage for certain types of equipment, such as tractors and bulldozers.

Additionally, while one master log is maintained for the pool vehicles in each of the Public Works and Water Departments, the logs are not always adequately completed for each trip taken, were not maintained for each individual pool vehicle, and did not require trip mileage to be recorded. The logs include the name of the driver, time out and returned, reason/destination, and car number used.

Usage logs are necessary to document the appropriate use of the vehicles and equipment and to support fuel and other charges. The logs should include the purpose and destination of each trip and the beginning and ending odometer readings or hours of usage as applicable. Supervisory reviews of the logs should be performed to ensure vehicles and equipment are used only for city business and are being properly utilized.

WE RECOMMEND the City Council:

- A. Develop formal policies and procedures regarding centralized vehicle records, including requiring departments to submit changes to the Finance Department's Accounting Division and performing an annual physical inventory of vehicles.
- B. Require usage logs to be maintained for all city vehicles and equipment and ensure the logs are periodically reviewed for completeness and reasonableness.

AUDITEE'S RESPONSE

- A. *Accounting staff maintains an inventory of vehicles both on an Excel spreadsheet as well as a mainframe inventory system. The manual system is mainly used to account for those items that are capitalized (over \$5,000). Accounting monitors the expense account for vehicles each month and updates the records. Since Finance issues the asset number, the departments have to go through this Department to get an asset number in order to place the vehicle in operation.*

Surplus vehicles are removed from the listing when the City receives payment from the sale of the asset. Periodically, Finance does a physical inventory. The next inventory will be conducted this fall. In the future a physical inventory will be conducted once a year in order to keep records up-to-date.

- B. *While the City understands the basis for the recommendation, it believes that the time, energy and expense to implement a log system for all city vehicles and equipment would exceed the value to the City. The City will continue to utilize fleet management practices and other tools to manage its fleet and to ensure appropriate usage of the vehicles and to protect the public investment.*

6. Vehicle Allowances

The city made vehicle allowance payments totaling \$109,359 (approximately \$62,000 from the General Fund) to 42 officials and employees during the year ended June 30, 2003; however, the payments are not based on actual expenses incurred and some amounts paid do not appear reasonable. Additionally, the amounts paid to the city's elected officials are not set by ordinance.

- A. The city pays vehicle allowances to certain officials and employees who use personal vehicles to conduct city business. The officials and employees who receive allowances are only allowed additional reimbursement for actual mileage that exceeds 200 miles for each business related round-trip. The allowances range from \$125 per month paid to the City Clerk to \$350 per month paid to the City Manager. The city has no documentation to show the allowance amounts are reasonable compared to actual expenses incurred, and some amounts paid appear unreasonable. Using the city's current mileage reimbursement rate of \$.365 per mile, the \$350 monthly allowance paid to the City Manager represents approximately 959 miles per month.

The employees/officials may request to be paid for actual mileage incurred instead of receiving the vehicle allowance. Until October 2002, the city's Power & Light Director elected to be reimbursed for actual mileage incurred. From June to October 2002, he was reimbursed \$403 for actual mileage incurred while driving a personal vehicle to conduct city business. If the employee had chosen to receive the vehicle allowance for this period, he would have been paid \$1,375, or \$972 more than he actually received. He recently switched back to a vehicle allowance of \$125 per two-week pay period.

The City Council should review the reasonableness of the mileage allowances paid, and require city employees and officials to document their actual mileage and vehicle expense while conducting city business.

- B. The vehicle allowances paid to the city's elected officials (Mayor and City Council) are not established by ordinance. Because the city does not require the officials to report their actual vehicle expenses, the vehicle allowance payments represent additional compensation. All compensation paid to elected officials should be set by ordinance prior to each term of office.

WE RECOMMEND the City Council:

- A. Review all vehicle allowances and set the allowances to reasonably reflect the actual expenses incurred by the applicable officials and employees. In addition, the City Council should consider eliminating the mileage allowances and reimburse officials and employees for actual mileage incurred.
- B. Establish ordinances setting total compensation for all elected officials.

AUDITEE'S RESPONSE

- A. *The City understands that the point of reference for this recommendation is the State of Missouri practices for mileage reimbursement or providing a vehicle for certain positions. The City, for its recruitment and compensation requirements, does not concur with this recommendation. Car allowances for the City are not set solely on the basis of costs, but are considered part of the compensation package. All car allowances are treated as income to the employees and are subjected to withholdings and taxes.*
- B. *The City concurs with this comment and will prepare an ordinance for presentation to the Council.*

7. Closed Council Meetings

Minutes are not prepared to document the matters discussed in closed meetings. Although minutes for closed meetings are not specifically required by law, minutes constitute the record of proceedings of the City Council.

Section 610.020, RSMo 2000, allows the council to close meetings to the extent the meetings relate to certain specified subjects, including litigation, real estate transactions, and personnel issues. Section 610.022, RSMo 2000, requires a record or vote be held for the specific reasons announced publicly at an open session. This law provides that public governmental bodies shall not discuss other business during the closed meeting that differs from the specific reasons used to justify such meeting, record, or vote.

Formal written minutes for closed meetings result in a better record of city transactions, proceedings, and decisions. In addition, minutes help the city demonstrate that closed discussions or business relate to the specific reason announced for closing the meeting pursuant to the Sunshine Law, Chapter 610, RSMo 2000.

The Missouri General Assembly passed and the Governor signed Senate Bill 1020 which is effective on August 28, 2004. This bill requires governmental bodies to maintain minutes of closed meetings.

WE RECOMMEND the City Council ensure minutes are prepared and retained for closed meetings.

AUDITEE'S RESPONSE

The City concurs with this comment and has started maintaining these records.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

CITY OF INDEPENDENCE, MISSOURI
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The city of Independence is located in Jackson County. The city was incorporated in 1849 and is a constitutional charter city. The population of the city in 2000 was 113,288.

The city government consists of a mayor and a six-member city council. The members are elected for four-year terms. The mayor is elected for a four-year term and is the presiding officer of the council, but has no special administrative duties, other than chairing council meetings. The mayor, city councilmembers, and other principal officials during the year ended June 30, 2003, are identified below. The compensation, except for vehicle allowances, of these officials is established by ordinance.

Elected Officials	Period of Service During the Year Ended June 30, 2003	Compensation Paid for the Year Ended June 30, 2003
Rondell Stewart, Mayor (1)	July 2002 to June 2003	\$ 23,000
Don Reimal, Councilmember (2)	July 2002 to June 2003	11,801
John Perkins, Councilmember (2) (3)	July 2002 to June 2003	11,801
Renee Paluka, Councilmember (2)	July 2002 to June 2003	11,801
Charlie Rich, Councilmember (2) (4)	July 2002 to June 2003	11,801
Jason White, Councilmember (2)	July 2002 to June 2003	11,801
James Schultz, Councilmember (2)	July 2002 to June 2003	11,801
 <u>Other Principal Officials</u>		
Larry Blick, City Manager (5)	July 2002 to June 2003	135,033
Robert Heacock, Assistant City Manager (6)	July 2002 to June 2003	104,415
Tracey Elmore, Management Analyst (2)	July 2002 to June 2003	53,364
Bruce Lowrey, City Clerk (7)	July 2002 to June 2003	80,549
Garry Helm, Presiding Municipal Judge	July 2002 to June 2003	58,908
Susan Watkins, Municipal Judge	July 2002 to June 2003	38,863
B. Allen Garner, City Counselor (8)	May 2003 to June 2003	10,800
William Moore, City Counselor (9)	July 2002 to December 2002	127,470
Larry Kaufman, Project Manager (10)	July 2002 to June 2003	93,612

- (1) Compensation includes \$3,000 vehicle allowance.
- (2) Compensation includes \$1,800 vehicle allowance.
- (3) Will Swoffer was elected in April 2004 to replace John Perkins.
- (4) James Page was elected in April 2004 to replace Charlie Rich.

- (5) Compensation includes \$4,200 vehicle allowance. Retired in March 2004 and Robert Heacock was named Acting City Manager.
- (6) Compensation includes \$2,600 vehicle allowance. Appointed Acting City Manager and John Pinch was appointed Acting Assistant City Manager in March 2004.
- (7) Compensation includes \$1,500 vehicle allowance.
- (8) Compensation includes \$300 vehicle allowance.
- (9) Compensation includes \$1,300 vehicle allowance and \$69,493 for unused leave benefits upon leaving employment with the city.
- (10) Compensation includes \$2,600 vehicle allowance.

In addition to the officials identified above, the city employed 1,115 full-time employees and 39 part-time employees on June 30, 2003.

Assessed valuations and tax rates for 2003 were as follows:

ASSESSED VALUATION*

Real estate	\$ 918,935,342
Railroad and utility	9,406,931
Total	<u>\$ 928,342,273</u>

*Taxes are not levied on personal property assessed valuation of approximately \$242.5 million.

TAX RATES PER \$100 ASSESSED VALUATION

	Rate	Expiration Date
General	\$ 0.4713	None
Public health and recreation	0.2218	None

The city has the following sales taxes; the rates are per \$1 of retail sales:

	Rate	Expiration Date
General	\$ 0.0100	None
Capital improvement (1)	0.0050	12/31/2003
Storm water control	0.0025	12/31/2010

(1) This sales tax was replaced with a transportation sales tax of three-eighths of one percent, effective January 1, 2004, which shall expire on December 31, 2008 and a local parks sales tax of one-quarter of one percent, effective January 1, 2004, which shall be in effect until December 31, 2012, at which time the tax rate shall be reduced to one-eighth of one percent and shall remain in effect thereafter until repealed.



**LINN COUNTY, MISSOURI
YEARS ENDED DECEMBER 31, 2003 AND 2002**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-68
September 13, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

September 2004

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Linn County, that do not have a county auditor. In addition to a financial and compliance audit of various county operating funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Linn County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The county's schedule of expenditures of federal awards (SEFA), which includes health center programs, contained numerous errors and omissions. Some federal grants pertaining to drug eradication and hazardous materials training and planning were omitted. Some federal grant expenditures were overstated as a result of reporting matching funds in the expenditure totals. In addition, the wrong CFDA numbers and program titles were reported for some grants.
- Although a letter to the state Department of Transportation indicated the county had considered three engineering firms, there was no documentation to support the county commissioners' considerations for selecting the firm. Documentation of a proposal could be located for only the firm selected. As a result, \$68,578 of costs were questioned.
- The county was designated as the recipient for a Community Development Block Grant totaling \$241,000, for construction of a senior center. The county paid \$15,000 to the Green Hills Regional Planning Commission (GHRPC) to administer the grant. The GHRPC submitted requests for payment to the county for approval; however, the county did not obtain and review supporting documentation.
- The Circuit Clerk's procedures related to criminal cost billings are not adequate. The Circuit Clerk does not adequately monitor cases in which the individual has been sentenced to prison to ensure the state is billed within two years of the date of judgment or sentencing. The time limit to submit reimbursement requests to the state for three cases reviewed expired in July 2004, resulting in a potential loss of revenue totaling approximately \$5,000. In addition, criminal cost reimbursements for change of venue cases are not adequately monitored and instances were noted in which the state was billed for the incorrect number of days. There was no procedure in place to ensure manual receipt slips that were

(over)

YELLOW SHEET

sometimes issued when the Justice Information System was inaccessible were promptly recorded on the system when accessible. A complete listing of accrued costs owed to the court is not maintained by the Circuit Clerk.

- Accounting duties in the Prosecuting Attorney's office are not adequately segregated, receipts are not deposited on a timely basis, monthly listings of open items are not prepared and reconciled to the cash balance, and a listing of accrued court ordered restitution is not maintained by the Prosecuting Attorney.

Also included in the audit are recommendations related to bidding, establishment of a Sheriff Civil Fees Fund, the Public Administrator's salary and procedures, property tax controls and withholdings, township published financial statements, and health center accounting controls.

All reports are available on our website: www.auditor.mo.gov

LINN COUNTY, MISSOURI

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LINN COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Linn County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Linn County, Missouri, as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Linn County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2003 and 2002, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated May 20, 2004, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Linn County County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.



Claire McCaskill
State Auditor

May 20, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Peggy Schler, CPA
In-Charge Auditor:	Todd C. Stoll
Audit Staff:	Lucinda S. Elliott
	Cara Wolfe
	Lamine Bah



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission
and
Officeholders of Linn County, Missouri

We have audited the financial statements of various funds of Linn County, Missouri, as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated May 20, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of various funds of Linn County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Linn County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all

matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Linn County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

May 20, 2004 (fieldwork completion date)

Financial Statements

Exhibit A-1

LINN COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2003

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 398,856	1,175,445	1,218,177	356,124
Special Road and Bridge	922,800	1,642,562	1,712,064	853,298
Assessment	8,129	140,667	133,134	15,662
Law Enforcement Training	1,952	4,388	6,321	19
Prosecuting Attorney Training	4,837	773	1,216	4,394
Election Services	6,726	624	153	7,197
Prosecuting Attorney Bad Check	31,783	13,437	11,741	33,479
Recorder's User Fees	22,361	10,065	13,387	19,039
Domestic Violence	540	415	540	415
911	48,540	123,453	103,796	68,197
DFS Grant	243	0	243	0
Juvenile Office Grant	(1,454)	11,888	11,781	(1,347)
Drug Court Grant	0	135,751	135,751	0
Tax Maintenance	1,037	9,457	2,409	8,085
Health Center	549,655	553,263	562,968	539,950
Circuit Clerk Interest	548	286	445	389
CDBG - Senior Center Grant	0	261,000	261,000	0
Law Library	6,843	2,953	2,955	6,841
Total	\$ 2,003,396	4,086,427	4,178,081	1,911,742

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

LINN COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 490,143	1,132,339	1,223,626	398,856
Special Road and Bridge	742,318	1,544,872	1,364,390	922,800
Assessment	1,102	143,492	136,465	8,129
Law Enforcement Training	2,586	2,850	3,484	1,952
Prosecuting Attorney Training	5,269	506	938	4,837
Election Services	5,053	1,673	0	6,726
Prosecuting Attorney Bad Check	27,866	11,048	7,131	31,783
Recorder's User Fees	15,280	10,860	3,779	22,361
Domestic Violence	495	540	495	540
911	30,696	124,674	106,830	48,540
DFS Grant	(5,573)	30,928	25,112	243
Grant	25	0	25	0
Juvenile Office Grant	(1,539)	16,916	16,831	(1,454)
Tax Maintenance	0	1,037	0	1,037
Health Center	549,090	544,924	544,359	549,655
Circuit Clerk Interest	6,187	1,928	7,567	548
Law Library	9,190	2,783	5,130	6,843
Total	\$ 1,878,188	3,571,370	3,446,162	2,003,396

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

LINN COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

Year Ended December 31,						
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 4,108,728	4,083,474	(25,254)	3,550,936	3,568,587	17,651
DISBURSEMENTS	5,127,103	4,175,126	951,977	4,598,457	3,441,032	1,157,425
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,018,375)	(91,652)	926,723	(1,047,521)	127,555	1,175,076
CASH, JANUARY 1	1,996,437	1,996,553	116	1,868,918	1,868,998	80
CASH, DECEMBER 31	978,062	1,904,901	926,839	821,397	1,996,553	1,175,156
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	118,083	98,794	(19,289)	108,900	107,874	(1,026)
Sales and use taxes	628,000	654,025	26,025	615,000	676,409	61,409
Intergovernmental	203,211	126,978	(76,233)	146,943	99,116	(47,827)
Charges for services	166,600	198,545	31,945	137,450	180,816	43,366
Interest	12,500	8,048	(4,452)	25,000	13,583	(11,417)
Other	34,110	57,504	23,394	34,238	33,133	(1,105)
Transfers in	40,000	31,551	(8,449)	33,000	21,408	(11,592)
Total Receipts	1,202,504	1,175,445	(27,059)	1,100,531	1,132,339	31,808
DISBURSEMENTS						
County Commissioner	80,239	76,667	3,572	77,619	74,314	3,305
County Clerk	76,006	66,838	9,168	73,983	64,963	9,020
Elections	83,665	25,856	57,809	102,100	77,107	24,993
Buildings and ground:	134,248	67,857	66,391	154,248	90,112	64,136
Employee fringe benefit:	126,500	101,390	25,110	117,500	94,393	23,107
County Treasurer and Ex Officio						
County Collector	68,037	59,992	8,045	68,958	61,872	7,086
Ex Officio Recorder of Deeds	45,129	42,058	3,071	42,546	41,113	1,433
Circuit Clerk	31,450	22,381	9,069	31,050	27,695	3,355
Court administrator	22,921	19,198	3,723	23,007	19,869	3,138
Public Administrator	26,200	24,414	1,786	26,800	25,016	1,784
Sheriff	233,258	248,218	(14,960)	236,312	230,907	5,405
Jail	190,000	173,879	16,121	162,000	175,107	(13,107)
Prosecuting Attorney	108,404	104,089	4,315	76,152	69,403	6,749
Juvenile Officer	79,543	51,106	28,437	62,286	46,283	16,003
County Coroner	20,080	17,307	2,773	20,270	12,756	7,514
Insurance	28,000	20,951	7,049	28,000	23,234	4,766
Publication costs	9,000	6,376	2,624	9,000	5,805	3,195
Legal fees	40,000	8,096	31,904	50,000	11,079	38,921
University Extension	21,817	21,817	0	20,500	20,500	0
Copy machines	15,200	11,530	3,670	14,860	13,316	1,544
Green Hills Planning Commission	6,400	5,319	1,081	6,400	5,319	1,081
Public Defender	3,571	4,743	(1,172)	3,575	3,330	245
Cars	47,000	36,227	10,773	47,000	27,282	19,718
Court Reporter	0	0	0	1,166	1,166	0
County Emergency Director	1,000	0	1,000	1,000	0	1,000
Planning and zoning	1,500	0	1,500	2,000	0	2,000
Public health and welfare services	800	800	0	800	800	0
Other	4,254	1,068	3,186	3,754	885	2,869
Transfers out	3,500	0	3,500	0	0	0
Emergency Fund	50,000	0	50,000	83,000	0	83,000
Total Disbursements	1,557,722	1,218,177	339,545	1,545,886	1,223,626	322,260
RECEIPTS OVER (UNDER) DISBURSEMENTS	(355,218)	(42,732)	312,486	(445,355)	(91,287)	354,068
CASH, JANUARY 1	398,856	398,856	0	490,143	490,143	0
CASH, DECEMBER 31	43,638	356,124	312,486	44,788	398,856	354,068

Exhibit B

LINN COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	50,000	56,090	6,090	45,000	54,610	9,610
Sales taxes	550,000	553,709	3,709	500,000	587,380	87,380
Intergovernmental	1,019,193	1,009,664	(9,529)	974,460	876,099	(98,361)
Interest	0	16,779	16,779	25,000	21,670	(3,330)
Other	2,700	6,320	3,620	3,100	5,113	2,013
Total Receipts	1,621,893	1,642,562	20,669	1,547,560	1,544,872	(2,688)
DISBURSEMENTS						
Salaries	140,000	99,163	40,837	140,000	117,273	22,727
Employee fringe benefit:	49,800	24,992	24,808	46,000	32,228	13,772
Supplies	5,250	3,613	1,637	3,900	3,892	8
Insurance	6,000	4,595	1,405	5,000	3,500	1,500
Road and bridge materials	282,500	284,982	(2,482)	277,000	207,165	69,835
Equipment purchase:	65,000	164,284	(99,284)	65,000	35,905	29,095
Construction, repair, and maintenance	733,750	445,737	288,013	627,750	210,225	417,525
Distribution to townships						
Sales taxes	636,449	458,638	177,811	618,703	507,938	110,765
County aid road trust monies	161,730	161,730	0	121,297	121,297	0
Federal emergency management monies	50,000	24,344	25,656	125,873	103,584	22,289
Capital improvements:	25,000	8,435	16,565	50,000	0	50,000
Transfers out	40,719	31,551	9,168	33,000	21,383	11,617
Total Disbursements:	2,196,198	1,712,064	484,134	2,113,523	1,364,390	749,133
RECEIPTS OVER (UNDER) DISBURSEMENTS	(574,305)	(69,502)	504,803	(565,963)	180,482	746,445
CASH, JANUARY 1	922,800	922,800	0	742,318	742,318	0
CASH, DECEMBER 31	348,495	853,298	504,803	176,355	922,800	746,445
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	136,232	139,358	3,126	144,618	142,045	(2,573)
Charges for services:	150	147	(3)	0	144	144
Interest	1,000	892	(108)	600	1,196	596
Other	100	270	170	600	107	(493)
Transfers in	500	0	(500)	0	0	0
Total Receipts	137,982	140,667	2,685	145,818	143,492	(2,326)
DISBURSEMENTS						
Assessor	145,774	133,134	12,640	146,170	136,465	9,705
Total Disbursements:	145,774	133,134	12,640	146,170	136,465	9,705
RECEIPTS OVER (UNDER) DISBURSEMENTS	(7,792)	7,533	15,325	(352)	7,027	7,379
CASH, JANUARY 1	8,129	8,129	0	1,102	1,102	0
CASH, DECEMBER 31	337	15,662	15,325	750	8,129	7,379

Exhibit B

LINN COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Charges for service:	2,600	4,388	1,788	2,000	2,850	850
Total Receipts	2,600	4,388	1,788	2,000	2,850	850
DISBURSEMENTS						
Sheriff	4,500	6,321	(1,821)	4,500	3,484	1,016
Total Disbursement:	4,500	6,321	(1,821)	4,500	3,484	1,016
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,900)	(1,933)	(33)	(2,500)	(634)	1,866
CASH, JANUARY 1	1,952	1,952	0	2,586	2,586	0
CASH, DECEMBER 31	52	19	(33)	86	1,952	1,866
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for service:	450	773	323	350	506	156
Total Receipts	450	773	323	350	506	156
DISBURSEMENTS						
Prosecuting Attorney	4,000	1,216	2,784	4,000	938	3,062
Total Disbursement:	4,000	1,216	2,784	4,000	938	3,062
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,550)	(443)	3,107	(3,650)	(432)	3,218
CASH, JANUARY 1	4,837	4,837	0	5,269	5,269	0
CASH, DECEMBER 31	1,287	4,394	3,107	1,619	4,837	3,218
<u>ELECTION SERVICES FUND</u>						
RECEIPTS						
Charges for service:	0	624	624	2,000	1,673	(327)
Total Receipts	0	624	624	2,000	1,673	(327)
DISBURSEMENTS						
County Clerk	3,400	153	3,247	3,400	0	3,400
Total Disbursement:	3,400	153	3,247	3,400	0	3,400
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,400)	471	3,871	(1,400)	1,673	3,073
CASH, JANUARY 1	6,726	6,726	0	5,053	5,053	0
CASH, DECEMBER 31	3,326	7,197	3,871	3,653	6,726	3,073
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for service:	7,500	12,907	5,407	5,000	10,376	5,376
Interest	500	530	30	1,000	672	(328)
Total Receipts	8,000	13,437	5,437	6,000	11,048	5,048
DISBURSEMENTS						
Prosecuting Attorney	23,500	11,741	11,759	7,550	7,131	419
Total Disbursement:	23,500	11,741	11,759	7,550	7,131	419
RECEIPTS OVER (UNDER) DISBURSEMENTS	(15,500)	1,696	17,196	(1,550)	3,917	5,467
CASH, JANUARY 1	31,783	31,783	0	27,866	27,866	0
CASH, DECEMBER 31	16,283	33,479	17,196	26,316	31,783	5,467

Exhibit B

LINN COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>RECORDER'S USER FEES FUND</u>						
RECEIPTS						
Charges for services	9,000	9,800	800	6,500	10,524	4,024
Interest	300	265	(35)	550	336	(214)
Total Receipts	9,300	10,065	765	7,050	10,860	3,810
DISBURSEMENTS						
Ex Officio Recorder of Deeds	16,250	13,387	2,863	14,000	3,779	10,221
Total Disbursements	16,250	13,387	2,863	14,000	3,779	10,221
RECEIPTS OVER (UNDER) DISBURSEMENTS	(6,950)	(3,322)	3,628	(6,950)	7,081	14,031
CASH, JANUARY 1	22,361	22,361	0	15,280	15,280	0
CASH, DECEMBER 31	15,411	19,039	3,628	8,330	22,361	14,031
<u>DOMESTIC VIOLENCE FUND</u>						
RECEIPTS						
Charges for services	500	415	(85)	450	540	90
Total Receipts	500	415	(85)	450	540	90
DISBURSEMENTS						
Shelter for victims	540	540	0	495	495	0
Total Disbursements	540	540	0	495	495	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(40)	(125)	(85)	(45)	45	90
CASH, JANUARY 1	540	540	0	495	495	0
CASH, DECEMBER 31	500	415	(85)	450	540	90
<u>911 FUND</u>						
RECEIPTS						
Charges for services	124,938	122,623	(2,315)	122,488	123,917	1,429
Interest	810	830	20	1,000	732	(268)
Other	0	0	0	0	25	25
Total Receipts	125,748	123,453	(2,295)	123,488	124,674	1,186
DISBURSEMENTS						
Personal services	49,249	49,249	0	46,904	46,904	0
Contractual services	68,188	53,603	14,585	63,057	59,926	3,131
Office supplies	137	0	137	138	0	138
Training and education	2,000	944	1,056	2,000	0	2,000
Total Disbursements	119,574	103,796	15,778	112,099	106,830	5,269
RECEIPTS OVER (UNDER) DISBURSEMENTS	6,174	19,657	13,483	11,389	17,844	6,455
CASH, JANUARY 1	48,540	48,540	0	30,696	30,696	0
CASH, DECEMBER 31	54,714	68,197	13,483	42,085	48,540	6,455

Exhibit B

LINN COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>DFS GRANT FUND</u>						
RECEIPTS						
Intergovernmental	0	0	0	40,760	30,928	(9,832)
Total Receipts	0	0	0	40,760	30,928	(9,832)
DISBURSEMENTS						
Juvenile Officer	0	0	0	35,187	25,112	10,075
Transfer out	243	243	0	0	0	0
Total Disbursements	243	243	0	35,187	25,112	10,075
RECEIPTS OVER (UNDER) DISBURSEMENTS	(243)	(243)	0	5,573	5,816	243
CASH, JANUARY 1	243	243	0	(5,573)	(5,573)	0
CASH, DECEMBER 31	0	0	0	0	243	243
<u>GRANT FUND</u>						
RECEIPTS						
Intergovernmental				15,000	0	(15,000)
Total Receipts				15,000	0	(15,000)
DISBURSEMENTS						
Sheriff equipment				10,000	0	10,000
Ex Officio Recorder of Deeds				5,000	0	5,000
Transfer out				0	25	(25)
Total Disbursements				15,000	25	14,975
RECEIPTS OVER (UNDER) DISBURSEMENTS				0	(25)	(25)
CASH, JANUARY 1				25	25	0
CASH, DECEMBER 31				25	0	(25)
<u>JUVENILE OFFICE GRANT FUND</u>						
RECEIPTS						
Intergovernmental	20,391	11,645	(8,746)	21,579	16,916	(4,663)
Transfer in	0	243	243	0	0	0
Total Receipts	20,391	11,888	(8,503)	21,579	16,916	(4,663)
DISBURSEMENTS						
Juvenile Officer	18,937	11,781	7,156	20,040	16,831	3,209
Total Disbursements	18,937	11,781	7,156	20,040	16,831	3,209
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,454	107	(1,347)	1,539	85	(1,454)
CASH, JANUARY 1	(1,454)	(1,454)	0	(1,539)	(1,539)	0
CASH, DECEMBER 31	0	(1,347)	(1,347)	0	(1,454)	(1,454)

Exhibit B

LINN COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>DRUG COURT GRANT FUND</u>						
RECEIPTS						
Intergovernmental	168,760	135,751	(33,009)			
Total Receipts	168,760	135,751	(33,009)			
DISBURSEMENTS						
Salaries	80,000	78,835	1,165			
Employee fringe benefit	6,540	6,438	102			
Insurance	4,800	4,258	542			
Travel and training	16,200	5,229	10,971			
Equipment	1,500	1,579	(79)			
Consultant	10,000	10,000	0			
Contracts	49,720	29,412	20,308			
Total Disbursements	168,760	135,751	33,009			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	0	0	0			
<u>TAX MAINTENANCE FUND</u>						
RECEIPTS						
Charges for services	7,000	9,457	2,457	1,350	1,037	(313)
Total Receipts	7,000	9,457	2,457	1,350	1,037	(313)
DISBURSEMENTS						
Ex Officio County Collector	5,000	2,409	2,591	0	0	0
Total Disbursements	5,000	2,409	2,591	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,000	7,048	5,048	1,350	1,037	(313)
CASH, JANUARY 1	1,037	1,037	0	0	0	0
CASH, DECEMBER 31	3,037	8,085	5,048	1,350	1,037	(313)
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes	241,000	240,597	(403)	219,000	240,294	21,294
Intergovernmental	191,000	203,132	12,132	195,400	188,734	(6,666)
Charges for services	95,600	99,388	3,788	89,600	101,739	12,139
Interest	15,000	10,146	(4,854)	33,000	14,157	(18,843)
Total Receipts	542,600	553,263	10,663	537,000	544,924	7,924
DISBURSEMENTS						
Salaries and benefits	473,000	457,260	15,740	435,500	440,567	(5,067)
Insurance	11,573	14,036	(2,463)	8,400	9,891	(1,491)
Property and maintenance	8,000	6,298	1,702	6,000	7,843	(1,843)
Office supplies and postage	8,900	10,995	(2,095)	10,000	8,573	1,427
Utilities and telephone	9,800	9,759	41	9,800	9,350	450
Office and medical equipment	9,000	5,589	3,411	9,000	2,403	6,597
Travel and education	18,000	15,396	2,604	15,800	14,913	887
Contract services	30,000	7,115	22,885	30,000	23,272	6,728
Advertisement and dues	4,000	6,826	(2,826)	4,000	3,167	833
Medical and education supplies	24,000	29,694	(5,694)	17,000	24,380	(7,380)
Capital expenses	5,000	0	5,000	25,000	0	25,000
Total Disbursements	601,273	562,968	38,305	570,500	544,359	26,141
RECEIPTS OVER (UNDER) DISBURSEMENTS	(58,673)	(9,705)	48,968	(33,500)	565	34,065
CASH, JANUARY 1	549,655	549,655	0	549,090	549,090	0
CASH, DECEMBER 31	490,982	539,950	48,968	515,590	549,655	34,065

Exhibit B

LINN COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

Year Ended December 31,						
2003			2002			
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest	0	286	286	0	1,928	1,928
Total Receipts	0	286	286	0	1,928	1,928
DISBURSEMENTS						
Circuit Clerk	432	445	(13)	6,107	7,567	(1,460)
Total Disbursement:	432	445	(13)	6,107	7,567	(1,460)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(432)	(159)	273	(6,107)	(5,639)	468
CASH, JANUARY 1	432	548	116	6,107	6,187	80
CASH, DECEMBER 31	0	389	389	0	548	548
<u>CDBG - SENIOR CENTER GRANT FUND</u>						
RECEIPTS						
Intergovernmental	241,000	241,000	0			
Other	20,000	20,000	0			
Total Receipts	261,000	261,000	0			
DISBURSEMENTS						
Senior Center	261,000	261,000	0			
Total Disbursement:	261,000	261,000	0			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	\$ 0	0	0			

The accompanying Notes to the Financial Statements are an integral part of this statement

Notes to the Financial Statements

LINN COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Linn County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, or the Health Center Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt a formal budget for the Law Library Fund for the years ended December 31, 2003 and 2002.

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Law Enforcement Training Fund	2003
Circuit Clerk Interest Fund	2003 and 2002

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements for the years ended December 31, 2003 and 2002, did not include the Health Center Fund or the Law Library Fund.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's and the Health Center Board's deposits at December 31, 2003 and 2002, were entirely covered by federal depositary insurance or by collateral securities held by the county's or the board's custodial bank in the county's or the board's name.

3. Prior Period Adjustment

The County Employee's Retirement Fund was previously reported but has not been included in this report because it is an agency fund and is not considered county operating funds.

Supplementary Schedule

Schedule

LINN COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2003	2002
U. S. DEPARTMENT OF AGRICULTURE				
	Passed through state			
	Department of Health and Senior Services -			
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-2158	\$ 0	24,181
		ERS045-3158	25,308	10,170
		ERS045-4148	10,599	0
	Program Total		<u>35,907</u>	<u>34,351</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
	Passed through state			
	Department of Economic Development -			
14.228	Community Development Block Grants/State' Program	98-PF-250	241,000	0
U.S. DEPARTMENT OF JUSTICE				
	Direct programs:			
16.585	Drug Court Discretionary Grant Program	2002-DC-BX-0023	135,751	0
16.607	Bulletproof Vest Partnership Program	N/A	1,847	0
16.710	Public Safety Partnership and Community Policing Grant	97UMWX1366	0	6,717
	Passed through			
	State Department of Public Safety -			
16.523	Juvenile Accountability Incentive Block Grant	2000-SUP-08-JAIBG	17,257	0
16.575	Crime Victim Assistance	2001-VOCA-0013	25,101	4,614
		2002-VOCA-0045	8,000	0
	Program Total		<u>33,101</u>	<u>4,614</u>
	Missouri Sheriffs' Association -			
16	Domestic Cannabis Eradication/Suppression Program	N/A	1,360	1,044

Schedule

LINN COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures Year Ended December 31,	
			2003	2002
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state				
Highway and Transportation Commission				
20.205	Highway Planning and Construction	BRO-058(27)	0	3,196
		BRO-058(30)	323,644	29,908
		BRO-058(31)	2,000	0
		BRO-058(32)	2,500	0
	Program Total		328,144	33,104
Department of Public Safety -				
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grant	HMEP2003	1,851	0
		HMEP2004	1,851	0
	Program Total		3,702	0
GENERAL SERVICES ADMINISTRATION				
Passed through state Office of Administration				
39.003	Donation of Federal Surplus Personal Property	N/A	379	3,470
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Passed through state Department of Public Safety				
83.544	Public Assistance Grants ¹	1412-DR-MO	0	158,176
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state				
Department of Health and Senior Services -				
93.268	Immunization Grants ¹	PGA064-2158A	0	5,685
		PGA064-3158A	3,500	3,359
		N/A	49,357	46,285
	Program Total		52,857	55,329
93.283	Centers for Disease Control and Prevention Investigations and Technical Assistance	DH030260001	6,252	0
Department of Social Services -				
93.563	Child Support Enforcement ¹	N/A	0	715
Department of Health and Senior Services -				
93.575	Child Care and Development Block Grant	PGA067-2158C	0	935
		PGA067-3158C	960	0
		PGA067-4158C	150	0
		PGA067-2158S	0	1,115
		PGA067-3158S	890	445
		PGA067-4158S	285	0
	Program Total		2,285	2,495

Schedule

LINN COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2003	2002
Department of Health and Senior Services				
93.991	Preventive Health and Health Services Block Grant	AOCO2380044	0	17,944
		DH030018001	13,750	6,875
		AOCO4380001	14,763	0
	Program Total		<u>28,513</u>	<u>24,819</u>
93.994	Maternal and Child Health Services Block Grant to the States	ERS146-2158M	0	12,433
		ERS146-3158M	12,317	4,105
		ERS146-4158M	4,102	0
		DH0200271640	0	324
		N/A	464	421
	Program Total		<u>16,883</u>	<u>17,283</u>
	Total Expenditures of Federal Awards		<u>\$ 905,238</u>	<u>342,117</u>

* The CFDA number for this program changed to 97.036 in October 2002.

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

Notes to the Supplementary Schedule

LINN COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Linn County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals. . . .

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for Donation of Federal Surplus Personal Property (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt.

Amounts for Immunization Grants (CFDA number 93.268) and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

Of the federal expenditures presented in the schedule, the county provided \$3,702 to a subrecipient under Interagency Hazardous Materials Public Sector Training and Planning Grants (CFDA number 20.703) during the year ended December 31, 2003.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of Linn County, Missouri

Compliance

We have audited the compliance of Linn County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2003 and 2002. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Linn County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2003 and 2002. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance

with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 03-1, 03-2, and 03-3.

Internal Control Over Compliance

The management of Linn County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 03-1, 03-2, and 03-3.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider finding numbers 03-2 and 03-3 to be material weaknesses.

This report is intended for the information and use of the management of Linn County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

May 20, 2004 (fieldwork completion date)

Schedule

LINN COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2003 AND 2002

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? yes x no

Reportable conditions identified that are
not considered to be material weaknesses? yes x none reported

Noncompliance material to the financial statements
noted? yes x no

Federal Awards

Internal control over major programs:

Material weaknesses identified? x yes no

Reportable condition identified that is
not considered to be a material weakness? x yes none reported

Type of auditor's report issued on compliance for
major programs: Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of OMB
Circular A-133? x yes no

Identification of major programs:

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
14.228	Community Development Block Grants/State's Program
20.205	Highway Planning and Construction
93.268	Immunization Grants

Dollar threshold used to distinguish between Type A
and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes the audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

03-1. Schedule of Expenditures of Federal Awards
--

Federal Grantor:	U.S. Department of Housing and Urban Development
Pass-Through Grantor:	Department of Economic Development
Federal CFDA Number:	14.228
Program Title:	Community Development Block Grants/State's Program
Pass-Through Entity	
Identifying Number:	98-PF-250
Award Years:	2003
Questioned Costs:	Not Applicable

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-058(27), BRO-058(30), BRO-058(31), and BRO-058(32)
Award Years:	2003 and 2002
Questioned Costs:	Not Applicable

Federal Grantor:	U.S. Department of Health and Human Services
Pass-Through Grantor:	Department of Health and Senior Services
Federal CFDA Number:	93.268
Program Title:	Immunization Grants
Pass-Through Entity	
Identifying Number:	PGA064-2158A and PGA064-3158A
Award Years:	2003 and 2002

Questioned Costs: Not Applicable

Section .310(b) of Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the SEFA to the State Auditor's Office as part of the annual budget.

The county does not have a procedure in place to track federal financial assistance for the preparation of the SEFA. The county SEFA contained numerous errors and omissions and was overstated approximately \$21,000 for the year ended December 31, 2003, and understated approximately \$65,000 for the year ended December 31, 2002. Expenditures of some federal grants pertaining to drug eradication and hazardous materials training and planning were omitted. Some federal grant expenditures were overstated as a result of the county including matching funds in the expenditure totals. In addition, some federal grant expenditures were understated. Also, the wrong CFDA numbers and program titles were reported for some federal grant expenditures. The County Clerk relies on the Health Center, the Sheriff's Office, and the Juvenile Office to provide information regarding the federal grants they receive. However, the information provided by the Health Center was not always accurate and the Sheriff's Office and Juvenile Office failed to report all federal grants.

Without an accurate and timely SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal grants.

WE RECOMMEND the County Clerk and Health Center Board of Trustees prepare a complete and accurate schedule of expenditures of federal awards.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Clerk indicated she submits SEFA forms to the Juvenile Office, the Sheriff's Office, and the Health Center. The Sheriff's Office gave the form back unsigned with no grants. The Juvenile Officer signed the form, but indicated no federal monies. The County Clerk indicated she will strive to obtain the correct information.

The Health Center Administrator indicated the Health Department will interact more closely with the Linn County Clerk in order to prepare a more accurate and complete schedule of expenditures of federal awards. The Health Department Administrator will also refer to the State Auditors any pertinent questions regarding specific contracts where proper jurisdiction is questioned. The Health Department will evaluate current contracts in affect January 1, 2004, to confirm CFDA numbers and current revenue to expenses for those grants.

03-2. Procurement of Professional Services Contract
--

Federal Grantor: U.S. Department of Transportation

Pass-Through Grantor:	Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-058(27), BRO-058(30), BRO-058(31), and BRO-058(32)
Award Years:	2003 and 2002
Questioned Costs:	\$68,578

The county contracts with the State Highway and Transportation Commission for bridge replacement and rehabilitation under the Off-System Bridge Replacement and Rehabilitation Program.

Although a letter to the state Department of Transportation indicated the county had considered three engineering firms and noted the criteria considered, there was no documentation to support the county commissioners' considerations for selecting the firm for this project. The County Commission indicated that the engineering firm was chosen because of the county's prior experience with the firm on other projects. In addition, documentation of a proposal could be located for only the firm selected.

Sections 8.289 and 8.291, RSMo 2000, provide that when obtaining engineering services for any capital improvements project, at least three firms should be considered. The firms should be evaluated based upon specific criteria including experience and technical competence, capacity and capability of the firm to perform the work in question, past record of performance, and firm's proximity to and familiarity with the area in which the project is located. As a result, we have questioned costs of \$68,578, which is the federal share of engineering costs paid during 2003 and 2002 for project BRO-058 (30).

WE RECOMMEND the County Commission obtain information as required by law when contracting for professional services and resolve the questioned costs with the grantor agency.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Commission indicated they are willing to evaluate engineering proposals periodically. They are satisfied with the current firm's performance, knowledge, and availability. The current firm has helped them with the paperwork for future bridges up to five years in advance.

03-3.

Federal Award Monitoring

Federal Grantor:	U.S. Department of Housing and Urban Development
Pass-Through Grantor:	Department of Economic Development
Federal CFDA Number:	14.228
Program Title:	Community Development Block Grants/State's Program

Pass-Through Entity
Identifying Number: 98-PF-250
Award Years: 2003
Questioned Costs: Not Applicable

During the year ended December 31, 2003, Linn County was designated as the recipient for a Community Development Block Grant (CDBG), which was used for the construction of a senior center. Grant funding for this program totaled \$241,000. As the grant recipient, the county was responsible for monitoring the senior center project to ensure that all costs were proper and that the terms and conditions of the grant were executed properly. However, the county elected to transfer this responsibility and paid \$15,000 to the Green Hills Regional Planning Commission (GHRPC) to administer the grant. The GHRPC submitted requests for payment to the county for approval, which the county in turn submitted to the state. The county did not obtain and review supporting documentation accompanying requests for payment.

OMB Circular A-102, Common Rule, Standards for Financial Management Systems, requires supporting documentation to be maintained for all expenditures claimed for federal reimbursement. Since we were able to obtain supporting documentation for these payments from the GHRPC, no costs were questioned.

WE RECOMMEND the County Commission properly monitor federal grant expenditures to ensure compliance with federal regulations and retain supporting documentation for expenditures of federal monies.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Commission indicated they will implement the recommendation.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

LINN COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Linn County, Missouri, on the applicable findings in the prior audit report issued for the two years ended December 31, 2001.

01-1. Adoption of Budgets

The County did not adopt budgets for some funds.

Recommendation:

The County adopt a budget for all funds.

Status:

Partially implemented. The County did not adopt a budget for the Law Library Fund for the years ended December 31, 2003 and 2002. Although not repeated in the current Schedule of Findings and Questioned Costs, our recommendation remains as stated above.

01-2. Payroll Reconciliation

Items on the 941's were not reconciled to the W-2s and W-3s.

Recommendation:

Complete payroll records should be maintained and reconciled.

Status:

Implemented.

01-3. Warrants in Excess of Budgeted Amounts

Warrants were issued in excess of approved budgets in some funds.

Recommendation:

Warrants should not be issued in excess of budgeted funds.

Status:

Partially implemented. Warrants were issued in excess of approved budgets for the Law Enforcement Training Fund in 2003 and in the Circuit Clerk Interest Fund in 2003 and 2002. Although not repeated in the current Schedule of Findings and Questioned Costs, our recommendation remains as stated above.

01-4. Published Financial Statements

The County's published financial statements did not include all County funds.

Recommendation:

The County include all County funds in the published annual financial statements.

Status:

Partially implemented. The County's published annual financial statements for the years ended December 31, 2003 and 2002, did not include the Health Center Fund and the Law Library Fund. Although not repeated in the current Schedule of Findings and Questioned Costs, our recommendation remains as stated above.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

LINN COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

This section represents the Summary Schedule of Prior Audit Findings, which was prepared by the county's management.

Findings - Two Years Ended December 31, 2001

01-5. Schedule of Expenditures of Federal Awards

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-058(27)
Award Year:	2001 and 2000
Questioned Costs:	Not Applicable

The schedule of Federal Financial Assistance does not accurately report federal expenditures for the Health Center.

Recommendation:

The County adopt procedures in which federal awards may be correctly identified.

Status:

Not implemented. See finding number 03-1.

Findings - Two Years Ended December 31, 1999

99-2. Schedule of Expenditures of Federal Awards

Federal Grantor:	U.S. Department of Housing and Urban Development
Pass-Through Grantor:	Department of Economic Development
Federal CFDA Number:	14.228
Program Title:	Community Development Block Grants/State's Program
Pass-Through Entity	
Identifying Numbers:	96-PF-22 and 7-PF-840
Award Years:	1999 and 1998
Questioned Costs:	Not Applicable

The County did not have a procedure in place to track federal financial assistance for the preparation of the SEFA. The County's Schedule of Federal Awards contained numerous errors and omissions.

Recommendation:

The County Clerk prepare a complete and accurate schedule of expenditures of federal awards. In addition, the Health Center should provide complete federal grant information to the County Clerk.

Status:

Not implemented. See finding number 03-1.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

LINN COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Linn County, Missouri, as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated May 20, 2004. We also have audited the compliance of Linn County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2003 and 2002, and have issued our report thereon dated May 20, 2004.

Because the Senate Bill 40 Board is audited and separately reported on by other independent auditors, the related fund is not presented in the financial statements. However, we reviewed those audit reports and other applicable information.

In addition, we have audited the operations of elected officials with funds other than those presented in the financial statements to comply with the State Auditor's responsibility under Section 29.230, RSMo 2000, to audit county officials at least once every 4 years. The objectives of this audit were to:

1. Review the internal controls over the transactions of the various county officials.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents; interviewing various personnel of the county officials, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials and the county boards referred to above. In addition, this report includes any findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These MAR findings resulted from our audit of the financial statements of Linn County or of its compliance with the types of compliance requirements applicable to each of its major federal programs but do not meet the criteria for inclusion in the written reports on compliance and on internal control over financial reporting or compliance that are required for audits performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

1. Contracts and Expenditures

Modifications to the terms of the contract for boarding or prisoners were not documented and bids were not solicited for some items.

- A. Linn County paid Livingston County approximately \$8,000 less for boarding of prisoners than provided by the terms of the contract. For the past several years Linn County has had a written agreement with Livingston County for boarding prisoners. Effective 2003, the terms of the contract provided accommodations for up to 2,555 inmate days for the calendar year for the sum of \$77,927 (\$30.50 per inmate day). The contract provided a billable rate of \$35 for inmate days in excess of 2,555.

In July 2003 Linn County exceeded 2,555 prisoner board days at Livingston County. For the remainder of the year, Livingston County billed Linn County \$30.50 for almost all additional prisoner days instead of \$35 per day, resulting in total billings of approximately \$8,000 less than provided by the terms of the contract. The 2004 contract was modified to a billable rate of \$30.50 per prisoner day in excess of 2,555 inmate days.

The County Commission indicated there was a verbal agreement with Livingston County to reduce the billing rate for 2003; however, the circumstances were not documented in the County Commission minutes nor was there a documented contract amendment. To ensure all parties clearly understand the terms of the contract and avoid misunderstandings, any changes should be documented in contract amendments.

- B. Although bids were solicited for most items required by state law, bids were not solicited for vehicles costing \$34,000, election programming costing \$7,923, galvanized steel costing \$5,612, and air conditioning service and warranty costing \$11,343.

Section 50.660, RSMo 2000, requires advertisement for bids for all purchases of \$4,500 or more from any one person, firm or corporation during any period of ninety days. Bidding procedures for major purchases provide a framework for economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best bidder. In addition, competitive bidding assures all parties are given an equal opportunity to participate in county business.

WE RECOMMEND the County Commission:

- A. Ensure modifications to contracts are supported by documented contract amendments.
- B. Solicit bids for all purchases in accordance with state law and maintain documentation of bids.

AUDITEE'S RESPONSE

The County Commission indicated they will implement the recommendations.

2. Criminal Costs

The Circuit Clerk's procedures related to criminal cost billings are not adequate. The Circuit Clerk does not adequately monitor the cases in which the individual has been sentenced to prison to ensure that the state is billed within two years of the date of judgment or sentencing, nor does the Circuit Clerk adequately monitor change of venue cases. In addition, we noted instances in which the Circuit Clerk billed the state for the incorrect number of days. Section 221.105, RSMo, allows for the reimbursement of certain costs in criminal cases where the state has been rendered liable. The Sheriff is to certify the number of incarceration days and the Circuit Clerk is responsible for preparing and submitting cost bills to the state for reimbursement. Section 33.120, RSMo, requires all such billings to be submitted to the state's Office of Administration within two years of the date of judgment or sentence.

- A. The Circuit Clerk does not ensure criminal cost information is entered into the Justice Information System (JIS) and billed to the state in a timely manner. The Sheriff's secretary indicated that when an individual is sentenced and transported to prison, the number of days the individual was boarded by Linn County is provided to the Circuit Clerk's office. The Circuit Clerk indicated that when the number of prisoner days is received from the Sheriff's office, it is placed in the individual's case file and the information is entered on JIS as time allows. A criminal cost bill is not submitted to the state until the information has been entered on the JIS. During a review of the case files which had not yet been entered into the JIS, we noted several cases in which criminal costs should have been billed to the state for reimbursement. Of the

cases reviewed, there were 3 cases with a total of 247 inmate days, or reimbursements totaling approximately \$5,000, for which the two year time limit expired in July 2004. While the Circuit Clerk was made aware of these 3 cases in May 2004, she indicated she had still not billed the state for them as of August 17, 2004.

In addition, if an individual is housed for only a few days, the Circuit Clerk indicated she may take the jail costs out of the bond or bill the individual, rather than request reimbursement from the state. During our review of selected cases, we noted 3 instances in which the Circuit Clerk billed the individual and the costs were not received. These cases were not billed to the state, resulting in lost revenue of approximately \$160 (See MAR No. 3 for comments related to accrued cost procedures).

Failure to ensure criminal cost billings are submitted in a timely manner affects the county's cash flow and may result in lost revenue to the county.

- B. The Circuit Clerk does not adequately monitor criminal cost reimbursements on change of venue cases. In some criminal cases, individuals serve jail time for Linn County charges; however, if there is a change of venue to another county, the Circuit Clerk in the other county is responsible for submitting the criminal cost billing to the state. When the other county receives reimbursement from the state, Linn County's share of this reimbursement should be turned over to the Linn County Treasurer. Once there is a change of venue, the Linn County Circuit Clerk does not monitor amounts due, nor does she provide information which would allow the County Treasurer to monitor amounts due.

Failure to monitor criminal cost reimbursement amounts for change of venue cases may result in Linn County not receiving all monies due.

- C. The Circuit Clerk does not always bill the state for the correct number of prisoner days. During our review of selected cases, we noted one instance in which the Circuit Clerk billed the state for 5 more days of jail time than the individual had served. We also noted an instance in which the Circuit Clerk billed the state for the correct number of days; however, the wrong dates were indicated on the bill. The state adjusted the bill to agree to the number of days reflected by the dates reported, resulting in a reimbursement of approximately \$200 less than due.

Failure to ensure information on the criminal cost billing is accurate results in incorrect reimbursement amounts.

WE RECOMMEND the Circuit Clerk:

- A. Ensure criminal cost information is entered into the JIS and billed to the state in a timely manner. In addition, the state should be billed for criminal costs which can not be withheld from bonds.
- B. Adequately monitor criminal cost reimbursements for change of venue cases.
- C. Ensure information on the criminal cost billing is accurate.

AUDITEE'S RESPONSE

- A&C. The Circuit Clerk indicated she realizes this is a concern. Due to the lack of full-time employees and to staffing problems since the inception of the JIS, her office has fallen behind. She is currently cross-training staff and is working to correct this situation.*
- B. The Circuit Clerk indicated she will discuss this with the County Treasurer and determine a way to adequately monitor criminal cost reimbursements for such cases.*

3. Circuit Clerk's Accounting Controls and Procedures
--

The Circuit Clerk does not account for manual receipt slips or maintain a complete listing of accrued costs.

- A. Manual rediform receipt slips are sometimes issued when monies are collected in court or the JIS is inaccessible. However, there is no procedure in place to ensure these transactions are promptly recorded on the JIS and that related monies are deposited. Failure to account for all manual rediform receipt slips reduces controls over monies received.
- B. A complete listing of accrued costs owed to the court is not maintained by the Circuit Clerk's Office and monitoring procedures related to accrued costs are not adequate. When a case is closed and the costs determined, the Circuit Clerk's Office prepares and sends a cost bill to the defendant and to the Division of Probation and Parole. If payment was not received, there was no evidence that the Circuit Clerk's Office initiated any further collection procedures. As of April 14, 2004, the JIS alone reflected approximately \$241,000 in outstanding accrued costs; however, this list is not all inclusive because many cases outstanding prior to implementation of the JIS are not reflected in the JIS.

A complete and accurate listing of accrued costs would allow the Circuit Clerk to more easily review the amounts due to the court and to take appropriate steps to ensure amounts owed are collected on a timely basis.

WE RECOMMEND the Circuit Clerk:

- A. Establish procedures to account for manual rediform receipt slips issued and verify these receipts have been recorded on the JIS and deposited.
- B. Establish adequate procedures to monitor and collect outstanding accrued costs.

AUDITEE'S RESPONSE

- A. *The Circuit Clerk indicated they currently staple one copy of the manual receipt slip to the copy of the JIS receipt and include the copies in the case file.*
- B. *The Circuit Clerk indicated she works very closely with Probation and Parole for circuit criminal cases. Before JIS, cost bills were sent out; however, because of bad addresses or other circumstances, very few results were obtained. For traffic and associate criminal cases show cause letters are sent, which require defendants to pay or come to court and explain why they have not paid. It would not be of any benefit to go back and update the accrued cost listings for those cases prior to JIS. Each case file does include a fee sheet which reflects the amount due.*

4. Sheriff Civil Fees Fund

A separate fund has not been established for the Sheriff's civil fees. As noted in a prior report, a fund had been established but was closed in 1999 and the balance was transferred to the General Revenue Fund. Section 57.280, RSMo, requires monies to be accounted for separately to ensure that the proceeds are spent on law enforcement purposes.

WE AGAIN RECOMMEND the County Commission establish the Sheriff Civil Fees Fund as required by state law, and start crediting sheriff civil fees to this fund. In addition, an annual budget should be prepared outlining the plans for this fund.

AUDITEE'S RESPONSE

The County Commission indicated they will discuss this with the Sheriff. If the decision is made not to establish a fund, the reasoning will be documented and they will ensure that the Sheriff is in agreement. If a separate fund is established, a budget will be prepared.

5. Public Administrator's Salary

There was no documentation from legal counsel supporting whether the Public Administrator should receive the minimum salary provided by state law or a percentage of the minimum.

The current Public Administrator, who took office in January 2001, elected to be placed on salary rather than a fee basis. Section 473.742, RSMo, provides a salary scale based on the average number of open letters in the two years preceding the term when the salary is elected. The County Commission set the Public Administrator's salary at 91 percent of this amount to correspond with the percentage of the maximum salaries provided by state law paid to other officials for their respective offices.

Without a documented legal opinion, it is not clear whether the amount paid to the Public Administrator is in accordance with state law.

WE RECOMMEND the County Commission consult with legal counsel and determine whether the Public Administrator's salary is in accordance with state law.

AUDITEE'S RESPONSE

The County Commission indicated they will implement the recommendation.

6. Prosecuting Attorney's Accounting Controls and Procedures

Accounting duties are not adequately segregated, receipts are not deposited on a timely basis, and monthly listings of open items and accrued court ordered restitution are not prepared. The Prosecuting Attorney collects court-ordered restitution and bad check restitution and related fees. Money orders payable to the Prosecuting Attorney are deposited into an official account for subsequent distribution; money orders payable to the victim are forwarded to the victim.

- A. Accounting duties are not adequately segregated. Currently, the secretary is responsible for receiving and recording monies, preparing deposits, preparing checks, and reconciling bank statements. The Prosecuting Attorney does sign all checks and the monthly bad check fee report; however, this is the only documented review of the work performed by the clerk.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Proper segregation of duties helps to provide this assurance. If proper segregation of duties cannot be achieved, at a minimum, there should be a documented independent comparison of recorded receipts and bank deposits, a review of bank reconciliations, and a review of bad check restitution records.

- B. Receipts are not deposited on a timely basis. According to the Prosecuting Attorney's secretary, deposits are made approximately once or twice a month. A cash count on January 27, 2004, identified \$2,365 of undeposited receipts, some dating back to January 6, 2004.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, deposits should be made intact daily or when accumulated receipts exceed \$100.

- C. Monthly listings of open items are not prepared and reconciled to the cash balance. The last monthly listing prepared was for July 1998 and agreed to the reconciled cash balance.

Upon our request, the Prosecuting Attorney's secretary prepared a listing of open items and attempted to reconcile the listing to the reconciled cash balance as of February 29, 2004. The total reconciled bank balance was approximately \$24,000 and exceeded the open items listing by approximately \$2,600.

Periodic reconciliation of liabilities with the cash balance provides assurance that the records are in balance and that sufficient cash is available for payment of all liabilities. Timely reconciliations are necessary and helpful in the investigation of any differences.

- D. A listing of accrued court ordered restitution owed to the court is not maintained by the Prosecuting Attorney and monitoring procedures related to accrued court ordered restitution are not adequate.

Upon our request, the Prosecuting Attorney's secretary prepared a listing of accrued court ordered restitution as of February 29, 2004. Accrued costs totaled approximately \$72,000. Our review of selected cases from this listing noted approximately \$6,500 in accrued court ordered restitution in which the offender's probation was revoked and the offender was sent to prison. According to the Prosecuting Attorney, these monies are uncollectible.

A complete and accurate listing of accrued court ordered restitution would allow the Prosecuting Attorney to more easily review the amounts due and to take appropriate steps to ensure amounts owed are collected or to determine if amounts are uncollectible.

WE RECOMMEND the Prosecuting Attorney:

- A. Provide for segregation of duties and ensure that independent reconciliations and reviews of accounting records are performed.
- B. Deposit receipts intact daily or when accumulated receipts exceed \$100.
- C. Prepare accurate monthly listings of open items and reconcile such listings to the cash balance, and require that any differences be investigated and resolved.

- D. Maintain a listing of accrued court ordered restitution. Any uncollectible accrued court ordered restitution should be written off following review and approval by the Judge.

AUDITEE'S RESPONSE

The Prosecuting Attorney indicated:

- A. *Due to budget restraints and the inability to hire additional staff, the secretary will continue to be responsible for receiving and recording monies, preparing deposits, preparing checks, and reconciling bank statements. In an effort to better review the work performed by the secretary, he will require the secretary to prepare a daily list of incoming receipts. He will review each defendant restitution sheet before making a payment to a victim for restitution.*
- B. *His office will begin depositing funds at least twice per week.*
- C. *His office has begun reconciling the listing to the reconciled cash balance. The current secretary began working for this office in October 2001. The secretary prior to the current secretary did not adequately keep a record of receipts to the Prosecuting Attorney's Office. He took office on January 1, 2003, and was not aware of this problem at the time. His office will follow the recommendations of the Missouri State Auditor concerning what to do with the remaining unidentified balance.*
- D. *His office has begun preparing a complete and accurate listing of accrued court ordered restitution in each restitution case. He and the secretary review every restitution file each month to determine whether the defendant has paid court ordered restitution for that month. Restitution amounts become uncollectible when the defendant's probation is revoked and the defendant is sent to jail or prison.*

7. Property Tax Controls and Withholdings
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The County Clerk does not maintain an account book with the Ex Officio County Collector, page totals are not generated for the tax books, and the Ex Officio County Collector withholds 1 percent for assessment costs from property taxes charged rather than collected.

- A. The County Clerk does not maintain an account book with the Ex Officio County Collector. An account book would summarize all taxes charged to the Ex Officio County Collector and township collectors, monthly collections, delinquent credits, abatements and additions, and protested amounts. This account book, prepared by the County Clerk from aggregate abstracts, court orders, monthly statements of collections, and the tax books, would enable the County Clerk to ensure the amount of taxes charged and credited to the collectors each year is complete and accurate.

In addition, Section 51.250(2), RSMo, requires the County Clerk to maintain accounts with all persons chargeable with monies payable in the county treasury. A properly maintained account book can also be used by the County Commission to verify the accuracy of the Ex Officio County Collector's annual settlements.

- B. The property tax system generates a total by township and a grand total; however, page totals are not generated. Without page totals, the ability to verify the accuracy of the tax books is limited.
- C. The Ex Officio County Collector withholds amounts for assessment costs from property taxes charged rather than collected. The amount of all current taxes charged to each political subdivision is multiplied by 1 percent, and that amount is withheld by the Ex Officio County Collector from each political subdivision's share of railroad and utility taxes. Section 137.720, RSMo 2000, requires taxes withheld for assessment costs to be based on the amount of taxes actually collected.

WE RECOMMEND:

- A. The County Clerk establish and maintain an account book of the Ex Officio County Collector's and township collector's transactions, and the County Commission use this account book to verify the accuracy of the Ex Officio County Collector's annual settlements.
- B. The County Commission authorize programming changes to print future tax books with the appropriate control totals, including page totals and a summary page of all page totals.
- C. The Ex Officio County Collector base withholdings for the Assessment Fund on actual property tax collections.

AUDITEE'S RESPONSE

- A. *The County Clerk indicated she does balance out the current charges to collections reported by the Township Collectors, which includes additions and abatements, and reconciles these amounts to the delinquent tax book. She will also check into ways to monitor delinquent charges of the Ex Officio County Collector.*
- B. *The County Clerk indicated she foots the personal and real tax books for three townships to ensure the accuracy of the tax books. The County Commission indicated that in light of the verification by the County Clerk, it would not be cost effective to authorize program changes to include additional control totals.*
- C. *The Ex Officio County Collector indicated she plans on withholding assessment costs from actual taxes collected rather than charged as of November 2004.*

8. Public Administrator's Accounting Controls and Procedures

The Public Administrator temporarily withdrew monies from some bank accounts to ensure the wards remained eligible for Medicaid benefits.

During our review of selected cases administered by the Public Administrator, we noted 12 disbursements from 8 cases totaling \$9,700 for cashier's checks. The Public Administrator indicated that she obtained the cashier's checks and kept them in a locked box to reduce the balance in the respective bank accounts to ensure the wards remained eligible for Medicaid benefits.

Section 208.210(1), RSMo 2000, requires recipients to notify county welfare offices if they possess property which affects their right to receive benefits. In addition, Section 208.210(2), RSMo 2000, provides, "...if during the life, or upon the death, of any person who is receiving or has received benefits, it is found that the recipient or his spouse was possessed of any property or income in excess of the amount reported that would affect his needs or right to receive benefits, or if it be shown such benefits were obtained through misrepresentation, nondisclosure of material facts, or through mistake of fact, the amount of benefits, without interest, may be recovered from him or his estate by the division of family services as a debt due the state".

WE RECOMMEND the Public Administrator discontinue this practice and contact the Department of Social Services, Family Support Division to determine whether any monies are due to the state. In addition, the Associate Circuit Judge should investigate unusual transactions such as those noted above.

AUDITEE'S RESPONSE

The Public Administrator stated, "I have already discontinued the practice of transferring funds to a cashier's check.

In any instance when I have more than \$1,000.00 in a bank account at the end of the month, I will report it to the Division of Family Services, unless there is an appropriate, immediate need towards which the money can be spent, in which case I will spend the money.

I would like to take this opportunity to explain to you why I instituted the procedure I did, and why I believe it was appropriate and fiscally responsible to do so.

Bear in mind that in all instances my clients were on limited funds, otherwise they would not have been on Medicaid in the first place. It is true that sometimes their bank accounts, by watching their expenditures from their limited incomes, would exceed \$1,000.00. I was advised that to remain eligible the amount in the "bank account" at the end of the month must be under \$1,000.00. I was advised that it made no difference what the money was used for as long as the "account" at the end

of the month was under \$1,000.00. It seemed to me that it was not a fiscally responsible way to spend their money. In most instances the funds were already committed, just not appropriate to spend at that time. In visiting with other Public Administrators and officials in the Division of Family Services, I formed an opinion that it was appropriate and a common practice to transfer funds to a cashier's check, and at a later time use the funds for real needs of the client. The examples where I applied this practice was for clothing, furniture, pre-paid burial plans, court costs and attorney fees incurred but not billed, to reimburse the County for my salary and expenses, paying for medicine and doctors when bills were incurred and later not approved for Medicaid. It was stressed that the important thing was that these funds always be accounted for, and I have always accounted for these transfers in all my settlements with the Court, as well as showing the subsequent expenditures. This seemed to me to be a very common-sense and fiscally responsible approach to the problem of helping persons with limited needs live as comfortably as their health and finances would provide. In addition, generally the funds were spent within three months or less. I can recall only one instance when it may have been longer than that.

Frankly, I believe my policy was fiscally very responsible and I did not at any time have any idea that I was violating any law or statute, as stated before, understood that it was a common, accepted practice to do this.

I will contact DFS about the area of discussion of the cashier's checks."

The Associate Circuit Judge stated, "In reviewing not only PA cases but all cases in the Probate Division we routinely reconcile accounts, verify assets and inspect entries for out of the ordinary transactions. If something unusual is identified my general practice is to discuss it with the attorney for the estate and then take action if I am not satisfied with the explanation.

In the cases noted in your report I did just that. The explanation I received in all but one case was reasonable. Basically all but one of these estates were technically insolvent and an incurred but unbilled board bill would deplete the cash on hand and thus result in eligibility. The PA merely waited for the bill to arrive before using the set aside funds for payment. The same result could have been achieved by merely prepaying the obligation. I recall that the funds in one of the cases exceeded current needs and the practice was ended. I believe this practice is no longer in use."

9. Township Published Financial Statements

The County Clerk does not ensure financial statements of township road boards are prepared and published as required by state law. Section 231.290, RSMo 2000, requires the County Clerk to prepare a form to be utilized by the townships to provide a detailed account of their financial activity, along with an inventory of the township's property, which should be published in a local newspaper and filed with the County Clerk. The County Clerk indicated 11 of 15 townships returned completed financial statements to her; however, she does not track whether the township financial statements are published.

WE RECOMMEND the County Clerk ensure all townships file completed financial statements with her office and publish financial statements in a local paper in accordance with state law.

AUDITEE'S RESPONSE

The County Clerk indicated she will look into procedures to implement this recommendation.

10. Health Center's Accounting Controls and Procedures

The Health Center does not deposit all cash receipts intact. According to the Health Center Administrator, cash receipts are accumulated and periodically deposited separately from checks; checks are deposited on a daily basis. To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, deposits should be made intact daily or when accumulated receipts exceed \$100.

WE RECOMMEND the Health Center Board of Trustees deposit all monies intact daily or when accumulated receipts exceed \$100.

AUDITEE'S RESPONSE

The Health Department Administrator and Board of Trustees indicated the Health Department has no problems with implementing a new procedure as recommended. Effective September 1, 2004, it will be Health Department policy to deposit cash and check receipts intact when the accumulated receipts total \$100 or more. The Administrator transcribes all receipts, cash and checks, into the budget computer. The Administrator will be responsible to see that the Office Support Assistant records and deposits all money when it exceeds the \$100 limit. In order to preserve some continuity the Health Department has been seeking a vendor who could provide consecutive numbered receipts. When an affordable product can be found the health department will implement their use.

Follow-Up on Prior Audit Findings

LINN COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Linn County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 1999.

The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Board of Prisoner Contract

Linn County entered into a contract with Livingston County for the boarding of prisoners. According to the contract terms, Livingston County provided accommodations for up to seven prisoners per day at a rate of \$210 (\$30 per prisoner). This \$210 rate applied regardless of the actual number of prisoners boarded so long as the number did not exceed seven. The boarding rate per prisoners was \$35 per day for each prisoner in excess of seven.

For February 1999 through July 2000 Linn County had less than seven prisoners at the Livingston County jail approximately 80 percent of the time. Had the county paid only for the prisoners actually boarded in Livingston County during this time period, at the normal daily boarding rate of \$35, the county would have paid approximately \$23,500 less.

A formal cost-benefit analysis was not performed to determine the best and most economical means of obtaining boarding of prisoner services.

Recommendation:

The County Commission review the board of prisoner contract with Livingston County for reasonableness and possibly modify the terms to allow for a better matching of number of prisoners spaces to the average number of prisoners generally housed in Livingston County. A cost-benefit analysis should be performed and other options considered prior to renewing this contract in the future.

Status:

Partially implemented. Although no formal documented cost-benefit analysis was performed, the terms of the board of prisoner contract with Livingston County were modified in 2001. However, we noted concerns related to the contract for 2003. See MAR finding number 1.

2. Controls Over County Expenditures

- A. A review of expenditures indicated that while the county generally made efforts to seek competitive prices for major purchases, the methods utilized did not always comply with statutory provisions.
- B. The County Commission approved some payments for road and bridge work where the invoices submitted did not indicate what work was done, the work site, or the number of hours charged to the job. In addition, the County Commission approved road and bridge payments to vendors without requiring acknowledgement of receipt of goods or services to be documented on the invoices.

Recommendation:

The County Commission:

- A. Solicit bids for all items in accordance with state law. Documentation of bids solicited and justification for bid awards should be maintained. If bids are not obtained and/or sole source procurement is necessary, the County Commission minutes should thoroughly reflect the circumstances.
- B. Ensure that the invoices adequately document the items and/or services for which payment is being requested and acknowledgement of receipt of goods and/or services prior to approving payment.

Status:

- A. Partially implemented. Bids were solicited for most items required by state law; however, instances were noted where bids were not solicited. See MAR finding number 1.
- B. Implemented.

3. Computer Controls and Property Tax System

- A. The county did not have a formal contingency plan for the computer system.
- B. No security system was in place to detect and stop incorrect log-on attempts after a certain number of tries.
- C. The computer program did not generate property tax book page or control totals, but only a summary total at the end of each tax book.
- D. The County Clerk did not maintain an account book with the Ex Officio County Collector.

Recommendation:

- A. The County Commission seek arrangements of alternate data processing equipment for use during emergency situations.
- B. The County Commission establish a security system to stop and report incorrect log-on attempts after a certain number of tries.
- C. The County Commission authorize programming changes to print future tax books with the appropriate control totals. This would include page totals, a summary page of all page totals, and a grand total for each tax book.
- D. The County Clerk establish and maintain an account book with the Ex Officio County Collector for the County Commission to use to verify the accuracy of the Ex Officio County Collector's annual settlements.

Status:

- A. Implemented.
- B. Not implemented. Although not repeated in the current MAR, our recommendation remains as stated above.
- C. Partially implemented. The property tax system generates a total by township and a grand total; however, page totals are not generated. See MAR finding number 7.
- D. Not implemented. See MAR finding number 7.

4. Sheriff Civil Fee Fund

The Sheriff's civil fees were credited to the Sheriff Civil Fee Fund for part of 1998; however, this was stopped and the fees were credited to the General Revenue Fund. The Sheriff Civil Fund was closed in 1999 and the balance was transferred to the General Revenue Fund.

Recommendation:

The County Commission have the County Treasurer reestablish the Sheriff Civil Fee Fund as required by state law, and start crediting sheriff civil fees to this fund. The County Sheriff should prepare an annual budget outlining his plans for this fund.

Status:

Not implemented. See MAR finding number 4.

5. Prosecuting Attorney Accounting Controls and Procedures

- A. Accounting duties were not adequately segregated.
- B. An adequate system to account for all bad checks received by the Prosecuting Attorney's office as well as subsequent disposition of these bad checks had not been established.
- C. Receipts were not deposited intact on a timely basis or kept in a secure location prior to being deposited. In addition checks and money orders were not being restrictively endorsed until the deposit was prepared.
- D. Receipt slips were not issued for some monies received.
- E. Monthly listings of open items were no longer being prepared. A listing was prepared as of March 31, 2000, which included cases where the total amount had been collected, but not distributed and partial payments which were being held for inactive cases. In addition, numerous errors were found in amounts paid over to the County Treasurer for fees, resulting in \$225 being held in the Prosecuting Attorney's bank account.
- F. Adequate records of payments received and disbursements made were not being maintained in case files.

Recommendation:

The Prosecuting Attorney:

- A. Provide for segregation of duties and ensure that independent reconciliations and reviews of accounting records are performed.
- B. Maintain a log to adequately account for all bad checks filed with the Prosecuting Attorney's office and their ultimate disposition. A bad check log would provide a record of all bad checks filed with the Prosecuting Attorney and provide more assurance that all receipts and disbursements related to these cases are properly handled.
- C. Restrictively endorse money orders immediately upon receipt, maintain receipts in a secure location until deposited, and deposit receipts intact daily or when accumulated receipts exceed \$100. In addition, the Prosecuting Attorney should repay any undeposited amounts to his official bank account.

- D. Immediately issue receipt slips for all monies received and reconcile receipts to deposits.
- E. Prepare accurate monthly listings of open items and reconcile such listings to the cash balance, and require that any difference be investigated and resolved. For cases where the total amount due has been received the balances should be distributed and monies held in inactive cases should be prorated and distributed. In addition, the Prosecuting Attorney should remit the \$225 in fees to the County Treasurer.
- F. Indicate the original amount of restitution owed, all payments received, and a balance of the amount currently owed on the case balance records along with disbursements of restitution to the victim. These case balance records should periodically be reviewed by the Prosecuting Attorney to ensure the payments are being handled properly and in a timely manner.

Status:

A. Not implemented. See MAR finding number 6.

B, D

&F. Implemented.

C. Partially implemented. All money orders are restrictively endorsed immediately upon receipt and monies are held in a secure location. However, receipts are not deposited intact daily or when accumulated receipts exceed \$100. See MAR finding number 6.

E. Not implemented. Monthly listings of open items are not prepared and reconciled to cash balances. See MAR finding number 6. No cases were noted for which the total amount due had been received and not distributed; however, monies are held in some inactive cases which should be prorated and distributed. Although not repeated in the current MAR, the recommendation remains as stated above.

6. Sheriff's Reserve Deputy Association Bank Account

Sheriff's department deputies and reserve deputies maintained a checking account outside the county treasury, designed as the "Sheriff Reserve Deputy Association", into which calendar commissions, donations from businesses and the public, and fundraising proceeds were deposited.

Because the calendar commissions were earned in the Sheriff's official capacity and the federal grant reimbursement related to a program for which the county was the designated grantee, these accountable fees should have been deposited into the county treasury.

Recommendation:

The Sheriff meet with the Prosecuting Attorney and County Commission regarding this account and the appropriate handling of the various types of receipts. In addition, the Sheriff needs to ensure that all accountable monies be transmitted to the County Treasurer in the future.

Status:

Effective in November 2000, the bank account was closed. The Sheriff indicated the calendar sales were discontinued. In the future, if calendar commissions, donations, and fundraising proceeds are received, the monies should be transmitted to the County Treasurer.

STATISTICAL SECTION

History, Organization, and
Statistical Information

LINN COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1837, the county of Linn was named after Lewis F. Linn, a U.S. Senator. Linn County is a township-organized, third-class county and is part of the Ninth Judicial Circuit. The county seat is Linneus.

Linn County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 800 miles of county roads and 400 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens. The townships maintain county roads and bridges.

The county's population was 15,495 in 1980 and 13,754 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,				
		2003	2002	2001	2000	1985* 1980**
		(in millions)				
Real estate	\$	64.0	62.6	62.1	55.5	48.6 26.9
Personal property		39.4	38.4	37.8	34.8	15.2 11.0
Railroad and utilities		16.6	17.8	18.1	16.9	12.6 7.8
Total	\$	120.0	118.8	118.0	107.2	76.4 45.7

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Linn County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,			
		2003	2002	2001	2000
General Revenue Fund	\$	.0725	.0650	.0725	.0800
Health Center Fund		.2000	.2000	.2000	.2100
Senate Bill 40 Board Fund		.1982	.1973	.1963	.2000

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to

penalties. The county and townships bill and collect property taxes for themselves and most other local governments. Taxes collected were distributed as follows:

		Year Ended February 28 (29),			
		2004	2003	2002	2001
State of Missouri	\$	37,709	48,316	36,518	33,595
General Revenue Fund		117,613	110,169	117,278	116,265
Roads		689,886	669,604	649,660	612,244
Assessment Fund		77,851	79,205	77,466	71,394
Health Center Fund		243,505	243,347	237,351	226,830
Senate Bill 40 Board Fund		237,070	235,976	228,202	213,114
School districts		4,648,872	4,581,608	4,432,375	4,070,101
Townships		118,413	123,969	119,664	110,190
Fire protection districts		39,302	38,219	37,933	35,231
Township Bond Fund		37,406	50,154	64,478	72,267
Ambulance district		349,982	348,326	337,387	315,099
Yellow Creek Watershed		18,290	19,619	16,374	13,785
Cities		102,656	98,524	102,180	98,659
County Employees' Retirement		37,771	32,743	25,923	24,310
Investment interest		1,650	2,303	3,977	7,417
Late assessment sheet fees		4,831	5,666	6,002	2,936
Commissions and fees:					
General Revenue Fund		55,565	56,658	55,907	52,771
Township Collectors		53,818	53,088	51,921	48,764
Total	\$	6,872,189	6,797,496	6,600,598	6,124,973

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),				
	2004	2003	2002	2001	
Real estate	93.3	93.1	92.8	92.5	%
Personal property	92.9	93.0	91.3	92.6	
Railroad and utilities	100.0	100.0	100.0	100.0	

Linn County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$.0050	None	50	%
Capital improvements, road & bridge	.0050	2009	None	
Use	.0010	None	None	

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2004	2003	2002	2001	2000
County-Paid Officials:	\$				
Rick Solomon, Presiding Commissioner		24,823	22,565	22,565	22,565
Randy Wade, Associate Commissioner		22,823	22,823	22,823	
Becky Thudium, Associate Commissioner					18,583
Jim Libby, Associate Commissioner		22,823	22,823	22,823	18,583
Peggy Ward, County Clerk		34,580	31,160	31,160	31,160
Tracy L. Carlson, Prosecuting Attorney		40,950			
Robert L. Sanders, Prosecuting Attorney (1)			36,900	36,900	36,900
Tom Parks, Sheriff		38,220	38,220	38,220	35,000
Wesley Rhodes, County Coroner		10,010	10,010	10,010	6,770
Nancy Ross, Public Administrator (2)		22,750	22,750	22,750	
James L. Duncan, Public Administrator (3)					16,786
Pamela Reed, Treasurer and Ex Officio County Collector, year ended March 31,	34,580	34,580	34,580	32,742	
David Long, County Assessor (4), year ended August 31,		35,480	35,480	34,900	34,900

(1) Appointed January 2000.

(2) Effective January 1, 2001, the Public Administrator is on a salary basis.

(3) Includes fees received from probate cases.

(4) Includes \$900 annual compensation received from the state.

State-Paid Officials:

E. Elaine Clough, Circuit Clerk and Ex Officio Recorder of Deeds	47,300	47,300	47,300	46,127
James Williams, Associate Circuit Judge	96,000	96,000	96,000	97,382



**OREGON COUNTY, MISSOURI
YEARS ENDED DECEMBER 31, 2003 AND 2002**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-67
September 9, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

September 2004

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Oregon, that do not have a county auditor. In addition to a financial and compliance audit of various county operating funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Oregon County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The county has not taken action on mid-term salary increases given to the Associate County Commissioners in 1999. On May 15, 2001 the Missouri Supreme Court handed down an opinion that challenged the validity of Section 50.333.13, RSMo, which allowed county salary commissions in 1997 to provide mid-term salary increases for associate county commissioners. The Supreme Court held this section of law violated Article VII, Section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county and municipal officers during the term of office. The County Commission responded that they were complying with the law when accepting these raises.
- Some fixed assets were not included on the fixed asset listing, property tags are not placed upon all fixed asset items, and the County Clerk does not maintain the fixed asset records in a manner that balances can be reconciled from period to period. In addition, the County Clerk does not maintain an account book with the County Collector as required by state law and controls over property tax additions and abatements are not adequate. Also, the published financial statement did not include the financial activity of some funds as required.
- Concerns with the Health Center's records and procedures include receipts are not deposited timely, fixed assets records are not adequate, and procedures are not adequate to monitor budgeted and actual expenditures. In addition, timesheets are not signed by employees and the approval of employees' timesheets is not documented.

The audit also suggested improvements in controls and procedures of the Circuit Clerk, Associate and Probate Division, Ex Officio Recorder of Deeds, Sheriff, and the Senate Bill 40 Board.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

OREGON COUNTY, MISSOURI

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OREGON COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Oregon County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Oregon County, Missouri, as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Oregon County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2003 and 2002, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated May 27, 2004, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Oregon County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

May 27, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Randall Gordon, CPA
In-Charge Auditor:	Susan Cessac
Audit Staff:	Liang Xu
	Mary Johnson



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission
and
Officeholders of Oregon County, Missouri

We have audited the financial statements of various funds of Oregon County, Missouri, as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated May 27, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of various funds of Oregon County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Oregon County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce

to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Oregon County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

May 27, 2004 (fieldwork completion date)

Financial Statements

Exhibit A-1

OREGON COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2003

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 687,037	1,125,660	1,105,709	706,988
Special Road and Bridge	641,908	715,824	764,601	593,131
Assessment	0	126,478	126,478	0
Prosecuting Attorney Training	276	404	497	183
Law Enforcement Training	1,044	2,873	3,600	317
Federal Law Enforcement Forfeiture	6,087	98	3,000	3,185
River/Forest Patrol	0	15,478	15,478	0
Prosecuting Attorney Special	1,793	300	961	1,132
Recorder's User Fees	53,166	10,854	7,296	56,724
Operation Cash Crop	94	1,894	674	1,314
Law Enforcement Donations	9,061	7,003	13,306	2,758
Prosecuting Attorney Bad Check	953	9,373	8,692	1,634
Election	2,246	521	0	2,767
Forest Service Title III	42,870	538	29,712	13,696
Economic Development	15,937	3,236	18,110	1,063
Health Center	110,972	355,030	347,319	118,683
Senate Bill 40 Board	102,448	71,210	56,350	117,308
Senior Citizens' Board	5,303	34,527	35,184	4,646
Law Library	8,318	4,170	2,271	10,217
Children's Trust	295	265	295	265
Associate Circuit Division Interest	2,625	730	0	3,355
Circuit Clerk Interest	14,460	490	958	13,992
Tax Maintenance	170	8,152	1,430	6,892
Economic Recovery Grant	0	8,019	8,019	0
Total	\$ 1,707,063	2,503,127	2,549,940	1,660,250

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

OREGON COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 644,307	1,129,873	1,087,143	687,037
Special Road and Bridge	578,821	773,991	710,904	641,908
Assessment	0	121,884	121,884	0
Prosecuting Attorney Training	333	443	500	276
Law Enforcement Training	605	2,891	2,452	1,044
Federal Law Enforcement Forfeiture	8,853	234	3,000	6,087
River/Forest Patrol	0	15,000	15,000	0
Prosecuting Attorney Special	1,308	485	0	1,793
Recorder's User Fees	45,509	10,073	2,416	53,166
Operation Cash Crop	94	454	454	94
Law Enforcement Donations	1,652	11,723	4,314	9,061
Prosecuting Attorney Bad Check	1,102	8,715	8,864	953
Election	2,372	1,374	1,500	2,246
Forest Service Title III	0	53,090	10,220	42,870
Economic Development	0	37,176	21,239	15,937
Health Center	87,363	352,892	329,283	110,972
Senate Bill 40 Board	74,527	68,021	40,100	102,448
Senior Citizens' Board	4,948	33,275	32,920	5,303
Law Library	6,372	4,289	2,343	8,318
Children's Trust	330	295	330	295
Associate Circuit Division Interest	1,684	941	0	2,625
Circuit Clerk Interest	14,761	453	754	14,460
Tax Maintenance	0	170	0	170
Community Development Block Grant	0	10,173	10,173	0
Tourism Grant	0	12,000	12,000	0
Total	\$ 1,474,941	2,649,915	2,417,793	1,707,063

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

OREGON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

Year Ended December 31,						
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TOTALS - VARIOUS FUNDS</u>						
RECEIPTS	\$ 2,547,469	2,495,108	(52,361)	2,483,905	2,627,572	143,667
DISBURSEMENTS	2,855,576	2,541,921	313,655	2,836,554	2,395,620	440,934
RECEIPTS OVER (UNDER) DISBURSEMENTS	(308,107)	(46,813)	261,294	(352,649)	231,952	584,601
CASH, JANUARY 1	1,708,886	1,707,063	(1,823)	1,474,941	1,474,941	0
CASH, DECEMBER 31	1,400,779	1,660,250	259,471	1,122,292	1,706,893	584,601
<u>GENERAL REVENUE FUND</u>						
RECEIPTS						
Property taxes	61,950	65,616	3,666	61,400	62,208	808
Sales taxes	700,000	730,783	30,783	650,000	712,542	62,542
Intergovernmental	181,295	161,065	(20,230)	173,040	183,479	10,439
Charges for services	129,464	131,769	2,305	122,400	129,189	6,789
Interest	20,410	19,069	(1,341)	30,210	21,852	(8,358)
Other	10,950	14,850	3,900	12,250	18,127	5,877
Transfers in	2,476	2,508	32	3,911	2,476	(1,435)
Total Receipts	1,106,545	1,125,660	19,115	1,053,211	1,129,873	76,662
DISBURSEMENTS						
County Commissioner	79,580	75,639	3,941	75,810	70,803	5,007
County Clerk	80,922	77,269	3,653	82,113	72,733	9,380
Elections	17,420	12,554	4,866	47,675	34,457	13,218
Buildings and ground:	48,700	37,968	10,732	47,900	36,668	11,232
Employee fringe benefit:	154,311	132,824	21,487	146,750	130,116	16,634
County Treasurer	29,779	29,774	5	27,312	26,866	446
County Collector	78,125	73,920	4,205	73,113	68,175	4,938
Ex Officio Recorder of Deeds	34,024	33,650	374	34,244	32,351	1,893
Circuit Clerk	13,050	7,929	5,121	14,900	8,777	6,123
Associate Circuit Court	10,257	6,791	3,466	10,257	6,539	3,718
Associate Circuit (Probate)	552	346	206	578	231	347
Court administrator	1,366	607	759	1,333	552	781
Public Administrator	29,260	28,014	1,246	28,848	28,527	321
Sheriff	244,938	246,970	(2,032)	269,060	246,367	22,693
Jail	29,749	26,903	2,846	24,699	24,943	(244)
Prosecuting Attorney	89,657	88,307	1,350	82,367	78,604	3,763
Juvenile Officer	47,902	45,133	2,769	46,063	45,872	191
County Coroner	11,200	9,936	1,264	10,350	9,766	584
Public health and welfare services	500	0	500	500	0	500
Other	161,094	116,502	44,592	168,211	107,771	60,440
Transfers out	82,379	54,673	27,706	73,011	57,025	15,986
Emergency Function	33,200	0	33,200	32,000	0	32,000
Total Disbursements	1,277,965	1,105,709	172,256	1,297,094	1,087,143	209,951
RECEIPTS OVER (UNDER) DISBURSEMENTS	(171,420)	19,951	191,371	(243,883)	42,730	286,613
CASH, JANUARY 1	687,037	687,037	0	644,307	644,307	0
CASH, DECEMBER 31	515,617	706,988	191,371	400,424	687,037	286,613

Exhibit B

OREGON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	118,400	118,492	92	108,500	112,559	4,059
Intergovernmental	571,500	575,485	3,985	577,000	640,494	63,494
Interest	10,000	14,861	4,861	15,000	12,645	(2,355)
Other	6,500	6,986	486	6,800	8,293	1,493
Total Receipts	706,400	715,824	9,424	707,300	773,991	66,691
DISBURSEMENTS						
Salaries	226,861	206,774	20,087	220,920	201,316	19,604
Employee fringe benefit	80,543	66,351	14,192	76,667	64,412	12,255
Supplies	73,000	64,636	8,364	73,500	54,439	19,061
Insurance	18,000	17,973	27	16,000	16,740	(740)
Road and bridge materials	88,500	81,291	7,209	76,500	68,219	8,281
Equipment repairs	25,000	25,326	(326)	25,000	30,321	(5,321)
Rentals	1,500	510	990	1,500	0	1,500
Equipment purchase	220,000	205,947	14,053	250,000	181,816	68,184
Construction, repair, and maintenance	80,500	80,650	(150)	86,500	72,372	14,128
Other	21,000	15,143	5,857	21,100	14,899	6,201
Transfers out	0	0	0	6,370	6,370	0
Total Disbursements	834,904	764,601	70,303	854,057	710,904	143,153
RECEIPTS OVER (UNDER) DISBURSEMENTS	(128,504)	(48,777)	79,727	(146,757)	63,087	209,844
CASH, JANUARY 1	641,908	641,908	0	578,821	578,821	0
CASH, DECEMBER 31	513,404	593,131	79,727	432,064	641,908	209,844
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	73,000	69,381	(3,619)	86,343	79,160	(7,183)
Charges for services	1,000	1,000	0	1,500	1,000	(500)
Interest	150	85	(65)	750	124	(626)
Other	1,450	1,339	(111)	1,250	1,325	75
Transfers in	73,181	54,673	(18,508)	54,861	40,275	(14,586)
Total Receipts	148,781	126,478	(22,303)	144,704	121,884	(22,820)
DISBURSEMENTS						
Assessor	148,781	126,478	22,303	144,704	121,884	22,820
Total Disbursements	148,781	126,478	22,303	144,704	121,884	22,820
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	0	0	0	0	0
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for services	530	404	(126)	545	443	(102)
Total Receipts	530	404	(126)	545	443	(102)
DISBURSEMENTS						
Prosecuting Attorney	500	497	3	500	500	0
Total Disbursements	500	497	3	500	500	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	30	(93)	(123)	45	(57)	(102)
CASH, JANUARY 1	276	276	0	333	333	0
CASH, DECEMBER 31	306	183	(123)	378	276	(102)

Exhibit B

OREGON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	800	1,249	449	1,000	1,102	102
Charges for service	1,800	1,606	(194)	1,665	1,781	116
Interest	10	18	8	100	8	(92)
Total Receipts	2,610	2,873	263	2,765	2,891	126
DISBURSEMENTS						
Sheriff	3,600	3,600	0	3,300	2,452	848
Total Disbursement:	3,600	3,600	0	3,300	2,452	848
RECEIPTS OVER (UNDER) DISBURSEMENTS	(990)	(727)	263	(535)	439	974
CASH, JANUARY 1	1,044	1,044	0	605	605	0
CASH, DECEMBER 31	54	317	263	70	1,044	974
<u>FEDERAL LAW ENFORCEMENT FORFEITURE FUND</u>						
RECEIPTS						
Interest	180	98	(82)	500	234	(266)
Total Receipts	180	98	(82)	500	234	(266)
DISBURSEMENTS						
Sheriff	3,000	3,000	0	6,000	3,000	3,000
Total Disbursement:	3,000	3,000	0	6,000	3,000	3,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,820)	(2,902)	(82)	(5,500)	(2,766)	2,734
CASH, JANUARY 1	6,087	6,087	0	8,853	8,853	0
CASH, DECEMBER 31	3,267	3,185	(82)	3,353	6,087	2,734
<u>RIVER/FOREST PATROL FUND</u>						
RECEIPTS						
Intergovernmental	15,000	15,478	478	17,000	15,000	(2,000)
Transfers in	0	0	0	1,400	0	(1,400)
Total Receipts	15,000	15,478	478	18,400	15,000	(3,400)
DISBURSEMENTS						
Salaries	3,000	4,728	(1,728)	6,000	2,976	3,024
Fringe benefits	253	365	(112)	689	253	436
Mileage	8,584	7,781	803	7,000	8,608	(1,608)
Other	687	96	591	800	687	113
Transfers out	2,476	2,508	(32)	3,911	2,476	1,435
Total Disbursement:	15,000	15,478	(478)	18,400	15,000	3,400
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	0	0	0	0	0

Exhibit B

OREGON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

Year Ended December 31,						
2003			2002			
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	
<u>PROSECUTING ATTORNEY SPECIAL FUND</u>						
RECEIPTS						
Intergovernmental	500	266	(234)	700	443	(257)
Interest	20	34	14	0	42	42
Total Receipts	520	300	(220)	700	485	(215)
DISBURSEMENTS						
Prosecuting Attorney	1,250	961	289	1,000	0	1,000
Total Disbursements	1,250	961	289	1,000	0	1,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(730)	(661)	69	(300)	485	785
CASH, JANUARY 1	1,793	1,793	0	1,308	1,308	0
CASH, DECEMBER 31	1,063	1,132	69	1,008	1,793	785
<u>RECORDER'S USER FEES FUND</u>						
RECEIPTS						
Charges for services	9,000	9,951	951	6,200	8,713	2,513
Interest	2,000	903	(1,097)	2,000	1,360	(640)
Total Receipts	11,000	10,854	(146)	8,200	10,073	1,873
DISBURSEMENTS						
Ex Officio Recorder of Deeds	9,675	7,296	2,379	12,350	2,416	9,934
Total Disbursements	9,675	7,296	2,379	12,350	2,416	9,934
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,325	3,558	2,233	(4,150)	7,657	11,807
CASH, JANUARY 1	53,166	53,166	0	45,509	45,509	0
CASH, DECEMBER 31	54,491	56,724	2,233	41,359	53,166	11,807
<u>OPERATION CASH CROP FUND</u>						
RECEIPTS						
Intergovernmental	1,000	1,894	894	1,250	454	(796)
Total Receipts	1,000	1,894	894	1,250	454	(796)
DISBURSEMENTS						
Sheriff	1,000	674	326	1,344	454	890
Total Disbursements	1,000	674	326	1,344	454	890
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	1,220	1,220	(94)	0	94
CASH, JANUARY 1	94	94	0	94	94	0
CASH, DECEMBER 31	94	1,314	1,220	0	94	94
<u>LAW ENFORCEMENT DONATIONS FUND</u>						
RECEIPTS						
Charges for services	12,000	6,874	(5,126)	10,000	11,600	1,600
Interest	120	129	9	80	123	43
Total Receipts	12,120	7,003	(5,117)	10,080	11,723	1,643
DISBURSEMENTS						
Sheriff	13,000	13,306	(306)	10,000	4,314	5,686
Total Disbursements	13,000	13,306	(306)	10,000	4,314	5,686
RECEIPTS OVER (UNDER) DISBURSEMENTS	(880)	(6,303)	(5,423)	80	7,409	7,329
CASH, JANUARY 1	9,061	9,061	0	1,652	1,652	0
CASH, DECEMBER 31	8,181	2,758	(5,423)	1,732	9,061	7,329

Exhibit B

OREGON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for services	9,000	9,301	301	7,750	8,637	887
Interest	0	72	72	0	78	78
Total Receipts	9,000	9,373	373	7,750	8,715	965
DISBURSEMENTS						
Prosecuting Attorney	8,880	8,692	188	8,808	8,864	(56)
Total Disbursements	8,880	8,692	188	8,808	8,864	(56)
RECEIPTS OVER (UNDER) DISBURSEMENTS	120	681	561	(1,058)	(149)	909
CASH, JANUARY 1	953	953	0	1,102	1,102	0
CASH, DECEMBER 31	1,073	1,634	561	44	953	909
<u>ELECTION FUND</u>						
RECEIPTS						
Intergovernmental	1,200	478	(722)	1,000	1,346	346
Interest	0	43	43	0	28	28
Total Receipts	1,200	521	(679)	1,000	1,374	374
DISBURSEMENTS						
County Clerk	2,000	0	2,000	1,500	1,500	0
Total Disbursements	2,000	0	2,000	1,500	1,500	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(800)	521	1,321	(500)	(126)	374
CASH, JANUARY 1	2,246	2,246	0	2,372	2,372	0
CASH, DECEMBER 31	1,446	2,767	1,321	1,872	2,246	374
<u>FOREST SERVICE TITLE III FUND</u>						
RECEIPTS						
Intergovernmental	27,000	0	(27,000)	50,000	46,192	(3,808)
Interest	250	538	288	250	528	278
Transfers in	0	0	0	0	6,370	6,370
Total Receipts	27,250	538	(26,712)	50,250	53,090	2,840
DISBURSEMENTS						
Sheriff	42,387	29,712	12,675	25,482	10,220	15,262
Total Disbursements	42,387	29,712	12,675	25,482	10,220	15,262
RECEIPTS OVER (UNDER) DISBURSEMENTS	(15,137)	(29,174)	(14,037)	24,768	42,870	18,102
CASH, JANUARY 1	42,870	42,870	0	0	0	0
CASH, DECEMBER 31	27,733	13,696	(14,037)	24,768	42,870	18,102

Exhibit B

OREGON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ECONOMIC DEVELOPMENT FUND</u>						
RECEIPTS						
Intergovernmental	18,000	3,000	(15,000)	25,405	20,094	(5,311)
Interest	0	236	236	100	332	232
Transfers in	10,000	0	(10,000)	16,750	16,750	0
Total Receipts	28,000	3,236	(24,764)	42,255	37,176	(5,079)
DISBURSEMENTS						
Salaries	27,500	11,474	16,026	27,500	13,250	14,250
Fringe benefits	5,664	2,390	3,274	5,431	2,208	3,223
Office expenditures	3,300	956	2,344	3,300	1,596	1,704
Mileage and training	2,000	1,740	260	3,000	1,478	1,522
Other	2,600	1,550	1,050	1,700	2,707	(1,007)
Total Disbursements	41,064	18,110	22,954	40,931	21,239	19,692
RECEIPTS OVER (UNDER) DISBURSEMENTS	(13,064)	(14,874)	(1,810)	1,324	15,937	14,613
CASH, JANUARY 1	15,937	15,937	0	0	0	0
CASH, DECEMBER 31	2,873	1,063	(1,810)	1,324	15,937	14,613
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes	71,000	70,538	(462)	65,000	66,871	1,871
Intergovernmental	261,383	253,314	(8,069)	240,100	256,937	16,837
Charges for services	24,500	28,205	3,705	20,000	25,759	5,759
Interest	1,700	1,664	(36)	2,000	2,108	108
Other	0	1,309	1,309	0	1,217	1,217
Total Receipts	358,583	355,030	(3,553)	327,100	352,892	25,792
DISBURSEMENTS						
Salaries	229,998	224,309	5,689	204,002	211,230	(7,228)
Office expenditures	31,665	28,901	2,764	24,700	19,291	5,409
Mileage and training	2,845	2,753	92	8,500	4,507	3,993
Clinic	41,100	39,812	1,288	26,500	34,132	(7,632)
WIC	21,475	21,955	(480)	17,328	22,941	(5,613)
Other	31,500	29,589	1,911	46,070	37,182	8,888
Total Disbursements	358,583	347,319	11,264	327,100	329,283	(2,183)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	7,711	7,711	0	23,609	23,609
CASH, JANUARY 1	113,217	110,972	(2,245)	87,363	87,363	0
CASH, DECEMBER 31	113,217	118,683	5,466	87,363	110,972	23,609
<u>SENATE BILL 40 BOARD FUND</u>						
RECEIPTS						
Property taxes	67,900	68,422	522	65,000	64,849	(151)
Intergovernmental	0	590	590	0	209	209
Interest	3,700	2,198	(1,502)	3,900	2,963	(937)
Total Receipts	71,600	71,210	(390)	68,900	68,021	(879)
DISBURSEMENTS						
Payments to Sheltered Workshop	40,000	56,250	(16,250)	40,000	40,000	0
Other	100	100	0	100	100	0
Total Disbursements	40,100	56,350	(16,250)	40,100	40,100	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	31,500	14,860	(16,640)	28,800	27,921	(879)
CASH, JANUARY 1	102,448	102,448	0	74,527	74,527	0
CASH, DECEMBER 31	133,948	117,308	(16,640)	103,327	102,448	(879)

Exhibit B

OREGON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SENIOR CITIZENS' BOARD FUND</u>						
RECEIPTS						
Property taxes	34,000	34,232	232	33,000	32,443	(557)
Intergovernmental	0	295	295	0	832	832
Total Receipts	34,000	34,527	527	33,000	33,275	275
DISBURSEMENTS						
Payments for senior service	37,800	35,000	2,800	36,500	32,728	3,772
Other	0	184	(184)	0	192	(192)
Total Disbursements	37,800	35,184	2,616	36,500	32,920	3,580
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,800)	(657)	3,143	(3,500)	355	3,855
CASH, JANUARY 1	5,303	5,303	0	4,948	4,948	0
CASH, DECEMBER 31	1,503	4,646	3,143	1,448	5,303	3,855
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for service:	3,900	4,105	205	3,800	4,210	410
Interest	100	65	(35)	95	79	(16)
Total Receipts	4,000	4,170	170	3,895	4,289	394
DISBURSEMENTS						
Law Library	2,400	2,271	129	2,100	2,343	(243)
Total Disbursements	2,400	2,271	129	2,100	2,343	(243)
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,600	1,899	299	1,795	1,946	151
CASH, JANUARY 1	7,967	8,318	351	6,372	6,372	0
CASH, DECEMBER 31	9,567	10,217	650	8,167	8,318	151
<u>CHILDREN'S TRUST FUND</u>						
RECEIPTS						
Charges for service:	300	265	(35)	400	295	(105)
Total Receipts	300	265	(35)	400	295	(105)
DISBURSEMENTS						
Payments to shelter:	295	295	0	400	330	70
Total Disbursements	295	295	0	400	330	70
RECEIPTS OVER (UNDER) DISBURSEMENTS	5	(30)	(35)	0	(35)	(35)
CASH, JANUARY 1	295	295	0	330	330	0
CASH, DECEMBER 31	300	265	(35)	330	295	(35)
<u>ASSOCIATE CIRCUIT DIVISION INTEREST FUND</u>						
RECEIPTS						
Interest	850	730	(120)	700	941	241
Total Receipts	850	730	(120)	700	941	241
DISBURSEMENTS						
Associate Circuit Divisor	3,292	0	3,292	2,384	0	2,384
Total Disbursements	3,292	0	3,292	2,384	0	2,384
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,442)	730	3,172	(1,684)	941	2,625
CASH, JANUARY 1	2,442	2,625	183	1,684	1,684	0
CASH, DECEMBER 31	0	3,355	3,355	0	2,625	2,625

Exhibit B

OREGON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

Year Ended December 31,						
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest	500	490	(10)	1,000	453	(547)
Total Receipts	500	490	(10)	1,000	453	(547)
DISBURSEMENTS						
Circuit Clerk	2,500	958	1,542	2,500	754	1,746
Total Disbursement:	2,500	958	1,542	2,500	754	1,746
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,000)	(468)	1,532	(1,500)	(301)	1,199
CASH, JANUARY 1	14,572	14,460	(112)	14,761	14,761	0
CASH, DECEMBER 31	12,572	13,992	1,420	13,261	14,460	1,199
<u>TAX MAINTENANCE FUND</u>						
RECEIPTS						
Charges for services	7,500	8,080	580			
Interest	0	72	72			
Total Receipts	7,500	8,152	652			
DISBURSEMENTS						
County Collector	7,600	1,430	6,170			
Total Disbursement:	7,600	1,430	6,170			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(100)	6,722	6,822			
CASH, JANUARY 1	170	170	0			
CASH, DECEMBER 31	\$ 70	6,892	6,822			

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

OREGON COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Oregon County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, Senate Bill 40 Board, or the Senior Citizens' Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Economic Recovery Grant Fund	2003
Tax Maintenance Fund	2002
Community Development Block Grant Fund	2002
Tourism Grant Fund	2002

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
River/Forest Patrol Fund	2003
Law Enforcement Donations Fund	2003
Senate Bill 40 Board Fund	2003
Prosecuting Attorney Bad Check Fund	2002
Health Center Fund	2002
Law Library Fund	2002

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Law Library Fund	2003 and 2002
Children's Trust Fund	2003 and 2002
Associate Circuit Division Interest Fund	2003 and 2002
Circuit Clerk Interest Fund	2003 and 2002
Economic Recovery Grant Fund	2003
Community Development Block Grant Fund	2002
Tourism Grant Fund	2002

In addition, for the Health Center Fund, Senate Bill 40 Board Fund, and the Senior Citizens' Board Fund, the county's published financial statements for the years ended December 31, 2003 and 2002, included only those amounts that passed through the County Treasurer.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at

financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's and the Health Center Board's deposits at December 31, 2003 and 2002, were entirely covered by federal depositary insurance or by collateral securities held by the county's or the board's custodial bank in the county's or the board's name.

The Senate Bill 40 Board's and the Senior Citizens' Board's deposits at December 31, 2003 and 2002, were entirely covered by federal depositary insurance.

However, because of significantly higher bank balances at certain times during the year, uninsured and uncollateralized balances existed for the Senate Bill 40 Board at those times although not at year-end.

To protect the safety of county deposits, Section 110.020, RSMo 2000, requires depositaries to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

Supplementary Schedule

Schedule

OREGON COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2003	2002
U. S. DEPARTMENT OF AGRICULTURE				
Direct programs:				
10.670	National Forest - Dependent Rural Communities	N/A	\$ 7,744	0
10.672	Rural Development, Forestry, and Communities	N/A	0	12,000
Passed through state:				
Department of Health and Senior Services -				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-2175W	0	54,038
		ERS045-3175W	53,778	4,539
		ERS045-4175W	10,046	0
	Program Total		63,824	58,577
10.559	Summer Food Service Program for Children	ERS146-2175I	0	240
Office of Administration -				
10.665	Schools and Roads - Grants to States	N/A	48,580	180,531
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state:				
Department of Economic Development -				
14.228	Community Development Block Grants/State's Program	2000-PF-06	0	10,173
Department of Social Services -				
14.231	Emergency Shelter Grants Program	ERO-164-0328	0	5,000
		ERO-164-0582	5,032	0
	Program Total		5,032	5,000
U.S. DEPARTMENT OF JUSTICE				
Passed through:				
State Department of Public Safety -				
16.592	Local Law Enforcement Block Grants Program	2001-LBG-066	0	1,566
		2002-LBG-025	2,925	0
	Program Total		2,925	1,566
Missouri Sheriffs' Association -				
16	Domestic Cannabis Eradication/Suppression Program	N/A	894	536

Schedule

OREGON COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2003	2002
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Passed through state Department of Public Safety:				
83.544	Public Assistance Grants*	FEMA-1412-DR-MO	43,211	109,146
83.552	Emergency Management Performance Grants**	N/A	6,050	2,750
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state:				
Department of Health and Senior Services -				
93.197	Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	ERS146-3175T	3,075	2,500
93.268	Immunization Grants	PGA064-1175A	0	3,635
		PGA064-2175A	2,200	1,570
		PGA064-3175A	1,500	0
		N/A	33,708	37,775
	Program Total		37,408	42,980
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance	DHO3O290001	6,700	0
Department of Social Services -				
93.563	Child Support Enforcement	N/A	774	416
Department of Health and Senior Services -				
93.575	Child Care and Development Block Grant	PGA067-2175C	0	4,035
		PGA067-3175C	4,490	0
	Program Total		4,490	4,035
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	ERS161-20020	0	18,797
		ERS161-30028	26,227	0
	Program Total		26,227	18,797
93.991	Preventive Health and Health Services Block Grant	AOC02380059	0	19,937
		DH030023001	16,042	4,583
	Program Total		16,042	24,520
93.994	Maternal and Child Health Services Block Grant to the States	ERS146-2175M	0	12,190
		ERS146-3175M	14,264	2,594
		ERS175-2051F	0	3,479
		ERS175-3050F	2,301	1,151
		N/A	320	328
	Program Total		16,885	19,742
Total Expenditures of Federal Awards			\$ 289,861	493,509

* The CFDA number for this program changed to 97.036 in October 2003.

** The CFDA number for this program changed to 97.042 in October 2003.

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

Notes to the Supplementary Schedule

OREGON COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Oregon County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals. . . .

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for Immunization Grants (CFDA number 93.268) and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2003 and 2002.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of Oregon County, Missouri

Compliance

We have audited the compliance of Oregon County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2003 and 2002. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Oregon County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2003 and 2002.

Internal Control Over Compliance

The management of Oregon County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the management of Oregon County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

May 27, 2004 (fieldwork completion date)

Schedule

OREGON COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2003 AND 2002

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? yes x no

Reportable conditions identified that are
not considered to be material weaknesses? yes x none reported

Noncompliance material to the financial statements
noted? yes x no

Federal Awards

Internal control over major programs:

Material weaknesses identified? yes x no

Reportable conditions identified that are
not considered to be material weaknesses? yes x none reported

Type of auditor's report issued on compliance for
major programs: Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of OMB
Circular A-133? yes x no

Identification of major programs:

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
10.665	Schools and Roads – Grants to States
10.672	Rural Development, Forestry, and Communities
83.544	Public Assistance Grants

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

OREGON COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 2001, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

OREGON COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

This section represents the Summary Schedule of Prior Audit Findings, which was prepared by the county's management.

Findings - Two Years Ended December 31, 2001

01-1. Cash Management

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Off-System Bridge Replacement and Rehabilitation Program
Pass-Through Entity	
Identifying Number:	BRO-075 (5)
Award Year:	1997
Questioned Costs:	\$647

The county obtained advance payments of expenses and did not comply with the reimbursement requirements of the program.

Recommendation:

The county comply with the requirement to pay expenses prior to submitting a request for reimbursement and discontinue the practice of obtaining advances on this program. The county discuss the erroneous statement in the MoDOT Agency Manual referring to the program as not being a grant program with the program management office.

Status:

Implemented. The practice of obtaining advances has been discontinued and the erroneous statement has been discussed with MoDOT. A letter received from MoDOT indicates

"MoDOT has reviewed the situation and we forgive \$647.20 in interest earned by the county on advance payment."

01-2. Cash Management

Federal Grantor:	U.S. Department of Housing and Urban Development
Pass-Through Grantor:	Department of Economic Development
Federal CFDA Number:	14.228
Program Title:	Community Development Block Grants/State Program
Pass-Through Entity	
Identifying Number:	2000-PF-06
Award Year:	2001 and 2000
Questioned Costs:	\$682

The county did not adequately monitor the third-party administrator's procedures for cash draws.

Recommendation:

The county review the third-party administrator's payment policies and monitor their procedures to determine whether controls are adequate. Also, the county attempt to obtain reimbursement of the questioned costs from the third-party administrator.

Status:

Partially implemented. The third-party administrator's payment policies were reviewed and procedures are being monitored to ensure controls are adequate. A letter received from the Department of Economic Development indicates "since there are no unresolved findings regarding the CDBG program, there are no further audit requirements for this audit period."

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

OREGON COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Oregon County, Missouri, as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated May 27, 2004. We also have audited the compliance of Oregon County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2003 and 2002, and have issued our report thereon dated May 27, 2004.

In addition, we have audited the operations of elected officials with funds other than those presented in the financial statements to comply with the State Auditor's responsibility under Section 29.230, RSMo 2000, to audit county officials at least once every 4 years. The objectives of this audit were to:

1. Review the internal controls over the transactions of the various county officials.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents; interviewing various personnel of the county officials, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials referred to above. In addition, this report includes any findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These MAR findings resulted from our audit of the financial statements of Oregon County or of its compliance with the types of compliance requirements applicable to each of its major federal

programs but do not meet the criteria for inclusion in the written reports on compliance and on internal control over financial reporting or compliance that are required for audits performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

1. Associate Commissioner's Salary

The county has not taken action on mid-term salary increases given to the Associate County Commissioners in 1999.

Section 50.333.13 RSMo, enacted in 1997, allowed the salary commissions meeting in 1997 to provide mid-term increases for associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioners' terms had been increased from two years to four years. Based on this statute, in 1999 Oregon County's Associate County Commissioners' salaries were each increased approximately \$4,120 yearly, according to the salary commission minutes.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of that statute. The Supreme Court held that this section of statute violated Article VII, Section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county, and municipal officers during the term of office. This case, *Laclede County v. Douglass et al.*, holds that all raises given pursuant to this statute section are unconstitutional. On June 5, 2001, the State Auditor notified all third-class counties of the Supreme Court decision and recommended that each county document its review of the impact of the opinion, as well as plans to seek repayment.

Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$8,240 for the two years ended December 31, 2000, should be repaid. The Associate County Commissioners have made no repayments and the county has taken no action to seek repayment.

WE RECOMMEND the County Commission review the impact of this court decision and develop a plan for obtaining repayment of the salary overpayments.

AUDITEE'S RESPONSE

The salary commission provided these raises to the Associate County Commissioners in good faith based on the law that was passed. Based on that we do not intend to require repayment of these monies.

Some fixed assets were not included on the fixed asset listing, property tags are not placed upon all fixed asset items, and the County Clerk does not maintain the fixed asset records in a manner that balances can be reconciled from period to period. In addition, the County Clerk does not maintain an account book with the County Collector as required by state law and controls over property tax additions and abatements are not adequate. Also, the published financial statement did not include the financial activity of some funds as required.

- A. Our review of 16 fixed assets purchases found three assets, totaling approximately \$6,600, were not included on the fixed asset listing. In addition, we noted that fixed assets are not tagged and recorded upon arrival or installation and records are not maintained in a manner that balances can be reconciled from period to period.

Adequate fixed asset records are necessary to meet statutory requirements, secure better internal control over county property, and provide a basis for determining proper insurance coverage for county property. Physical inventories of county property are necessary to ensure the fixed asset records are accurate, identify any unrecorded additions and deletions, detect theft of assets, and identify obsolete assets.

Section 49.093, RSMo 2000, provides the county officer of each county department shall annually inspect and inventory county property used by that department with an individual original value of \$250 or more and any property with an aggregate original value of \$1,000 or more. After the first inventory is taken, an explanation of material changes shall be attached to subsequent inventories. All remaining property not inventoried by a particular department shall be inventoried by the County Clerk. The reports required by this section shall be signed by the County Clerk.

- B. The County Clerk does not maintain an account book with the County Collector. As a result, the County Collector's annual settlements cannot be adequately reviewed and errors could go undetected. An account book would summarize all taxes charged to the County Collector, monthly collections, delinquent credits, abatements and additions, and protested amounts. These amounts could then be verified by the County Clerk from aggregate abstracts, tax books, court orders, monthly collection reports, and totals of all charges and credits. These verifications are the County Clerk's means of ensuring the amount of taxes charged to the County Collector and reported credits are complete and accurate.

Section 51.150.2, RSMo 2000, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury. A properly maintained account book would enable the County Clerk and the County Commission to verify the County Collector's annual settlements.

- C. Controls over property tax additions and abatements are not adequate. The County Assessor makes changes to the property tax system for personal and real property tax additions and abatements and submits the revised printouts to the County Collector. The County Collector files the printouts in the tax change book which is reviewed by the County Clerk once or twice a month. The County Clerk approves the printouts which serve as the addition and abatement court orders but the printouts are not reviewed or approved by the County Commission.

Section 137.260, RSMo 2000, requires the tax books only be changed by the County Clerk under the order of the County Commission. Controls should be established so that the County Clerk periodically reconciles all additions and abatements to changes made to the property tax system and charge these amounts to the County Collector. Further, court orders should be approved, at least monthly, by the County Commission for all additions and abatements to the property tax system.

- D. The county's annual published financial statements did not include financial activity of some funds and included only those amounts that passed through the County Treasurer for the Health Center Fund, Senate Bill 40 Board Fund, and Senior Citizens' Board Fund. Section 50.800, RSMo 2000, requires published financial statements are required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for all county funds. For the published financial statements to adequately inform the citizens of the county's financial activity, all monies received and disbursed by the county and all other required information should be included in the level of detail required by law.

Condition D was noted in our two prior reports.

WE RECOMMEND the County Commission:

- A. Establish a written policy related to the handling and accounting for fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, discuss procedures for the handling of asset dispositions, and any other concerns associated with county property.
- B. Require the County Clerk maintain an account book with the County Collector in accordance with statute. In addition, the County Commission should consider using the account book to verify the annual settlements of the County Collector.
- C. Ensure the County Clerk reconciles additions and abatements to the County Collector's annual settlements. In addition, the County Commission should review and approve all additions and abatements to the County Collector's annual settlement.
- D. Ensure all required financial information for all county funds is properly reported in the published financial statements.

AUDITEE'S RESPONSE

- A. *We have added these assets to the fixed asset records. We will establish a written policy for handling and accounting for fixed assets.*
- B. *The County Clerk will maintain an account book with the County Collector and we will use the account book to verify the annual settlements of the County Collector.*
- C. *We have begun reviewing and approving all additions and abatements weekly. The County Clerk will begin reconciling additions and abatements to the County Collector's annual settlement.*
- D. *We will ensure that all county funds are included in the published financial statements.*

3. Circuit Clerk's Accounting Controls and Procedures
--

Accounting duties are not adequately segregated, receipts are not deposited in a timely manner, and checks have been outstanding for a considerable length of time. The Circuit Clerk's office was responsible for processing receipts for criminal and civil cases, juvenile cases, garnishments, and bonds of approximately \$104,500 and \$66,500 for the years ended December 31, 2003 and 2002, respectively.

- A. Accounting duties are not adequately segregated. Currently, the Circuit Clerk performs most of the accounting duties, including receiving, depositing and disbursing monies, preparing bank reconciliations, and maintaining the accounting records. The Circuit Clerk indicated some of the receiving duties are performed by the Deputy Circuit Clerk.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Proper segregation of duties helps to provide this assurance. This could be achieved by segregating the functions of receiving and depositing court monies from that of recording and reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, there should be a documented independent comparison of recorded receipts and bank deposits and an independent review of bank reconciliations.

- B. Receipts are not always deposited on a timely basis. During the months of October, November, and December 2003, deposits were generally made once a week and averaged approximately \$960. To ensure all monies are properly accounted for and to adequately safeguard receipts, deposits should be made intact daily or when accumulated receipts exceed \$100.

- C. The Circuit Clerk has not established procedures to routinely follow up on old outstanding checks. At December 31, 2003, the Circuit Clerk had six outstanding checks over one year old, totaling approximately \$126. These old outstanding checks create additional and unnecessary record keeping responsibilities.

Procedures should be established to routinely investigate any checks remaining outstanding over a specified period of time. Old outstanding checks should be voided and reissued to those payees who can be readily located. If the payees cannot be located the amount should be disbursed to the State's Unclaimed Property Section as required by Section 447.595, RSMo 2000.

WE RECOMMEND the Circuit Clerk:

- A. Segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. Deposit all monies intact daily or when accumulated receipts exceed \$100.
- C. Attempt to resolve the old outstanding checks and establish routine procedures to investigate checks outstanding for a considerable time.

AUDITEE'S RESPONSE

- A. *The Deputy Clerk will take on more of the accounting duties. In addition, the clerk in the Ex Officio Recorder of Deeds' office is working in the Circuit Clerk's office half of the time and performing some of these duties. We are attempting to segregate the duties more.*
- B. *We will deposit more frequently. The deposit function in the JIS system sometimes take a lot of time so that we have not been depositing as frequently as we should.*
- C. *This has been implemented.*

4. Associate and Probate Division's Accounting Controls and Procedures

Accounting duties are not adequately segregated, receipts are not deposited in a timely manner, and checks have been outstanding for a considerable length of time. The Associate and Probate Division was responsible for processing receipts for criminal and civil cases, traffic tickets, and bonds of approximately \$170,500 and \$183,200 during the years ended December 31, 2003 and 2002, respectively.

- A. Accounting duties are not specifically defined to an individual thus, duties are not adequately segregated. Both clerks share the duties of receiving and depositing and one clerk disburses monies and prepares bank reconciliations. There is no

documentation that an independent review of deposits and accounting records is performed.

Defined duties and proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the functions of receiving and depositing court monies from that of recording and reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, there should be a documented independent comparison of recorded receipts and bank deposits and an independent review of bank reconciliations.

- B. Receipts are not always deposited on a timely basis. During the months of October, November, and December 2003, deposits were generally made twice a week and averaged approximately \$1,663. To ensure all monies are properly accounted for and to adequately safeguard receipts, deposits should be made intact daily or when accumulated receipts exceed \$100.
- C. The Associate and Probate Division has not established procedures to routinely follow up on outstanding checks. At December 31, 2003, the Associate and Probate Division had seven outstanding checks over one year old, totaling approximately \$407. These old outstanding checks create additional and unnecessary record keeping responsibilities.

Procedures should be established to routinely investigate any checks remaining outstanding over a specified period of time. Old outstanding checks should be voided and reissued to those payees who can be readily located. If the payees cannot be located the amount should be disbursed to the State's Unclaimed Property Section as required by Section 447.595, RSMo 2000.

WE RECOMMEND the Associate and Probate Division:

- A. Segregate accounting duties to the extent possible by defining the duties of employees or ensure periodic supervisory reviews are performed and documented.
- B. Deposit all monies intact daily or when accumulated receipts exceed \$100.
- C. Attempt to resolve the old outstanding checks and establish routine procedures to investigate checks outstanding for a considerable time.

AUDITEE'S RESPONSE

- A. *We have segregated duties as much as we think possible. The clerk preparing the deposit does review the work of the other clerk.*

- B. *We will attempt to deposit more often. The JIS system is slow and makes it difficult to deposit on a daily basis.*
- C. *We will attempt to resolve the current outstanding checks and investigate outstanding checks more often.*

5. Ex Officio Recorder of Deeds' Accounting Controls and Procedures
--

Copy money records are not adequate, copy and interest monies are not recorded in the fee book, not all interest is turned over to the County Treasurer, \$3,838 in unidentified monies exist in the account, and checks have been outstanding for a considerable length of time. The Ex Officio Recorder of Deeds distributed approximately \$96,000 and \$84,000 in various fees collected for the years ended December 31, 2003 and 2002, respectively.

- A. Records regarding copy monies received are not adequate. Copy monies received are recorded in a note pad and totaled once a month when preparing the monthly disbursement report. Approximately \$2,200 and \$2,000 in copy monies were recorded for the years ended December 31, 2003 and 2002, respectively. Receipt slips are only issued upon request, receipt slips issued are not prenumbered, and a duplicative copy of the receipt slip is not maintained. In addition, copy monies are not always deposited on a timely basis. Also, our review indicated the note pad totals did not agree to the deposit total for any of the 18 deposits made during the audit period and deposits averaged approximately \$230. To adequately safeguard against loss, theft, or misuse of funds, procedures should be adequate to ensure all copy monies received are receipted, recorded, and deposited timely.
- B. Copy monies and interest earned received are not recorded in the fee book. Copy monies received are maintained separately from other monies until deposited. In addition, our review indicated only 25 percent of the monthly interest earned is turned over to the County Treasurer. The Ex Officio Recorder of Deeds indicated she thought 25 percent of the interest was related to CERF and needed to be remitted each month but did not know what to do with the remaining 75 percent. Interest not remitted totaling approximately \$197 for the two years ended December 31, 2003 remains in the bank account. See Part C regarding \$3,838 in unidentified monies remaining in the bank account.

The fee book is the only record of monies received by the office and is used to prepare the monthly disbursement report. Failure to record all monies received increases the risk that errors, loss, or misappropriation of funds will not be identified in a timely manner. In addition, Section 59.250, RSMo 2000, requires the Ex Officio Recorder of Deeds to keep a full account of all fees of every kind received. Also, interest earned represents accountable fees. Section 50.370, RSMo 2000, requires every county official who receives fees for official services to pay such monies monthly to the county treasury.

- C. As of December 31, 2003, the reconciled bank balance was \$12,416 of which \$3,838 was unidentified monies. Reasons for the unidentified monies include the Ex Officio Recorder of Deeds does not remit 75 percent of the monthly interest monies earned to the county and does not maintain a balance of interest monies remaining in the bank account. In addition, \$230 in penalties charged during the audit period were not turned over to the County Treasurer and remain in the bank account.

The Ex Officio Recorder of Deeds should attempt to determine the reasons for the differences identified and if proper disposition of the unidentified monies cannot be determined, these monies should be disposed of in accordance with state law.

- D. The Ex Officio Recorder of Deeds has not established procedures to routinely follow up on old outstanding checks. At December 31, 2003, the Ex Officio Recorder of Deeds had twenty outstanding checks over one year old, totaling approximately \$98. Some of these checks were written in 1995. These old outstanding checks create additional and unnecessary record keeping responsibilities.

Procedures should be established to routinely investigate any checks remaining outstanding over a specified period of time. Old outstanding checks should be voided and reissued to those payees who can be readily located. If the payees cannot be located the amount should be disbursed to the State's Unclaimed Property Section as required by Section 447.595, RSMo 2000.

WE RECOMMEND the Ex Officio Recorder of Deeds:

- A. Implement procedures to ensure all copy monies received are recorded. In addition, prenumbered receipt slips should be issued and a copy of the receipt slip retained. Also, copy monies should be deposited intact daily or when accumulated receipts exceed \$100.
- B. Ensure that all fees and monies received by the office are properly recorded in the fee book and all interest earned is remitted to the County Treasury at least monthly.
- C. Investigate the unidentified monies. In addition, ensure all penalties received are remitted to the County Treasury at least monthly.
- D. Attempt to resolve the old outstanding checks and establish routine procedures to investigate checks outstanding for a considerable time.

AUDITEE'S RESPONSE

- A. *We have done away with the notepad. The clerks are now recording all copy money receipts on the fee books. The copy monies are totaled and deposited with the other fees collected that day. We will issue prenumbered receipt slips for copy monies received over \$5.*

- B. *We have begun recording all copy monies on the fee book as they are received. We have also begun turning all interest over to the County Treasurer on a monthly basis. We are working on determining the amount in the account that needs to be turned over to the County Treasurer.*
- C. *After correcting the interest monies issue, all monies received will be remitted monthly. We are reviewing the unidentified monies. We are reviewing the penalties and will turn over all penalties to the County Treasurer.*
- D. *We have sent out letters to the payees of the outstanding checks. We will reissue checks to the payees if the payee can be located. If cannot locate the payee, we will turn the unclaimed monies over to the County Treasurer. We will follow up on old outstanding checks more timely.*

6.	Sheriff's Accounting Controls and Procedures
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The composition of receipts is not compared to the composition of deposits, receipts are not deposited in a timely manner, and checks have been outstanding for a considerable length of time. The Sheriff's office handled receipts totaling approximately \$244,200 and \$157,000 for the years ended December 31, 2003 and 2002, respectively.

- A. The composition (cash, check, and money order) of receipts is not compared to the composition of deposits. We reviewed ten deposits and the composition of deposits did not agree to the composition of receipts for four deposits. To adequately safeguard against loss, theft, or misuse of funds, the composition of receipts should be compared to the composition of bank deposits.
- B. Receipts are not always deposited on a timely basis. Deposits are generally made three to four times a month. During the month of December 2003, deposits typically averaged approximately \$860. To ensure all monies are properly accounted for and to adequately safeguard receipts, deposits should be made intact daily or when accumulated receipts exceed \$100.
- C. The Sheriff has not established procedures to routinely follow up on old outstanding checks. At December 31, 2003, the Sheriff had two outstanding checks over one year old, totaling approximately \$515. One outstanding check for \$500 was sent to a county in another state. Subsequently, on July 26, 2004, the Sheriff's secretary found this check attached to the check stub as the check had been returned. If procedures had been in place to follow up on old outstanding checks, this would have been found much sooner. These old outstanding checks create additional and unnecessary record keeping responsibilities.

Procedures should be established to routinely investigate any checks remaining outstanding over a specified period of time. Old outstanding checks should be

voided and reissued to those payees who can be readily located. If the payees cannot be located the amount should be disbursed to the State's Unclaimed Property Section as required by Section 447.595, RSMo 2000.

Conditions similar to A&B were noted in our two prior reports.

WE RECOMMEND the Sheriff:

- A. Reconcile the composition of receipts to the composition of bank deposits.
- B. Deposit all monies intact daily or when accumulated receipts exceed \$100.
- C. Attempt to resolve the old outstanding checks and establish routine procedures to investigate checks outstanding for a considerable time.

AUDITEE'S RESPONSE

- A. *We will begin reconciling the composition of receipts to the composition of deposits. We will ensure the method of payment is always indicated on the receipt slips issued so that the reconciliation can be performed.*
- B. *We will attempt to deposit more often. There has to be two people in the office at a time and most times there are not enough people in the office to leave the office to make the deposit. All large receipts are deposited immediately.*
- C. *We are investigating the \$500 outstanding check. We will follow up on outstanding checks more often.*

7. Health Center's Accounting Controls and Procedures
--

Concerns with the Health Center's records and procedures include receipts are not deposited timely, fixed asset records are not adequate, and procedures are not adequate to monitor budgeted and actual expenditures. In addition, timesheets are not signed by employees and the approval of employees' timesheets is not documented.

- A. Receipts are not always deposited on a timely basis for the satellite office in Tayer. We noted some receipts were held more than one week prior to deposit. To ensure all monies are properly accounted for and to adequately safeguard receipts, deposits should be made intact daily or when accumulated receipts exceed \$100.
- B. Additions of fixed assets are not recorded as they occur and fixed asset disbursements are not reconciled to additions in the fixed assets records. We noted two computers costing \$1,000 each, a digital camera for \$400, and two generators costing \$675 each were not included on the fixed assets records. These items were not included on the

fixed asset listing because the Health Center Administrator thought the minimum for recording the fixed assets on the list was \$1,500 instead of \$250. In addition, the original cost of fixed assets is not included on the fixed assets listing and fixed asset expenditures are not reconciled to additions to the fixed assets records. Adequate fixed asset records and procedures are necessary to secure better internal controls over Health Center property and provide a basis for determining proper insurance coverage of Health Center property.

- C. The Health Center Board approved expenditures in excess of the approved budgeted amounts totaling \$2,183 for the year ended December 31, 2002. A budget revision of \$18,000 for 2003 was approved and documented in the December 15, 2003 minutes and was submitted to the State Auditor's office on December 29, 2003 to reflect increased revenues received and expenditures made during the year. According to the Health Center Administrator, budget to actual reports are generated at least quarterly and provided to the board. However, it appears the board is not using these reports as an effective monitoring tool.

It was ruled in *State ex rel. Strong v. Cribb*, 364 Mo. 1122, 273 SW2d 246 (1954), that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess expenditures, amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. In addition, Section 50.622, RSMo 2000, provides county boards may amend the annual budget during any year in which the board receives additional funds which could not be estimated when the budget was adopted and that the board shall follow the same procedures required for adoption of the annual budget to amend the budget. To ensure the adequacy of the budgets as a planning tool and to ensure compliance with state law, budget amendments should be made prior to incurring the actual expenditures.

- D. Employee timesheets are not signed by the employee. In addition, the employee timesheets are not approved and signed by a supervisor. Employee timesheets should be signed by the employee and include documentation of supervisory approval to ensure all salary payments are based upon hours actually worked.

Conditions similar to B&C were noted in our two prior reports.

WE RECOMMEND the Health Center Board:

- A. Ensure all monies are deposited intact daily or when accumulated receipts exceed \$100.
- B. Ensure that fixed assets with an original cost of \$250 or more are properly added to the fixed asset listing, additions of fixed assets are recorded as they occur, and

reconcile additions to the property records periodically. In addition, the original cost of all fixed assets should be added to the fixed assets records.

- C. Refrain from authorizing expenditures in excess of budgeted amounts. If valid reasons necessitate excess expenditures, the original budget should be formally amended and filed with the State Auditor's office. In addition, ensure budget amendments are made prior to incurring the actual expenditures.
- D. Ensure employee timesheets are signed by the employee and require documentation of the administrator's approval on all timesheets.

AUDITEE'S RESPONSE

- A. *We have changed our procedures to deposit receipts from the Thayer satellite office more timely.*
- B. *We have begun recording all fixed assets additions to our listing and are updating our list with those assets that were not included on the list. We are also including the cost of fixed assets on the records and will begin reconciling expenditures to additions.*
- C. *We will refrain from authorizing expenditures in excess of budgeted amounts. We will review budget to actual numbers more closely so that budgets can be amended when we realize that we may exceed budgeted expenditures.*
- D. *This has been implemented.*

8. Senate Bill 40 Board's Accounting Controls and Procedures

The Senate Bill 40 Board procedures are not adequate to monitor budgeted and actual expenditures and to ensure bank accounts are sufficiently collateralized.

- A. The Senate Bill 40 Board approved expenditures in excess of the approved budgeted amounts totaling \$16,250 for the year ended December 31, 2003. The Senate Bill 40 Board approved additional funding for the sheltered workshop and did not realize their budget should be amended.

It was ruled in *State ex rel. Strong v. Cribb*, 364 Mo. 1122, 273 SW2d 246 (1954), that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess expenditures, amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. In addition, Section 50.622, RSMo 2000, provides county boards may amend the annual budget during any year in which the board receives additional funds which

could not be estimated when the budget was adopted and that the board shall follow the same procedures required for adoption of the annual budget to amend the budget.

- B. The Senate Bill 40 Board does not have adequate procedures to monitor and ensure monies in their bank account are sufficiently collateralized. The Senate Bill 40 Board deposits were under collateralized by \$8,277 during January 2003, due to the receipt of property tax monies in January. The Senate Bill 40 Board did not require the bank to pledge any collateral securities to ensure adequate coverage. Section 110.020, RSMo 2000, provides the value of the securities pledged shall at all times be not less than 100 percent of the actual amount of deposit less the amount insured by the FDIC. Inadequate collateral securities leave Senate Bill 40 Board funds unsecured and subject to loss in the event of a bank failure.

WE RECOMMEND the Senate Bill 40 Board:

- A. Refrain from authorizing expenditures in excess of budgeted amounts. If valid reasons necessitate excess expenditures, the original budget should be formally amended and filed with the State Auditor's office. In addition, amended budgets should be documented in the Board's minutes.
- B. Develop procedures to monitor and ensure adequate collateral securities are pledged by the depository banks for all funds on deposit in excess of FDIC coverage. Documentation of these efforts should be maintained.

AUDITEE'S RESPONSE

- A. *This was an oversight and we will ensure that the budget is amended in the future should it be necessary for expenditures to be more than originally planned.*
- B. *We will monitor the bank balance to ensure deposits are adequately secured and this documentation will be maintained.*

Follow-Up on Prior Audit Findings

OREGON COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Oregon County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 1999. The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Budgets, Financial Statements and Written Agreement

- A. Actual disbursements exceeded budgeted amounts in several county funds.
- B. Budgets were not prepared for several county funds.
- C. The annual published financial statements of the county did not include the financial activity of some county funds.
- D. The county did not enter into a formal written agreement with the Oregon County Recycling Association.

Recommendation:

The County Commission:

- A. Not authorize disbursements in excess of budgeted amounts.
- B. Ensure budgets are prepared or obtained for all county funds.
- C. Ensure financial information for all county funds is properly reported in the published financial statements.
- D. Enter into written agreements for all services. The written agreement should detail all duties to be performed and the compensation to be paid under the agreement.

Status:

- A. Not implemented. Expenditures did exceed budgeted amounts for four funds. However, these amounts were not significant. Although not repeated in the current report, our recommendation remains as stated above.
- B. Not implemented. Four funds were not budgeted during our audit period. Although not repeated in the current report, our recommendation remains as stated above.

- C. Not implemented. See MAR finding number 2.
- D. Implemented.

2. Payroll and Personnel Procedures

- A. County employees included the lunch hour when reporting a 40 hour workweek on their time sheets. As a result, some employees were compensated for overtime even though they may have actually worked less than 40 hours contrary to the county personnel manual.
- B. The county paid an employee in lieu of county paid health insurance benefits and did not report the payments as income to the employee and did not withhold any payroll taxes from the payments.
- C. The county paid additional compensation of \$2,528 to a deputy sheriff from the Law Enforcement Donations Fund and failed to include these compensation payments in the amount reported on the applicable employee's W-2 form and did not withhold any payroll taxes from the payments.

Recommendation:

The County Commission:

- A. Ensure overtime is only compensated in accordance with the county personnel manual.
- B. Review the payments in lieu of county paid health insurance with the IRS and take appropriate action.
- C. Ensure all applicable employee payroll taxes are properly withheld, reported on employee W-2 forms, and paid to the applicable authorities for all compensation paid.

Status:

A&C. Implemented.

- B. Not implemented. The IRS was not contacted regarding the payments to employees in lieu of county paid health insurance as these payments are no longer made. Although not repeated in the current report, our recommendation remains as stated above.

3. Distribution of Forfeited Property

Two forfeiture cases were noted in which the forfeited property did not appear to be distributed in accordance with state statute.

Recommendation:

The Prosecuting Attorney ensure funds forfeited under state law are distributed and handled in accordance with state forfeiture laws.

Status:

Implemented.

4. Sheriff's Accounting Controls and Procedures

- A. The duties of cash custody and record keeping were not adequately segregated.
- B. The method of payment was not always indicated on the receipt slips or the receipts ledger.
- C. Receipts were not deposited intact on a timely basis.

Recommendation:

The Sheriff:

- A. Ensure accounting and receipting duties are segregated to the best extent possible. At a minimum, the Sheriff should perform documented reviews of the work performed.
- B. Ensure the method of payments is indicated on all receipt slips and reconcile total cash, check, and money orders to bank deposits.
- C. Ensure receipts are deposited intact daily or when accumulated receipts exceed \$100.

Status:

- A. Implemented.
- B. Partially implemented. The method of payment is indicated on all receipt slips but the composition of receipts is not reconciled to the composition of bank deposits. See MAR finding number 6.
- C. Not implemented. See MAR finding number 6.

5. Oregon County Health Center

- A. Prenumbered receipt slips were not issued for some monies received by the Health Center.
- B. The method of payment was not always indicated on the receipt slips or the cash control.
- C. The board approved disbursements in excess of budgeted amounts by \$24,366 for the year ended December 31, 1999.
- D. The board did not maintain property control records to account for property owned.

Recommendation:

The Health Center Board:

- A. Require prenumbered receipt slips be issued for all monies received.
- B. Require the method of payment be indicated on all receipt slips or the cash control and require total cash, checks, and money orders be reconciled to bank deposits.
- C. Not authorize disbursements in excess of budgeted amounts. If valid reasons necessitate additional disbursements, the original budget should be formally amended and reasons thoroughly documented.
- D. Require property records to be maintained on a current basis with the following information for each item:
 - 1) Identification number;
 - 2) Description of the item to include name, make, model, and serial number where appropriate;
 - 3) Physical location in sufficient detail to readily locate the item;
 - 4) Date of acquisition;
 - 5) Original cost and current market value;
 - 6) Source of acquisition by fund; and
 - 7) Date and method of disposition.

Status:

A&B. Implemented.

C. Not implemented. See MAR finding number 7.

- D. Partially implemented. Property records are being maintained but fixed asset purchases were not always recorded on the fixed asset listing. See MAR finding number 7.

6. Oregon County Senior Citizens' Board

- A. The Senior Citizens' Board (SCB) did not enter into written contracts with each NFP corporation.
- B. One member of the SCB also served as the secretary of one of the NFP boards. In addition, this member's husband served on the same NFP board. Because the SCB and the respective NFP corporation transacted business with each other, this situation presented a potential conflict of interest.
- C. The budgets did not include prior year actual revenues or expenditures. Additionally, beginning cash balances were inaccurate and detailed information did not agree to accounting records.

Recommendation:

- A. The SCB enter into a written contract with each NFP to specify the amount to be paid to the NFP corporation, the amount of services to be provided by the NFP corporation, and the time period of the contract. In addition, the contract should be signed by both parties.
- B. The County Commission, in the future, appoint persons to the SCB who are not administratively or financially involved in groups with which the county board conducts transactions.
- C. The SCB prepare budgets as required by state law.

Status:

A&B. Implemented.

- C. Partially implemented. The budgets included prior year actual expenditures, beginning cash balances were accurate, and detailed information agreed to accounting records; however, the budgets did not include prior year actual revenues. Although not repeated in the current report, our recommendation remains as stated above.

STATISTICAL SECTION

History, Organization, and
Statistical Information

OREGON COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1845, the county of Oregon was named after Territory of Oregon. Oregon County is a county-organized, third-class county and is part of the Thirty-Seventh Judicial Circuit. The county seat is Alton.

Oregon County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 467 miles of county roads and 23 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 10,238 in 1980 and 10,344 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,					
		2003	2002	2001	2000	1985*	1980**
		(in millions)					
Real estate	\$	41.7	40.4	39.5	38.3	27.2	11.0
Personal property		20.3	19.7	19.0	17.2	7.2	4.9
Railroad and utilities		7.9	8.0	7.4	6.5	3.8	3.3
Total	\$	69.9	68.1	65.9	62.0	38.2	19.2

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Oregon County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,			
		2003	2002	2001	2000
General Revenue Fund	\$	0.0800	0.0800	0.0800	0.0800
Special Road and Bridge Fund *		0.2500	0.2500	0.2500	0.2500
Health Center Fund		0.1000	0.1000	0.1000	0.1000
Senate Bill 40 Board Fund		0.1000	0.1000	0.1000	0.1000
Senior Citizens' Board Fund		0.0500	0.0500	0.0500	0.0500

* The county retains all tax proceeds from areas not within road districts. The county has one road district that receives four-fifths of the tax collections from property within this district,

and the Special Road and Bridge Fund retains one-fifth. The Road district also has an additional levy approved by the voters.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28 (29),			
	2004	2003	2002	2001
State of Missouri	\$ 21,964	20,891	20,290	18,948
General Revenue Fund	69,766	65,506	63,525	59,658
Special Road and Bridge Fund	110,981	105,711	103,148	95,697
Assessment Fund	36,691	27,651	26,715	24,596
Health Center Fund	72,357	68,923	66,944	62,482
Senate Bill 40 Board Fund	70,670	67,381	65,527	61,075
Senior Citizens' Board Fund	35,356	33,710	32,781	30,570
School districts	2,313,185	2,009,462	1,953,804	1,774,474
Library district	137,645	131,108	127,188	118,689
Ambulance district	101,468	96,644	93,861	87,590
Road district	60,953	57,824	55,668	52,582
Cities	42,917	39,769	39,286	34,883
County Clerk	179	149	153	144
County Employees' Retirement	21,063	17,583	18,367	16,053
Tax Maintenance Fund	8,114	3,360	0	0
Commissions and fees:				
General Revenue Fund	51,045	45,434	44,436	40,051
Collector	1,789	1,721	1,352	1,173
Total	\$ 3,156,143	2,792,827	2,713,045	2,478,665

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),			
	2004	2003	2002	2001
Real estate	91.2	90.8	90.2	89.4
Personal property	88.6	87.1	88.8	88.5
Railroad and utilities	100.0	100.0	100.0	100.0

Oregon County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$.0050	None	50	%
General	.0050	None	None	

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2004	2003	2002	2001	2000
County-Paid Officials:	\$				
Leo Warren, Presiding Commissioner		24,400	23,120	23,120	23,120
Johnny D. Wrenfrow, Associate Commissioner		22,400	21,120	21,120	21,120
Buddy Wright, Associate Commissioner		22,400	21,120	21,120	21,120
Gary Hensley, County Clerk		34,000	32,000	32,000	32,000
Fred O'Neill, Prosecuting Attorney		41,000	39,000	39,000	39,000
Tim Ward, Sheriff		39,000	38,000	38,000	34,000
Laurel Johnson, County Treasurer		25,160	23,680	23,680	23,680
Tom Clary, County Coroner		9,500	9,000	9,000	5,500
Mike Crawford, Public Administrator (1)		25,000	25,000	25,000	29,725
Jerry Richardson, County Collector (2), year ended February 28 (29),	35,789	33,721	33,352	33,173	
Charles Lon Alford, County Assessor (3), year ended August 31,		34,900	32,900	32,900	32,900
Cliff Tuck, County Surveyor (4)		2,450	3,500	N/A	N/A

(1) Includes fees received from probate cases for 2000. Beginning in 2001, the Public Administrator received a salary of \$25,000.

(2) Includes \$1,789, \$1,721, \$1,352, and \$1,173, respectively, in commissions earned for collecting city property taxes.

(3) Includes \$900 annual compensation received from the state.

(4) Compensation on a fee basis. Prior to 2002, the County did not have a Surveyor.

State-Paid Officials:

Dorothy Barton, Circuit Clerk and Ex Officio Recorder of Deeds*	17,151			
Janice Andrews, Circuit Clerk and Ex Officio Recorder of Deeds	33,504	47,300	47,300	46,127
Jo Beth Prewitt, Associate Circuit Judge	96,000			
William Hass, Associate Circuit Judge		96,000	96,000	97,382

*Includes compensation for vacation leave earned while a deputy clerk.



**CITY OF NEVADA, MISSOURI
MANAGEMENT OF CASH RECEIPTS**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-66
September 2, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

September 2004

The following problems were discovered as a result of an audit conducted by our office of the City of Nevada, Missouri.

Receipts totaling \$39,701 were collected by the City of Nevada from January 2002 to April 2004 but were not deposited.

The city does not track payments for various types of tax revenues to ensure all payments are properly received and recorded in the city's accounting records. As a result, cigarette and franchise taxes totaling \$24,445 received by check were deposited into the city's bank account but were not recorded in the city's accounting records. These checks were substituted into the city's deposits and recorded cash receipts were not deposited, and apparently misappropriated.

Adequate controls have not been established over receipts collected by the city's pool and golf course resulting in \$15,256 received by these facilities apparently being misappropriated. These fees were collected at the city's pool and golf course, but were apparently not recorded in the city's accounting records and not deposited into the city's bank accounts.

A lack of internal control and little or no independent review allowed these misappropriations to occur and not be detected. Information regarding these missing monies has been turned over to the Vernon County Prosecuting Attorney and the Missouri State Highway Patrol.

Also included in the report are several recommendations related to weaknesses in the city's accounting controls and procedures.

A petition audit fulfilling our obligations under Section 29.230 is still in process, and additional findings and recommendations will be included in a subsequent report.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

CITY OF NEVADA, MISSOURI

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the Honorable Mayor
and
Members of the City Council
City of Nevada, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the City of Nevada, Missouri. Our initial review of the city's management of cash receipts identified serious weaknesses, and we were subsequently informed by city officials that some city funds may have been misappropriated. As a result, we are issuing a separate report on the management of cash receipts. The scope of this audit included, but was not necessarily limited to, the period January 1, 2004 through April 30, 2004 and the years ended December 31, 2003 and 2002. The objectives of this audit were to:

1. Investigate irregularities regarding cash receipts and deposits.
2. Determine to what extent city funds may have been misappropriated.
3. Review and evaluate certain controls and procedures regarding cash receipts and deposits.

To accomplish these objectives, we reviewed financial records and other pertinent documents; interviewed various personnel of the city, as well as certain external parties; and tested selected transactions. Our methodology included, but was not necessarily limited to obtaining an understanding of internal controls significant to the audit objectives and considering whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying Management Advisory Report presents our findings arising from our audit of the City of Nevada, Management of Cash Receipts. A petition audit fulfilling our obligations under Section 29.230 is still in process, and additional findings and recommendations will be included in a subsequent report.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

June 24, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Donna Christian, CPA, CGFM
In-Charge Auditor:	Amy Baker

EXECUTIVE SUMMARY

CITY OF NEVADA, MISSOURI
MANAGEMENT OF CASH RECEIPTS
EXECUTIVE SUMMARY

The State Auditor was petitioned under Section 29.230, RSMo, to audit the City of Nevada, Missouri. Our initial review of the city's management of cash receipts identified serious weaknesses, and we were subsequently informed by city officials that some city funds may have been misappropriated. On April 2, 2004, the city's finance department discovered a check for \$513 for the payment of cigarette taxes included in a city deposit that had not been recorded in the city accounting records, and cash totaling the same amount was apparently misappropriated. Additionally, on April 19, 2004, the city finance department learned that two night depository bank bags containing \$984 in golf fees were never processed by the city's finance department and could not be located.

Our audit identified receipts totaling at least \$39,701 were collected by the City of Nevada from January 2002 to April 2004 but were not deposited. Checks totaling \$24,445 for the payment of city cigarette and franchise taxes were deposited into the city's bank account but not recorded in the city's accounting records. These unrecorded checks were substituted into city deposits and recorded cash receipts were not deposited, and apparently misappropriated. In addition, cash and checks totaling \$15,256 collected at the city's pool and golf course were apparently not recorded in the city's accounting records and not deposited into the city's bank account.

The city has a blanket bond covering all city employees. The bond coverage carries a \$25,000 deductible.

Lack of internal control and little or no independent review allowed these misappropriations to occur and not be detected. Controls over numerous types of city revenues are weak as noted in the accompanying Management Advisory Report. Information regarding these missing monies has been turned over to the Vernon County Prosecuting Attorney and the Missouri State Highway Patrol.

A petition audit fulfilling our obligations under Section 29.230 is still in process, and additional findings and recommendations will be included in a subsequent report.

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

CITY OF NEVADA, MISSOURI
MANAGEMENT OF CASH RECEIPTS
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Misappropriated Funds
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Receipts totaling at least \$39,701 were collected by the City of Nevada from January 2002 to April 2004 but were not deposited.

Checks totaling \$24,445 for the payment of city cigarette and franchise taxes were deposited into the city's bank account but not recorded in the city's accounting records. These unrecorded checks were substituted into city deposits and recorded cash receipts were not deposited, and apparently misappropriated. In addition, cash and checks totaling \$15,256 collected at the city's pool and golf course were apparently not recorded in the city's accounting records and not deposited into the city's bank account.

The following table shows by revenue source and period the amount of receipts not accounted for:

Revenue Source	January 1 to April 30, 2004	Year Ended December 31, 2003	Year Ended December 31, 2002	Total
Cigarette tax	\$ 1,869	19,469	758	22,096
Franchise tax	0	2,349	0	2,349
Golf fees	984	6,788	6,763	14,535
Pool fees	0	0	721	721
Total	\$ 2,853	28,606	8,242	39,701

On April 2, 2004, the city's finance department discovered a check for \$513 for the payment of cigarette taxes included in a city deposit that had not been recorded in the city accounting records. Additionally, of the approximately \$2,560 in cash receipts recorded on this day, only \$2,047 was included in the deposit. As a result, it appears the \$513 check was substituted in the deposit for misappropriated cash receipts. On April 19, 2004, the city finance department was advised by the golf course manager that two night depository bank bags had not been returned by the finance department to the golf course. Apparently, golf fees put in these bank bags totaling \$984 for two separate turnovers were never processed by the city's finance department and could not be located.

Lack of internal control and little or no independent review, as discussed in the remainder of this Management Advisory Report (MAR), allowed these misappropriations to occur and not be detected. Controls over numerous types of city revenues are weak, and the city should review other revenue sources for additional misappropriations. Information

regarding these missing monies has been turned over to the Vernon County Prosecuting Attorney and the Missouri State Highway Patrol.

WE RECOMMEND the City Council take the necessary action to recover the missing funds and work with law enforcement officials regarding any criminal prosecution. Additionally, the city should review all revenue sources for other potential misappropriations.

AUDITEE'S RESPONSE

The City Council provided the following response:

On April 2, 2004 while preparing the daily deposit for April 1, 2004, a check was discovered that had not been entered into the city's cash receipts system. An investigation was started by the Finance Department. The city's CPA, Diehl, Banwart, Bolton, Jarred & Bledsoe CPA's was contacted, and the payer of the check was contacted to determine date the check was mailed.

On April 5, 2004, the city's CPA was asked to examine the bank deposit in question. On April 6, 2004, the accounting records related to the deposit in question were examined.

Between April 5, 2004 and April 23, 2004: The Finance Department identified all Cigarette Tax receipts posted to the City of Nevada accounting system for 2002, 2003 and thru April 2004. In 2002 all major taxpayers had a payment posted for each month except for one taxpayer in November and December. In 2003 and 2004 there were several gaps which needed further investigation.

The Finance Department requested lists of cigarette tax payments from the major taxpayers. We compared these lists with payments shown as received by the City and identified certain payments not recorded by the City. We requested copies of cancelled checks for the missing deposits from one of the major taxpayers.

Immediately after April 5, 2004 several internal control procedures were implemented in the finance department, while waiting for our CPA's May 7, 2004 letter, such as: (1) all checks received by mail are processed immediately or placed in a locked bag until they are processed; (2) bags from the bank's night deposit are delivered to a front office employee who logs them in and places them in the safe; (3) each staff member has their own cash drawer; (4) the daily bank deposits are prepared by an employee in the back office who has no access to cash and checks received in the front office.

On April 19, 2004 the City's finance staff was informed by the Golf Course manager that two bank bags were missing. The city's CPA was contacted and examined the records relating to the golf course bags.

On about April 28, 2004, during an interview initiated by the State Auditor's Office covering several areas, the Finance Department informed them of possible missing funds. They were

advised that the City was investigating and did not yet have complete information. It was agreed that the city would brief the State Auditor's Office in two weeks, which was done.

On May 7, 2004 the city received the CPA's report on both the cigarette tax incident and the golf course bag incident.

On May 7, 2004 a meeting was held in the City Attorney's office with the: City Attorney, City Manager, City Police Chief, City Finance Director, City Manager's Office Director, and the city's CPA in attendance. At that time it was agreed that a criminal investigation would be initiated. The City Attorney and Chief of Police simultaneously referred the criminal investigation to the Vernon County Prosecuting Attorney and the Missouri Highway Patrol. The city was advised by the State Auditor's staff that the Missouri Highway Patrol requested the assistance of the State Auditor's staff in the field investigation.

The City will take all necessary actions to recover the misappropriated City funds including: (1) seeking recovery of funds from the individual or individuals responsible when they are identified by the criminal investigation and (2) seeking recovery, under the City's "Employee Fidelity" insurance coverage. The City will continue to assist the Missouri Highway Patrol and the Vernon County Prosecuting Attorney with the criminal investigation, prosecution and restitution.

All revenue sources have been or will be reviewed to insure all City funds are properly deposited and recorded in the City's accounting records. Details are included in the responses to Items 2 and 3.

The city's CPA is preparing additional recommendations on behalf of the City in his report to be issued on or before August 31, 2004.

2. Controls over Revenues

Controls over the collection and recording of various city revenues are poor and have allowed the misappropriation noted in MAR 1 to go undetected.

A. The city is not properly monitoring the collection of cigarette taxes, hotel/motel taxes and telephone franchise taxes. The city does not track payments for these revenues to ensure all payments are properly received and recorded in the city's accounting records.

- A total of 25 monthly payments totaling \$22,096 for cigarette taxes have been misappropriated since December 2002 and the city was not aware of this. As an example, cigarette taxes are due monthly, city accounting records show only four monthly payments for one of the city's largest cigarette vendors during 2003, and no one contacted the vendor or investigated why eight monthly payments were not received. In addition, total actual cigarette tax revenue reflected in the city's budget decreased approximately 50 percent from 2002 to 2003, but no city official investigated the cause of the decrease.

- Telephone franchise taxes are paid to the city by approximately 18 different telephone companies. While city ordinance only requires an annual payment of franchise taxes, some companies pay monthly, quarterly, or semi-annually. Without any tracking procedures in place, the city is unable to ensure 18 different companies paying at different intervals have all paid their taxes. As a result, the city did not identify at least 7 payments totaling \$2,349 that were misappropriated.
- Hotel/motel taxes paid by the city's six local motels are not adequately monitored. One payment totaling \$780 for hotel/motel taxes due in April 2003 was never recorded by the city and the city never contacted the local motel to follow up on the missing payment. We contacted the local motel manager who indicated that the check was issued but has never been negotiated. As a result, the city should contact the motel and request the check be reissued.
- Two of the city's six motels do not remit hotel/motel taxes monthly as required by city code. While city code allows for penalties to be assessed for delinquent payments, the city has not assessed penalties. For example, one motel has delinquent taxes dating back to October 2002, and has not paid any taxes since October 2003. No effort had been made by the city to collect these taxes until we brought this matter to the city's attention.
- Monthly reports for cigarette taxes, hotel/motel taxes, and telephone franchise taxes are not filed separately by vendor allowing for easy access to payment information. Instead, these monthly reports are placed with the batch of daily receipts and filed by date paid. In addition, when these taxes are paid the city does not always document in the general ledger what month the payment is for. As a result, the only way to determine what months have been paid is to search through the daily batch files for the monthly reports. The city finance department should file monthly reports in a more accessible manner and include adequate detail when posting to the city's general ledger.
- City code allows for the periodic examination of the books and records of the vendors remitting cigarette taxes, hotel/motel taxes, and franchise taxes to ensure the accuracy of the payments received. The city does not have any procedures in place to perform these examinations. As a result, the city has no assurance that the tax payments received are accurate.

To ensure the prompt collection of taxes, prevent the loss of tax revenue and ensure equitable treatment of local businesses, the city should establish controls to adequately monitor and enforce the collection of cigarette taxes, hotel/motel taxes, and franchise taxes. The city's failure to track these revenues allowed the misappropriation noted in MAR 1 to occur and not be detected.

- B. Adequate controls have not been established over receipts collected by the city's pool and golf course. As a result, receipts totaling at least \$15,256 were collected by these facilities and misappropriated.

The pool accepts cash and checks for the payment of pool fees, pool concessions, and pool passes. The golf course accepts cash, checks, and credit cards for payment of golf fees, golf concessions, and merchandise at the golf pro shop.

Monies collected at these facilities are summarized on a daily summary sheet. At the end of each day, the monies and a copy of the summary sheet are to be placed in a numbered money bag and dropped in the bank's night depository. The following day one of the city's finance department clerks is to retrieve the money bag from the bank, count the money, and then record the money in the city's accounting records. These monies are then to be deposited daily with other city cash receipts. Our review noted the following weaknesses:

1. Money bags picked up from the bank are not recorded immediately upon receipt and not placed in a secure location until recorded. These bags are placed on a desk until clerks have time to process them. As a result, access to the money bag is not limited.

To adequately safeguard against theft or misuse of funds and to provide assurance that all receipts are accounted for, monies should be recorded immediately upon receipt, and maintained in a secure location until deposited. As an alternative to the city taking these monies out of the bank, the city could consider having the pool and the golf course prepare a deposit slip, leaving the money in the bank's night depository. The city finance department would then record the monies based upon the daily summary sheet and maintain a validated deposit slip from the bank.

2. There is no documentation to indicate that anyone compares the daily summary sheets at these facilities to the amounts recorded in the city's general ledger to ensure all monies were properly accounted for. While the city issues a receipt slip to the pool and the golf course for monies recorded, no one at these facilities compares the receipt slips to the daily summary sheets. Further, no one in the finance department goes to these facilities to review the records maintained.

The city finance department should initiate procedures to compare records maintained at the pool and the golf course to monies recorded in the city's accounting records to ensure all receipts are properly deposited into the city's bank account and recorded.

3. There is no documentation to indicate that anyone ensures a daily summary sheet is prepared for each day's activity at the pool and the golf course, and each day is accounted for in the city's general ledger. For

example, had someone been making this comparison they would have identified approximately 88 days during the period January 1, 2002 through April 30, 2004 for which there was nothing recorded in the city's general ledger for the golf course.

Our review indicated that approximately 27 of these 88 days represent daily receipts which were misappropriated. The golf course appears to have been closed or there was no activity for the remaining days.

To account for all receipts from the pool and the golf course, a daily summary sheet should be prepared for each day, or if the facility is closed a notation of no monies received should be indicated on the summary sheet.

The city's failure to maintain adequate controls over monies collected by the pool and the golf course represent serious control weaknesses that could have detected some of the misappropriation noted in MAR 1 had these controls been in place.

C. Some receipts for cigarette taxes, hotel/motel taxes, telephone franchise taxes, and pool and golf course collections were not properly classified in the city's accounting records making it difficult to properly track these revenues. During 2004, 2003 and 2002, receipts were posted to the wrong revenue classification in the wrong fund in the city's accounting records. Examples include:

- \$3,793 in hotel/motel taxes for the tourism fund were posted as cigarette taxes in the parks fund.
- \$442 in cigarette taxes for the parks fund were posted as telephone franchise taxes in the general fund.
- \$628 in hotel/motel taxes for the tourism fund were posted as telephone franchise taxes in the general fund.
- \$10,767 in golf fees were incorrectly posted as golf concessions.
- \$315 in pool fees were incorrectly posted as golf fees.

In order to properly track city revenues, the accounting records should be reviewed for the proper posting and classification of revenues.

WE RECOMMEND the City Council:

A. Establish controls to adequately monitor and enforce the collection of cigarette taxes, hotel/motel taxes, and franchise taxes, including procedures to periodically examine the books and records of vendors remitting the taxes to ensure payments received are accurate.

- B.1. Ensure monies are recorded immediately upon receipt and maintained in a secure location until deposited. The city should also consider letting the initial drop of monies into the night depositary by the pool and the golf course be the deposit.
- 2. Ensure someone independent of the receipt processing function reconciles the daily revenue summary sheets transmitted to the city for deposit to a city receipt slip. In addition, the city finance department should implement procedures to periodically review records maintained at the pool and the golf course.
- 3. Ensure a revenue summary sheet is prepared daily for the city pool and golf course.
- C. Ensure accounting records are properly reviewed and revenues are appropriately classified.

AUDITEE'S RESPONSE

The City Council provided the following responses:

- A. *Cigarette tax payments are now being entered immediately upon receipt, by the front office finance staff, following the procedures established for payments received by mail. The receipts are being monitored by a member of the back office finance staff on a monthly basis. Monthly reports on Cigarette Tax receipts from the Missouri Department of Revenue will be utilized for comparison to City receipts. The major cigarette vendors will be contacted if a payment is not received each month. Cigarette vendors will be asked to submit tax payments electronically, if capable, directly to City's bank account.*

Hotel/Motel tax payments are now being entered immediately upon receipt, by the front office finance staff, following the procedures established for payments received by mail. The receipts are being monitored by a member of the back office finance staff. Late payments will have penalties added and invoices stating such will be sent out monthly.

Franchise tax payments are received both as electronic deposits and by mail. The franchise tax deposits received by mail are now being entered immediately upon receipt, by the front office finance staff, following procedures established for payments received by mail. Tax payment schedules will be identified for each franchise taxpayer and the payments will be monitored on a monthly basis to see that they are paid according to the schedule.

Procedures are being established to periodically verify the accuracy of cigarette taxes, hotel/motel taxes and franchise taxes using various independent reports and possible examination of the taxpayer's books and records.

- B.1. *All monies are recorded as soon as practical and are being secured until recorded. Detailed procedures are included in the City's Internal Control Policy Regarding Receipt and Processing of City Funds. Procedures have been established to have the bank work*

up the deposits from the Golf Course immediately and from the Swimming Pool beginning with the 2005 season.

- 2. The daily revenue summary sheets from the Swimming Pool and the Golf Course are being reconciled by the front office of the finance department when received from the bank. Validated receipts are being reconciled to daily revenue summary sheets by pool and golf staff when bags are returned. A procedure is being established for unannounced periodic reviews of records maintained at the Swimming Pool and the Golf Course.*
 - 3. Daily revenue sheets are now prepared at both the Swimming Pool and the Golf Course even if there is no business for the day.*
- C. Accuracy of coding of revenues to the General Ledger is being reviewed on a monthly basis by the Finance Director and corrections made where necessary, before accounting records for the month are closed.*

The city's CPA is preparing additional recommendations on behalf of the City in his report to be issued on or before August 31, 2004.

3. Accounting Controls and Procedures
--

The composition of receipts is not reconciled to the composition of deposits. The city's computerized accounting system allows for receipt numbers to be skipped or for the same receipt number to be used several times. In addition, duties are not adequately segregated within the finance department.

- A. The method of payment (cash, check, or money order) is not reconciled to the composition of deposits. While the method of payment is indicated for most receipt slips, we noted several instances where it was either not indicated or indicated as both cash and check making it unclear as to the exact method of payment.

The city's computerized accounting system has the capability of tracking the method of payment of each receipt, but the accounting software does not include this information on the daily activity reports generated by the city to compare to the total deposit. The City Finance Director indicated that the city has not been reconciling the method of payments to the composition of the total deposit because the process takes too long. The city's daily balancing procedure includes reconciling the total monies in the deposit to the total monies on the city's daily activity report without reconciling the method of payment to the composition of the deposit. The city's software vendor has been contacted to change the system to include the method of payment on the daily activity reports.

To ensure all receipts are accounted for properly and deposited intact, the method of payments received should be recorded for all receipts and the composition of

receipts should be reconciled to the composition of the bank deposits. Had such a comparison been performed, some of the misappropriation noted in MAR 1 may have been detected.

- B. The city's computerized accounting system does not account for the numerical sequence of receipts. Receipt numbers are often skipped, and at the discretion of the clerk receipting the monies, the same receipt number may be used as many as eight times by adding the extension "001" through "008" at the end of the receipt number. Numerous instances were found on the city's daily activity report where receipt numbers were missing or receipt numbers were used more than once. As a result, the city has no assurance that all receipts are properly accounted for. Issuing and accounting for the numerical sequence of receipts is necessary to ensure proper recording and accountability of all receipts.
- C. The duties of receiving, recording, depositing and reconciling are not adequately segregated. The city has five clerks who all perform these duties. In addition, cash drawers used to make change and hold cash receipts are not individually assigned. All clerks have access to all cash drawers. Further, monies received through the mail, such as cigarette taxes, are processed by any one of these five clerks when time is available. These mail receipts are not logged or recorded as the mail is opened.

To adequately safeguard receipts and reduce the risk of loss, theft or misuse of funds, the duties of receiving, recording, depositing and reconciling should be segregated. This could be achieved by segregating the functions of receiving and recording monies from that of reconciling receipts to bank deposits. In addition, cash drawers should be individually assigned limiting the access to only one clerk. Further, someone independent of the cash accounting functions should open the mail. All mail receipts should be logged or recorded upon receipt, then reconciled to the daily deposit to ensure all receipts are recorded and deposited. Had such controls been in place, some of the misappropriation noted in MAR 1 might have been prevented.

WE RECOMMEND the City Council:

- A. Ensure the method of payment is recorded for each receipt and the composition of receipts is reconciled to the composition of deposits.
- B. Ensure the numerical sequence of receipts is accounted for properly.
- C. Provide for the segregation of duties, and ensure cash drawers are individually assigned. In addition, ensure someone independent of the cash accounting functions opens mail receipts and prepares a log. The log of mail receipts should be reconciled to the daily deposits.

AUDITEE'S RESPONSE

The City Council provided the following responses:

- A. The method of payment (cash, check, credit card etc.) is now recorded for each receipt and totals for each payment method are printed on the daily cash receipt reports.*
- B. All receipt numbers are now accounted for on the daily cash receipt reports.*
- C. Each employee receiving payments has an individual cash drawer assigned. The mail is opened by an employee with no access to the cash accounting functions. All checks and receipts are now scanned into a log. A log is then prepared by the employee preparing the daily deposit of all checks in the daily deposit. The two logs are now compared to insure that all checks received have been included in the daily deposit.*

The city's CPA is preparing additional recommendations on behalf of the City in his report to be issued on or before August 31, 2004.

4. Utility System and City Fees
--

Adjustments made to customer accounts are not properly authorized or adequately documented, and the city does not compare the total gallons of water billed to the gallons of water pumped. Additionally, the controls over the collection of various types of city fees need improvement.

- A. During 2003 adjustments totaling over \$71,000 were made to customer's water/sewer accounts for misapplied payments and write offs with no independent review or approval. The utility clerks have the ability to record adjustments to utility customer's accounts without any independent review or approval of the adjustment. Additionally, adjustments totaling approximately \$6.5 million were made to customer accounts apparently resulting from misread meters. While these adjustments were also not reviewed or approved, the city needs to evaluate the large amount of adjustments resulting from misread meters.

Authorization forms for credit adjustments are to be prepared listing the reason for the adjustment and signed as approved by the City Finance Director. Our review noted that authorization forms are not completed for all adjustments, and the authorization forms that were prepared were not approved and did not always document the reason for the adjustment.

Proper approval/authorization and adequate documentation which fully explains the reason for the adjustments are necessary to ensure only the proper accounts and amounts are adjusted and to reduce the risk of misstatement or misappropriation.

- B. The city does not compare the total gallons of water billed to the gallons of water pumped. The total gallons of water pumped are documented by the water treatment plant monthly, and the gallons of water billed are available through the city's computerized billing system, therefore the information is available to perform such reconciliation.

The city's independent auditor performs this reconciliation annually during the course of the city's annual audit. During the year ending December 31, 2003, the city's independent auditor determined that the gallons of water pumped exceeded the total gallons billed by 58,806,142 gallons, or 16.5 percent.

To help detect significant water loss on a timely basis and to help ensure all water usage is properly billed, the city should reconcile the total gallons of water pumped to the gallons of water billed on a monthly basis and investigate significant differences. The Public Service Commission generally recommends investigation if water usage not billed exceeds 15 percent.

- C. The city collects and bills customers for various types of receipts, including merchant and occupational licenses, building permits, and miscellaneous charges such as bulk water, rent, water testing, research, and copies. During our review of these areas we noted the following weaknesses:

1. There is no oversight or adequate segregation of duties related to the city's merchant and occupational licensing or billing of miscellaneous charges. A finance clerk performs all functions related to generating the license application, processing, collecting, recording and assessing the delinquent penalty if applicable. In addition, the same finance clerk is responsible for preparing all miscellaneous billings and collecting and recording the subsequent payments.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that duties are adequately segregated.

2. A ledger is maintained to track the miscellaneous charges billed and dates paid; however, the ledger is not always complete and accurate. Of the 11 billings we selected from the 2003 ledger that were not marked paid, 9 had been paid but the payment information was not posted to the ledger. In addition, there was no evidence that the city had performed any follow up action, such as sending delinquent notices, on the other two unpaid billings.

To ensure customer billings are properly received and recorded, the billing ledger should be maintained accurately and completely.

3. Building permits are not prenumbered. The city utilizes a database for the building permits; however, permits are manually numbered by using the

next available number. The information and fee amount is entered into the database, then the permit is printed. In 2003, the building permit database crashed and a back up was not maintained. At our request the city tried to account for all building permits issued in 2003 by using the printed copies on hand; however, at least 10 of approximately 136 permit numbers are unaccounted for.

To provide additional assurance all monies are properly collected, recorded, and deposited, permits should be prenumbered and the numerical sequence should be accounted for properly.

4. There is no documentation to indicate that anyone reconciles building permits issued, merchant and occupational licenses issued, or the billing ledger of miscellaneous charges to amounts collected and recorded in the city's accounting records. To ensure fees for all permits and licenses and other miscellaneous charges are properly collected and recorded, the permits and licenses issued and the billing ledger should be periodically compared to amounts recorded in the city's accounting records.

WE RECOMMEND the City Council:

- A. Require independent approval of all credit adjustments, and ensure adequate documentation is retained of such adjustments. Additionally, the city should evaluate the large adjustments resulting from misread meters.
- B. Compare the gallons of water pumped to the gallons billed on a monthly basis and investigate significant differences.
- C.1. Segregate the duties of receipting monies from that of preparing bills, recording payments, and following up on delinquent accounts.
 2. Ensure the customer billing ledger is accurate and complete. In addition, follow up action should be performed on all unpaid billings.
 3. Require all permits to be prenumbered and the numerical sequence accounted for properly.
 4. Reconcile licenses and permits issued and the billing ledger for miscellaneous charges to amounts collected and recorded in the city's accounting records.

AUDITEE'S RESPONSE

The City Council provided the following response:

- A. *All water bill adjustments will be produced by the back office finance staff, based on information provided by the front office finance staff. A reason for all adjustments is*

documented. All adjustments are verified and approved by the Finance Director or his designee. Procedures will be established to minimize misread meters.

- B. A comparison of gallons of water pumped to the system will be compared to gallons of water billed on a monthly basis and significant differences will be investigated.*
- C.1. Billing for miscellaneous charges will be moved to the back office of the finance department. Payments will be made at the front office of the finance department and reported to the back office for tracking. Follow-up of delinquent invoices will be performed by the back office staff. Merchant and occupation billing will continue as is, but the Finance Director or designee will review the initial merchant and occupation license billing journal for accuracy and completeness. Payments will be tracked and delinquent accounts will be contacted in a timely manner.*
- 2. The miscellaneous billing ledger will be maintained accurately and completely by the back office finance staff.*
- 3. All building permits will be pre-numbered and all building permits will be accounted for properly.*
- 4. The back office finance staff will reconcile licenses and permits issued and the miscellaneous billing ledger to the City's general ledger to insure all payments are recorded correctly.*

The city's CPA is preparing additional recommendations on behalf of the City in his report to be issued on or before August 31, 2004.



**STATE LOTTERY COMMISSION
TWO YEARS ENDED JUNE 30, 2003**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-65
August 31, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of
Missouri State Auditor
Claire McCaskill

August 2004

The following problems were discovered as a result of an audit conducted by our office of the State Lottery Commission.

An audit issued July 2, 2004, reviewed the cost of promotional items of all state departments including the State Lottery Commission (SLC). This report (2004-55) concluded the commission gave promotional items to attendees at meetings and conferences, paid to sponsor a golf hole at the Petroleum Marketers Association annual golf event, and gave retailers television sets and DVD players to enhance their working relationships. This report questioned the value received by the SLC from these expenditures. Additionally, follow-up on the State Lottery Commission audit report number 2002-05 found all recommendations either fully or partially implemented.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

STATE LOTTERY COMMISSION

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
State Lottery Commission
and
James R. Scroggins, Executive Director
State Lottery Commission
Jefferson City, MO 65102

The State Auditor is required under Section 313.315(1), RSMo 2000, to audit the State Lottery Commission. The commission engaged Cochran, Head & Co., P.C., Certified Public Accountants (CPA), to audit the commission's financial statements for the years ended June 30, 2003 and 2002. To satisfy our statutory obligation and minimize duplication of effort, the State Auditor has used the work of the CPA firm. We reviewed the reports and substantiating working papers of the CPA firm to satisfy ourselves as to the appropriateness of using the reports, and we accept them in partial fulfillment of our responsibility under Section 313.315(1), RSMo 2000. The additional objectives of this audit were to:

1. Review compliance with certain legal provisions.
2. Evaluate the economy and efficiency of certain management practices and operations.
3. Follow-up on the status of implementation of prior audit recommendations.

Our methodology to accomplish these objectives included reviewing minutes of meetings, written policies, financial records, and other pertinent documents; interviewing various personnel of the agency, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the agency's management and was not subjected to the procedures applied in the audit of the agency.

The accompanying Management Advisory Report presents our finding arising from our audit of the State Lottery Commission.



Claire McCaskill
State Auditor

April 30, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	John Blattel, CPA
In-Charge Auditor:	Christina Davis
Audit Staff:	Terri Crader
	Zeb Tharp
	Wendy Groner

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

STATE LOTTERY COMMISSION
MANAGEMENT ADVISORY REPORT-
STATE AUDITOR'S FINDINGS

Promotional Items

A separate audit was performed which reviewed the cost of promotional items of all state departments, including the State Lottery Commission (SLC). This separate audit report (report number 2004-55) was issued July 2, 2004. This report concluded the commission gave briefcases, vinyl portfolios, rain bonnets, and shoehorns to attendees at meetings/conferences to promote the lottery. Additionally, the SLC paid to sponsor a golf hole at the Petroleum Marketers Association annual golf event. Also, the SLC purchased television sets and DVD players to give to retailers to enhance working relationships with them. The value received by the SLC from these expenditures was questioned in this audit report. Recommendations concerning this issue and the SLC responses were included in that report and are not repeated in this report.

FOLLOW-UP ON PRIOR AUDIT FINDINGS

STATE LOTTERY COMMISSION FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by the State Lottery Commission on findings in the Management Advisory Report (MAR) of our prior audit report issued for the three years ended June 30, 2001.

1. Sponsorship Agreements

The State Lottery Commission (SLC) does not have a uniform procedure for managing or accounting for tickets received through sponsorship agreements, and various individuals were responsible for different events.

- A. There were some events and tickets for which the SLC could not provide us with detailed documentation regarding who attended the event or how the tickets were distributed. Furthermore, there was no tracking of tickets for minority and women's events.
- B. There is no formal written policy regarding the use of the tickets received or the methods to track the tickets. While reviewing the distribution of the tickets, we noted that the informal policy was not strictly adhered to.
- C. The SLC could not always provide documentation, in the form of a retailer's signature, verifying that the retailer received the tickets indicated.
- D. The SLC does not retain all unused tickets.
- E. In 1995, the SLC purchased 10 personal seat licenses (PSLs) for the St. Louis Rams at a cost of \$45,000. For each year of the audit period, the SLC could only account for six PSL season tickets. SLC employees indicated that the other four season tickets were given to a commissioner to act as an ambassador for the SLC. While the use of one of these ticket is allowed by the informal policy of the SLC, there was no documentation retained indicating who used the three additional tickets given to the commissioner. In contrast to the other tickets received, the SLC does not receive any advertising exposure through the purchase of the PSL tickets except when used in player or retailer promotions.

Recommendation:

The SLC:

- A. Appoint one employee to track all tickets received through sponsorship agreements. This employee should be independent of the marketing department and the minority and women business department. Documentation should be retained to track the receipt and disposition of all tickets obtained through sponsorship agreements.
- B. Establish a formal written policy regarding the use and tracking of tickets received through sponsorship agreements. This policy should include specific guidelines regarding how these tickets are distributed to provide the opportunity for all eligible entities to receive the tickets and to prohibit the tickets from being distributed in an arbitrary manner.
- C. Obtain the signature or other verification of the retailer or other individual receiving any tickets obtained through sponsorship agreements.
- D. Retain all unused tickets obtained through sponsorship agreements.
- E. Reconsider the purchase of season tickets for the St. Louis Rams. The SLC should ensure costs incurred are necessary and reasonable, and provide a benefit to the SLC that justifies these additional costs.

Status:

A, B,
C&D. Implemented.

- E. Partially implemented. The SLC reviewed the purchase of St. Louis Rams season tickets and decided to continue purchasing the tickets. The number of sponsorships is decreasing due to the advertising budget being cut \$2 million in fiscal year 2003 and an additional \$3.2 million in fiscal year 2004. Due to these budget cuts, sports sponsorships decreased from \$1.9 million in fiscal year 2002 to \$1.2 million in fiscal year 2003. The SLC is planning further decreases in sports sponsorships in the next fiscal year. It is too early to predict what effect these cuts will have on sales. Due to recent budget cuts, the SLC should again reconsider whether the purchase of St. Louis Rams season tickets is the best use of limited advertising funds.

2. Advertising Expenditures

The SLC's advertising and promotional expenditures were approximately \$10 million for the years ended June 30, 2001 and 2000; however, a thorough study of

advertising expenditures' effects on sales has not been performed. While reviewing other state lotteries, it was noted that the Massachusetts State Lottery has steadily decreased its advertising expenditures over the past eight years, while its sales have continued to increase.

Recommendation:

The SLC should have an independent reviewer conduct a study of the effectiveness of various types of advertising on the sales of lottery products with the goal of determining if it is possible to reduce advertising expenditures without significantly reducing sales volume.

Status:

Implemented. The SLC requested an independent study be completed by the University of Missouri-Columbia. This analysis was issued in May 2002. The analysis looked at advertising expenditures for 23 months, August 1999 through July 2001, and incorporated random-digit-dialed phone interviews. The conclusion of the analysis was "advertising expenditures are driving sales directly, and they are driving sales indirectly through increasing awareness of the games, positive attitudes toward advertising, and positive attitudes toward the Lottery". This conclusion will be challenged in the future as budget cuts reduced the Lottery advertising budget by more than \$5 million for the two fiscal years ended June 30, 2004. Whether sales will suffer, as suggested by the analysis, will have to be monitored. To date the decrease in advertising has not noticeably reduced sales as fiscal year 2004 sales are the highest in Missouri Lottery Commission history.

3. Prize Check Procedures

Adequate controls are not in place or not always enforced for prize check distribution in the regional offices.

- A. During our review of claims processing, we noted 19 out of 96 prize checks written in the regional offices (20 percent) had only one set of SLC employee initials near the signature line.
- B. A ticket claimant is an individual who completes the back of a winning ticket or a claim form for a winning ticket. The SLC will distribute prize checks to someone other than the claimant if that person is in possession of the winning ticket; however, the check must still be made payable to the claimant. The individual is supposed to sign his or her name on the check register indicating receipt. There were numerous entries on the check register in which the prize winner's signature was illegible, only initials were written, or nothing was indicated.

- C. We scanned two months of the check register for all of the regional offices for any checks that had been marked as void. There were a total of 29 checks that had been indicated as void on the check registers. An explanation for why these checks were voided was not given for any of the 29 checks. Without an explanation the reasonableness of the voided checks can not be determined.
- D During our review of voided checks, we noted that 10 out of 29 voided checks were not retained or not properly marked void. Without retaining the actual, mutilated check, the SLC cannot ensure that the check was voided and will not be cashed.

Recommendation:

The SLC:

- A. Ensure all checks processed in the regional offices are reviewed for accuracy by two employees. In addition, the SLC should ensure this review is documented by initialing on the signature line of each check.
- B. Ensure the name of the individual receiving the prize check is documented in a legible manner, if it is someone other than the claimant. If the check is mailed or otherwise distributed, this should also be documented.
- C. Ensure a reason is indicated on the check register for all checks that are voided by the regional offices.
- D. Ensure voided checks are properly mutilated and retained.

Status:

- A, C
&D. Partially implemented. Our review of prize checks written in the regional offices showed 1 of 25 checks, or 4 percent, where not properly initialed by the signature line. This is an improvement from the 19 of 96 checks, or 20 percent found previously. Errors on voided checks improved from 29 of 29 checks, or 100 percent, to 18 of 37 checks, or 49 percent. Finally, testing showed 1 of 37, or 3 percent, voided checks were not retained, improving from 10 of 29 checks, or 34 percent previously.
- B. Implemented.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

STATE LOTTERY COMMISSION HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The State Lottery Commission was created June 11, 1985, by Senate Bill No. 44, First Regular Session, 83rd General Assembly. That action followed voter approval of a lottery amendment to the Missouri Constitution at the November 1984 general election. The State Lottery Commission began selling instant game tickets on January 20, 1986.

Section 313.321, RSMo 2000, provides that money received from the sale of lottery tickets shall be divided as follows: A minimum of 45 percent shall be awarded as prizes; administration, advertising, promotion, and retailer compensation costs shall be paid as appropriated by the General Assembly; and the remainder shall be transferred to the Lottery Proceeds Fund to be appropriated solely for institutions of elementary, secondary, and higher education.

A five-member lottery commission is appointed by the governor with the advice and consent of the Senate. The commission must meet at least quarterly. The commission has the authority to promulgate rules as it deems necessary and desirable to fully implement the lottery as mandated by the people in Article III of the Missouri Constitution. It appoints a director to act as secretary of the commission and keep all books and records of the commission. The director of the lottery oversees the commission's operation and administration. At June 30, 2003, James R. Scroggins served as the Executive Director. At June 30, 2003, the members of the commission were as follows:

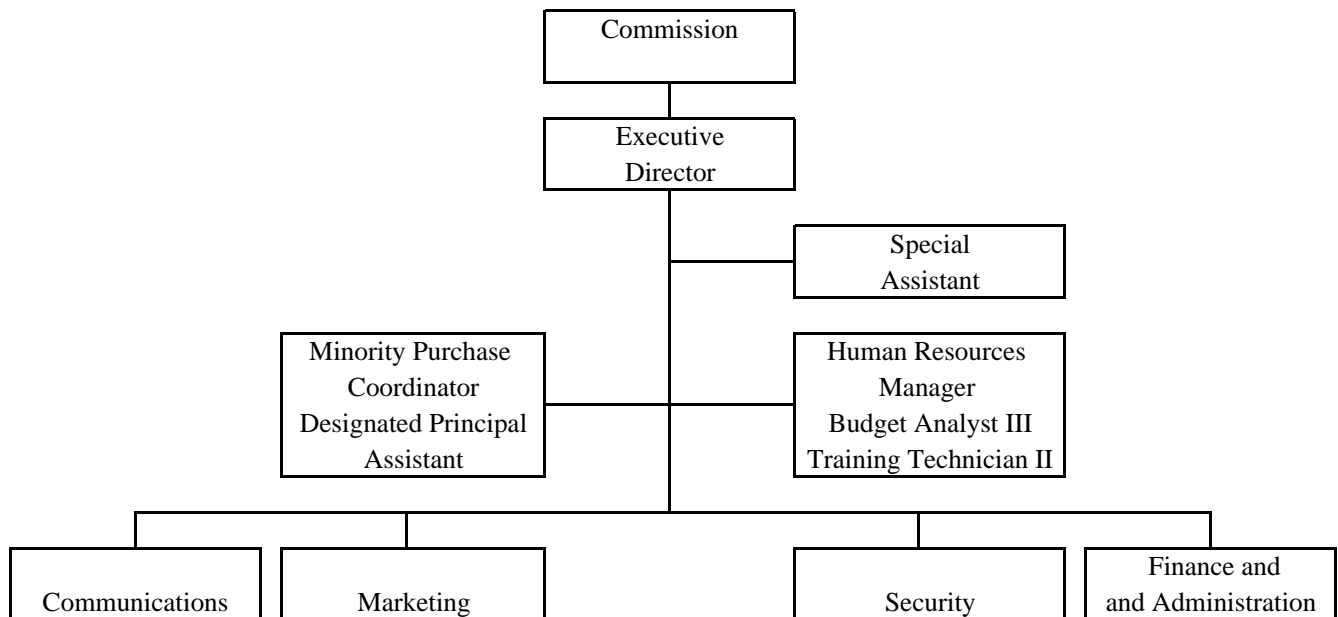
<u>Commissioner</u>	<u>Term Expires</u>
William E. James, Chairman	September 7, 2001* (1)
Kenneth R. Hensley	September 9, 1998* (2)
Barbara H. Pickering	September 7, 2002*
Sue Carrol Terry	September 7, 2002*
Sherri Robins	September 7, 2006

* Commissioners continue to serve until a replacement is named.

- (1) Mitchell F. Geilser was appointed April 8, 2004, to replace William E. James.
- (2) Kenneth R. Hensley was nominated as chairman on June 23, 2004.

The State Lottery Commission staff is organized into four divisions. Each division is headed by a director who coordinates activities to meet the commission's objectives. At June 30, 2003, the State Lottery Commission employed approximately 175 individuals. An organization chart follows.

STATE LOTTERY COMMISSION
ORGANIZATION CHART
JUNE 30, 2003



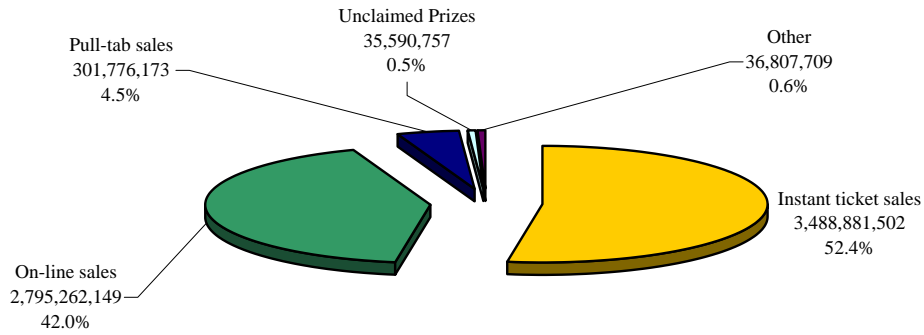
Appendix A

STATE LOTTERY COMMISSION
REVENUE AND EXPENDITURE DATA
TWO YEARS ENDED JUNE 30, 2003

		Year Ended June 30,	
		2003	2002
Revenues			
Instant ticket sales	\$	393,981,254	316,397,488
On-line sales		289,025,023	241,422,798
Pull-tab sales		25,041,235	27,368,968
Unclaimed prizes		16,720,584	6,669,140
Other		984,989	1,478,410
Total	\$	<u>725,753,085</u>	<u>593,336,804</u>
Expenditures			
Transfers for Education	\$	203,466,261	160,038,467
Prizes		434,559,460	353,075,456
Administration		43,273,902	43,122,166
Retailer Commissions and Incentives		44,453,462	37,100,715
Total	\$	<u>725,753,085</u>	<u>593,336,804</u>

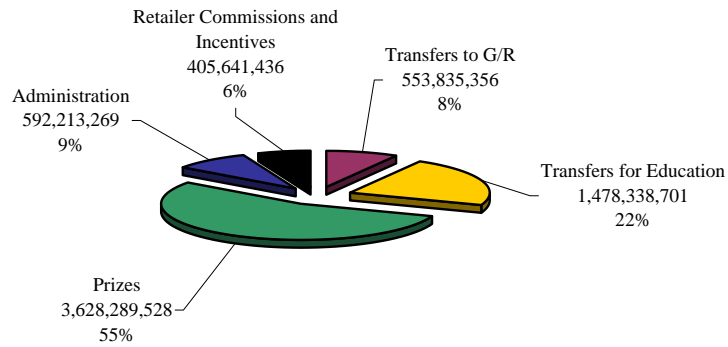
STATE LOTTERY COMMISSION
REVENUE AND EXPENDITURE CHARTS
JANUARY 20, 1986 THROUGH JUNE 30, 2003

Revenues



Total Revenues: \$6,658,318,290

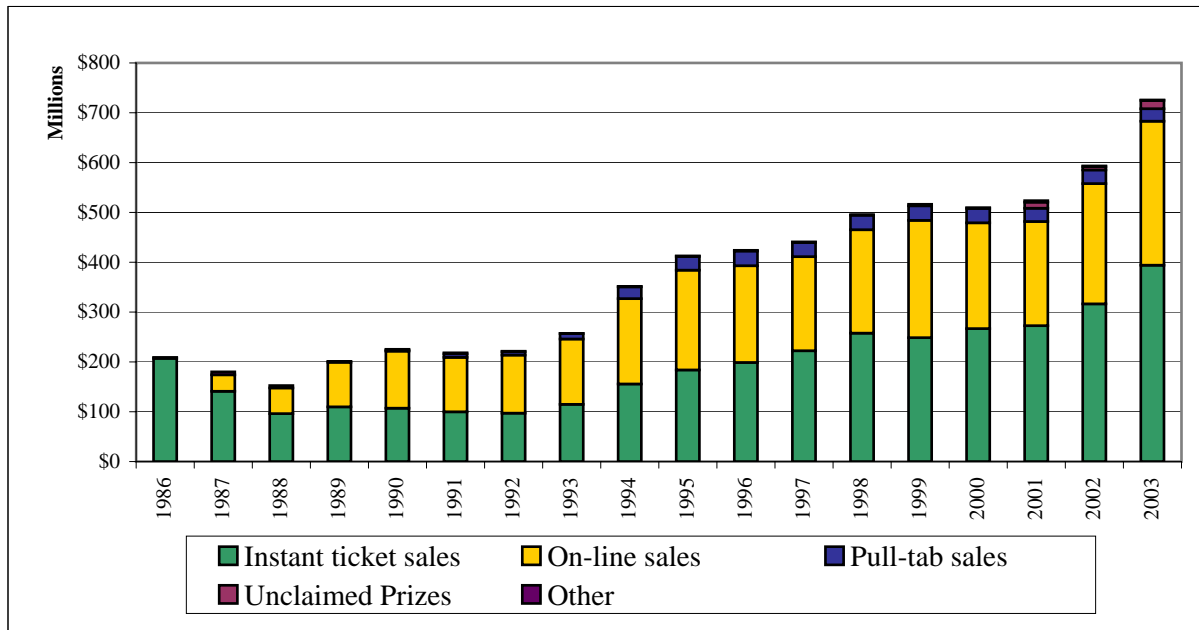
Expenditures



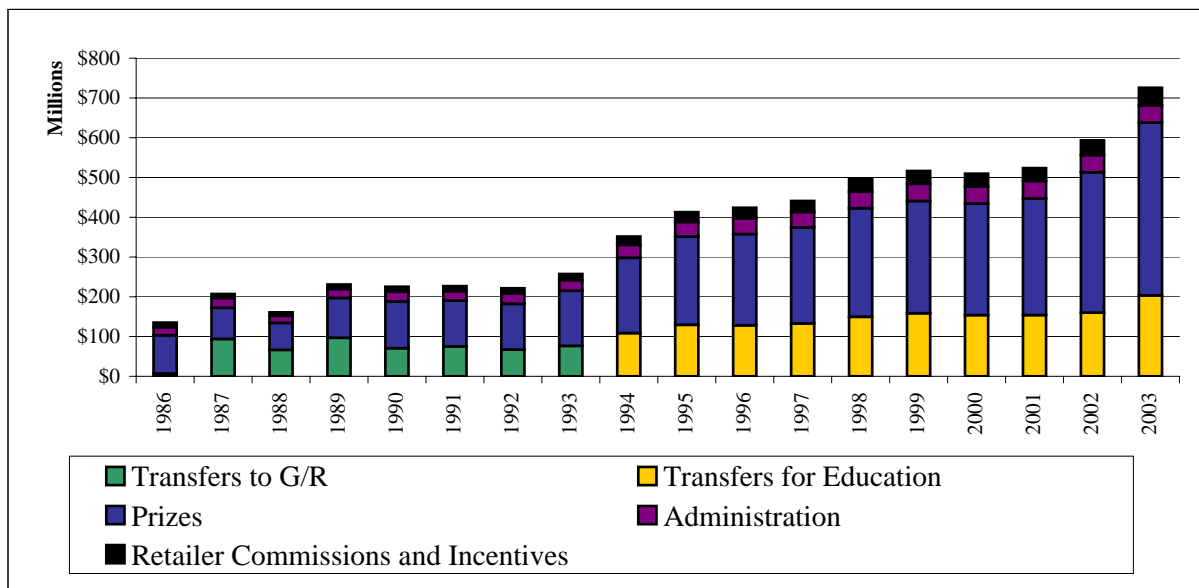
Total Expenditures: \$6,658,318,290

STATE LOTTERY COMMISSION
REVENUE AND EXPENDITURE CHARTS
JANUARY 20, 1986 THROUGH JUNE 30, 2003

Revenues



Expenditures





**CEDAR COUNTY, MISSOURI
YEARS ENDED DECEMBER 31, 2003 AND 2002**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-64
August 31, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

August 2004

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Cedar, that do not have a county auditor. In addition to a financial and compliance audit of various county operating funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Cedar County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The Schedule of Expenditures of Federal Awards (SEFA) prepared by the County Clerk was not complete or accurate. The SEFA was over (under) stated during the years ending December 31, 2003 and 2002 by \$691,426 and (264,000), respectively.
- A tornado caused significant damage to county property in May 2003, and as a result, the county was awarded Federal Emergency Management Assistance (FEMA) to repair and rebuild its property. The County Commission appears to have circumvented federal prevailing wage laws and procurement requirements of the FEMA program during the reconstruction of its road and bridge department building which incurred damages during the tornado in May 2003. Adequate supporting documentation also was not obtained to support some payroll expenditures incurred related to this project. Additionally, the County Clerk's office did not file reimbursement claims in a timely manner, and the county has not properly monitored its subrecipient's (County Health Center and County Library) expenditures for FEMA. Further, accounting duties related to the FEMA program were not adequately segregated, and the County Clerk had no statutory authority to hold the FEMA account outside the County Treasury.
- The County Commission failed to review all applicable statutes related to the handling of delinquent property tax sales to ensure they were protecting taxes due and to prevent any loss to other taxing authorities involved from possible inadequate bids received. The County Collector also failed to adequately advertise the property for sale prior to selling the property to an Associate County Commissioner. The Associate Commissioner sold this piece of property approximately one year later.

(over)

YELLOW SHEET

- The County Clerk did not reconcile her accounting records monthly with the County Treasurer from April to December 2003 because she hired a new clerk in April 2003 that was not familiar with the accounting system. Numerous adjustments were made to the County Clerk's expenditures for errors in recording health insurance. As of April 14, 2004, the County Clerk had again not reconciled her records to the County Treasurer for January through March 2004. In addition, the county's budgets were not accurate.
- The county's quarry is not operating as originally estimated by the County Commission nor has the county paid off its original investment. The County Commission estimated they would quarry gravel at a rate of savings that would pay off its original investment, of \$78,475, in just over five years. At December 31, 2003 the County Commission reported savings to be only \$24,800 during the four years since the original investment made in February 2000. The County Commission also entered into a loan agreement which appears to violate the Missouri Constitution and did not adequately document its evaluation of the financing arrangements, funds available, and interest costs associated with the loan.
- Improvements are needed with the property tax system controls and procedures. In addition, the County Clerk does not prepare the current or back tax books or maintain an account book with the County Collector and controls over property tax additions and abatements are not adequate.
- Numerous problems were noted relating to Prosecuting Attorneys' accounting controls and procedures. Although many of these problems were noted in the previous audit of the Prosecuting Attorney's office, little attempt has been made to implement these prior recommendations. Procedures for the timely processing and subsequent disposition of bad checks have not been established, and as a result, the Prosecuting Attorney has lost the authority to collect some bad checks for merchants. Court ordered restitution payments totaling over \$17,000 were also not disbursed to the victims in a timely manner. Additionally, weaknesses included inadequate segregation of accounting duties and controls over receipts, the failure to make deposits timely, to prepare monthly bank reconciliations, and to reconcile liabilities to cash balances. Further, the Prosecuting Attorney failed to periodically back up bad check complaint information and print and retain monthly reports.
- The Public Administrator did not file annual settlements in a timely manner, and funds of an estate were not properly covered by collateral securities. In addition, Forms 1099-MISC were not issued for legal services, and fees owed to the county from some estates were not always collected by the Public Administrator.

Also included in the audit were recommendations related to officials' compensation and bonds, budgetary practices, expenditures, property tax system, personnel policies, general fixed assets. The audit also suggested improvements in the procedures of the County Clerk and the Sheriff.

All reports are available on our website: www.auditor.mo.gov

CEDAR COUNTY, MISSOURI

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CEDAR COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Cedar County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Cedar County, Missouri, as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Cedar County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2003 and 2002, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated April 15, 2004, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Cedar County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

April 15, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Pamela Allison Tillery, CPA
In-Charge Auditor:	Jay Ross
	Troy Royer
Staff:	Roberta Bledsoe



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission
and
Officeholders of Cedar County, Missouri

We have audited the financial statements of various funds of Cedar County, Missouri, as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated April 15, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of various funds of Cedar County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Cedar County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition

in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Cedar County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

April 15, 2004 (fieldwork completion date)

Financial Statements

Exhibit A-1

CEDAR COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2003

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 179,355	1,100,307	991,850	287,812
Special Road and Bridge	237,713	997,983	1,074,085	161,611
Assessment	8,920	104,636	112,982	574
Law Enforcement Training	8	2,547	1,122	1,433
Prosecuting Attorney Training	833	429	553	709
Prosecuting Attorney Bad Check	19,459	8,039	11,387	16,111
Recorder Preservation	35	13,709	10,870	2,874
Family Crisis	1,062	1,177	2,141	98
Crime Victims Advocate	3,409	14,031	14,901	2,539
Law Enforcement Sales Tax	116,942	1,148,907	1,003,781	262,068
Local Emergency Planning Commission	5,034	5,332	6,106	4,260
DARE	50	50	0	100
FEMA I-Flood Damage	13,944	161,347	175,291	0
Community Development Block Grant- Senior Center	0	22,450	22,450	0
Recorder Technology	0	5,730	5,730	0
Circuit Clerk Interest	15,434	698	679	15,453
Law Library	9,593	5,740	3,984	11,349
Community Development Block Grant-Elevator	1	0	0	1
Election Services	3,029	835	0	3,864
Tax Maintenance	1,208	13,124	260	14,072
FEMA II-Tornado Damage	0	133,114	133,113	1
Natural Resources Conservation Service	0	177	0	177
Total	\$ 616,029	3,740,362	3,571,285	785,106

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

CEDAR COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 119,310	917,958	857,913	179,355
Special Road and Bridge	171,519	902,464	836,270	237,713
Assessment	6,680	105,621	103,381	8,920
Law Enforcement Training	1,935	3,281	5,208	8
Prosecuting Attorney Training	731	434	332	833
Prosecuting Attorney Bad Check	16,574	11,651	8,766	19,459
Recorder Preservation	8,193	12,961	21,119	35
Family Crisis	840	1,062	840	1,062
Crime Victims Advocate	4,682	22,068	23,341	3,409
Law Enforcement Sales Tax	32,309	1,015,477	930,844	116,942
Local Emergency Planning Commission	8,463	3,844	7,273	5,034
DARE	106	901	957	50
Community Development Block Grant-Elevator	1	2,500	2,500	1
Election Services	4,162	1,819	2,952	3,029
Microfilm Grant	3,339	2,695	6,034	0
Circuit Clerk Interest	17,517	1,401	3,484	15,434
Law Library	8,642	6,712	5,761	9,593
Tax Maintenance	0	1,208	0	1,208
FEMA I-Flood Damage	0	391,335	377,391	13,944
Total	\$ 405,003	3,405,392	3,194,366	616,029

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

CEDAR COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TOTALS - VARIOUS FUNDS</u>						
RECEIPTS	\$ 3,952,578	3,593,112	(359,466)	3,131,167	3,012,849	(118,318)
DISBURSEMENTS	3,938,406	3,437,912	500,494	2,928,818	2,816,975	111,843
RECEIPTS OVER (UNDER) DISBURSEMENTS	14,172	155,200	141,028	202,349	195,874	(6,475)
CASH, JANUARY 1	604,037	611,791	7,754	397,424	405,003	7,579
CASH, DECEMBER 31	618,209	766,991	148,782	599,773	600,877	1,104
<u>GENERAL REVENUE FUND</u>						
RECEIPTS						
Property taxes	148,261	153,966	5,705	139,941	130,073	(9,868)
Sales taxes	430,000	442,243	12,243	425,000	440,005	15,005
Intergovernmental	102,409	107,658	5,249	103,835	115,550	11,715
Charges for services	250,700	235,504	(15,196)	268,780	213,821	(54,959)
Interest	5,000	2,370	(2,630)	5,000	3,477	(1,523)
Other	1,950	100,489	98,539	17,675	7,732	(9,943)
Transfers in	13,944	58,077	44,133	2,500	7,300	4,800
Total Receipts	952,264	1,100,307	148,043	962,731	917,958	(44,773)
DISBURSEMENTS						
County Commission	63,921	63,984	(63)	62,380	61,452	928
County Clerk	91,850	76,570	15,280	72,102	70,562	1,540
Elections	30,720	31,391	(671)	65,000	63,132	1,868
Buildings and ground:	69,900	264,035	(194,135)	131,800	103,491	28,309
Employee fringe benefit:	42,600	46,537	(3,937)	55,100	41,828	13,272
County Treasurer	26,920	34,758	(7,838)	22,215	22,183	32
County Collector	59,613	57,533	2,080	58,301	54,866	3,435
Recorder of Deeds	60,579	56,717	3,862	33,519	32,822	697
Circuit, Associate, and Probate Court:	52,020	44,357	7,663	38,740	38,143	597
Court administrator	8,800	7,374	1,426	10,030	6,967	3,063
Public Administrator	30,675	30,855	(180)	30,766	30,976	(210)
Sheriff	0	0	0	39,956	43,463	(3,507)
Public health and welfare service:	3,073	3,073	0	3,073	3,073	0
Insurance and bonds	33,000	34,620	(1,620)	30,000	32,883	(2,883)
University Extension Service	29,848	29,000	848	28,000	28,000	0
County road signs	1,000	948	52	1,000	147	853
Other	7,943	14,577	(6,634)	7,311	15,596	(8,285)
Transfers out	194,686	195,521	(835)	198,794	208,329	(9,535)
Emergency Fund	28,568	0	28,568	29,000	0	29,000
Total Disbursements	835,716	991,850	(156,134)	917,087	857,913	59,174
RECEIPTS OVER (UNDER) DISBURSEMENTS	116,548	108,457	(8,091)	45,644	60,045	14,401
CASH, JANUARY 1	179,355	179,355	0	119,310	119,310	0
CASH, DECEMBER 31	295,903	287,812	(8,091)	164,954	179,355	14,401

Exhibit B

CEDAR COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	117,344	119,916	2,572	118,430	114,084	(4,346)
Intergovernmental	947,850	593,470	(354,380)	795,876	579,406	(216,470)
Charges for services	500	0	(500)	0	0	0
Interest	3,779	2,262	(1,517)	3,357	4,026	669
Other	196	109,232	109,036	93,682	80,648	(13,034)
Transfers in	195,000	173,103	(21,897)	0	124,300	124,300
Total Receipts	1,264,669	997,983	(266,686)	1,011,345	902,464	(108,881)
DISBURSEMENTS						
Salaries	215,000	212,849	2,151	215,000	203,340	11,660
Employee fringe benefit	70,002	62,972	7,030	67,150	60,063	7,087
Supplies	45,000	45,389	(389)	45,000	38,772	6,228
Insurance	15,000	11,706	3,294	9,500	11,076	(1,576)
Road and bridge materials	172,400	247,104	(74,704)	213,900	199,238	14,662
Equipment repairs	32,000	33,233	(1,233)	36,000	35,832	168
Equipment purchases	210,758	156,047	54,711	174,795	149,996	24,799
Construction, repair, and maintenance	620,000	168,325	451,675	250,000	12,403	237,597
Distributions to special road district	0	129,084	(129,084)	0	124,800	(124,800)
Other	0	7,376	(7,376)	0	750	(750)
Total Disbursements	1,380,160	1,074,085	306,075	1,011,345	836,270	175,075
RECEIPTS OVER (UNDER) DISBURSEMENTS	(115,491)	(76,102)	39,389	0	66,194	66,194
CASH, JANUARY 1	237,713	237,713	0	171,519	171,519	0
CASH, DECEMBER 31	122,222	161,611	39,389	171,519	237,713	66,194
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	105,642	102,754	(2,888)	102,440	99,310	(3,130)
Interest	355	176	(179)	600	355	(245)
Other	0	0	0	0	142	142
Transfers in	1,706	1,706	0	5,814	5,814	0
Total Receipts	107,703	104,636	(3,067)	108,854	105,621	(3,233)
DISBURSEMENTS						
Assessor	116,623	112,982	3,641	113,481	103,381	10,100
Total Disbursements	116,623	112,982	3,641	113,481	103,381	10,100
RECEIPTS OVER (UNDER) DISBURSEMENTS	(8,920)	(8,346)	574	(4,627)	2,240	6,867
CASH, JANUARY 1	8,920	8,920	0	6,680	6,680	0
CASH, DECEMBER 31	0	574	574	2,053	8,920	6,867
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	0	0	0	0	1,030	1,030
Charges for services	3,500	1,697	(1,803)	3,281	1,975	(1,306)
Other	0	850	850	0	276	276
Total Receipts	3,500	2,547	(953)	3,281	3,281	0
DISBURSEMENTS						
Sheriff	3,500	1,122	2,378	5,208	5,208	0
Total Disbursements	3,500	1,122	2,378	5,208	5,208	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	1,425	1,425	(1,927)	(1,927)	0
CASH, JANUARY 1	8	8	0	1,935	1,935	0
CASH, DECEMBER 31	8	1,433	1,425	8	8	0

Exhibit B

CEDAR COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for services	400	429	29	500	434	(66)
Total Receipts	400	429	29	500	434	(66)
DISBURSEMENTS						
Prosecuting Attorney	1,000	553	447	500	332	168
Total Disbursements	1,000	553	447	500	332	168
RECEIPTS OVER (UNDER) DISBURSEMENTS	(600)	(124)	476	0	102	102
CASH, JANUARY 1	833	833	0	731	731	0
CASH, DECEMBER 31	233	709	476	731	833	102
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for services	10,000	7,922	(2,078)	12,000	11,418	(582)
Interest	0	117	117	0	233	233
Total Receipts	10,000	8,039	(1,961)	12,000	11,651	(349)
DISBURSEMENTS						
Prosecuting Attorney	15,500	9,762	5,738	26,000	8,766	17,234
Transfers out	12,000	1,625	10,375	0	0	0
Total Disbursements	27,500	11,387	16,113	26,000	8,766	17,234
RECEIPTS OVER (UNDER) DISBURSEMENTS	(17,500)	(3,348)	14,152	(14,000)	2,885	16,885
CASH, JANUARY 1	19,459	19,459	0	16,574	16,574	0
CASH, DECEMBER 31	1,959	16,111	14,152	2,574	19,459	16,885
<u>RECORDER PRESERVATION FUND</u>						
RECEIPTS						
Charges for services	7,500	8,446	946	12,880	12,961	81
Other	0	11	11	0	0	0
Transfers in	0	5,252	5,252	0	0	0
Total Receipts	7,500	13,709	6,209	12,880	12,961	81
DISBURSEMENTS						
Recorder of Deeds	7,500	10,870	(3,370)	21,073	21,119	(46)
Total Disbursements	7,500	10,870	(3,370)	21,073	21,119	(46)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	2,839	2,839	(8,193)	(8,158)	35
CASH, JANUARY 1	35	35	0	8,193	8,193	0
CASH, DECEMBER 31	35	2,874	2,839	0	35	35
<u>FAMILY CRISIS FUND</u>						
RECEIPTS						
Charges for services	950	1,177	227	800	1,062	262
Total Receipts	950	1,177	227	800	1,062	262
DISBURSEMENTS						
Domestic Violence Shelter	1,062	2,141	(1,079)	1,640	840	800
Total Disbursements	1,062	2,141	(1,079)	1,640	840	800
RECEIPTS OVER (UNDER) DISBURSEMENTS	(112)	(964)	(852)	(840)	222	1,062
CASH, JANUARY 1	1,062	1,062	0	840	840	0
CASH, DECEMBER 31	950	98	(852)	0	1,062	1,062

Exhibit B

CEDAR COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CRIME VICTIMS ADVOCATE FUND</u>						
RECEIPTS						
Intergovernmental	24,731	14,031	(10,700)	13,000	22,068	9,068
Total Receipts	24,731	14,031	(10,700)	13,000	22,068	9,068
DISBURSEMENTS						
Crime Victims Advocate	24,731	14,901	9,830	17,682	23,341	(5,659)
Total Disbursements	24,731	14,901	9,830	17,682	23,341	(5,659)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(870)	(870)	(4,682)	(1,273)	3,409
CASH, JANUARY 1	3,409	3,409	0	4,682	4,682	0
CASH, DECEMBER 31	3,409	2,539	(870)	0	3,409	3,409
<u>LAW ENFORCEMENT SALES TAX FUND</u>						
RECEIPTS						
Sales taxes	445,000	477,188	32,188	425,000	442,929	17,929
Intergovernmental	365,641	339,258	(26,383)	258,974	229,172	(29,802)
Charge for services	52,000	45,303	(6,697)	23,000	51,482	28,482
Interest	900	888	(12)	800	928	128
Other	1,340	33,878	32,538	87,426	88,451	1,025
Transfers in	204,980	252,392	47,412	192,980	202,515	9,535
Total Receipts	1,069,861	1,148,907	79,046	988,180	1,015,477	27,297
DISBURSEMENTS						
Sheriff	708,467	703,107	5,360	548,384	710,412	(162,028)
Jail	99,800	72,951	26,849	84,200	86,511	(2,311)
Prosecuting Attorney	126,950	127,438	(488)	64,295	57,068	7,227
Juvenile Officer	31,142	28,505	2,637	36,193	29,480	6,713
Coroner	15,156	14,074	1,082	16,253	14,129	2,124
Distributions to cities	33,375	35,789	(2,414)	31,875	33,220	(1,345)
Other	0	0	0	0	24	(24)
Emergency Fund	0	21,917	(21,917)	0	0	0
Total Disbursements	1,014,890	1,003,781	11,109	781,200	930,844	(149,644)
RECEIPTS OVER (UNDER) DISBURSEMENTS	54,971	145,126	90,155	206,980	84,633	(122,347)
CASH, JANUARY 1	116,942	116,942	0	32,309	32,309	0
CASH, DECEMBER 31	171,913	262,068	90,155	239,289	116,942	(122,347)
<u>LOCAL EMERGENCY PLANNING COMMISSION FUND</u>						
RECEIPTS						
Intergovernmental	2,000	5,309	3,309	3,700	3,798	98
Interest	0	23	23	50	46	(4)
Total Receipts	2,000	5,332	3,332	3,750	3,844	94
DISBURSEMENTS						
Local Emergency Planning Commission	5,650	6,106	(456)	12,150	7,273	4,877
Total Disbursements	5,650	6,106	(456)	12,150	7,273	4,877
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,650)	(774)	2,876	(8,400)	(3,429)	4,971
CASH, JANUARY 1	5,034	5,034	0	8,463	8,463	0
CASH, DECEMBER 31	1,384	4,260	2,876	63	5,034	4,971

Exhibit B

CEDAR COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>DARE FUND</u>						
RECEIPTS						
Other	0	50	50	851	901	50
Total Receipts	0	50	50	851	901	50
DISBURSEMENTS						
Sheriff	50	0	50	957	957	0
Total Disbursements	50	0	50	957	957	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(50)	50	100	(106)	(56)	50
CASH, JANUARY 1	50	50	0	106	106	0
CASH, DECEMBER 31	0	100	100	0	50	50
<u>FEMA I FUND-FLOOD DAMAGE</u>						
RECEIPTS						
Intergovernmental	195,000	161,347	(33,653)			
Total Receipts	195,000	161,347	(33,653)			
DISBURSEMENTS						
Transfers out	208,944	175,291	33,653			
Total Disbursements	208,944	175,291	33,653			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(13,944)	(13,944)	0			
CASH, JANUARY 1	13,944	13,944	0			
CASH, DECEMBER 31	0	0	0			
<u>COMMUNITY DEVELOPMENT BLOCK GRANT FUND-SENIOR CENTER</u>						
RECEIPTS						
Intergovernmental	300,000	22,450	(277,550)			
Total Receipts	300,000	22,450	(277,550)			
DISBURSEMENTS						
Senior Center	300,000	22,450	277,550			
Total Disbursements	300,000	22,450	277,550			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	0	0	0			
<u>RECORDER TECHNOLOGY FUND</u>						
RECEIPTS						
Charges for services	6,000	5,730	(270)			
Total Receipts	6,000	5,730	(270)			
DISBURSEMENTS						
Recorder of Deeds	6,000	478	5,522			
Transfers out	0	5,252	(5,252)			
Total Disbursements	6,000	5,730	270			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	0	0	0			

Exhibit B

CEDAR COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>COMMUNITY DEVELOPMENT BLOCK GRANT FUND-ELEVATOR</u>						
RECEIPTS						
Intergovernmental				2,500	2,500	0
Total Receipts				2,500	2,500	0
DISBURSEMENTS						
Transfers out				2,500	2,500	0
Total Disbursements				2,500	2,500	0
RECEIPTS OVER (UNDER) DISBURSEMENTS				0	0	0
CASH, JANUARY 1				1	1	0
CASH, DECEMBER 31				1	1	0
<u>ELECTION SERVICES FUND</u>						
RECEIPTS						
Intergovernmental				1,000	1,819	819
Total Receipts				1,000	1,819	819
DISBURSEMENTS						
Elections				4,000	2,952	1,048
Total Disbursements				4,000	2,952	1,048
RECEIPTS OVER (UNDER) DISBURSEMENTS				(3,000)	(1,133)	1,867
CASH, JANUARY 1				4,162	4,162	0
CASH, DECEMBER 31				1,162	3,029	1,867
<u>MICROFILM GRANT FUND</u>						
RECEIPTS						
Intergovernmental				2,695	2,695	0
Total Receipts				2,695	2,695	0
DISBURSEMENTS						
Recorder of Deeds				6,034	6,034	0
Total Disbursements				6,034	6,034	0
RECEIPTS OVER (UNDER) DISBURSEMENTS				(3,339)	(3,339)	0
CASH, JANUARY 1				3,339	3,339	0
CASH, DECEMBER 31				0	0	0
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest	1,000	698	(302)	1,300	1,401	101
Total Receipts	1,000	698	(302)	1,300	1,401	101
DISBURSEMENTS						
Circuit Clerk	1,000	679	321	3,461	3,484	(23)
Total Disbursements	1,000	679	321	3,461	3,484	(23)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	19	19	(2,161)	(2,083)	78
CASH, JANUARY 1	7,680	15,434	7,754	9,938	17,517	7,579
CASH, DECEMBER 31	7,680	15,453	7,773	7,777	15,434	7,657

Exhibit B

CEDAR COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for services	7,000	5,740	(1,260)	5,500	6,712	1,212
Total Receipts	7,000	5,740	(1,260)	5,500	6,712	1,212
DISBURSEMENTS						
Law Library	4,080	3,984	96	4,500	5,761	(1,261)
Total Disbursements	4,080	3,984	96	4,500	5,761	(1,261)
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,920	1,756	(1,164)	1,000	951	(49)
CASH, JANUARY 1	9,593	9,593	0	8,642	8,642	0
CASH, DECEMBER 31	12,513	11,349	(1,164)	9,642	9,593	(49)

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

CEDAR COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Cedar County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission or an elected county official. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Tax Maintenance Fund	2003 and 2002
Community Development Block	
Grant Fund - Elevator	2003
Election Services Fund	2003
FEMA II Fund – Tornado Damage	2003
Natural Resource Conservation Fund	2003
FEMA I Fund – Flood Damage	2002

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
General Revenue Fund	2003
Recorder Preservation Fund	2003 and 2002
Family Crisis Fund	2003
Crime Victims Advocate Fund	2002
Law Enforcement Sales Tax Fund	2002
Local Emergency Planning Commission Fund	2003
Circuit Clerk Interest Fund	2002
Law Library Fund	2002

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Natural Resource Conservation Fund	2003
Tax Maintenance Fund	2002

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements)*, and

Reverse Repurchase Agreements, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's deposits at December 31, 2003 and 2002, were entirely covered by federal depository insurance or by collateral securities held by the county's custodial bank in the county's name.

3. Prior Period Adjustment

The Circuit Clerk Interest Fund's cash balance at January 1, 2002, as previously stated has been increased by \$6,365 to reflect interest earned that was not reported in the prior audit.

The Local Emergency Planning Commission Fund's cash balance of \$8,463 at January 1, 2002, was not previously reported but has been added.

Supplementary Schedule

Schedule

CEDAR COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2003	2002
U.S. DEPARTMENT OF AGRICULTURE				
	Passed through state			
	Department of Health -			
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-4119W	\$ 47,534	0
		ERS045-3119W	0	53,366
	Program total		47,534	53,366
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
	Passed through state			
	Department of Economic Development -			
14.228	Community Development Block Grants/State' Program	2002-PF-05	22,450	0
		99-PF-37	0	2,500
	Program total		22,450	2,500
U.S. DEPARTMENT OF JUSTICE				
	Direct programs:			
16.607	Bulletproof Vest Partnership Program	N/A	0	2,262
	Passed through:			
	State Department of Public Safety			
16.575	Crime Victim Assistance	2000-VOCA-0014	787	1,214
16.580	Enforcement Assistance Discretionary Grants Program	2000DDVX0055	49,812	44,080
	Missouri Sheriffs' Association -			
16	Domestic Cannabis Eradication/Suppression Program	N/A	841	1,030
GENERAL SERVICES ADMINISTRATION				
	Passed through state Office of Administration			
39.003	Donation of Federal Surplus Personal Property	N/A	257	277
FEDERAL EMERGENCY MANAGEMENT AGENCY				
	Passed through state Department of Public Safety			
83.534	Emergency Management	N/A	4,723	3,799
83.544	Public Assistance Grants ²	FEMA-1412-DR-MO	191,243	414,944
		FEMA-1463-DR-MO	260,719	0
	Program total		451,962	414,944

Schedule

CEDAR COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2003	2002
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
	Passed through state			
	Department of Health -			
93.197	Childhood Lead Poisoning Prevention Projects State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Level in Children	N/A	1,375	0
93.268	Immunization Grants	PGA064-3119A	3,300	0
	Program total	PGA064-2119A	<u>0</u>	<u>3,065</u>
			<u>3,300</u>	<u>3,065</u>
93.283	Centers for Disease Control and Prevention Investigations and Technical Assistance	ERS161-40011	7,415	0
	Department of Social Services -			
93.563	Child Support Enforcement	N/A	1,549	1,026
	Department of Health -			
93.575	Child Care and Development Block Grant	PGA067-3119C	2,160	0
	Program total	PGA067-2119C	<u>0</u>	<u>1,980</u>
			<u>2,160</u>	<u>1,980</u>
93.994	Maternal and Child Health Service: Block Grant to the States	ERS146-3119M	16,138	0
	Program total	ERS146-2119M	<u>0</u>	<u>18,149</u>
			<u>16,138</u>	<u>18,149</u>
	Total Expenditures of Federal Award:		\$ <u>610,303</u>	<u>547,692</u>

* The CFDA number for this program changed to 97.036 in October 2002.

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

Notes to the Supplementary Schedule

CEDAR COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

This schedule includes all federal awards administered by Cedar County, Missouri except for the programs accounted for in the Cedar County Memorial Hospital Fund. Federal awards for that fund have been audited and separately reported on by other independent auditors for its years ended March 31, 2004 and 2003.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals. . . .

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Donation of Federal Surplus Personal Property (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt.

2. Subrecipients

Of the federal expenditures presented in the schedule, the county provided federal awards to subrecipients as follows:

Federal CFDA Number	Program Title	Amount Provided	
		Year Ended December 31, 2003	2002
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	\$ 47,534	53,366
14.228	Community Development Block Grants/State's Program	22,450	N/A
83.544	Public Assistance Grants	109,937	248,291
93.197	Childhood Lead Poisoning Prevention Projects-State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	1,375	N/A
93.268	Immunization Grants	3,300	3,065
93.283	Centers for Disease Control and Prevention-Investigations and Technical Assistance	7,415	N/A
93.575	Child Care and Development Block Grant	2,160	1,980
93.994	Maternal and Child Health Services Block Grant to the States	16,183	18,149

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of Cedar County, Missouri

Compliance

We have audited the compliance of Cedar County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2003 and 2002. The county's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Cedar County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 2003 and 2002. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB

Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 03-1 through 03-3.

Internal Control Over Compliance

The management of Cedar County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 03-1 through 03-4.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above are material weaknesses.

This report is intended for the information and use of the management of Cedar County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

April 15, 2004 (fieldwork completion date)

Schedule

CEDAR COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2003 AND 2002

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? yes x no

Reportable conditions identified that are
not considered to be material weaknesses? yes x none reported

Noncompliance material to the financial statements
noted? yes x no

Federal Awards

Internal control over major program:

Material weaknesses identified? yes x no

Reportable conditions identified that are
not considered to be a material weaknesses? x yes none reported

Type of auditor's report issued on compliance for
major program: Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of OMB
Circular A-133? x yes no

Identification of major program:

CFDA or
Other Identifying

Number
83.544

Program Title
Public Assistance Grants

Dollar threshold used to distinguish between Type A
and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes the audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

03-1. Schedule of Expenditures of Federal Awards
--

Federal Grantor:	Federal Emergency Management Agency
Pass-Through Grantor:	Department of Public Safety
Federal CFDA Number:	83.544
Program Title:	Public Assistance Grants
Pass-Through Entity	
Identifying Number:	FEMA-1412-DR-MO, FEMA-1463-DR-MO
Award Years:	2003 and 2002
Questioned Costs:	Not Applicable

Section .310(b) of Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the schedule of expenditures of federal awards to the State Auditor's Office as a part of the annual budget.

The county does not have adequate procedures in place to track federal awards for the preparation of the SEFA, and as a result, the county's SEFA contained numerous errors and omissions. For example, the SEFA prepared by the County Clerk for the year ending December 31, 2003 included expenditures which were expected to be made in the next year (2004) resulting in total expenditures being overstated by \$691,426. The County Clerk

indicated she did not understand what was to be included on the SEFA. In addition, the SEFA prepared for the year ending December 31, 2002 did not include expenditures totaling \$414,944 related to one of the grants, and it also included several other grants that were overstated. This resulted in total expenditures reported on the SEFA for 2002 to be understated by approximately \$264,000.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal funds.

WE RECOMMEND the County Clerk prepare a complete and accurate schedule of expenditures of federal awards.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Commission indicated they will review the SEFA and compare it to the prior years' schedule to ensure it is accurate.

The County Clerk indicated she has a much better understanding of the SEFA, and she has reworked the 2002 and 2003 SEFA.

03-2. Prevailing Wage and Procurement
--

Federal Grantor:	Federal Emergency Management Agency
Pass-Through Grantor:	Department of Public Safety
Federal CFDA Number:	83.544
Program Title:	Public Assistance Grants
Pass-Through Entity	
Identifying Number:	FEMA-1463-DR-MO
Award Years:	2003
Questioned Costs:	\$15,800

The County Commission appears to have circumvented federal prevailing wage and procurement requirements during the reconstruction of its road and bridge department building. In addition, adequate supporting documentation was not obtained to support some payroll expenditures incurred related to this project.

A tornado caused significant damage to county property in May 2003, and as a result, the county was awarded federal emergency management assistance (FEMA) to repair and rebuild its property. During our review of the reconstruction of the county's road and bridge department building, we noted the following:

- A. The County Commission entered into agreements with two local construction companies to "loan" the county eight of their employees which were specialized in

certain trades such as concrete, specialized carpentry work, and general construction to rebuild the county's road and bridge department building. The agreement also required the county to pay these "loaned" employees hourly rates which ranged from \$10 per hour to \$15 per hour which did not meet prevailing wage requirements as outlined by the state Division of Labor (DOL). The hourly rates for the related occupational titles outlined in the state DOL prevailing wage standards for the Cedar County area ranged from \$16.25 per hour to \$18.83 per hour. These employees were paid \$6,180 in total for this project.

The Davis-Bacon Act requires that all laborers and mechanics employed by contractors or subcontractors to work on construction contracts in excess of \$2,000 financed by federal assistance funds must be paid wages not less than those established for the locality of the project (prevailing wage rates) by the U.S. Department of Labor. In addition, Section 290.230, RSMo 2000, requires prevailing wages to be paid to all workmen employed by or on behalf of any public body engaged in construction projects exclusive of routine maintenance work.

- B. Adequate supporting documentation of hours worked by these "loaned" employees was not obtained by the county. Timesheets or other records of actual time worked should be obtained and reviewed by the employee's supervisor to adequately support payroll expenditures.
- C. The above agreement also provided for the County Commission to rent trade tools and equipment from these construction companies for \$9,620. The county did not solicit bids for either the work performed by these "loaned" employees or for the trade tool and equipment rental.

Section 50.660, RSMo 2000, requires bids for all purchases or services of \$4,500 or more from any one person, firm, or corporation during any period of ninety days. Bidding procedures for major purchases provide a framework for economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best bidders. Competitive bidding ensures all parties are given equal opportunity to participate in county business.

WE RECOMMEND the County Commission work with the granting agency to resolve the questioned costs and ensure prevailing wage rates are paid on all construction projects and bids are solicited for all purchases in accordance with state law. In addition, the County Commission should ensure timesheets or other records of actual time worked are obtained and reviewed by the employee's supervisor.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Commission indicated that in the future they will ensure that bids are documented, prevailing wages are paid, and that timesheets are prepared and reviewed.

03-3.**Cash Management and Subrecipient Monitoring**

Federal Grantor:	Federal Emergency Management Agency
Pass-Through Grantor:	Department of Public Safety
Federal CFDA Number:	83.544
Program Title:	Public Assistance Grants
Pass-Through Entity	
Identifying Number:	FEMA-1463-DR-MO
Award Years:	2003
Questioned Costs:	Not Applicable

The County Clerk's office has not filed reimbursement claims in a timely manner for federal emergency management assistance (FEMA). In addition, the County Clerk's office has not properly monitored its subrecipient's expenditures for FEMA.

The county was awarded federal emergency management assistance (FEMA) to repair and rebuild the county and other political subdivisions' property, including the County Library and County Health Center, which resulted from tornado damages incurred in May 2003. During our review of expenditures incurred by the county, the County Library, and the County Health Center related to this program, we noted the following concerns:

- A. The county Special Road and Bridge Fund, the County Library, and the County Health Center expended \$197,938 from May 2003 to December 2003 related to the FEMA program; however, reimbursement claims for 75% of these expenditures or \$148,453 have not been filed by the County Clerk's office as of April 11, 2004. Additional expenditures incurred by the county and other political subdivisions through April 11, 2004 also have not been claimed for reimbursement. The County Clerk indicated she was waiting until the projects were completed to file the reimbursement claims. The County Clerk's office is responsible for filing the reimbursement claims with the State Emergency Management Assistance (SEMA) office for the assistance after the expenditures have been incurred.

To maximize revenues, the County Commission and County Clerk should ensure that procedures are in place to ensure requests for reimbursements are made in a timely manner. In addition, the failure to submit reimbursement claims on a timely basis results in possible unreimbursed costs to the county.

- B. The County Commission nor the County Clerk's office had obtained documentation of \$124,576 of expenditures incurred by the County Library and the County Health Center from May 2003 to December 2003 until our request was made in January 2004; therefore, the County Commission had allowed these subrecipients to expend over \$100,000 without reviewing or monitoring expenditures related to the FEMA program. The Cedar County Commission was designated as the official recipient for

the FEMA, although some of these monies were to be passed through to the County Library and the County Health Center.

Under provisions of the Single Audit Act and OMB Circular A-133, the county, as primary grant recipient, is required to monitor any subrecipients receiving \$25,000 or more in federal financial assistance for compliance with applicable laws and regulations. In addition, Section 410(d) of Circular A-133 requires the county to inform the subrecipients of information about the award or requirements imposed on them by federal laws and regulations.

By not properly monitoring the county's subrecipients, the County Commission cannot ensure that FEMA monies are being expended in accordance with federal requirements. As the grant recipient, the county is ultimately responsible for ensuring compliance with federal requirements.

WE RECOMMEND the County Commission and the County Clerk ensure FEMA reimbursement claims are submitted on a timely basis, and properly monitor federal grant subrecipient's expenditures to ensure compliance with applicable laws and regulations.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Commission provided the following response:

We will work with the County Clerk to ensure reimbursement claims are filed monthly, and will monitor these subrecipients.

The County Clerk provided the following response:

All FEMA administration money for the County, Library and County Health Clinic was received in 2003. All small projects were reimbursed by the FEMA in 2003. The county barn and courthouse contents have been paid in full by insurance and all bills have been sent to the FEMA. The Library and Health Clinic have both been asked many times to let us know immediately when they receive payment from their insurance companies. The Library and Health Clinic have not received final payments from their insurance companies. About three months ago, library bills totaling over \$101,500 and clinic bills totaling over \$15,000 were sent to the FEMA for reimbursement. Many bills were sent back to the hospital to redo. The FEMA said everything looked fine, but would not pay any county, library or clinic bills on big projects until they have proof of all insurance payments. I am reviewing FEMA paperwork, working with the County Health Clinic, and am keeping the County Commission informed of what is going on. The Cedar County Memorial Hospital is considering hiring someone to work with the FEMA Health Clinic paperwork.

03-4. Segregation of Duties and the FEMA Bank Account
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Federal Grantor:	Federal Emergency Management Agency
Pass-Through Grantor:	Department of Public Safety
Federal CFDA Number:	83.544
Program Title:	Public Assistance Grants
Pass-Through Entity	
Identifying Number:	FEMA-1463-DR-MO
Award Years:	2003
Questioned Costs:	Not Applicable

The County Clerk maintains a federal emergency management assistance (FEMA) bank account to process monies received related to the tornado damages incurred in May 2003. While the County Clerk has not filed many reimbursements of expenditures as noted in finding 03-3, the County Clerk did receive and process over \$133,000 of FEMA monies through this account during the year ending December 31, 2003. During our review of controls and procedures related to this account, we noted the following.

The duties of receiving, recording, depositing and disbursing monies, preparing reports required by FEMA, and reconciling the bank account are not adequately segregated. One clerk in the County Clerk's office performs all of these duties. In addition, there is no indication that supervisory reviews are performed to ensure that all transactions are accounted for properly and assets are adequately safeguarded. Further, there is no statutory authority that allows the County Clerk to hold this account outside the county treasury.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls could be improved by segregating the duties of receiving and depositing receipts from recording and reconciling receipts and preparing reports required by FEMA. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory reviews of the records should be performed and documented by another employee or the County Clerk.

WE RECOMMEND the County Commission and the County Clerk ensure accounting duties are adequately segregated to the extent possible or ensure periodic supervisory reviews are performed and documented. In addition, the County Clerk should turn over the custody of the FEMA bank account to the County Treasurer.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Commission and County Clerk indicated that the FEMA checkbook and bank account was turned over to the County Treasurer immediately after the audit.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

CEDAR COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 2001, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

CEDAR COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

The prior audit report issued for the two years ended December 31, 2001, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

CEDAR COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Cedar County, Missouri, as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated April 15, 2004. We also have audited the compliance of Cedar County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2003 and 2002, and have issued our report thereon dated April 15, 2004.

Because the Cedar County Memorial Hospital Board is audited and separately reported on by other independent auditors, the related fund is not presented in the financial statements. However, we reviewed that audit report and other applicable information.

In addition, we have audited the operations of elected officials with funds other than those presented in the financial statements to comply with the State Auditor's responsibility under Section 29.230, RSMo 2000, to audit county officials at least once every 4 years. The objectives of this audit were to:

1. Review the internal controls over the transactions of the various county officials.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents; interviewing various personnel of the county officials, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials referred to above. In addition, this report includes any findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These MAR findings resulted from our audit of the financial statements of Cedar County or of its compliance with the types of compliance requirements applicable to its major federal program but do not meet the criteria for inclusion in the written reports on compliance and on internal control over financial reporting or compliance that are required for audits performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

1. Delinquent Property Tax Sale
--

The County Commission failed to review all applicable statutes related to the handling of delinquent property tax sales to ensure they were protecting all taxes due and to prevent any loss to other taxing authorities involved from possible inadequate bids. The County Collector also failed to adequately advertise the property for sale prior to selling the property to an Associate Commissioner.

The County Collector advertised a piece of property at the August 2000 delinquent tax sale which had previously been offered for sale three times. The advertisement generally indicated the sale was being held under the provision of law Section 140, RSMo 1994, and listed the delinquent taxes due on this property for the 1995, 1996, 1997, 1998, and 1999 tax years in the amount of \$5,840, interest and penalties of \$3,275, and sale and advertising cost of \$58 for a total of \$9,173. However, the advertisement did not specify that this property was being offered, at the discretion of the County Collector, to the highest bidder regardless of the amount of the delinquent taxes due.

The property was sold to an Associate County Commissioner for \$2,200, and the County Commission wrote off the remaining taxes due of \$6,973. The property tax records indicate this property was sold again approximately one year later.

Section 140.250, RSMo 2000, states that if any lands or lots are not sold at such third offering, then the collector, in his discretion, need not again advertise or offer such lands or lots for sale more often than once every five years after the third offering of such lands or lots.

In addition, Section 140.260, RSMo 2000, provides for the county commission of any county, to designate and appoint a suitable person or persons with discretionary authority to bid at all sales to which Section 140.250, RSMo 2000, is applicable, and to purchase at such sales all lands or lots necessary to protect all taxes due and owing and prevent their loss to the taxing authorities involved from inadequate bids.

The County Collector indicated that she was aware that it was at her discretion to sell the property, and that the County Commission could have appointed a suitable person to purchase the land and hold it in trust to protect all taxes due and to prevent their loss to other taxing authorities. The County Collector also indicated that this was the only time property was sold and handled in this manner. The County Commission indicated they were not aware of the statutes noted above and had not ever appointed a trustee to bid on property in the past.

By not being aware of applicable statutes and by selling the property for less than the taxes due, the County Commission and the County Collector performed a disservice to their constituents and other taxing authorities. In addition, by not clearly advertising the conditions of the sale and allowing the Associate Commissioner to purchase the property for less than the taxes due, they gave the appearance of a conflict of interest.

WE RECOMMEND the County Commission and County Collector review all applicable statutes to ensure the county is protecting all taxes due and owing and prevent their loss to the taxing authorities involved from possible inadequate bids received during tax sales. In addition, the County Collector should ensure the properties offered for sale are adequately advertised.

AUDITEE'S RESPONSE

The County Commission provided the following response:

We will document the option chosen for any property being offered for the third time at a tax sale in the minutes and ensure tax sale transactions are handled properly. In addition, we will ensure the County Collector adequately advertises the property.

The former County Collector provided the following response:

The County Commission felt that it would not be productive to appoint an agent to sell the property in question. Letting this property be put aside and not dealt with for four more years would only result in more unpaid taxes. By selling the property to the highest bidder, we started to receive tax monies again.

2. County Officials' Compensation and Bonds
--

The county has not taken action on mid-term salary increases given to the Associate Commissioners in 1999. In addition, the Presiding Commissioner received a mid-term salary increase. There was also no documentation supporting whether the salary commission met or that a legal opinion was obtained to approve a raise for the County Treasurer, and the wording of the county's blanket bond did not clearly address whether officials who are required by law to furnish an individual bond to qualify for office were covered under the bond.

- A. Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioners' terms had been increased from two years to four years. Based on this statute, in 1999 Cedar County's Associate County Commissioners salaries were each increased approximately \$890 annually, according to information from the County Clerk.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of that statute. The Supreme Court held that this section of statute violated Article VII, section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county and municipal officers during the term of office. This case, *Laclede County v. Douglas et al.*, holds that all raises given pursuant to this statute section are unconstitutional. On June 5, 2001, the State Auditor notified all third class counties of the Supreme Court decision and recommended that each county document its review of the impact of the opinion, as well as plans to seek repayment. The county did not document its review of the opinion or its plans to seek repayment.

Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$1,780 for the two years ended December 31, 2000, should be repaid. In addition, in light of the ruling, any raises given to other officials within their term of office should be re-evaluated for propriety.

- B. The Presiding Commissioner received a mid-term salary increase in January 2001 that was not authorized by the salary commission when they met in 1997 and 1999. However, the salary commission met in November 2001 and approved this increase to the Presiding Commissioner's salary retroactive to January 1, 2001.

Section 50.333, RSMo 2000, indicates the county salary commission shall determine the compensation to be paid to every county officer for the next term of each office. The 1999 salary commission set the County Commission's compensation for the term beginning January 1, 2001, and ending December 31, 2004. In addition, state law does not provide for the salary commission to grant retroactive salary increases.

- C. The County Treasurer's salary was increased \$11,345 annually effective with the start of a new term of office on January 1, 2003. Salary commission minutes of a meeting held in November 2001 indicated officials would take salary increases for changes in assessed valuation and law as they occurred.

House Bill 2137, effective August 28, 2002, provided for an increase in the compensation paid to the county treasurer. It established an alternative, higher salary schedule and stated the salary commission **may** authorize the use of the alternative salary schedule. There was no documentation supporting whether the salary commission met or that a legal opinion was obtained to approve this salary increase. As a result, without salary commission minutes and a documented legal opinion, it is unclear whether the salary increase provided to the County Treasurer is in accordance with state law.

- D. The county does not appear to have adequate bond coverage for several elected officials. The county secured a \$40,000 blanket bond for all county employees and believed it covered some of the elected officials; however, the wording of the bond is not clear on officials who are required by law to furnish an individual bond to qualify for office. The elected officials who may not be in compliance with statutory bonding provisions are as follows:

<u>Elected Official</u>	<u>Statutory Minimum</u>
County Clerk	\$ 5,000
Sheriff	5,000
Coroner	1,000
Recorder of Deeds	1,000
Surveyor	1,000

Sections 51.070, 57.020, 58.050, 59.100, and 60.030, RSMo 2000, require these county officials to obtain minimum amounts of bond coverage as shown above. In addition, as a means of safeguarding assets and reducing the county's risk in the event of any misappropriation of funds, these officials should be adequately bonded.

WE RECOMMEND the County Commission and Salary Commission:

- A. Review the impact of this court decision and develop a plan for obtaining repayment of salary overpayments.
- B. Review the salary increase and develop a plan for obtaining repayment for the salary overpayment. In addition, ensure all salary commission minutes clearly document all decisions made.
- C. Consult with legal counsel and review the situation to ensure the actions taken were in accordance with state law.
- D. Require all elected officials to be bonded as required by statute.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A-C These issues will be addressed at the next salary commission meeting. In addition, we will obtain legal opinions and ensure the salary commission minutes accurately document any salary increases or decreases in the future.*

The County Clerk provided the following response:

- D. On March 15, 2004, bonds were obtained for the County Clerk, Sheriff, Coroner, Recorder of Deeds, and the Surveyor, for the time period March 15 through December 31, 2004, at which time bids will be taken to cover the remainder of each officer's term of office.*

3. County Financial Records, Procedures, and Budgetary Practices

The County Clerk did not reconcile her accounting records monthly with the County Treasurer from April 2003 through December 2003. Actual expenditures recorded on county budgets for various funds were not accurate. The County Commission also amended various county budgets after expenditures had already exceeded the original budget, and formal budgets were not prepared for various county funds. In addition, actual disbursements exceeded the original and/or amended budgeted amounts in various county funds, and an annual maintenance plan for the county roads has not been prepared.

- A. The County Clerk did not reconcile her accounting records monthly with the County Treasurer from April 2003 through December 2003. The County Clerk was appointed in November 2002, and she hired a new clerk in April 2003 that was unfamiliar with the accounting system. The County Treasurer repeatedly notified the County Commission during 2003 that the County Clerk was not preparing or providing county records that would allow him to reconcile his accounts. The County Commission indicated that the County Treasurer had written them several letters notifying them of the situation. At our request in January 2004, the County Clerk reconciled her records through December 2003 to the County Treasurer's records. Numerous adjustments were made to the County Clerk's expenditures for errors made in recording health insurance expenditures. In addition, as of April 14, 2004, the County Clerk had again not prepared or provided records to the County Treasurer for January through March 2004.

Section 51.150.1, RSMo 2000, requires the County Clerk to keep regular accounts with the County Treasurer. To provide the type of check-and-balance system required by state law, to ensure errors and omissions are detected on a timely basis, and to provide accurate financial reporting, the County Clerk should regularly prepare accounting records that would allow her to reconcile with the County Treasurer.

- B. The county's budgets were not accurate. For example, the General Revenue, Special Road and Bridge, Assessment, and Law Enforcement Sales Tax Funds' actual expenditures were over or (understated) from actual expenditures by (\$2,091), (\$1,440), \$534, and \$1,154 during the year ending December 31, 2003, respectively, as a result of the errors made above. In addition, the budget also contained several misclassifications of receipts and disbursements. For example, a disbursement in the amount of \$167,976 for repairs to one of the county's bridges was incorrectly recorded in other expenditures. Adjustments have been made to the audited financial statements to correct these errors and misclassifications.

For the budget documents to be of maximum assistance to the county and to adequately inform county residents of the county's operations and current financial position, they should be accurate. In addition, the county's budgets should include accurate classifications of receipts and disbursements to ensure the county's financial information is more consistently presented and to properly identify receipt and disbursement items and to increase the effectiveness of the budgets as management tools.

- C. During our review of county budgets and amended budget documents we noted the following concerns:

1. The County Commission and other county officials approved expenditures in excess of budgeted amounts for various funds for the years ended December 31, 2003 and 2002. Actual expenditures exceeded budgeted amounts in the following funds:

Fund	Year Ended December 31	
	2003	2002
General Revenue Fund	\$ 156,134	N/A
Recorder Preservation Fund	3,370	46
Family Crisis Fund	1,079	N/A
Crime Victims Advocate Fund	N/A	5,659
Law Enforcement Sales Tax Fund	N/A	149,644
Local Emergency Planning Fund	456	N/A
Circuit Clerk Interest Fund	N/A	23
Law Library Fund	N/A	1,261

2. The County Commission amended the 2002 budgets for various county funds on December 18, 2002 to reflect increased expenditures made during the year. For example, the County Commission amended the Special Road and Bridge Fund and the Law Enforcement Sales Tax Fund expenditures by \$149,089 and \$181,332, respectively. Various other funds were also amended. Prior to the amendments of these budgets, expenditures had already exceeded the original budgets. In addition, no other amendments were made prior to these dates. Amendments made after expenditures have exceeded the budgets do not allow for the budgets to be used as an effective management tool.

It was ruled in State ex. rel. Strong v. Cribb, 364 Mo. 1122, 273 S.W.2d 246 (1954), that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess disbursements, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. In addition, Section 50.622, RSMo 2000, provides that counties may amend the annual budget during any year in which the county receives additional funds, which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend the budget.

Further, to ensure the adequacy of the budgets as a planning tool and to ensure compliance with state law, budget amendments should be made prior to incurring the actual expenditures, valid reasons which necessitate excess disbursements should be provided to support amendments, and public hearings should be held prior to the adoption of all budget amendments.

A similar condition was noted in our prior report.

- D. Formal budgets were not prepared for various county funds for the years ended December 31, 2003 and 2002. Chapter 50, RSMo 2000, requires preparation of annual budgets for all county funds to present a complete financial plan for the ensuing year. By preparing and obtaining budgets for all county funds and activities, the County Commission is able to more effectively evaluate all county financial resources.
- E. An annual maintenance plan for the county roads has not been prepared. A formal maintenance plan should be prepared in conjunction with the annual fiscal budget and include a description of the roads to be worked on, the type of work to be performed, an estimate of the quantity and cost of materials needed, the dates such work could begin, the amount of labor required to perform the work, and other relevant information. The plan

should be included in the budget message and be approved by the county commission. In addition, a public hearing should be held to obtain input from the county residents.

A formal maintenance plan would serve as a useful management tool and provide greater input into the overall budgeting process. Such a plan provides a means to more effectively monitor and evaluate the progress made in the repair and maintenance of county roads throughout the year.

WE RECOMMEND the County Commission:

- A. Require the County Clerk to reconcile her accounting records with the County Treasurer monthly and document and fully investigate all reconciling items.
- B. Ensure the budget document contains accurate information about the county's finances and agrees to the County Treasurer's records. In addition, the County Commission should ensure all significant receipts and disbursements are properly classified on the budgets. The County Commission and County Clerk should also thoroughly review the budget document before it is finalized and filed with the State Auditor's office.
- C.1. Ensure expenditures are kept within the amounts budgeted. If additional funds are received which could not be estimated when the budget was adopted, the County Commission should amend the budget by following procedures established by state law.
 - 2. Implement procedures to ensure budgets are properly amended if necessary, budget amendments are properly made prior to incurring the actual expenditures, and valid reasons which necessitate excess disbursements are provided.
- D. Ensure budgets are prepared for all county funds as required by state law.
- E. Establish a formal annual maintenance plan for county roads.

AUDITEE'S RESPONSE

The County Clerk provided the following response:

- A. *The prior bookkeeper made manual adjustments each month from January to March 2003 to be able to make the benefits portion of the accounting system balance with the Treasurer. The current bookkeeper came to work in April 2003 and was unaware that these manual adjustments were done. She tried for the remainder of the year to get the system to figure the benefits and it would never balance with the Treasurer. I have started a new accounting system on January*

1, 2004. I have reconciled with the County Treasurer every single month in 2004. My bookkeeper was under the understanding (from training) that she needed to wait until the bank statement came, get a copy of it, and reconcile from it, which took until around the middle of the month. The County Treasurer had never disputed this from January to April 2004 with the bookkeeper or myself, but did to the auditors in April. I am now reconciling with the County Treasurer early in the month. By the middle of the month, we are doing a double check by hand. Both offices balance.

The County Commission provided the following responses:

- B. We will ensure that the county's budgets are accurate and correct.*
- C. We will ensure the county budgets are amended as circumstances occur during the budget year.*
- D. We will ensure that all county funds are budgeted in the future.*
- E. At the beginning of each budget year, we will document which roads and bridges we plan to repair and rebuild during the year.*

4. County Expenditures

The county's quarry is not operating as originally estimated by the County Commission nor has the county paid off its original investment. The county also entered into a loan agreement in 2002, which appears to violate the Missouri Constitution, and the County Commission did not adequately document its evaluation of the financing arrangements, funds available, and interest costs associated with the loan. In addition, bids were not always solicited nor retained for proper documentation, Forms 1099 Miscellaneous were not always prepared, cellular telephone bills were paid without reviewing supporting documentation, and the county has not established a formal written cellular telephone use policy.

- A. The county's quarry does not appear to be operating as originally estimated by the County Commission. In February 2000, the county purchased 73 acres of land for \$78,475 to be used to quarry hill gravel. The County Commission originally estimated the county would quarry 22,667 cubic yards of gravel at a savings of \$14,667 annually over a fifteen year time span and would have incurred savings to pay off its original investment in just over 5 years. The county quarried on average, 8,267 cubic yards and saved \$8,267 annually for the years ended December 31, 2002, 2001, and 2000. In addition, the county did not utilize the quarry in 2003. Therefore, the County Commission has reported savings to only be \$24,800 during the four years since the original investment noted above. Based on the county's analysis, the

quarry does not appear to be operating as originally estimated nor has the county paid off its initial investment.

Good business practice requires the County Commission to continue to track the actual costs of quarrying the hill gravel and updating cost/benefit analysis to support the county's continued decision making process. In addition, the County Commission should reevaluate the quarry's savings and the potential cubic yards of gravel to be quarried to determine whether the land is still a good investment.

- B. In March 2002, the county entered into a loan agreement with the county's depository bank for \$73,500 with a maturity date of January 2003 to purchase recording equipment for the Sheriff's department. In January 2003 and January 2004, the original loan was again renewed for one year. Each of the loan agreements provided for monthly payments of approximately \$1,645 and balloon payments in January of each of the years. The loan does not contain any provisions for the county to cancel the agreement due to lack of appropriations or other reasons. Without this type of option, the county appears to have entered into a long term debt arrangement.

The County Commission indicated they entered into this agreement because they could not adequately estimate how much revenue the new law enforcement sales tax would generate and did not want to over burden the Law Enforcement Sales Tax Fund. The balance of the Law Enforcement Sales Tax Fund was \$262,068 and \$116,942 at December 31, 2003 and 2002, respectively.

This agreement appears to violate the intent of the Missouri Constitution on legal indebtedness absent a vote of the county residents. Article VI, Section 26(a), of the Missouri Constitution states no county shall become indebted in an amount exceeding in any year the income and revenue provided for such year. In addition, the County Commission did not adequately document its evaluation of the financing arrangements, funds available, and interest costs associated with the loan.

- C. The county did not always solicit bids, or bid documentation was not always retained for various purchases. Examples of items purchased for which bid documentation could not be located are as follows:

<u>Item or Services</u>	<u>Cost</u>
2003 Pickup truck	\$16,585
Jail food (annually)	15,835
Used 1998 Jeep Cherokee	12,944
Tires (annually)	12,848
Heating system	10,787
Air conditioning system	8,500

The County Commission and County Clerk indicated that bids were solicited for some of these purchases through telephone calls or some items were only available from one vendor in the area; however, documentation of these calls and sole source procurement situations were not maintained.

Section 50.660, RSMo 2000, requires bids for all purchases of \$4,500 or more from any one person, firm, or corporation during any period of ninety days. Bidding procedures for major purchases provide a framework for economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best bidders. Competitive bidding ensures all parties are given equal opportunity to participate in county business.

- D. The county has no procedures in place to ensure Forms 1099 are filed with the Internal Revenue Service (IRS) when required. As a result, the county did not file 1099s with the IRS for payments in 2003 totaling \$8,500 for the replacement and installation of a new air conditioning system and \$4,120 for repairs to a road and bridge vehicle.

Sections 6041 through 6051 of the Internal Revenue Code require payments of \$600 or more for professional services or for services performed as a trade or business by non employees (other than corporations) be reported to the federal government on Forms 1099.

- E. During 2002, the county purchased 5 cellular telephones and service plans. Three of these phones are assigned to the sheriff's office, one phone is assigned to the Road and Bridge Supervisor, and the remaining phone is assigned to the Associate Circuit Judge. During the years ended December 31, 2003 and 2002, the county expended approximately \$4,258 and \$4,750, respectively, for cellular phone usage.

The County Commission pays cellular telephone usage billings without reviewing supporting detailed documentation of actual telephone calls made. In addition, some billings received do not provide the detail of actual calls made, but only the total charges for the month. Therefore, the County Commission has no assurance expenditures for cellular calls are

reasonable. Detailed billings of actual calls made should be obtained from the cellular phone vendor to allow calls made to be reviewed for propriety to assure the telephones are being used exclusively for county business.

While cellular phones can help increase employee productivity, they are also costly. A formal written policy is needed regarding cellular phones. Such a policy should address which employees need a cellular phone, proper use of the phone, and a review and authorization process. In this policy, Cedar County should consider prohibiting the personal use of the cellular phones, except in cases of emergency.

Conditions similar to parts A. and D. were noted in our prior report.

WE RECOMMEND the County Commission:

- A. Continue tracking the costs of quarrying the gravel and update their cost/benefit analysis on a regular basis. In addition, they should reevaluate the quarry's savings and the potential cubic yards of gravel to be quarried to determine whether the land is still a good investment.
- B. Ensure the county's indebtedness is in compliance with state law, and in the future, the County Commission should adequately document its evaluation of any financing arrangements, funds available, and interest costs.
- C. Solicit bids for all purchases in accordance with state law and maintain documentation of bids. If bids cannot be obtained and sole source procurement is necessary, the official commission minutes should reflect the necessitating circumstances.
- D. Ensure IRS 1099-MISC forms are prepared and submitted as required.
- E. Require all billings have the detailed listing of all telephone calls made for the month, and thoroughly review the detailed records of calls prior to approving payment of invoices. In addition, the County Commission should develop a formal written policy regarding the use of cellular phones, including a provision prohibiting their use for personal reasons.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *We have had two major catastrophes in the last two years and we plan to use the quarry more in 2004 and 2005. The FEMA would not reimburse the county as much for creek gravel (from the county's quarry) as they would for white rock;*

therefore, the county purchased white rock to repair county roads for flood damages during 2002. In addition, the land has maintained its original value, and we will continue to track the cost of the quarry.

- B. In the future we will ensure that financing arrangements comply with state law.*
- C. In the future, we will work with other county officials to ensure all expenditures are properly bid and all bid documentation is retained.*
- E. In the future, we will obtain itemized billings for all cellular phones and monitor phone usage.*

The County Clerk provided the following response:

- D. I have updated a listing of vendors to aid us in reporting amounts on 1099s.*

5. Property Tax System

The County Clerk does not maintain an account book with the County Collector and does not verify the accuracy of the Collector's current or back tax books. In addition, controls over property tax additions and abatements are not adequate. The County Clerk also did not file property tax aggregate abstracts for the 2003 tax year with the Department of Revenue (DOR) or the State Tax Commission (STC) until February 2004, and the Back Tax Aggregate Abstracts prepared were not accurate and complete. Annual settlements prepared by the County Collectors did not include some protested taxes.

- A. The County Clerk does not maintain an account book with the County Collector. An account book would summarize all taxes charged to the County Collector, monthly collections, delinquent credits, abatements and additions, and protested amounts by tax book. These figures could then be verified by the County Clerk from aggregate abstracts, court orders, monthly collection reports, and totals of all charges and credits. Section 51.150(2), RSMo 2000, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury. A complete account book would help the County Clerk ensure that the amount of taxes charged and credited to the County Collector each year is complete and accurate and could also be used by the County Commission to verify the County Collector's annual settlements.
- B. The County Clerk does not prepare the current or back tax books. Currently, the Assessor enters the tax rates and the County Collector is responsible for extending and printing the tax books. The County Clerk does not verify the current and back tax books for accuracy.

Sections 137.290 and 140.050, RSMo 2000, require the County Clerk to extend the tax books and charge the County Collector with the total amount of the current tax books and the aggregate amount of taxes, interest, and clerk's fees contained in the back tax books. The procedures outlined in the statutes for the preparation of the tax books provide for the separation of duties and act as a form of checks and balances on the Assessor, County Clerk, and County Collector. Failure to perform adequate reviews of the tax books could result in errors and irregularities going undetected.

- C. Controls over tax book additions and abatements are not sufficient. Additions and abatements are prepared by the Assessor and approved by the County Clerk and County Commission as they occur. The County Clerk does not attempt to reconcile total additions and abatements to the County Collector's annual settlements. As a result, errors in the County Collector's annual settlements could go undetected.

To ensure all additions and abatements have been accounted for properly and to help verify the accuracy of additions and abatements reported by the County Collector on her annual settlements, the County Clerk should reconcile total additions and abatements to the Collector's annual settlement.

- D. The County Clerk did not prepare the Land and Personal Tax Aggregate Abstract, the Railroad and Utility Aggregate Abstract, and the Back Tax Aggregate Abstract for the 2003 tax year and file it with the DOR and STC until February 2004, after our request for these forms. The information needed to prepare the Back Tax Aggregate Abstract was available at the beginning of March 2003, and the information needed to prepare the Land and Personal Tax and Railroad and Utility Aggregate Abstracts was available at the beginning of November 2003. In addition, the Back Tax Aggregate Abstract prepared by the County Clerk for the 2003 tax year was not accurate because it did not include late assessment penalties.

Section 137.295, RSMo 2000, provides for the County Clerk to prepare these reports and forward them to the DOR and the STC. In addition, the County Clerk should review the Back Tax Aggregate Abstract prior to submitting it to the DOR and STC to ensure it is complete and accurate.

- E. During our review of protested taxes received by the County Collector, we noted the following concerns:
 - 1. The County Collector does not maintain adequate records of protested taxes. Taxes paid under protest are deposited into separate bank accounts identified by taxpayer and held until proper

disposition is determined. However, the balances of the bank accounts are not reconciled to a listing of all taxes held under protest. For example, in April of 2004, the County Collector identified \$7,682 of taxes that were paid under protest which were distributed with December 2003 monthly collections in error. To ensure proper accountability over protested taxes, the County Collector should prepare detailed listings of each protested amount and periodically reconcile this listing, plus applicable interest income, to the bank balances.

2. Annual settlements prepared by the County Collectors did not include protested taxes totaling \$54,852 and \$36,296 for the years ended February 29, 2004 and February 28, 2003, respectively. The County Collector indicated that some of these protested taxes were reported on the annual settlement in collection or delinquent tax amounts. Section 139.160, RSMo 2000, states that “. . . the collector shall . . . settle his accounts of all monies received by him on account of taxes and other sources of revenue...” By not including protested taxes, the County Collector has not provided the County Commission with an accurate and complete settlement. In addition, the County Clerk and County Commission should compare the amounts on the annual settlements to the County Clerk's account book to ensure the annual settlements are accurate.

Conditions similar to parts A. and C. were noted in our prior report.

WE RECOMMEND the County Commission work with the applicable county officials to:

- A. Ensure the County Clerk maintains an account book with the County Collector and use this information to verify the accuracy of the County Collector's annual settlement.
- B. Ensure the County Clerk formally verifies the accuracy of the tax books.
- C. Ensure the County Clerk reconciles additions and abatements to the County Collector's annual settlements.
- D. Ensure the County Clerk accurately prepares and files the Land and Personal Tax Aggregate Abstract, the Railroad and Utility Aggregate Abstract, and the Back Tax Aggregate Abstract with the DOR and STC.
- E. Ensure the County Collector prepares listings of all protested taxes and performs periodic reconciliations between the listings and the bank balances and files complete and accurate annual settlements. In addition, the County Clerk and County Commission should compare the amounts

on the annual settlements to the County Clerk's account book to ensure the annual settlements are accurate.

AUDITEE'S RESPONSE

The County Commission concurred with the following officials' responses.

The County Clerk provided the following responses:

- A. *The County Collector and I are in the process of setting up a monthly balancing system.*
- B. *In 2004 after the County Assessor's office sends their information to the County Collector, I will work with the County Collector's office and verify the accuracy of the tax books.*
- C. *The County Collector and I are in the process of setting up a monthly balancing system to reconcile addition and abatements.*
- D. *I failed to prepare the Land and Personal Tax Aggregate Abstract, the Railroad and Utility Aggregate Abstract and the Back Tax Aggregate Abstract forms until after the auditors asked about them. This will not happen again. I now know how to do them and when they are due, and they will be done on time from now on. I nor the previous County Clerk and the current nor the previous County Collector knew that the penalties were to be added into the 1313 form. This form was already sent to the STC in 2004 before the auditors found the error. I will complete the 1313 form correctly in 2005.*

The County Collector provided the following responses:

- E.1. *Protested taxes were tracked in separate accounts identified by taxpayer and held until proper disposition was determined. The protested taxpayer is required to file a written statement setting the grounds for which their protest is based. The taxpayer, whom files with the STC, must also notify the County Collector of the appeal in subsection 1 of Section 139.031. Due to not receiving a written notice of protest, the funds collected from this taxpayer were disbursed in December 2003. I have since implemented the process of monthly reconciliations of all protested taxes online and checking with the STC on all earlier protested taxes which do not send notification such as the case of the December 2003 item. However, the interest bearing accounts that are currently used only send out statements every six months. I currently go online to check interest and balances on a monthly basis.*
- 2. *I have learned the correct way to prepare the annual settlement in regards to all protested taxes still in the taxpayers accounts. An amended annual settlement has been given to the County Clerk and Missouri Tax Administration Bureau. I am*

also currently working on balancing with the County Clerk. They have updated their software, which will greatly help in their reporting.

6. Personnel Policies and Procedures

Timesheets or other records of actual time worked by the Prosecuting Attorney's secretary and full-time employees of the Sheriff's office are not always filed with the County Clerk's office. In addition, records of vacation or sick leave earned, taken and accumulated are not maintained for the Prosecuting Attorney's secretary.

- A. The Sheriff's office submits time sheets or other records of actual time worked for part-time employees and the drug officer to the County Clerk's office each pay period; however, time sheets or other records of actual time worked for full-time employees are not filed with the County Clerk's office monthly. The Sheriff maintained time sheets and leave records for his department's full-time employees in his office and submits these annually to the County Clerk's office. In addition, the Prosecuting Attorney's secretary did not always prepare a time sheet documenting actual hours worked. As a result, the County Commission has no documentation of work performed to support some payroll expenditures. Records of actual time worked and the related leave records should be prepared and filed in a central location with the county's payroll records.
- B. Records of vacation or sick leave earned, taken, and accumulated are not maintained for the Prosecuting Attorney's secretary, and the Sheriff maintains leave records for his office's employees. Currently, the County Clerk maintains leave records for all other county employees. Without centralized leave records, the County Commission cannot ensure that employees' annual and sick leave balances are accurate and that all employees are treated equitably. Centralized leave records will also aid in determining final pay for employees leaving county employment.

WE RECOMMEND the County Commission:

- A. Require the Sheriff's employees to file time sheets with the County Clerk's office, and also require the Prosecuting Attorney's secretary to prepare and file her time sheets with the County Clerk's office.
- B. Maintain centralized leave records for all county employees.

AUDITEE'S RESPONSE

The County Commission provided the following response:

A&B. In the future, we will require the Sheriff's department to turn time sheets and leave records in to the County Clerk each pay period and require the Prosecuting Attorney's secretary to prepare a time sheet and file it with the County Clerk.

7. General Fixed Assets

The County Commission or its designee is responsible for maintaining a complete detailed record of county property. In addition, each county official or their designee is responsible for performing periodic inventories and inspections. The County Clerk does not periodically reconcile equipment purchases with additions to the fixed asset records, and physical inventories are not being performed for assets assigned to some officials. Several fixed assets purchased during the years ended December 31, 2003 and 2002 were not added to the listing, including a 1999 Ford Crown Victoria, a boiler heating system for the county barn, and several road graders. In addition, the county did not add the cost of the addition of an elevator to the value of the courthouse. Property records do not always include the necessary information for some assets, such as serial number, make, model, identification number, acquisition by fund, acquisition date, and the date and method of disposal. Property items were also not always properly numbered, tagged, or otherwise identified.

Adequate general fixed asset records are necessary to secure better internal control over county property, meet statutory requirements, and provide a basis for determining proper insurance coverage required on county property. Section 49.093, RSMo 2000, provides the county officer of each county department shall annually inspect and inventory county property used by that department with an individual original value of \$250 or more and any property with an aggregate original value of \$1,000 or more. After the first inventory is taken, an explanation of material changes shall be attached to subsequent inventories. All remaining property not inventoried by a particular department shall be inventoried by the County Clerk. The reports required by this section shall be signed by the County Clerk. Property control tags should also be affixed to all fixed asset items to help improve accountability and to ensure that assets are properly identified as belonging to the county.

WE RECOMMEND the County Commission establish a written policy related to the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy should include necessary definitions, address important dates, discuss procedures for the handling of asset disposition, and any other concerns associated with county property. Also, inventories and inspections should be performed by each county official and the

County Clerk, and general fixed asset purchases should be periodically reconciled to general fixed asset additions. In addition, property control tags should be affixed.

AUDITEE'S RESPONSE

The County Commission concurred with the following official's response.

The County Clerk indicated there has been a complete inventory of all property inside the courthouse and at the county barn. Control tags have been affixed. The County Clerk has approved all inventory sheets, and a master copy is in the County Clerk's office.

8. Prosecuting Attorney Records and Procedures

Procedures for the timely processing and the subsequent disposition of bad check complaints have not been established. Other controls and procedures regarding segregation of duties, issuing receipt slips for all monies received, depositing receipts in a timely manner, and performing bank reconciliations and listings of open items have not been established. The Prosecuting Attorney also failed to periodically back up bad check complaint information, and print and retain monthly reports of bad check and restitution activity. In addition, no attempt has been made by the Prosecuting Attorney to identify or properly dispose of the monies held in an old bank account. Although many of these problems were noted in the previous audit of the Prosecuting Attorney's office, little attempt has been made to implement these prior recommendations. As a result, there is less assurance that all bad check monies have been accounted for properly.

The Prosecuting Attorney became a full-time county prosecutor in January 2003, and the Prosecuting Attorney's Office collected court-ordered restitution and bad check related restitution and fees totaling approximately \$66,700 and \$80,200 during the years ended December 31, 2003 and 2002, respectively. The Prosecuting Attorney maintains an account for the deposit and disbursement of court-ordered restitution. Bad check restitution monies are remitted directly to the merchants, and bad check fees are deposited into a separate account held by the County Treasurer. Our review noted the following concerns:

- A. Procedures for the timely processing and the subsequent disposition of bad check complaints have not been established. Currently, Cedar County merchants complete a complaint form at the time the bad check is filed with the Prosecuting Attorney for collection. The Prosecuting Attorney's secretary then sends a "ten-day letter" to the writers of the bad checks indicating that complaints will be filed with the court if payment is not received within ten days. During our review of bad check and court-ordered restitution, we noted the following concerns:

1. Procedures have not been adopted by the Prosecuting Attorney to ensure that complaints are filed with the court after the ten-day letter has been sent and payments for bad checks written have not been received within the required ten-day period. For example, the Prosecuting Attorney received two bad check complaints from a local vendor, one was received on March 5, 2002 for a check written on July 6, 2001 and the other was received on August 30, 2002 for a check written on January 5, 2002. The Prosecuting Attorney did not send out a ten-day letter for these two checks until March 13, 2003. These two checks were never filed with the Circuit Court; and subsequently, the Prosecuting Attorney lost the authority to collect these two bad checks because the statute of limitations for prosecution had expired. Numerous other instances were noted where complaints were filed with the Circuit Clerk just prior to expiration of the statute of limitations. For example, on April 2, 2004, eleven complaints that were over nine months old were filed with the Circuit Clerk. One of these complaints was eight days from the statute of limitations, and four more were at least eleven months old. Section 556.036, RSMo 2000, indicates that the statute of limitations expires on misdemeanor offenses (bad checks written) after one year, and subsequently, the Prosecuting Attorney loses the authority to collect the bad checks for the merchant.

Procedures should be established to ensure bad check complaints are filed with the court after the ten-day letters are sent and payments have not been received for the bad checks written within the required ten days. In addition, the Prosecuting Attorney inhibits his ability to collect bad checks for Cedar County merchants by filing bad check complaints with the court in such an untimely manner.

2. Court-ordered restitution payments received in August 2003 totaling \$17,077 were not disbursed to the victims until February 2004. Numerous other instances were noted where restitution payments were held up to three months before being disbursed to the victims.

Procedures should be established to ensure court-ordered restitution is disbursed to the victims in a timely manner.

- B. The duties of receiving, recording, depositing and disbursing monies, and reconciling the bank accounts are not adequately segregated. The Prosecuting Attorney's secretary performs all of these duties. In addition, there is no indication that supervisory reviews are performed to ensure that all transactions are accounted for properly and assets are adequately safeguarded.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls could be improved by segregating accounting and bookkeeping duties among available employees or by implementing an independent documented review of records by another employee or the Prosecuting Attorney.

- C. Receipts slips are only issued upon request. To adequately account for all receipts, pre-numbered receipt slips should be issued for all restitution and bad check fees received, and the numerical sequence should be accounted for properly. In addition, to ensure all receipts are deposited, the receipt slips should be reconciled to the deposits.
- D. Receipts are not deposited in a timely manner. For example, \$20,854 of court-ordered restitution payments received in August 2003 were not deposited until October 2003. To adequately safeguard receipts and to reduce the risk of loss, theft, or misuse of funds, receipts should be deposited daily or when accumulated receipts exceed \$100.
- E. Cashiers checks and money orders received are not restrictively endorsed immediately upon receipt. Instead, the endorsement is applied at the time the receipts are deposited. To reduce the risk of loss or misuse of funds, cashiers checks and money orders should be restrictively endorsed immediately upon receipt.
- F. We noted the following concerns with the Prosecuting Attorney's restitution bank account and the related open items listing:
1. Bank reconciliations were not performed monthly during the years ended December 31, 2003 and 2002 for the restitution account. In addition, the checkbook register is the only accounting record maintaining a book balance and it was not properly maintained. For example, the December 31, 2003 reconciled bank balance (per audit) exceeded the checkbook balance maintained by the Prosecuting Attorney's office by \$6,656.

Without maintaining records of cash balances and preparing monthly bank reconciliations, there is little assurance that cash receipts and disbursements have been properly handled and

recorded or that bank or book errors will be detected and corrected in a timely manner.

2. The Prosecuting Attorney has not established procedures to routinely follow up on outstanding checks. At December 31, 2003, ten checks totaling \$2,092 were over one year old.

Procedures should be established to routinely investigate any checks remaining outstanding over a specified period of time. Old outstanding checks should be voided and reissued to those payees who can be readily located. If the payees cannot be located, the amount should be disbursed to the State's Unclaimed Property Section as required by Sections 447.500 through 447.595, RSMo 2000.

3. Monthly listings of open items (liabilities) are not prepared, and consequently, liabilities are not reconciled with cash balances. We prepared an open-items listing as of December 31, 2003. The open-items listing exceeded the reconciled cash balance by \$236. A similar unreconciled balance existed during the past audit.

Only by preparing open items listings on a monthly basis and reconciling them to the cash balance can the Prosecuting Attorney be assured the records are in balance and that sufficient cash is available to cover liabilities.

- G. Although the Prosecuting Attorney's office implemented a computerized bad check complaint log, it failed to periodically back-up information maintained on the system. As a result, all information maintained on the system was lost when the computer system crashed in 2002. In addition, monthly reports of bad checks and court-ordered restitution payments received and processed have never been printed or retained.

Computerized records are at risk of loss due to equipment failure or other electronic disaster. A backup disk should be periodically prepared to provide a means of recreating destroyed master disks. Backup disks should be stored off-site to provide increased assurance that any lost data can be recreated. In addition, monthly reports of bad checks and court-ordered restitution payments received and processed should be printed and retained to document the validity of transactions, provide an audit trail, and account for all monies received and processed.

- H. The Prosecuting Attorney sometimes waives the bad check fee charged to the bad check writer; however, the waiver by the Prosecuting Attorney is not documented. To ensure bad check fees are properly charged and collected, all waivers should be adequately documented and approved by the Prosecuting Attorney.
- I. The Prosecuting Attorney maintains an old bank account, which has had no activity since 1997, that had a balance of \$1,422 at December 31, 2003. No attempt has been made by the Prosecuting Attorney to identify or properly dispose of the monies in this account. The Prosecuting Attorney should attempt to identify the monies held in the old bank account and obtain written authorization from the court to dispose of the monies and close the account.

Conditions similar to parts B-D., F., and G. were noted in our prior report.

WE RECOMMEND the Prosecuting Attorney:

- A.1. Establish procedures to adequately follow-up on ten-day letters for bad checks received and file complaints with the Circuit Clerk in a timely manner.
- 2. Establish procedures to ensure court ordered restitution is disbursed to the victims in a timely manner.
- B. Adequately segregate accounting and bookkeeping duties to the extent possible. At a minimum, the Prosecuting Attorney should perform documented reviews of the accounting records.
- C. Issue pre-numbered receipt slips for all bad check fees and restitution received and account for the numerical sequence of receipt slips. In addition, the receipt slips should be reconciled to bank deposits.
- D. Deposit all monies intact daily or when accumulated receipts exceed \$100.
- E. Restrictively endorse cashiers checks and money orders immediately upon receipt.
- F.1. Maintain an accurate balance in the checkbook register, and prepare monthly bank reconciliations. In addition, identify the difference between the reconciled bank balance and the checkbook register balance.
- 2. Attempt to contact the payees of old outstanding checks. If the payees cannot be located, the balance should be distributed in accordance with applicable statutory provisions.

3. Prepare monthly listings of open items and reconcile the listing to the cash balance.
- G. Periodically prepare a backup disk and store it at an off-site location. In addition, monthly reports of bad checks and court-ordered restitution payments received and processed should be printed and retained.
- H. Approve and document all waivers of bad check fees.
- I. Attempt to identify the monies held in the old bank account, and obtain written authorization from the court to dispose of the monies and close the account.

AUDITEE'S RESPONSE

The Prosecuting Attorney provided the following responses:

- A. *We are now caught up in the system and are processing timely. We have purchased a restitution module for the computer system for more timely processing. We have also hired a part-time worker to help stay caught up.*
- B. *I will review the bank statements and document my review.*
- C. *Receipts are now numbered and issued by the new computer program.*
- D. *In the future, we will deposit daily or when balance exceeds \$100.*
- E. *We have purchased a stamp for endorsement and are applying it when received.*
- F.1. *We are currently working on getting bank reconciliations up-to-date.*
 2. *We are currently reviewing old outstanding checks, and if the individual cannot be located, we will turn them over to the County Treasurer.*
 3. *We are currently working on getting an up-to-date open items listing along with bank reconciliations.*
- G. *We are currently running back-ups and storing them off-site, and reports are currently being printed.*
- H. *We will start documenting the waiving of bad check fees.*
- I. *We will get court orders from the judge to close the old account and turn monies over to the County Treasurer.*

The Public Administrator did not file annual settlements in a timely manner, and funds of an estate were not properly covered by collateral securities. In addition, Forms 1099-MISC were not issued for legal services, and fees owed to the county from some estates were not always collected by the Public Administrator.

The Public Administrator acts as the court appointed personal representative for wards or decedent estates of the Probate Court. During the years ending December 31, 2003 and 2002, the Public Administrator handled approximately 70 cases. A review of the annual settlements filed by the Public Administrator indicated the following problems:

- A. Three annual settlements reviewed that were required to be filed by the Public Administrator during the years ending December 31, 2003 and 2002 were not filed in a timely manner. These annual settlements were filed two to seven months late. Although the probate court has a tracking system in place to notify the Public Administrator when an annual settlement is due, follow-up procedures have not been established to ensure that those annual settlements have subsequently been filed with the court in a timely manner.

Section 473.540, RSMo 2000, requires the Public Administrator to file with the court an annual settlement for each ward on the anniversary date of becoming the personal representative.

- B. The Public Administrator has not established procedures to monitor collateral securities pledged by client's depositary banks, and as a result, funds were under secured during June 2003 and 2002. The Public Administrator maintained funds for a client in a bank account totaling \$168,310 and \$162,649 as of June 2003 and 2002, respectively, which were not adequately covered by collateral securities. The client's funds on deposit exceeded the Federal Deposit Insurance Corporation (FDIC) coverage by approximately \$68,310 and \$62,649 during June 2003 and 2002, respectively. No collateral securities were pledged by the depositary bank to cover the monies in excess of the FDIC coverage.

Section 110.020, RSMo 2000, provides the value of the securities pledged shall at all times be not less than 100 percent of the actual amount on deposit less the amount insured by the FDIC. Inadequate collateral securities leave funds unsecured and subject to loss in the event of a bank failure.

- C. Forms 1099 were not prepared for an unincorporated attorney who was paid in excess of \$600 from each of a number of estates for legal services.

For example, in 2003, one estate paid this attorney \$3,481 for legal services. Section 6041-6051 of the Internal Revenue Code requires an IRS Form 1099-MISC be completed for every payee other than corporations receiving \$600 or more in aggregate during a calendar year for services performed as a trade or business by non employees.

A similar condition was noted in our prior report.

- D. The Associate Circuit Judge typically orders an administrative fee of five percent based on the income of the estate to be assessed. During 2000, this fee was remitted to the Public Administrator as compensation for her duties. In 2001, the Public Administrator elected to receive a salary from the county, and all fees assessed to the estates were then turned over to the county or prorated between the Public Administrator and the county as ordered by the Associate Circuit Judge. In 2002, all fees assessed to the estates were to be turned over to the county.

During our review of the fees paid by various estates, we noted that the Public Administrator often collected her portion of the fees; however, she failed to collect the county's portion of the court-ordered fees. According to the Public Administrator, she would collect fees depending upon the availability of funds in the ward's estate; however, it appears questionable why she collected fees for herself instead of prorating the fees available between herself and the county. For example, as indicated in the table below, the Public Administrator collected her portion of the prorated fees, but did not collect fees due to the county.

Annual settlement Period	Date fees were ordered	Public Administrator Fees Collected	Fees owed to county
12/5/00 to 12/3/01	01/04/02	\$ 985	\$ 1,243
12/4/01 to 12/3/02	01/10/03		1,243
6/20/00 to 7/4/01	08/06/01	210	258
7/5/01 to 7/4/02	08/02/02		506
Total		\$ 1,195	\$ 3,250

The Public Administrator and Associate Circuit Judge should review the annual settlements to ensure fees are paid to the county in a timely manner.

- E. The Public Administrator acts as the court appointed personal representative for wards or decedent estates of the Probate Court. Annual settlements prepared by the Public Administrator document the assets,

receipts, and expenditures for the wards or decedent estates. In June 2002, the Public Administrator auctioned real property for one of her wards that was held in a revocable trust and was also listed on the original inventory filed in August 21, 1998 and has appeared on the annual settlements since July 1999. The Public Administrator performed a self appraisal of the property and also acted as auctioneer at the public sale. The Public Administrator appraised the property at \$100,000 and sold the property for \$66,500.

While the Associate Circuit Judge indicated that real estate held in a revocable trust is not subject to the control of the Public Administrator and can be sold in any manner the successor trustees saw fit, it is questionable why the court allowed the real estate to be included on the Public Administrator's annual settlements for four years and approved those settlements.

WE RECOMMEND the Public Administrator and the Associate Circuit Judge:

- A. Ensure annual settlements are filed on a timely basis.
- B. Ensure adequate collateral securities are pledged for all funds on deposit in excess of FDIC coverage.
- C. Ensure 1099 forms are prepared in accordance with IRS guidelines.
- D. Ensure fees are paid to the county in a timely manner.
- E. Ensure only assets under the control of the Public Administrator are reported on the annual settlement.

AUDITEE'S RESPONSE

The Public Administrator provided the following responses:

- A. *I complete annual settlements timely and turn them over to my attorney for review. One of the estates was held by my attorney for a long period of time before being turned over to the court.*
- B. *I will ensure estates are properly collateralized in the future.*
- C. *I will issue MISC-1099 for all contracted services.*

- D. *The fees ordered to be paid to me applied to services performed in the first part of the settlement year and the fees ordered for the county applied to the last portion of the settlement year. Since my debt was the oldest, I paid my fees first. Some of the county fees due were paid to the county in March 2004, and I will pay the remainder of the fees when funds become available.*
- E. *I acted under the written authority of the co-trustees of the estate.*

The Associate Circuit Judge provided the following responses:

- A. *The court does keep track of the filed and unfiled settlements and contacts the Public Administrator or her attorney regarding late settlements. Her settlements are bunched at the end of the year due to the death of a prior Public Administrator. The seven month settlement was delayed because her attorney's office was destroyed in the tornado that hit our town on May 4, 2003. The court has discretion in these matters and is comfortable with the Public Administrator's filing of settlements.*
- B. *The Public Administrator is adequately bonded in the estate in question. She also has an additional bond as Public Administrator which gives the ward double protection. The Public Administrator would be personally liable if the bank failed. The court is satisfied that the ward is protected and that is the priority of the court.*
- C. *This is between the Public Administrator and her attorney and the IRS. Since she is bonded, if the estate is fined, the estate is protected. Her attorney says the law does not require her to give 1099's. The IRS has not contacted the court regarding this matter. The court believes the audit comment is incorrect and not a concern of the court or the auditor.*
- D. *This was a one time event when the Public Administrator converted from fee to salary. The court authorizes the fees. It does not control when they are paid to the county. The court suggests if the county is concerned about this, that they withhold the unpaid fees from the Public Administrator's salary until she collects them and turns them over.*
- E. *This property was and is not a part of the probate estate. The Public Administrator worked with the Trustees and they are happy. The informational listing of assets not totally under the control of the Public Administrator is helpful to the court, (i.e.) when only one spouse is under conservatorship and the other is not under conservatorship. The court does not agree with the auditor's comments.*

AUDITOR'S COMMENT

- E. While the listing of assets may be helpful to the Associate Judge in other estates, this ward's spouse has been deceased for several years. The inclusion of such information should clearly distinguish it from other assets under the control of the Public Administrator in her official capacity.

10. County Clerk's Records and Procedures
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The County Clerk's office does not always indicate the method of payment received on the receipt slips issued, receipt slips are not always issued in sequential order, and the original copies of voided receipt slips are not always maintained. In addition, receipts are not transmitted to the County Treasurer in a timely manner, and checks and money orders are not restrictively endorsed immediately upon receipt.

The County Clerk's office processes receipts of approximately \$10,000 annually. During our review of the County Clerk's office, we noted the following concerns:

- A. The County Clerk's office accepts cash, checks, and money orders. The method of payment received is not always indicated on the receipt slips, receipt slips are not always issued in sequential order, and the original copies of voided receipt slips are not always maintained.

To ensure monies are properly accounted for and transmitted intact, the method of payment received should be recorded on all receipt slips, and the composition of receipt slips should be reconciled to the composition of transmittals to the County Treasurer. In addition, to properly account for all receipts, receipt slips should be issued in sequential order, and the original copies of voided receipt slips should be retained.

- B. Receipts are not always transmitted to the County Treasurer on a timely basis. For example, receipts collected in May, June, and July 2003 totaling \$6,677 were not transmitted to the County Treasurer until August 28, 2003. Receipts should be transmitted to the County Treasurer monthly or when accumulated receipts exceed \$100.
- C. Checks and money orders are not restrictively endorsed immediately upon receipt. Instead, the endorsement is applied at the time the transmittal is made. To reduce the risk of loss or misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt.
- D. Accounting duties are not adequately segregated. One clerk is primarily responsible for receiving and recording monies and transmitting the monies to the County Treasurer. Proper segregation of duties helps ensure

that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and recording from transmitting receipts. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory reviews of the records should be performed and documented.

WE RECOMMEND the County Clerk:

- A. Ensure the method of payment is indicated on all receipt slips and reconcile total cash, checks, and money orders received to amounts transmitted to the County Treasurer. In addition, ensure receipt slips are issued in sequential order, and maintain original copies of all voided receipt slips.
- B. Transmit receipts to the County Treasurer monthly or when accumulated receipts exceed \$100.
- C. Restrictively endorse checks and money orders immediately upon receipt.
- D. Segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.

AUDITEE'S RESPONSE

The County Clerk provided the following responses:

- A. *A pre-numbered receipt book with our letterhead has been ordered from a local office supply. We are currently ensuring the method of payment is recorded on all receipt slips. We will keep the voided receipts with the receipt book.*
- B. *The 2004 fees have been receipted and turned over to the County Treasurer monthly.*
- C. *Checks are endorsed upon receipt.*
- D. *Two of the deputy clerks and the County Clerk write most of the receipts. The bookkeeper reconciles at the end of the month. The County Clerk now recounts the money and signs off in the receipt book.*

11. Sheriff's Records and Procedures

The Sheriff's office has not adopted formal follow-up procedures for unpaid board bills. In addition, the Sheriff's petty cash fund is not maintained at a set amount, invoices or purchase receipts are not always submitted to the county to support or document the amount being requested to replenish the fund, and a ledger to

account for receipts, disbursements, and cash balances of the petty cash fund is not maintained. Deputies are also not required to document the use of petty cash monies through summary reports of investigative information or through return receipts for transportation related expenses.

- A. Cedar County boards prisoners for surrounding counties and cities. The Sheriff's office prepares and sends board bills to the other governments that indicate payments are to be made directly to the County Treasurer. When a board bill payment is received by the County Treasurer, a copy of the receipt slip issued is given to the Sheriff's office. However, the Sheriff's office has no formal follow-up procedures for unpaid board bills. Unpaid board bills totaled \$2,460 as of December 31, 2003, and some of these board bills dated back to 2000. Formal reconciliations of board bills and payments received by the County Treasurer should be performed to ensure payments are received on a timely basis, second billings are sent out if necessary, and records are maintained accurately.
- B. The Sheriff maintains a petty cash fund which is used for travel advances to deputies when transporting prisoners and for investigations. The Sheriff obtained checks from the county which were cashed and placed in the petty cash fund totaling approximately \$2,761 during the years ended December 31, 2003 and 2002. Our review of the petty cash fund revealed the following concerns:
 - 1. The petty cash fund is not maintained at a set amount. The Sheriff periodically obtains a check from the county which is cashed and placed in the petty cash fund; however, invoices or purchase receipts are not always submitted to the county to support or document the amount being requested to replenish the fund. For example, on May 12, 2003, the Sheriff requested \$500 from the county to replenish his petty cash fund; however, the Sheriff only turned in receipts in the amount of \$188. There was no supporting documentation for the \$312 difference. In addition, the Sheriff could not provide any documentation to determine the cash on hand in the petty cash fund on May 12, 2003.
 - 2. The Sheriff does not maintain a ledger to account for receipts, disbursements, and cash balances. In addition, deputies are not required to document the use of monies through summary reports of investigative information or through return receipts for transportation related expenses.

Good internal controls require petty cash to be set at an established amount and to be reimbursed when it has been expended. An imprest basis petty cash fund would improve accountability over petty cash monies. Without adequate supporting documentation, the county cannot

evaluate the necessity and reasonableness of the travel expenses. Ledgers should be maintained to account for all petty cash receipts and disbursements. Individuals should sign for monies received and documentation should be retained and reconciled to records of change returned and purchase invoices submitted (when applicable).

WE RECOMMEND the Sheriff:

- A. Compare prisoner board billings and the subsequent payments received by the County Treasurer on a regular basis and rebill any unpaid amounts. Documentation of any subsequent billings should be maintained.
- B. Maintain the petty cash fund at a constant amount, and maintain documentation of all petty cash receipts and disbursements. In addition, ledgers should be maintained to account for all petty cash receipts and disbursements. Individuals should sign for monies received and documentation should be retained and reconciled to records of change returned and purchase invoices submitted (when applicable).

AUDITEE'S RESPONSE

The Sheriff provided the following responses:

- A. *This has been resolved and all amounts have been collected.*
- B. *I believe all receipts were turned over to the County Clerk, but in the future I will ensure all receipts are retained and turned over to the County Clerk. In the future, I will maintain a running ledger of the petty cash fund.*

Follow-Up on Prior Audit Findings

CEDAR COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Cedar County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 1999.

The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. County Expenditures

- A. The county purchased land to be used to quarry hill gravel without obtaining an appraisal on the property. In addition, a formal cost/benefit analysis was not performed and documented at the time of the purchase.
- B.1. The prior Prosecuting Attorney did not retain documentation assessing the need for nine cell phones purchased. In addition, bids were not solicited for these cell phones in accordance with state law.
- 2. Additional compensation of \$600 was paid to the former Prosecuting Attorney in excess of the amount approved by the Cedar County Salary Commission and should have been refunded. In addition, payroll taxes were not withheld and the amount was not reported on the former Prosecuting Attorney's W-2.
- 3. No supporting documentation could be located to adequately support bonuses given to secretaries by the former Prosecuting Attorney. In addition, these payments were not included in the county payroll records, were not subject to the proper withholdings, and were not reported on the employee's W-2.
- 4. Supporting documentation was not obtained from the former Prosecuting Attorney for over \$850 in expense reimbursement requests.
- C. Forms 1099-MISC were not issued for some payments of services rendered.
- D. Actual expenditures exceeded approved budgeted amounts in several county funds.

Recommendations:

The County Commission:

- A. Obtain independent appraisals for all future land purchases and ensure a cost-benefit analysis is documented at the time of purchase. In addition, the County Commission should continue to track the costs of quarrying the gravel and update their cost/benefit analysis on a regular basis.
- B.1. And Prosecuting Attorney review and document the need for each cellular telephone and its usage. In addition, all purchases should be bid in accordance with state statute.
 - 2. Consult with legal counsel regarding the reimbursement of \$600 from the former Prosecuting Attorney.
 - 3. And Prosecuting Attorney discontinue the practice of paying employee bonuses.
 - 4. And Prosecuting Attorney ensure adequate supporting documentation is obtained for all reimbursement request.
- C. Ensure 1099 Forms are issued in accordance with IRS regulations.
- D. Not authorize expenditures in excess of budgeted amounts. If additional expenditures are necessary, the budget should be amended and the circumstances adequately documented.

Status:

- A. Partially implemented. The county has not purchased any more land; however, the County Commission has not adequately tracked the costs of quarrying the gravel and updated their cost/benefit analysis. See MAR No. 4
- B.1,
3&4. Implemented.
 - 2. Not implemented. Although not repeated in the current report our recommendation remains as stated above.
- C. Not implemented. See MAR No. 4.
- D. Not implemented. See MAR No. 3.

2. Public Administrator's Records and Procedures

- A.1. Checks were made payable to "cash" to four individuals providing in-home care to one of the wards by the Public Administrator.
- 2. W-2 forms were not issued to some in-home care givers.
- B. The Public Administrator did not obtain adequate supporting documentation for some expenditures. In addition, the Associate Circuit Judge did not require the Public Administrator to submit supporting documentation for all expenditures.
- C. IRS Forms 1099-MISC were not issued for some services rendered.

Recommendations:

The Public Administrator:

- A.1. Discontinue the practice of making checks payable to "cash".
- 2. Ensure wages paid to in-home care-givers are properly reported.
- B. Obtain supporting documentation for all disbursements made on behalf of wards. In addition, the Associate Circuit Judge require documentation to be filed or made available to support all settlement transactions.
- C. Ensure 1099 forms are submitted in accordance with IRS guidelines.

Status:

A&B. Implemented.

C. Not implemented. See MAR No. 9.

3. Prosecuting Attorney's Records and Procedures

- A. Receipt slips were only issued upon request.
- B. Receipts were deposited approximately once every two weeks.
- C. Bank reconciliations were not prepared for the restitution accounts and running balances were not maintained in the checkbook registers. In addition, there were several outstanding checks over one year old.
- D. Listings of liabilities (open items) were not prepared for either restitution account.

- E. Voided checks were not retained and checks were not issued in numerical order.
- F. The Prosecuting Attorney did not prepare monthly reports of bad check fees collected.
- G. The duties of receiving, recording, depositing and disbursing monies, and reconciling the bank accounts were not adequately segregated. In addition, there was no indication that supervisory reviews were performed.
- H. An adequate system to account for all bad check complaints received by the Prosecuting Attorney's office, as well as the subsequent disposition of these complaints, had not been established.

Recommendations:

The Prosecuting Attorney:

- A. Issue pre-numbered receipt slips for all monies received and account for the numerical sequence of receipts slips. The method of payment received should be indicated on all receipt slips and the composition of receipt slips should be reconciled to the composition of bank deposits.
- B. Deposit all monies intact daily or when accumulated receipts exceed \$100.
- C. Maintain a balance in the check register, and prepare monthly bank reconciliations. An attempt should be made to locate the payees of the old outstanding checks and reissue checks if possible. In addition, procedures should be adopted to routinely follow up on old outstanding checks.
- D. Prepare monthly listings of open items and reconcile to the cash balances. Differences between open items and cash balances should be investigated and resolved.
- E. Ensure voided checks are retained and account for the numerical sequence of checks issued.
- F. Prepare monthly reports of bad check fees received as required by state law.
- G. Adequately segregate accounting and bookkeeping duties to the extent possible. At a minimum, the Prosecuting Attorney should perform documented reviews of the accounting records.
- H. Implement procedures to adequately account for bad check complaints received as well as the ultimate disposition of each complaint through the use of a bad check complaint log.

Status:

A-D,
&G. Not implemented. See MAR No. 8.

E&F. Implemented.

H. Partially implemented. See MAR No. 8.

4. Circuit Clerk's Records and Procedures

- A. Open-items listing of the former Circuit Clerk's fee account included monies for court cases which dated back to 1995 and prior. Several of these court cases appeared to have been closed and amounts had not been paid out. In addition, the open-items listing exceeded the reconciled cash balance which represented overpayment of fees. The current fee account also included some cases which had been closed and the monies had not been disbursed in a timely manner.
- B. Checks written on the child support account were outstanding for over one year. In addition, the child support account contained an unidentified balance which dated back to 1988.
- C. The duties of receiving, recording, depositing and disbursing monies, and reconciling the bank accounts were not adequately segregated for the child support account. In addition, there was no indication that supervisory reviews were performed.

Recommendations:

The Circuit Clerk:

- A. Establish procedures to routinely follow up on older open items and ensure current open-items are distributed on a timely basis. Investigate differences between the former Circuit Clerk's open-items listing and the reconciled bank balance and if applicable, any unidentified monies should be disposed of in accordance with state law. In addition, the Circuit Clerk should attempt to collect the negative open items.
- B. Adopt procedures to routinely follow up on old outstanding checks, and disburse the unidentified child support funds as required by law.
- C. Adequately segregate accounting and bookkeeping duties of the child support account to the extent possible. At a minimum, the Circuit Clerk should perform documented reviews of the accounting records.

Status:

- A. Implemented. The Circuit Clerk has closed two of these accounts and resolved the unidentified monies and negative balances.

B&C. Implemented.

5. County Clerk's Records and Procedures

- A. The County Clerk did not maintain an account book with the County Collector.
- B. Controls over property tax additions were not adequate.
- C. The County Clerk used official receipts for petty cash expenditures when the imprest petty cash fund was depleted. In addition, the County Clerk and her employees had indicated they occasionally borrowed monies from official cash receipts.

Recommendations:

The County Clerk:

- A. Establish and maintain an account book of the County Collector's transactions, and the County Commission should make use of this account book to verify the County Collector's annual settlements.
- B. Reconcile all additions made to the tax books and charge the County Collector with the additions at the time the additions are prepared. All additions should be approved by the County Commission.
- C. Discontinue using official receipts for petty cash expenditures and discontinue borrowing money from official receipts.

Status:

- A. Not implemented. See MAR No. 5.
- B. Partially implemented. Court orders are approved by the County Commission; however, the County Clerk does not reconcile additions to the tax books and charge the County Collector with the additions at the time the additions are prepared. See MAR No. 5.
- C. Implemented.

6. County Assessor's Records and Procedures

- A. Receipt slips issued were not pre-numbered, did not indicate the method of payment received, and original copies of voided receipt slips were not always maintained.
- B. Receipts were stored in an unlocked drawer in the Assessor's office until they were transmitted to the County Treasurer each month. In addition, checks and money orders were not restrictively endorsed upon receipt.
- C. Some cash receipts were not transmitted to the County Treasurer and were used for a change fund. In addition, the change fund was not maintaining a constant amount.
- D. The County Assessor did not file monthly reports of fees collected.

Recommendations:

The County Assessor:

- A. Issue pre-numbered receipt slips for all monies received, and maintain original copies of all voided receipt slips. In addition, ensure the method of payment is indicated on all receipt slips and reconcile total cash, checks, and money orders received to amounts transmitted to the County Treasurer.
- B. Restrictively endorse checks and money orders immediately upon receipt, and store all receipts in a secure location until transmitted.
- C. Transmit all monies received to the County Treasurer intact, and if a change fund is needed, it should be maintained at a constant amount.
- D. Prepare monthly reports of fees as required by state law.

Status:

- A. Partially implemented. Pre-numbered receipt slips are issued for all monies received; however, the method of payment is not indicated on all receipt slips. Although not repeated in the current report our recommendation remains as stated above.
- B. Not implemented. Checks and money orders are not restrictively endorsed upon receipt. Although not repeated in the current report our recommendation remains as stated above.

C&D. Implemented.

STATISTICAL SECTION

History, Organization, and
Statistical Information

CEDAR COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1845, the county of Cedar was named for its abundance of cedar trees. Cedar County is a county-organized, third-class county and is part of the Twenty-Eighth Judicial Circuit. The county seat is Stockton.

Cedar County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 540 miles of county roads and 68 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 11,894 in 1980 and 13,733 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,				
		2003	2002	2001	2000	1985* 1980**
		(in millions)				
Real estate	\$	81.0	74.8	72.3	68.7	37.8 15.5
Personal property		34.3	32.4	31.8	29.7	11.5 7.2
Railroad and utilities		5.2	5.0	5.0	6.3	2.6 2.4
Total	\$	120.5	112.2	109.1	104.7	51.9 25.1

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Cedar County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,			
		2003	2002	2001	2000
General Revenue Fund	\$	.1471	.1275	.1132	.0900
Special Road and Bridge Fund *		.2363	.2400	.2400	.2400
Hospital Fund		.1477	.1500	.1500	.1500

* The county retains all tax proceeds from areas not within road districts. The county has fifteen road districts that receive four-fifths of the tax collections from property within these districts, and the Special Road and Bridge Fund retains one-fifth. The road districts also have an additional levy approved by the voters.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28 (29),			
	2004	2003	2002	2001
State of Missouri	\$ 37,550	34,333	33,239	31,704
General Revenue Fund	177,744	144,730	125,214	99,511
Road Funds	511,360	480,676	469,200	449,036
Assessment Fund	51,696	47,298	46,058	43,188
Schools	3,609,274	3,367,694	3,373,973	3,181,894
Library district	96,401	91,139	88,310	82,693
Hospital Fund	179,778	170,019	164,761	157,346
Ambulance district	121,114	114,538	110,968	103,623
Cities	36,276	35,479	33,999	31,761
County Clerk	207	192	204	176
County Employees' Retirement	32,699	33,421	32,177	25,249
Tax Maintenance Fund	12,207	6,996	0	0
Commissions and fees:				
General Revenue Fund	87,260	83,739	79,733	73,311
Total	\$ 4,953,566	4,610,254	4,557,836	4,279,492

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),			
	2003	2002	2001	2000
Real estate	90.7	90.2	91.0	90.6
Personal property	88.5	89.6	89.5	89.4
Railroad and utilities	100	98.3	100	100

Cedar County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$ 0.005	None	50	%
Law enforcement	0.005	None	N/A	

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2004	2003	2002	2001	2000
County-Paid Officials:	\$				
Kenneth Whitesell Jr., Presiding Commissioner		23,218	20,311	20,309	17,757
Richard L. Wood, Associate Commissioner		18,810	18,810	18,810	15,758
Marvin Yarnell, Associate Commissioner		18,810	18,810	18,810	15,758
Carole Wilkerson, Recorder of Deeds		32,300	N/A	N/A	N/A
Mary L. Cain, County Clerk		32,300	1,832	N/A	N/A
Sheryl D. Swopes, County Clerk		N/A	27,136	29,769	28,204
Michael L. Ash, Prosecuting Attorney		96,000	33,844	33,844	32,341
Aaron Spillman, Sheriff		31,500	31,500	31,500	29,037
Joe Lee Levi, County Treasurer		32,300	20,955	20,955	19,852
C.W. (Bill) Neale, County Coroner		8,250	8,250	8,250	7,259
Janice Cagle, Public Administrator (1)		29,238	29,979	47,542	27,363
Joan Haines, County Collector (2), year ended February 28 (29),	30,809	N/A	N/A	N/A	N/A
Barbara Bobbett, County Collector (2), year ended February 28 (29),	1,495	30,666	30,666	29,445	N/A
Paul E. (Eddie) Johnson, County Assessor (2), year ended August 31,		32,809	32,809	31,129	31,850
Chad Pyle, County Surveyor (3)		N/A	N/A	N/A	N/A
Claud Hoffman, County Surveyor (3)		N/A	N/A	N/A	N/A

- (1) Includes fees received from probate cases totaling \$738, \$1,479, \$12,213, and \$20,534 during the years ending December 31, 2003, 2002, 2001, and 2000. In addition, the Public Administrator received \$28,500 of salary in 2001 for serving in 2001 and also received \$6,829 of salary in 2001 for serving in 2000. The Public Administrator had previously been paid the year following the year of service.
- (2) Includes \$900 annual compensation received from the state.
- (3) Compensation on a fee basis. Chad Pyle served during 2000 and was appointed on November 12, 2002 to serve out the remaining term of Claud Hoffman, who served in 2001 and in 2002 until November 11, 2002.

State-Paid Officials:

Melinda Gumm, Circuit Clerk and Ex Officio Recorder of Deeds	47,300	47,300	47,300	46,126
Joseph B. Phillips, Associate Circuit Judge	96,000	96,000	96,000	97,382



**MACON COUNTY, MISSOURI
YEARS ENDED DECEMBER 31, 2003 AND 2002**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-63
August 30, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

August 2004

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Macon, that do not have a county auditor. In addition to a financial and compliance audit of various county operating funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Macon County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The county's schedule of expenditures of federal awards, which includes health center programs, contained numerous errors and omissions. Five grants were omitted for one or both of the years ended December 31, 2003 and 2002. Omitted expenditures totaled approximately \$42,000 and \$60,000, respectively. In addition, ten grants were misstated by a total of approximately \$135,000 and \$125,000 for the years ended December 31, 2003 and 2002, respectively.
- The county has not conducted a formal analysis of the factors involved when selecting from which quarry to purchase rock, including cost per mile per ton for hauling, size, and quality and cost of rock. The county paid approximately \$140,000, \$52,000, and \$161,000 to three respective quarries during the year ended December 31, 2003.
- The county has not adequately followed-up on the mid-term salary increases of approximately \$7,580 given to the Associate Commissioners in 1999. On May 15, 2001, the Missouri Supreme Court handed down an opinion that challenged the validity of Section 50.333.13, RSMo, which allowed county salary commissions in 1997 to provide mid-term salary increases for associate county commissioners. The Supreme Court held this section of law violated Article VII, Section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county and municipal officers during the term of office. The County Commission In June 2001, the county sent each of the prior Associate Commissioners a letter requesting payment of \$16,320 for the salary overpayment plus social security benefits. However, a response was not received and no additional action has been taken.
- The Prosecuting Attorney frequently reduces charges filed on traffic tickets by requiring the defendants to make a "donation" to the General Revenue Fund as a condition of reducing the charges. The Prosecuting Attorney disagrees that there

(over)

YELLOW SHEET

is a "requirement" that anyone donate to the General Revenue Fund, but noted that he does consider amending speeding tickets when a donation is made. There appears to be no authority for this practice. In addition, the "donations" are credited to the General Revenue Fund rather than the School Fund. A bad check log and a summary listing of court ordered restitution was not maintained, receipts were not always deposited or transmitted timely, and there were several old outstanding checks.

- Expenditures exceeded budgeted amounts of the Health Center Fund by \$17,640 for the year ended December 31, 2003. Program costs were not adequately tracked for the Comprehensive Family Program during the period March 2002 through December 2002. Health Center Board minutes are not signed and a \$300 expenditure to purchase gift certificates as Christmas gifts to health center employees was authorized. Finally, the Health Center does not have a policy for recording and maintaining general fixed assets.
- During the audit period, expenditures to a small engine repair business owned by the Presiding commissioner totaled approximately \$1,200 annually. According to the Presiding Commissioner, he abstains from voting when his business is a party to the transaction; however, state law prohibits and county commissioner from doing business with the county.
- Some annual settlements are not filed in a timely manner by the Public Administrator. In addition, one settlement filed covered a three year period.

All reports are available on our website: www.auditor.mo.gov

MACON COUNTY, MISSOURI

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MACON COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Macon County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Macon County, Missouri, as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Macon County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2003 and 2002, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated March 25, 2004, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole that are referred to in the first paragraph. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Macon County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.



Claire McCaskill
State Auditor

March 25, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Peggy Schler, CPA
In-Charge Auditor:	Lonnie Breeding III, CPA
Audit Staff:	Kelly Petree
	Gary Raines
	Sara Bull



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission
and
Officeholders of Macon County, Missouri

We have audited the financial statements of various funds of Macon County, Missouri, as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated March 25, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of various funds of Macon County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Macon County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our

consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Macon County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

March 25, 2004 (fieldwork completion date)

Financial Statements

Exhibit A-1

MACON COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2003

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 153,152	1,528,053	1,555,224	125,981
Special Road and Bridge	327,296	1,397,908	1,574,648	150,556
Assessment	1,354	170,359	171,668	45
Law Enforcement Training	28,881	5,222	5,928	28,175
Prosecuting Attorney Training	451	876	651	676
Road & Bridge Capital Improvement	240,121	1,498,580	1,453,073	285,628
Recorder's User Fees	17,716	8,658	6,102	20,272
Prosecuting Attorney Delinquent Tax	1,131	155	1,000	286
DARE	5,202	90	0	5,292
Prosecuting Attorney Bad Check	14,232	23,267	23,440	14,059
Victims of Domestic Violence	2,082	661	0	2,743
Sheriff Civil Fees	12,510	33,619	41,173	4,956
Circuit Clerk Sound Recording Fees	815	1,435	495	1,755
Election Services	3,624	878	3,321	1,181
Law Enforcement	1,005	68	0	1,073
Recorder's Technology	2,665	5,091	5,860	1,896
Local Emergency Planning Committee	6,393	10,464	8,434	8,423
County Park	47,642	22,645	32,573	37,714
Collector Tax Maintenance	388	12,290	6,743	5,935
County Park Capital Improvement	0	356,067	347,508	8,559
Law Library	10,302	7,805	6,097	12,010
Parent Education	2,433	2,052	4,483	2
Circuit Clerk Interest	10,933	2,362	7,656	5,639
Associate Circuit Court Interest	1,402	531	634	1,299
Health Center	209,833	478,501	460,700	227,634
Enhanced 911 Board	159,262	465,020	458,637	165,645
Senate Bill 40 Board	78,991	146,936	137,559	88,368
Cemetery Trust	10,200	172	278	10,094
Total	\$ 1,350,016	6,179,765	6,313,885	1,215,896

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

MACON COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 176,011	1,528,216	1,551,075	153,152
Special Road and Bridge	304,672	1,462,914	1,440,290	327,296
Assessment	15	166,146	164,807	1,354
Law Enforcement Training	29,170	6,349	6,638	28,881
Prosecuting Attorney Training	304	1,067	920	451
Road & Bridge Capital Improvement	297,914	971,675	1,029,468	240,121
Recorder's User Fees	11,008	8,083	1,375	17,716
Prosecuting Attorney Delinquent Tax	850	281	0	1,131
DARE	5,223	138	159	5,202
Community Development Block Grant	0	950	950	0
Prosecuting Attorney Bad Check	17,441	22,440	25,649	14,232
Victims of Domestic Violence	1,441	641	0	2,082
Sheriff Civil Fees	15,701	28,515	31,706	12,510
Circuit Clerk Sound Recording Fees	1,927	1,594	2,706	815
Election Services	4,199	4,009	4,584	3,624
Law Enforcement	0	1,005	0	1,005
Recorder's Technology	1,828	4,711	3,874	2,665
Local Emergency Planning Committee	5,317	5,996	4,920	6,393
County Park	55,139	27,868	35,365	47,642
Collector Tax Maintenance	0	1,075	687	388
Law Library	11,884	6,926	8,508	10,302
Parent Education	1,657	2,976	2,200	2,433
Circuit Clerk Interest	14,590	4,717	8,374	10,933
Associate Circuit Court Interest	760	1,171	529	1,402
Health Center	201,696	467,768	459,631	209,833
Enhanced 911 Board	159,381	461,930	462,049	159,262
Senate Bill 40 Board	92,891	140,421	154,321	78,991
Cemetery Trust	10,407	349	556	10,200
Total	\$ 1,421,426	5,329,931	5,401,341	1,350,016

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

MACON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

Year Ended December 31,						
2003			2002			
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 6,328,465	6,179,593	(148,872)	5,527,750	5,328,577	(199,173)
DISBURSEMENTS	7,123,470	6,313,607	809,863	6,375,648	5,400,785	974,863
RECEIPTS OVER (UNDER) DISBURSEMENTS	(795,005)	(134,014)	(958,735)	(847,898)	(72,208)	(1,174,036)
CASH, JANUARY 1	1,341,384	1,339,816	(1,568)	1,411,019	1,411,019	0
CASH, DECEMBER 31	546,379	1,205,802	659,423	563,121	1,338,811	775,690
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	320,250	356,465	36,215	284,000	311,118	27,118
Sales taxes	590,000	602,392	12,392	550,000	596,079	46,079
Intergovernmental	143,787	159,574	15,787	207,949	206,908	(1,041)
Charges for services	289,800	294,689	4,889	254,815	282,684	27,869
Interest	8,000	6,687	(1,313)	14,000	11,081	(2,919)
Other	68,850	63,246	(5,604)	64,600	75,346	10,746
Transfers in	45,000	45,000	0	45,000	45,000	0
Total Receipts	1,465,687	1,528,053	62,366	1,420,364	1,528,216	107,852
DISBURSEMENTS						
County Commissioner	87,100	86,961	139	87,650	86,350	1,300
County Clerk	74,621	74,454	167	73,545	73,359	186
Elections	18,555	16,127	2,428	43,633	40,564	3,069
Buildings and ground:	100,047	85,418	14,629	89,527	85,073	4,454
Employee fringe benefit:	226,669	208,035	18,634	209,992	203,239	6,753
County Treasurer	41,779	41,965	(186)	30,885	30,428	457
County Collector	65,101	64,428	673	67,901	67,406	495
Ex Officio Recorder of Deeds	29,816	28,161	1,655	30,592	25,806	4,786
Circuit Clerk	8,300	7,470	830	8,071	8,509	(438)
Associate Circuit Court	7,100	6,237	863	6,600	5,841	759
Court administrator	37,636	21,122	16,514	4,400	5,586	(1,186)
Public Administrator	40,865	40,865	0	40,915	40,715	200
Sheriff	368,102	356,131	11,971	365,557	355,426	10,131
Jail	114,200	149,041	(34,841)	117,169	174,846	(57,677)
Prosecuting Attorney	105,236	104,351	885	102,696	108,094	(5,398)
Juvenile Officer	61,731	72,828	(11,097)	66,024	60,401	5,623
County Coroner	14,875	14,467	408	16,435	15,888	547
Data processing	14,798	9,862	4,936	19,317	18,641	676
Health Insurance Premium	13,700	11,061	2,639	14,000	17,195	(3,195)
Public health and welfare service:	15,000	20,703	(5,703)	5,000	11,804	(6,804)
Economic development	12,000	12,000	0	15,000	15,000	0
Insurance (property/liability)	33,000	51,694	(18,694)	29,000	22,570	6,430
University extension service:	33,000	33,000	0	36,000	36,000	0
Postage meter	19,400	20,756	(1,356)	22,000	19,317	2,683
Other	12,880	10,737	2,143	24,530	23,017	1,513
Transfers out	18,739	7,350	11,389	11,732	0	11,732
Emergency Fund	43,971	0	43,971	42,611	0	42,611
Total Disbursements	1,618,221	1,555,224	62,997	1,580,782	1,551,075	29,707
RECEIPTS OVER (UNDER) DISBURSEMENTS	(152,534)	(27,171)	125,363	(160,418)	(22,859)	137,559
CASH, JANUARY 1	153,152	153,152	0	176,011	176,011	0
CASH, DECEMBER 31	618	125,981	125,363	15,593	153,152	137,559

Exhibit B

MACON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	498,000	520,759	22,759	465,000	496,468	31,468
Intergovernmental	869,458	844,536	(24,922)	847,460	928,695	81,235
Charge for service	18,000	19,053	1,053	17,000	19,064	2,064
Interest	14,000	8,377	(5,623)	18,000	14,874	(3,126)
Other	6,000	3,259	(2,741)	3,000	2,834	(166)
Transfers in	1,000	1,924	924	1,000	979	(21)
Total Receipts	1,406,458	1,397,908	(8,550)	1,351,460	1,462,914	111,454
DISBURSEMENTS						
Salaries	555,000	544,318	10,682	526,585	528,893	(2,308)
Employee fringe benefit	195,095	183,854	11,241	177,506	177,150	356
Supplies	203,000	201,837	1,163	214,000	180,061	33,939
Insurance	48,000	53,923	(5,923)	26,000	10,418	15,582
Road and bridge materials	41,000	75,948	(34,948)	0	26,036	(26,036)
Equipment repairs	90,000	98,171	(8,171)	90,000	78,313	11,687
Rentals	151,500	9,046	142,454	91,000	19,299	71,701
Equipment purchase	25,000	12,267	12,733	50,000	16,530	33,470
Construction, repair, and maintenance	343,000	323,593	19,407	313,000	336,014	(23,014)
Other	33,000	26,691	6,309	56,800	22,576	34,224
Transfers out	45,000	45,000	0	45,000	45,000	0
Total Disbursements	1,729,595	1,574,648	154,947	1,589,891	1,440,290	149,601
RECEIPTS OVER (UNDER) DISBURSEMENTS	(323,137)	(176,740)	146,397	(238,431)	22,624	261,055
CASH, JANUARY 1	327,296	327,296	0	304,672	304,672	0
CASH, DECEMBER 31	4,159	150,556	146,397	66,241	327,296	261,055
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	156,522	161,103	4,581	157,962	163,606	5,644
Interest	500	544	44	1,500	1,030	(470)
Other	1,400	1,362	(38)	1,750	1,510	(240)
Transfers in	18,739	7,350	(11,389)	11,732	0	(11,732)
Total Receipts	177,161	170,359	(6,802)	172,944	166,146	(6,798)
DISBURSEMENTS						
Assessor	178,515	171,668	6,847	172,959	164,807	8,152
Total Disbursements	178,515	171,668	6,847	172,959	164,807	8,152
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,354)	(1,309)	45	(15)	1,339	1,354
CASH, JANUARY 1	1,354	1,354	0	15	15	0
CASH, DECEMBER 31	0	45	45	0	1,354	1,354

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MACON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	2,000	1,742	(258)	2,000	2,097	97
Charges for service:	4,000	3,480	(520)	4,500	4,252	(248)
Total Receipts	6,000	5,222	(778)	6,500	6,349	(151)
DISBURSEMENTS						
Sheriff	25,500	5,928	19,572	20,000	6,638	13,362
Total Disbursements	25,500	5,928	19,572	20,000	6,638	13,362
RECEIPTS OVER (UNDER) DISBURSEMENTS	(19,500)	(706)	18,794	(13,500)	(289)	13,211
CASH, JANUARY 1	28,881	28,881	0	29,170	29,170	0
CASH, DECEMBER 31	9,381	28,175	18,794	15,670	28,881	13,211
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for service:	1,000	876	(124)	1,000	1,067	67
Total Receipts	1,000	876	(124)	1,000	1,067	67
DISBURSEMENTS						
Prosecuting Attorney	1,000	651	349	1,000	920	80
Total Disbursements	1,000	651	349	1,000	920	80
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	225	225	0	147	147
CASH, JANUARY 1	451	451	0	304	304	0
CASH, DECEMBER 31	451	676	225	304	451	147
<u>ROAD & BRIDGE CAPITAL IMPROVEMENT FUND</u>						
RECEIPTS						
Sales taxes	590,000	602,385	12,385	550,000	595,671	45,671
Intergovernmental	1,046,524	873,889	(172,635)	870,000	367,613	(502,387)
Interest	6,000	7,955	1,955	12,000	8,391	(3,609)
Other	0	14,351	14,351	0	0	0
Total Receipts	1,642,524	1,498,580	(143,944)	1,432,000	971,675	(460,325)
DISBURSEMENTS						
Equipment	230,000	144,698	85,302	340,000	166,266	173,734
Materials	259,000	155,984	103,016	288,500	193,900	94,600
Federal bridge projects	1,209,500	1,096,139	113,361	1,000,000	613,606	386,394
Special road districts	49,200	49,929	(729)	45,000	48,787	(3,787)
Contract bridges	45,000	0	45,000	35,000	2,351	32,649
Custom work	70,000	0	70,000	5,000	0	5,000
Supplies	6,000	6,323	(323)	6,000	4,558	1,442
Total Disbursements	1,868,700	1,453,073	415,627	1,719,500	1,029,468	690,032
RECEIPTS OVER (UNDER) DISBURSEMENTS	(226,176)	45,507	271,683	(287,500)	(57,793)	229,707
CASH, JANUARY 1	240,121	240,121	0	297,914	297,914	0
CASH, DECEMBER 31	13,945	285,628	271,683	10,414	240,121	229,707

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MACON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>RECORDER'S USER FEES FUND</u>						
RECEIPTS						
Charges for service:	7,600	8,348	748	6,350	7,702	1,352
Interest	400	310	(90)	650	381	(269)
Total Receipts	8,000	8,658	658	7,000	8,083	1,083
DISBURSEMENTS						
Ex Officio Recorder of Deeds	23,000	6,102	16,898	17,500	1,375	16,125
Total Disbursement:	23,000	6,102	16,898	17,500	1,375	16,125
RECEIPTS OVER (UNDER) DISBURSEMENTS	(15,000)	2,556	17,556	(10,500)	6,708	17,208
CASH, JANUARY 1	17,716	17,716	0	11,008	11,008	0
CASH, DECEMBER 31	2,716	20,272	17,556	508	17,716	17,208
<u>PROSECUTING ATTORNEY DELINQUENT TAX FUND</u>						
RECEIPTS						
Intergovernmental	300	149	(151)	1,000	254	(746)
Interest	30	6	(24)	15	27	12
Total Receipts	330	155	(175)	1,015	281	(734)
DISBURSEMENTS						
Prosecuting Attorney	1,000	1,000	0	1,500	0	1,500
Total Disbursement:	1,000	1,000	0	1,500	0	1,500
RECEIPTS OVER (UNDER) DISBURSEMENTS	(670)	(845)	(175)	(485)	281	766
CASH, JANUARY 1	1,131	1,131	0	850	850	0
CASH, DECEMBER 31	461	286	(175)	365	1,131	766
<u>DARE FUND</u>						
RECEIPTS						
Interest	100	90	(10)	100	138	38
Other	0	0	0	150	0	(150)
Total Receipts	100	90	(10)	250	138	(112)
DISBURSEMENTS						
Sheriff	1,000	0	1,000	1,000	159	841
Total Disbursement:	1,000	0	1,000	1,000	159	841
RECEIPTS OVER (UNDER) DISBURSEMENTS	(900)	90	990	(750)	(21)	729
CASH, JANUARY 1	5,202	5,202	0	5,223	5,223	0
CASH, DECEMBER 31	4,302	5,292	990	4,473	5,202	729
<u>COMMUNITY DEVELOPMENT BLOCK GRANT FUND</u>						
RECEIPTS						
Intergovernmental				950	950	0
Total Receipts				950	950	0
DISBURSEMENTS						
Project				950	950	0
Total Disbursement:				950	950	0
RECEIPTS OVER (UNDER) DISBURSEMENTS				0	0	0
CASH, JANUARY 1				0	0	0
CASH, DECEMBER 31				0	0	0

Exhibit B

MACON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for service:	23,000	23,041	41	17,000	21,825	4,825
Interest	500	216	(284)	1,000	442	(558)
Other	0	10	10	0	173	173
Total Receipts	23,500	23,267	(233)	18,000	22,440	4,440
DISBURSEMENTS						
Prosecuting Attorney	26,925	23,440	3,485	25,125	25,649	(524)
Total Disbursement:	26,925	23,440	3,485	25,125	25,649	(524)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,425)	(173)	3,252	(7,125)	(3,209)	3,916
CASH, JANUARY 1	14,232	14,232	0	17,441	17,441	0
CASH, DECEMBER 31	10,807	14,059	3,252	10,316	14,232	3,916
<u>VICTIMS OF DOMESTIC VIOLENCE FUND</u>						
RECEIPTS						
Charges for service:	600	620	20	600	595	(5)
Interest	35	41	6	100	46	(54)
Total Receipts	635	661	26	700	641	(59)
DISBURSEMENTS						
Victims Shelter	2,500	0	2,500	1,000	0	1,000
Total Disbursement:	2,500	0	2,500	1,000	0	1,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,865)	661	2,526	(300)	641	941
CASH, JANUARY 1	2,082	2,082	0	1,441	1,441	0
CASH, DECEMBER 31	217	2,743	2,526	1,141	2,082	941
<u>SHERIFF CIVIL FEES FUND</u>						
RECEIPTS						
Charges for service:	29,500	33,267	3,767	20,000	28,144	8,144
Interest	500	352	(148)	900	371	(529)
Total Receipts	30,000	33,619	3,619	20,900	28,515	7,615
DISBURSEMENTS						
Sheriff	41,173	41,173	0	36,350	31,706	4,644
Total Disbursement:	41,173	41,173	0	36,350	31,706	4,644
RECEIPTS OVER (UNDER) DISBURSEMENTS	(11,173)	(7,554)	3,619	(15,450)	(3,191)	12,259
CASH, JANUARY 1	12,510	12,510	0	15,701	15,701	0
CASH, DECEMBER 31	1,337	4,956	3,619	251	12,510	12,259
<u>CIRCUIT CLERK SOUND RECORDING FEES FUND</u>						
RECEIPTS						
Charges for service:	1,575	1,414	(161)	1,550	1,575	25
Interest	25	21	(4)	50	19	(31)
Total Receipts	1,600	1,435	(165)	1,600	1,594	(6)
DISBURSEMENTS						
Circuit Clerk	2,000	495	1,505	3,500	2,706	794
Total Disbursement:	2,000	495	1,505	3,500	2,706	794
RECEIPTS OVER (UNDER) DISBURSEMENTS	(400)	940	1,340	(1,900)	(1,112)	788
CASH, JANUARY 1	815	815	0	1,927	1,927	0
CASH, DECEMBER 31	415	1,755	1,340	27	815	788

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MACON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ELECTION SERVICES FUND</u>						
RECEIPTS						
Charges for services	500	568	68	3,947	3,876	(71)
Interest	30	29	(1)	50	133	83
Other	0	281	281	0	0	0
Total Receipts	530	878	348	3,997	4,009	12
DISBURSEMENTS						
County Clerk	3,350	3,321	29	6,525	4,584	1,941
Total Disbursements	3,350	3,321	29	6,525	4,584	1,941
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,820)	(2,443)	377	(2,528)	(575)	1,953
CASH, JANUARY 1	3,624	3,624	0	4,199	4,199	0
CASH, DECEMBER 31	804	1,181	377	1,671	3,624	1,953
<u>LAW ENFORCEMENT FUND</u>						
RECEIPTS						
Interest	50	18	(32)			
Other	0	50	50			
Total Receipts	50	68	18			
DISBURSEMENTS						
Sheriff	1,053	0	1,053			
Total Disbursements	1,053	0	1,053			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,003)	68	1,071			
CASH, JANUARY 1	1,005	1,005	0			
CASH, DECEMBER 31	2	1,073	1,071			
<u>RECORDER'S TECHNOLOGY FUND</u>						
RECEIPTS						
Charges for services	4,650	5,063	413	3,375	4,665	1,290
Interest	50	28	(22)	25	46	21
Total Receipts	4,700	5,091	391	3,400	4,711	1,311
DISBURSEMENTS						
Ex Officio Recorder of Deeds	7,000	5,860	1,140	5,100	3,874	1,226
Total Disbursements	7,000	5,860	1,140	5,100	3,874	1,226
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,300)	(769)	1,531	(1,700)	837	2,537
CASH, JANUARY 1	2,665	2,665	0	1,828	1,828	0
CASH, DECEMBER 31	365	1,896	1,531	128	2,665	2,537

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MACON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LOCAL EMERGENCY PLANNING COMMITTEE FUND</u>						
RECEIPTS						
Intergovernmental	5,750	10,464	4,714	4,300	5,896	1,596
Other	0	0	0	0	100	100
Total Receipts	5,750	10,464	4,714	4,300	5,996	1,696
DISBURSEMENTS						
Training	2,000	0	2,000	2,000	2,520	(520)
Equipment	2,000	5,106	(3,106)	1,600	2,400	(800)
Mileage	200	0	200	200	0	200
LEOP grant	900	28	872	0	0	0
Other	0	3,300	(3,300)	1,300	0	1,300
Total Disbursements	5,100	8,434	(3,334)	5,100	4,920	180
RECEIPTS OVER (UNDER) DISBURSEMENTS	650	2,030	1,380	(800)	1,076	1,876
CASH, JANUARY 1	6,393	6,393	0	5,317	5,317	0
CASH, DECEMBER 31	7,043	8,423	1,380	4,517	6,393	1,876
<u>COUNTY PARK FUND</u>						
RECEIPTS						
Property taxes	0	77	77	0	874	874
Intergovernmental	0	0	0	25,070	0	(25,070)
Charges for services	21,500	21,432	(68)	7,500	23,703	16,203
Interest	1,300	691	(609)	2,500	1,374	(1,126)
Other	1,800	445	(1,355)	6,250	1,917	(4,333)
Total Receipts	24,600	22,645	(1,955)	41,320	27,868	(13,452)
DISBURSEMENTS						
Salaries and benefits	15,200	14,134	1,066	14,500	14,555	(55)
Equipment	2,000	781	1,219	4,500	1,875	2,625
Other	20,250	17,658	2,592	66,750	18,935	47,815
Total Disbursements	37,450	32,573	4,877	85,750	35,365	50,385
RECEIPTS OVER (UNDER) DISBURSEMENTS	(12,850)	(9,928)	2,922	(44,430)	(7,497)	36,933
CASH, JANUARY 1	47,642	47,642	0	55,139	55,139	0
CASH, DECEMBER 31	34,792	37,714	2,922	10,709	47,642	36,933
<u>COLLECTOR TAX MAINTENANCE FUND</u>						
RECEIPTS						
Charges for services	12,800	12,191	(609)	1,000	1,073	73
Interest	0	99	99	0	2	2
Total Receipts	12,800	12,290	(510)	1,000	1,075	75
DISBURSEMENTS						
County Collector	10,999	6,743	4,256	935	687	248
Total Disbursements	10,999	6,743	4,256	935	687	248
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,801	5,547	3,746	65	388	323
CASH, JANUARY 1	388	388	0	0	0	0
CASH, DECEMBER 31	2,189	5,935	3,746	65	388	323

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MACON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>COUNTY PARK CAPITAL IMPROVEMENT FUND</u>						
RECEIPTS						
Sales Tax	245,833	250,755	4,922			
Interest	100	312	212			
Tax anticipation note	200,000	105,000	(95,000)			
Total Receipts	445,933	356,067	(89,866)			
DISBURSEMENTS						
Grand stand improvement	250,000	272,508	(22,508)			
Building improvement	6,000	0	6,000			
Equipment	10,000	0	10,000			
Grounds	5,000	0	5,000			
Note payment/interest	172,850	75,000	97,850			
Total Disbursements	443,850	347,508	96,342			
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,083	8,559	6,476			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	2,083	8,559	6,476			
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charge for services	6,760	7,714	954	5,350	6,726	1,376
Interest	140	91	(49)	225	200	(25)
Total Receipts	6,900	7,805	905	5,575	6,926	1,351
DISBURSEMENTS						
Associate Circuit Judge	7,414	6,097	1,317	5,982	8,508	(2,526)
Total Disbursements	7,414	6,097	1,317	5,982	8,508	(2,526)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(514)	1,708	2,222	(407)	(1,582)	(1,175)
CASH, JANUARY 1	10,252	10,302	50	11,884	11,884	0
CASH, DECEMBER 31	9,738	12,010	2,272	11,477	10,302	(1,175)
<u>PARENT EDUCATION FUND</u>						
RECEIPTS						
Charge for service	2,910	2,030	(880)	2,450	2,940	490
Interest	40	22	(18)	50	36	(14)
Total Receipts	2,950	2,052	(898)	2,500	2,976	476
DISBURSEMENTS						
Circuit Judge	4,000	4,483	(483)	3,500	2,200	1,300
Total Disbursements	4,000	4,483	(483)	3,500	2,200	1,300
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,050)	(2,431)	(1,381)	(1,000)	776	1,776
CASH, JANUARY 1	2,433	2,433	0	1,657	1,657	0
CASH, DECEMBER 31	1,383	2	(1,381)	657	2,433	1,776

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MACON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

Year Ended December 31,						
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest	4,800	2,362	(2,438)	6,500	4,717	(1,783)
Total Receipts	4,800	2,362	(2,438)	6,500	4,717	(1,783)
DISBURSEMENTS						
Circuit Clerk	15,000	7,656	7,344	20,000	8,374	11,626
Total Disbursement:	15,000	7,656	7,344	20,000	8,374	11,626
RECEIPTS OVER (UNDER) DISBURSEMENTS	(10,200)	(5,294)	4,906	(13,500)	(3,657)	9,843
CASH, JANUARY 1	10,933	10,933	0	14,590	14,590	0
CASH, DECEMBER 31	733	5,639	4,906	1,090	10,933	9,843
<u>ASSOCIATE CIRCUIT COURT INTEREST FUND</u>						
RECEIPTS						
Interest	1,200	531	(669)	1,500	1,171	(329)
Total Receipts	1,200	531	(669)	1,500	1,171	(329)
DISBURSEMENTS						
Associate Circuit Judge	2,500	634	1,866	1,500	529	971
Total Disbursement:	2,500	634	1,866	1,500	529	971
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,300)	(103)	1,197	0	642	642
CASH, JANUARY 1	1,402	1,402	0	760	760	0
CASH, DECEMBER 31	102	1,299	1,197	760	1,402	642
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes	205,000	219,490	14,490	205,000	207,579	2,579
Intergovernmental	161,102	187,056	25,954	167,114	179,899	12,785
Charges for services	55,270	63,564	8,294	57,100	54,645	(2,455)
Interest	7,000	4,578	(2,422)	10,000	6,374	(3,626)
Other	2,650	3,813	1,163	2,150	19,271	17,121
Total Receipts	431,022	478,501	47,479	441,364	467,768	26,404
DISBURSEMENTS						
Salaries and benefits	347,485	363,951	(16,466)	407,600	364,465	43,135
Office expense:	32,150	29,066	3,084	27,400	28,512	(1,112)
Equipment	3,325	15,238	(11,913)	6,200	877	5,323
Mileage and training	12,000	8,379	3,621	15,000	9,623	5,377
Program expense:	36,000	32,368	3,632	38,300	14,084	24,216
Other	12,100	11,698	402	4,600	42,070	(37,470)
Total Disbursement:	443,060	460,700	(17,640)	499,100	459,631	39,469
RECEIPTS OVER (UNDER) DISBURSEMENTS	(12,038)	17,801	29,839	(57,736)	8,137	65,873
CASH, JANUARY 1	209,644	209,833	189	201,696	201,696	0
CASH, DECEMBER 31	197,606	227,634	30,028	143,960	209,833	65,873

Exhibit B

MACON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ENHANCED 911 BOARD FUND</u>						
RECEIPTS						
Sales taxes	473,112	451,622	(21,490)	433,961	446,754	12,793
Charges for service:	8,500	9,168	668	6,750	8,080	1,330
Interest	3,500	2,750	(750)	6,500	4,468	(2,032)
Other	350	1,480	1,130	300	2,628	2,328
Total Receipts	485,462	465,020	(20,442)	447,511	461,930	14,419
DISBURSEMENTS						
Salaries and benefits	367,645	351,342	16,303	334,209	350,244	(16,035)
Office expense:	12,150	10,021	2,129	14,100	12,627	1,473
Equipment	84,500	83,563	937	78,400	85,565	(7,165)
Mileage and training	7,920	6,125	1,795	5,850	6,952	(1,102)
Other	12,650	7,586	5,064	8,590	6,661	1,929
Total Disbursement:	484,865	458,637	26,228	441,149	462,049	(20,900)
RECEIPTS OVER (UNDER) DISBURSEMENTS	597	6,383	5,786	6,362	(119)	(6,481)
CASH, JANUARY 1	158,633	159,262	629	159,381	159,381	0
CASH, DECEMBER 31	159,230	165,645	6,415	165,743	159,262	(6,481)
<u>SENATE BILL 40 BOARD FUND</u>						
RECEIPTS						
Property taxes	136,573	145,946	9,373	132,000	137,948	5,948
Interest	2,200	990	(1,210)	2,100	2,473	373
Total Receipts	138,773	146,936	8,163	134,100	140,421	6,321
DISBURSEMENTS						
Administrative expense	4,800	2,174	2,626	4,800	3,114	1,686
Purchase of service:	118,900	126,837	(7,937)	110,150	140,150	(30,000)
Special services	15,000	8,548	6,452	15,000	4,939	10,061
Vehicle	0	0	0	0	6,118	(6,118)
Total Disbursement:	138,700	137,559	1,141	129,950	154,321	(24,371)
RECEIPTS OVER (UNDER) DISBURSEMENTS	73	9,377	9,304	4,150	(13,900)	(18,050)
CASH, JANUARY 1	81,427	78,991	(2,436)	92,891	92,891	0
CASH, DECEMBER 31	81,500	88,368	6,868	97,041	78,991	(18,050)

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

MACON COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Macon County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, the Enhanced 911 Board, or the Senate Bill 40 Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the Cemetery Trust Fund for the years ended December 31, 2003 and 2002 and the Law Enforcement Fund for the year ended December 31, 2002.

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Local Emergency Planning Committee Fund	2003
Health Center Fund	2003
Parents as Educators Fund	2003
Prosecuting Attorney Bad Check Fund	2002
Law Library Fund	2002
Enhanced 911 Fund	2002
Senate Bill 40 Fund	2002

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

The county's published financial statements for the years ended December 31, 2003 and 2002, included all funds presented in the accompanying financial statements.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's deposits at December 31, 2003 and 2002, were entirely covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name or by an irrevocable letter of credit issued by the Federal Home Loan Bank.

The health center's deposits at December 31, 2003 and 2002, were entirely covered by federal depositary insurance or by collateral securities held by the health center's custodial bank in the health center's name.

The Enhanced 911 Board's and Senate Bill 40 Board's deposits at December 31, 2003 and 2002, were entirely covered by federal depositary insurance.

3. Prior Period Adjustment

The Cemetery Trust's cash balance of \$10,407 at January 1, 2002, was not previously reported but has been added.

The County Employees Retirement Fund's cash balance of \$4,431 as of January 1, 2002, was previously reported but has not been included in this report because it is an agency fund and is not considered county operating funds.

Supplementary Schedule

Schedule

MACON COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2003	2002
U. S. DEPARTMENT OF AGRICULTURE				
	Passed through state			
	Department of Health and Senior Services -			
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS 045-2161 ERS 045-3161 ERS 045-4161	\$ 0 51,418	38,790 0
	Program Total		<u>51,418</u>	<u>38,790</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
	Passed through state			
	Department of Economic Development -			
14.228	Community Development Block Grants/State' Program	98-ED-016	0	950
U.S. DEPARTMENT OF JUSTICE				
	Direct programs:			
16.710	Public Safety Partnership and Community Policing Grant	2001CMWX0248 2000UMWX0074	0 0	52,650 17,013
	Program Total		<u>0</u>	<u>69,663</u>
	Passed through:			
	State Department of Public Safety			
16.523	Juvenile Accountability Incentive Block Grant	99JAIBG-INT-09	0	4,490
	Missouri Sheriffs' Association -			
16	Domestic Cannabis Eradication/Suppression Program	N/A	0	1,077
U. S. DEPARTMENT OF TRANSPORTATION				
	Passed through state			
	Highway and Transportation Commission			
20.205	Highway Planning and Construction	BRO-061(16) BRO-061(22) BRO-061(23) BRO-061(24)	0 0 464,000 11,806	2,214 362,233 118,087 0
	Program Total		<u>475,806</u>	<u>482,534</u>

Schedule

MACON COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures Year Ended December 31,	
			2003	2002
20.513	Capital Assistance Program for Elderly Persons and Persons with Disabilities	MO 16-0033	0	24,446
	Department of Public Safety			
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	N/A	4,517	2,682
	GENERAL SERVICES ADMINISTRATION			
	Passed through state Office of Administration			
39.003	Donation of Federal Surplus Personal Property	N/A	0	272
	FEDERAL EMERGENCY MANAGEMENT AGENCY			
	Passed through state Department of Public Safety			
83.552	Emergency Management Performance Grants	PW 429	0	35,038
		PW 503	0	5,251
		PW 155	0	12,130
		PW 156	0	3,066
		PW 159	0	23,927
		PW 587	0	10,487
		PW 141	255,190	17,414
		PW 142	181,204	13,456
	Program Total		<u>436,394</u>	<u>120,769</u>
83.562	LEOP**	EMK2003GR2540	2,647	3,214
	U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
	Passed through state			
	Department of Health and Senior Services -			
93.197	Childhood Lead Poisoning Prevention Projects State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	ERS 146-3161T	469	0
93.268	Immunization Grants	PGA064-3161A	3,050	5,590
		N/A	33,491	24,692
	Program Total		<u>36,541</u>	<u>30,282</u>
93.283	Centers for Disease Control and Prevention Investigations and Technical Assistance	DH03027001	11,658	0
	Department of Social Services -			
93.556	Promoting Safe and Stable Families		371	1,455

Schedule

MACON COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2003	2002
	Department of Health and Senior Services -			
93.575	Child Care and Development Block Grant	PGA067-2161C	0	1,195
		PGA067-2161S	0	2,105
		PGA067-4161C	785	0
		PGA067-3161S	1,870	0
	Program Total		<u>2,655</u>	<u>3,300</u>
	Department of Social Services -			
93.667	Social Services Block Grant	ERO012086	8,993	7,468
	Department of Health and Senior Services			
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Program	ERS161-40082	5,128	0
		ERS161-20088	0	5,404
	Program Total		<u>5,128</u>	<u>5,404</u>
93.994	Maternal and Child Health Services Block Grant to the States	ERS146-2161M	0	16,793
		ERS146-3161M	18,700	0
		ERS146-3039F	4,558	9,401
		N/A	304	262
	Program Total		<u>23,562</u>	<u>26,456</u>
	Total Expenditures of Federal Awards		<u>\$ 1,060,159</u>	<u>823,252</u>

* The CFDA number for this program changed to 97.042 in October 2002

** The CFDA number for this program changed to 97.051 in October 2002

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule

Notes to the Supplementary Schedule

MACON COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Macon County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals. . . .

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Donation of Federal Surplus Property (CFDA number 39.003) represent the estimated fair market value of the property at the time of receipt.

Amounts for Immunization Grants (CFDA number 93.268) and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2003 and 2002.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of Macon County, Missouri

Compliance

We have audited the compliance of Macon County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2003 and 2002. The county's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Macon County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 2003 and 2002. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with

OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 03-01.

Internal Control Over Compliance

The management of Macon County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 03-01.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

This report is intended for the information and use of the management of Macon County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

March 25, 2004 (fieldwork completion date)

Schedule

MACON COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2003 AND 2002

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness identified? yes x no

Reportable condition identified that is
not considered to be a material weakness? yes x none reported

Noncompliance material to the financial statements
noted? yes x no

Federal Awards

Internal control over major program:

Material weakness identified? yes x no

Reportable condition identified that is
not considered to be a material weakness? x yes none reported

Type of auditor's report issued on compliance for
major program: Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of OMB
Circular A-133? x yes no

Identification of major program:

CFDA or Other Identifying Number	<u>Program Title</u>
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A
and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes the audit finding that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

03-01	Schedule of Expenditures of Federal Awards
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Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-061 (16), (22), (23), (24)
Award Year:	2003 and 2002
Questioned Costs:	Not applicable

Section .310(b) of Circular A-133, Audit of States, Local Governments, and Non-profit Organizations, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the SEFA to the State Auditor's Office as a part of the annual budget.

The county does not have procedures in place to adequately track federal awards for the preparation of the SEFA. For the years ended December 31, 2003 and 2002, the county's SEFA, which includes health center programs, contained numerous errors and omissions. Five grants were omitted for one or both of the years ended December 31, 2003 and 2002. Omitted expenditures totaled approximately \$42,000 and \$60,000 respectively. In addition, ten grants were misstated by a total of approximately \$135,000 and \$125,000 for the years ended December 31, 2003 and 2002 respectively.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal awards.

WE RECOMMEND the County Commission, County Clerk, and Health Center Board of Trustees prepare complete and accurate schedules of expenditures of federal awards to submit to the State Auditor's Office as a part of the annual budgets. The County Commission should take steps to ensure other offices properly track and report federal awards, or consider assigning a county employee the duties of tracking all grants for the county.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Commission and County Clerk indicated every effort will be made to prepare a complete and accurate SEFA. The Health Center Administrator and Board of Trustees agree with the recommendation and are implementing a spreadsheet to track the required information.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

MACON COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 2001, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

MACON COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

This section represents the Summary Schedule of Prior Audit Findings, which was prepared by the county's management.

00-1. Sub-Granting

Federal Grantor: U.S. Department of Commerce
Pass-Through Grantor: None
Federal CFDA Number: 11.300
Program Title: Grants for Public Works and Economic Development
Pass-Through Entity Identifying Number: Not Applicable
Award Years: 2000, 2001
Questioned Costs: \$ 466,800

The county sub-granted all of the funds received under the major program instead of expending the funds directly as required by the grant.

Recommendation:

The county expend all awards directly or, if the county passes monies through to another entity, the county should obtain proper authority to do so and obtain proper contracts with the sub-recipient and conduct the proper monitoring of the sub-recipient.

Status:

Implemented. Documentation was received from the U.S. Department of Commerce stating issues related to this program have been resolved. The not for profit (NFP) corporation involved in the project was an eligible co-recipient and should have been a co-recipient of the award. In response to the audit findings, the county took appropriate action to establish the NFP corporation as a co-recipient; thereby, ensuring proper documentation for the questioned contracts and payments. All questioned costs are allowed.

00-2. Understanding the Grant Requirements

Federal Grantor: U.S. Department of Commerce
Pass-Through Grantor: None
Federal CFDA Number: 11.300
Program Title: Grants for Public Works and Economic Development
Pass-Through Entity Identifying Number: Not Applicable
Award Years: 2000, 2001
Questioned Costs: None

County officials did not obtain an understanding of the requirements of the major programs to insure that full compliance with all grant provisions would be met. The contract the county entered into with a grant administrator did not cover all compliance provisions of federal awards.

Recommendation:

The County Commission obtain an understanding of the requirements of all grants received and administer them directly. Assistance in obtaining an understanding of grant requirements can be obtained from the federal agency making the grant or the state agency passing it through (if applicable).

Status:

Implemented. Documentation was received from the U.S. Department of Commerce stating that all audit issues related to this program have been resolved. Although the administration procedures may not have been followed to the letter, the federal agency concluded that the substance of the administration process was met.

00-3. Reliance On a Grant Administrator

Federal Grantor: U.S. Department of Commerce
Pass-Through Grantor: None
Federal CFDA Number: 11.300
Program Title: Grants for Public Works and Economic Development
Pass-Through Entity Identifying Number: Not Applicable
Award Years: 2000, 2001
Questioned Costs: \$ 9,000 (included in the amount in finding 00-1 above)

The county paid an agency to administer its grants without making certain the agency was covering all aspects of the grant administration including the proper payment of invoices according to grant requirements. The administrator knew the funds were being paid by the county to the Northeast Missouri Grain Processors, LLC and completed all reports to the Department of Commerce as if the funds were paid to contractors, engineers, and other

vendors directly. The county received copies of these reports for monitoring and did not ask for the reports to be completed accurately.

Recommendation:

The County Commission not allow incorrect reports to be prepared and subsequently filed with the federal government.

Status:

Implemented. Documentation was received from the U.S. Department of Commerce stating that all audit issues related to this program have been resolved. The federal agency concluded that both the county and the grant administrator took corrective action to properly document contracts and payments by establishing the NFP corporation as an eligible co-recipient of the award. All questioned costs are allowed.

00-4. Cost Allocation

Federal Grantor: U.S. Department of Commerce

Pass-Through Grantor: None

Federal CFDA Number: 11.300

Program Title: Grants for Public Works and Economic Development

Pass-Through Entity Identifying Number: Not Applicable

Award Years: 2000, 2001

Questioned Costs: \$ 5,444 (included in the amount in finding 00-1 above)

The county contracted the public works project in two portions. Part A was the grant's portion of the project and Part B was the non-grant portion of the project. The county allocated the costs between Part A and Part B based on a percentage of total costs instead of actual costs associated with the separate parts of the project. As a result, some Part B expenditures were charged to the grant.

Recommendation:

The County Commission process requests for reimbursement from the grantor based on the actual costs incurred based on the project instead of a percentage basis.

Status:

Implemented. Documentation was received from the U.S. Department of Commerce stating that all audit issues related to this program have been resolved. The federal agency concluded that the questioned costs were eligible. All questioned costs are allowed.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

MACON COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Macon County, Missouri, as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated March 25, 2004. We also have audited the compliance of Macon County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2003 and 2002, and have issued our report thereon dated March 25, 2004.

Because the Macon County Samaritan Memorial Board of Trustees is audited and separately reported on by other independent auditors, the related fund is not presented in the financial statements. However, we reviewed those audit reports and other applicable information.

In addition, we have audited the operations of elected officials with funds other than those presented in the financial statements to comply with the State Auditor's responsibility under Section 29.230, RSMo 2000, to audit county officials at least once every 4 years. The objectives of this audit were to:

1. Review the internal controls over the transactions of the various county officials.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents; interviewing various personnel of the county officials, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials and the county board referred to above. In addition, this report includes any findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These MAR findings resulted from our audit of the financial statements of Macon County or of its compliance with the types of compliance requirements applicable to its major federal program but do not meet the criteria for inclusion in the written reports on compliance and on internal control over financial reporting or compliance that are required for audits performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

1. County Expenditures

A formal analysis of the factors involved when selecting which quarry to purchase rock from has not been conducted. In addition, the Presiding Commissioner is involved in a business which provides services to the county.

- A. The county has not conducted a formal analysis of the factors involved when selecting from which quarry to purchase rock. The county paid approximately \$140,000, \$52,000, and \$161,000 and \$85,000, \$59,000, and \$176,000, to three respective quarries during the years ended December 31, 2003 and December 31, 2002, respectively. The county solicited bids from the three quarries for various grades of rock, but the county hauls the rock. The County Commission indicated the determining factors in deciding which quarry to purchase from are the cost of rock and hauling, distance to the jobsite, and the quality of the rock. However, the county has not documented the cost per mile per ton for hauling and has not documented its analysis of these factors when determining which quarry to purchase from for specific projects or various locations.

A cost analysis would help ensure the county is purchasing from the lowest and best bidder for a specific location. Documentation should include the size, quality and cost of rock and, the number of miles and cost of hauling to a specific location.

- B. The Presiding Commissioner owns a local small engine repair business which provides services to the county. During the audit period, expenditures to this business totaled approximately \$1,200 annually. According to the Presiding Commissioner, he abstains from voting when his business is a party to the transaction; however, the minutes were not always clear as to who voted to approve the transaction.

Section 49.140, RSMo 2000, provides that, "no County Commissioner shall, directly or indirectly, become a party to any contract to which the county is a party...". These issues constitute a potential conflict of interest and may violate state law.

WE RECOMMEND the County Commission:

- A. Document the cost analysis for rock purchases.
- B. Consult legal counsel and determine whether this situation is in violation of state law.

AUDITEE'S RESPONSE

The County Commission indicated:

- A. *They agree with the recommendation. They have documented which quarries rock will be purchased from when working at various locations within the county. A cost analysis will be performed.*
- B. *An opinion has been requested from legal counsel. The purchases were for repairs and supplies which do not meet the bidding threshold. In addition, this business is the only source within the county for the items purchased. As a result, switching vendors may result in additional costs. The county did business with this vendor before the Presiding Commissioner was elected to office.*

2. Associate Commissioners' Salaries

The county has not adequately followed-up on the mid-term salary increases given to the Associate Commissioners in 1999. Section 50.333.13, RSMo, enacted in 1997, allowed the salary commissions meeting in 1997 to provide mid-term increases for associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioners' terms had been increased from two years to four years. Based upon this statute, in 1999 Macon County's Associate County Commissioners' salaries were each increased approximately \$7,580 yearly, according to information from the County Clerk.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of that statute. The Supreme Court held that this section of the statute violated Article VII, Section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county, and municipal officers during the term of office. This case, *Laclede County v. Douglass et al.*, holds that all raises given pursuant to this statute section are unconstitutional. On June 5, 2001, the State Auditor notified all third class counties of the Supreme Court decision and recommended that each county document its review of the impact of the opinion, as well as plans to seek repayment.

Based upon the Supreme Court decision, the raises given to each of the Associate County Commissioners for the two years ended December 31, 2000, should be repaid. In June 2001, the county sent each of the prior Associate Commissioners a letter requesting payment of \$16,320 for the salary overpayment plus social security benefits. However, the County

Commission indicated that they did not receive a response and no additional action has been taken.

WE RECOMMEND the County Commission pursue collection of the salary overpayments from the prior Associate Commissioners.

AUDITEE'S RESPONSE

The County Commission indicated they will discuss this situation with legal counsel and will send another letter to the prior Associate County Commissioners.

3. Public Administrator

Annual settlements are not filed in a timely manner. Nine of the fifty-nine settlements due in 2003 or 2002 had not been filed as of March 25, 2004. In addition, one settlement filed in January 2004 covered a three year period. According to the Public Administrator, many of the settlements are late because the attorneys have not completed the settlements.

Section 473.540, RSMo 2000, requires settlements to be filed annually. Timely settlements are necessary for the court to properly oversee the administration of cases and reduce the possibility that errors or misuse of funds will go undetected.

WE RECOMMEND the Associate Circuit Division Judge and the Public Administrator ensure settlements are filed in a timely manner.

AUDITEE'S RESPONSE

The Public Administrator indicated the primary reason for the delay is that he has trouble getting the attorneys to prepare the settlements in a timely manner.

The Associate Circuit Judge stated:

"I am acutely aware of the time problems with the Public Administrator. I have made several attempts to get him to do reports in a timely manner, through discussions. Much thought has gone into what can be done to force the issue as removal as fiduciary is not an option. Assessing contempt orders and fines is about the only available option. However, due to his tenure and the part time nature of his office, that has not been seen as a viable option either. I will meet with the newly elected Public Administrator and make his/her obligation to do things timely very clear, emphasizing the contempt issues. We will also see that the new Public Administrator, immediately upon being elected, starts to work with the current Public Administrator to make sure the latter is as caught up as possible."

4.**Prosecuting Attorney's Controls and Procedures**

A "donation" is required when reducing charges filed on some traffic tickets. In addition, a bad check log is not maintained, receipts are not always deposited or transmitted timely, a number of checks have been outstanding for a significant amount of time, and a listing of court ordered restitution due was not maintained.

- A. The Prosecuting Attorney frequently reduces charges filed on traffic tickets by requiring the defendants to make a "donation" to the Macon County General Revenue Fund as a condition of reducing the charges. According to the county budgets, receipts from donations totaled \$23,320 and \$27,470 for the years ended December 31, 2003 and 2002, respectively.

There appears to be no authority for the Prosecuting Attorney to require a "donation" to reduce charges filed on traffic tickets. In addition, Article IX, Section 7 of the Missouri Constitution states that the proceeds of all penalties, forfeitures and fines are to be distributed to the county school fund.

- B. A bad check log is not maintained by the Prosecuting Attorney's office. To ensure all bad checks turned over to the Prosecuting Attorney are properly accounted for, a bad check log should be maintained listing each complaint and its disposition. The log should contain information such as the merchant's name, the issuer of the check, the amount of the bad check fee, and the disposition of the bad check, including the date restitution was received and disbursed to the vendor, the date and criminal case in which charges were filed, or other disposition.
- C. Receipts are not always deposited or transmitted timely. Depending on the circumstances, bad check fees are either deposited into the Prosecuting Attorney's bank account or transmitted to the County Treasurer. Donations involving traffic tickets are transmitted to the County Treasurer upon receipt; however, fine and costs are transmitted to the court on the court date. Our review noted the following concerns:
- 1) Traffic fines and costs for amended tickets are held by the Prosecuting Attorney until court day at which time they are transmitted to the court. A cash count performed on January 6, 2004, totaling \$1,514 included receipts from December 3, 2003.
 - 2) Bad check fees are generally transmitted to the treasurer once every week; however, a cash count performed on December 29, 2003, totaling \$1,102 included receipts from December 12, 2003. Of this amount approximately \$338 was to be deposited in the Prosecuting Attorney's bank account and \$764 was for transmittal to the County Treasurer.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse funds, checks and money orders should be deposited intact daily or when accumulated receipts exceed \$100.

- D. The Prosecuting Attorney had twenty-six outstanding checks totaling \$2,218 issued prior to October 2002. The checks that are outstanding for an extended amount of time need to be voided and rewritten. If the Prosecuting Attorney is unable to find the person to whom the check should go to, it should be turned over to the state as unclaimed property.
- E. The Prosecuting Attorney did not maintain a summary listing of court ordered restitution accounts receivable. Upon our request, a listing was prepared in February 2004 reflecting restitution due of approximately \$160,000. Approximately twenty-five percent of the amounts due included on the listing relates to cases filed prior to 2000.

A complete and accurate listing of accrued court ordered restitution would allow the Prosecuting Attorney to more easily review the amounts due and to take appropriate steps to ensure amounts owed are collected or to determine if amounts are uncollectible.

WE RECOMMEND the Prosecuting Attorney:

- A. Review the practice of requiring donations as part of reducing charges filed.
- B. Maintain a summary log to account for bad check complaints as well as the ultimate disposition.
- C. Deposit or transmit receipts daily or when accumulated receipts exceed \$100.
- D. Investigate checks that have been outstanding for an extended amount of time. If able to find the individual, the check should be voided and rewritten. If unable to find the individual, the monies should be turned over to the state as unclaimed property.
- E. Continue to maintain and update the listing of accrued court ordered restitution prepared in February 2004. Any uncollectible accrued court ordered restitution should be written off following review and approval by the Judge.

AUDITEE'S RESPONSE

The Prosecuting Attorney stated:

- A. *"I would disagree that there is a "requirement" that anyone donate to the County General Revenue Fund. However, with a donation does follow my consideration to amend a speeding*

ticket. The authority of amending, dismissing, or filing a charge is well founded in the discretion of a prosecuting attorney, which I will not cite here. That said, I will not shy away from my practice of amending speeding tickets to defective equipment, which is based on a legitimate public concern that the laws of Missouri be equally applied throughout the state and that the punishment be equal to the crime. My policy permits a driver whose speed does not exceed the Fine Collection Center criteria who has paid a \$100 donation to the Macon County General Revenue Fund, in addition to the scheduled fine and court costs to be amended to a defective equipment ticket. This may be done no more than twice in a 12-month period.

Neither will I shy away from the ludicrous and much harped for and sanctimonious "school fund". What is often forgotten in the battle cry is that every dollar paid into the Macon County School Fund results in a dollar-for-dollar reduction from the State of Missouri. That means money to the Macon County School Fund is a zero sum gain for our county. That said, for the sanctimonious, the corresponding fine paid on the amended ticket remains the same for the speeding fine schedule, so that the precious state school fund coffers are not reduced one cent. That said, my policy results in a real income benefit for local needs in the contribution to the Macon County General Revenue. By not dismissing the ticket, as some prosecuting attorneys do, of which there could be no doubt of my authority, there is also significant revenue for the courts in the payment of court costs.

Before taking office of Macon County Prosecuting Attorney it was clearly impressed on me the difference between Macon County with not only surrounding counties but also more so with urban areas of our state on how traffic violations were enforced. There seemed to be a lower priority in the urban areas on enforcement and a willingness to amend traffic violations to "no point" status in other surrounding counties.

I considered various means to level the playing field for our more rural and relatively low crime area in dealing with traffic offenses. I am grateful to live in a community where a speeding ticket to many of my constituents seems to be a major crime. If traffic laws were uniformly enforced in all jurisdictions throughout the state of Missouri the current point system might be fair, but in practice it is not. That is where a prosecuting attorney's discretion comes into play. When first taking office, it seemed to me that Macon County law enforcement had the resources to strictly enforce traffic laws in such a way that the point status of drivers were in jeopardy or resulted in drivers being suspended here more than in other parts of our state. It is my modest opinion, that it is far better to have a licensed and insured driver on the road, than a suspended and uninsured driver on the road. In Macon County, we do not have access to viable public transportation for a suspended driver.

In addition, there appears to me to be a serious gouging by insurance companies on youthful drivers, and their parents who more often than not pay the bills, with a resulting speeding ticket conviction. This increase in costs, results in a "punishment" that may either cause cancellation, an uninsured driver, or overly burdensome insurance rates for a young driver, or their parents, which I account for in implementing my duties.

Before implementing my policy, I obtained a written opinion from the Attorney General's Office as to the legality and a verbal, if not written, opinion from the Office of Chief Disciplinary Counsel as to the ethical issues of such a policy. Attorneys from both agencies indicated there were no legal or ethical issues of which I should be concerned. My policy serves my constituents needs and interests. I am not as much interested in "ivory tower" considerations, as I am with the day-to-day reality of people's lives. From first implementing my policy, now going on six years, which as I recall resulted in a front page article in the local newspaper, discussions with many parents as to the desirability of my policy, and review of prior state audit reports, the present audit report is the first to suggest that my policy should be abandoned.

As to your recommendation: I have reviewed my policy and find it to be sound, legal, and ethical."

- B. *"In reviewing the auditor's comment on having a "bad check log" with my clerk, she advised that there is such a log currently maintained within the bad check computer program. That said, the computer program presently is suffering a glitch, which prevents it from displaying the correlating dates of actions taken. I intend to work with the computer vendor to remedy this software problem. If the resulting log from the bad check computer program does not suffice, then I will see that a log is created. Either by hand or using spreadsheet software.*

As to your recommendation: My office does maintain such a log, but it is experiencing some technical difficulty, which needs to be remedied."

- C. *"1) As to payment of fines and costs to the court for amended speeding tickets, money received by my office that is to be paid to the court cannot be paid over to the court until the case is pled, otherwise the payment would be treated as an immediate guilty plea to say "speeding", which would not be the reason the defendant paid a donation and sent the fine and costs to my office in the first place. The appropriate time to transfer fines and costs would be on the law day the case is set to be heard by the court and not the day the fine and costs may be received by my office.*

The dates cited in your report, January 6th and December 3rd would fall soon after two very busy holiday seasons, Thanksgiving, Christmas and New Years Day. I would anticipate that the fines and costs received after those holidays would be higher than normal for the remainder of the year. There is really nothing that can be done to remedy the auditor's concern. It is a valid concern, but, given my policy, without apparent remedy.

2) Frankly, given the sum of money collected by the Prosecuting Attorney's Office for bad checks and other sorts of restitution, the amount cited is not particularly a large sum in context. That said, I see no reason why daily deposits cannot be made of money collected by my office. I certainly will instruct my clerk to make daily deposits.

As to your recommendation: I agree that receipts should be deposited daily or when they exceed \$100."

- D. *"Your suggestion has merit. Checks that are outstanding for an extended amount of time will be voided and either rewritten or if unable to find the person to whom the check is due then turned over to the Macon County Treasurer as unclaimed property for the County Treasurer's processing. This has occurred several times in my tenure, but not on at least an annual basis. In the future, I intend for this review to occur once at the end of each year. Given the size of my staff and the amount of money suggested by your report, that should be sufficient.*

As to your recommendation: I agree that long outstanding checks should be investigated and be voided, rewritten, or processed as unclaimed property."

- E. *"The collection of restitution is problematic for the Office of Prosecuting Attorney. Persons owed restitution should be paid. However, it is important to realize that the Office of Prosecuting Attorney does keep track of restitution ordered by the court, else no list could have been provided the auditor. The responsibility in Macon County for the collection of restitution has differed with different judges and even the demands of different court clerks. The Macon County Prosecuting Attorney's Office is coping with the collection of restitution as best is possible given restraints on my office. Since restitution is court ordered, collection of restitution is an aspect of court supervision. However, local court operations have placed the job of processing the collection on my office even though it is a function of the court. The enforcement of restitution payments remains with the court, not my office. My office pays out money received and advises the court when there appears to be a lack of payment of court ordered restitution.*

What does surprise me, given the frequency that I request restitution from defendants, is that the outstanding restitution cited in your report of \$160,000 is so low. It must be remembered that collection is an on going process and rarely paid in one lump sum. Court ordered restitution is usually collected in monthly payments from probationers. It should be understood that the total outstanding restitution amount is not static, but as older cases are paid, newer cases are added to the total amount to be collected.

For persons on probation, the supervision of their restitution payments is with the defendant's probation officer. The cost in resources for my office to day-by-day monitor restitution, not to mention the wasteful duplicative monitoring that would result with state probation and parole, "private" probation officers, and the court clerks, would in my opinion exceed the amount of restitution presently outstanding and collectable.

Since restitution is court ordered, I do not feel it is my place to decide what amounts of restitution is uncollectible. Often times an inability of collection is a direct result of the process. For example when a defendant's sentence is executed-that is they are to serve their time-then their obligation to pay restitution terminates. That is the law of this state and not my policy or determined by my review. If a defendant completes their period of probation, and the defendant's probation and parole officer fails to timely advise my office before the end of the defendant's period of probation that not all restitution has been paid, then the obligation to pay restitution terminates.

If a defendant on probation is unable to pay restitution, then it is uncollectible just as a civil judgment would be uncollectible. The defendant's probation officer is the person best situated to determine a defendant's ability to pay, not my office. Because a payment is called restitution, does not mean it is any more collectable than a civil judgment. We do not have debtor prisons in Missouri. When a defendant does not have an ability to pay, I know of no authority to revoke an indigent's probation.

My office, within its organizational restrictions, does a very fine job of collecting and pressing for the payment of restitution for persons owed. There can be no dispute that some restitution ordered by the court-by law-is uncollectible or impossible to collect from an indigent defendant.

As to your recommendation: I agree that it would be helpful to the process of collection for my office to maintain a list of court ordered restitution to insure the collection of restitution due persons to be addressed with a defendant's respective probation officer to measure the progress of a defendant's payment of restitution owed."

5.

Health Center

Expenditures were authorized in excess of budgeted amounts. Grant expenditures were not adequately monitored and board minutes were not always signed. Gift certificates were purchased for employees and there is no general fixed asset policy.

- A. The Board of Trustees approved expenditures in excess of budgeted amounts for the year ended December 31, 2003, of \$17,640. Actual health insurance expenditures exceeded budgeted expenditures by approximately \$14,000. In addition, approximately \$7,500 was expended for a grant which was not budgeted. The Administrator indicated she thought they had prepared an amended budget for internal use; however, an amended budget could not be located and there was no mention of an amended budget in the Health Center Board minutes.

It was ruled in State ex. rel. Strong v. Cribb, 364 Mo. 1122, 273 SW2d (1954), that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess expenditures, amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's Office prior to incurring the expenditures.

- B. The Health Center did not adequately monitor expenditures and track program costs of the Comprehensive Family Planning Program during the period March 2002 through December 2002. The Administrator indicated a new accounting clerk was hired in March 2002 who did not maintain the cost tracking records. As a result, the Health Center failed to comply with the contractual requirements of tracking costs.

- C. The board minutes are not signed. The board minutes should be prepared and signed by the Health Center Board Secretary, approved by the Health Center Board, and signed by the Health Center Board President to provide attestation that the minutes are a correct record of the matters discussed and actions taken during the board's meetings.
- D. The Health Center authorized a \$300 expenditure to a restaurant to purchase gift certificates as Christmas gifts to health center employees. This type of expenditure does not appear to be a prudent use of health center funds. The Health Center Board should ensure that funds are only spent on items which are necessary and beneficial to county residents.
- E. The Health Center does not have a policy defining procedures for recording and maintaining general fixed assets. In addition, the Health Center has not conducted a physical inventory since June of 2001. Adequate general fixed asset records and procedures are necessary to secure better internal control over property and provide a basis for determining proper insurance coverage. Inventories and proper tagging of property are necessary to ensure fixed asset records are accurate, identify any unrecorded additions and dispositions, detect theft of assets, and identify obsolete assets.

WE RECOMMEND the Health Center Board of Trustees:

- A. Refrain from incurring expenditures in excess of budget amounts. If the county receives additional funds which could not be anticipated when the budget was adopted the Board of Trustees should amend its budget according to state law and submit the budgets to the State Auditor's Office.
- B. Adequately monitor expenditures and track program costs of the Comprehensive Family Planning Program to comply with the program contract.
- C. Ensure board minutes are approved and signed.
- D. Ensure all expenditures are reasonable and necessary and a prudent use of public funds.
- E. Develop a fixed asset policy. An actual physical inventory of the various property items should be performed periodically and property records should be maintained that include all pertinent information for each asset, such as tag number, description, cost, acquisition date, location, and subsequent disposition, if applicable.

AUDITEE'S RESPONSE

The Health Center Board of Trustees indicated:

- A. The budget would be amended when appropriate and amended budgets will be submitted to the State Auditor's Office. The budget is reviewed monthly at the Board meeting. Formal amendments will be made semi-annually (by August 30th) if necessary and submitted to the County Clerk and the State Auditor's Office.*
- B. A new tracking system was implemented for all grants in conjunction with the change to Quick Books.*
- C. The Board meeting minutes have always been approved at the next meeting; the recommendation to have minutes signed was implemented in January 2004.*
- D. Funds would be used appropriately, effective immediately.*
- E. A fixed asset policy is being reviewed and will be adopted by the September 2004 Board meeting. An annual physical inventory will be performed and fixed asset records will be updated.*

Follow-Up on Prior Audit Findings

MACON COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with Government Auditing Standards, this section reports the auditor's follow-up on action taken by Macon County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 1999. The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendation is not repeated, the county should consider implementing the recommendation.

1. Senate Bill 40 Board

- A. The Senate Bill 40 (SB 40) Board contracted with several not-for-profit (NFP) corporations to provide services to handicapped residents of Macon County. In addition, the SB 40 Board contracted for administrative services with one of these NFP corporations, which included monitoring other POS providers. There was little evidence the administrative agent or the SB 40 Board had reviewed the financial information and audit reports submitted by the NFPs. In addition, there was no evidence the SB 40 Board monitored the administrative or client services contract requirements of the NFP corporation which provided oversight.
- B. The SB 40 Board provided office space for the administrative services NFP corporation. Office space and related expenditures were not provided for in the contract with the NFP corporation. The percentage of office expenditures was not allocated between the NFP corporation and the SB 40 Board.
- C. The 1999 rental agreement was signed by the administrative services liaison (an employee of the NFP corporation) rather than a Senate Bill 40 Board member.

Recommendation:

The Senate Bill 40 Board:

- A. Ensure that adequate documentation is received from all service providers and monitored for compliance with statutory and contract provisions.
- B. Determine whether incurring the cost of office space and related expenditures for the NFP corporation in addition to the monthly fee is a reasonable and prudent use of funds. If the SB 40 Board decides to continue this practice, the contract should be amended to specify the office expenditures each party is responsible for.
- C. Approve and sign all contracts.

Status:

Implemented.

2. Procurement Policies and Procedures

Bid documentation was not always retained for various equipment purchases made by the county.

Recommendation:

The County Commission solicit bids for all items in accordance with state law. Documentation of bids solicited and justification for bid awards should be maintained by the County Clerk. If bids cannot be obtained and sole source procurement is necessary, the County Commission minutes should reflect the circumstances.

Status:

Partially implemented. The county attempted to solicit bids on the applicable purchases reviewed. However, when a single bid was received and the county attempted to solicit additional bids, the circumstances were not always documented. Although not repeated in the current MAR, our recommendation remains as stated above.

3. Circuit Clerk

The Circuit Clerk's December 31, 1999, open items listing included approximately 390 entries totaling approximately \$118,000. Approximately \$49,000 of this balance was related to cases originating prior to 1997.

Recommendation:

The Circuit Clerk investigate the status of cases for which monies are being held in the fee account and distribute those monies for those accounts which appear unlikely to be collected in the future.

Status:

Implemented.

4. Restricted Use Funds

- A. Carpeting was purchased from the Law Library Fund and installed in the law library, jury room, and the Circuit Judge's office. The costs related to the jury room and the Circuit Judge's office did not appear to be a reasonable and prudent use of the Law Library Fund.

- B. An entity paid the Circuit Clerk/Ex Officio Recorder of Deed's office \$100 per month to perform record searches. From January through October 1998, a total of \$1,000 was received for these services and deposited into the Circuit Clerk Interest Fund. Beginning in November 1998, payments were made directly to employees of the Ex Officio Recorder of Deeds. Effective June 2000, the payment for the record search was made to the Ex Officio Recorders of Deeds' office and turned over to the General Revenue Fund.

Recommendation:

- A. The Circuit Judge ensure expenditures from the Law Library Fund are reasonable and prudent.
- B. The Circuit Clerk/Ex Officio Recorder of Deeds pay \$1,000 to the General Revenue Fund from the Circuit Clerk Interest Fund. In addition, the Circuit Clerk/Ex Officio Recorder of Deeds and County Commission should review this situation and determine whether any monies are due for the use of county resources.

Status:

Implemented.

STATISTICAL SECTION

History, Organization, and
Statistical Information

MACON COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1837, the county of Macon was named after Nathaniel Macon, a U.S. Congressman and Senator. Macon County is a county-organized, third-class county and is part of the Forty-First Judicial Circuit. The county seat is Macon.

Macon County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 900 miles of county roads and 216 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 16,313 in 1980 and 15,762 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,				
		2003	2002	2001	2000	1985* 1980**
		(in millions)				
Real estate	\$	83.0	80.6	78.6	72.3	56.3 32.6
Personal property		42.4	40.4	40.0	38.4	14.8 10.7
Railroad and utilities		16.9	18.7	18.7	18.7	18.3 10.2
Total	\$	142.3	139.7	137.3	129.4	89.4 53.5

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Macon County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,			
		2003	2002	2001	2000
General Revenue Fund	\$	.2236	.2369	.2100	.2060
Special Road and Bridge Fund *		.6739	.6700	.6700	.6700
Health Center Fund		.1500	.1500	.1500	.1500
Senate Bill 40 Board Fund		.1000	.1000	.1000	.1000
County Park Fund		N/A	N/A	N/A	.0300

* The county retains all tax proceeds from areas not within road districts. The county has two road districts that receives four-fifths of the tax collections from property within these

districts, and the Special Road and Bridge Fund retains one-fifth. The road districts also have an additional levy approved by the voters.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

		Year Ended February 28 (29),			
		2004	2003	2002	2001
State of Missouri	\$	44,568	42,554	42,049	39,406
General Revenue Fund		338,099	339,981	302,759	280,720
Road funds		860,220	817,918	803,905	756,015
Assessment Fund		89,976	83,016	81,736	77,846
Health Center Fund		216,386	206,695	204,390	191,650
Senate Bill 40 Board Fund		144,532	138,080	136,539	128,022
School districts		4,976,940	4,688,275	4,599,647	4,301,933
Ambulance district		216,923	207,241	204,929	192,152
Nursing home districts		219,422	209,753	207,315	194,267
Cities		113,490	109,288	106,307	100,764
County Park Fund		225	497	2,337	38,432
Hospital Fund		289,166	276,259	273,177	256,138
Other		12,324	13,332	11,634	12,613
County Employees' Retirement		12,185	10,765	9,943	6,405
Commissions and fees:					
General Revenue Fund		163,183	148,176	145,242	135,476
Total	\$	7,697,639	7,291,830	7,131,909	6,711,839

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),				
	2003	2002	2001	2000	
Real estate	95.6	94.8	95.2	95.3	%
Personal property	92.5	92.4	92.4	92.1	
Railroad and utilities	100.0	100.0	100.0	100.0	

Macon County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$ 0.00500	None	50	%
Road & bridge capital improvements	0.00500	2006	None	
Enhanced 911	0.00375	None	None	
Park improvements	0.00250	2005	None	

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2004	2003	2002	2001	2000
County-Paid Officials:	\$				
Craig Jones, Presiding Commissioner		28,400	28,400	27,080	27,080
Drew Belt, Associate Commissioner		26,400	26,400	25,080	
Gail Smith, Associate Commissioner					25,080
Ronnie Switzer, Associate Commissioner		26,400	26,400	25,080	
Steven J. Fuller, Associate Commissioner					25,080
Pat Clarke, County Clerk		40,000	40,000	38,000	38,000
R. Timothy Bickhaus, Prosecuting Attorney		47,000	47,000	45,000	45,000
Robert Dawson, Sheriff		44,000	44,000	42,000	38,000
Carol Walker, County Treasurer		40,000	29,600	28,120	28,120
Brian Hayes, County Coroner		12,000	12,000	11,000	
Shawn M. Armstrong, County Coroner					6,500
John Richard Jones, Public Administrator (1)		40,000	40,000	43,000	29,449
Jeanette Ronchetto, County Collector, year ended February 28 (29),	40,000	40,000	38,333	38,000	
Sheila Long, County Assessor (2), year ended August 31,		40,900	40,233	38,900	16,508
Floyd R. Kilgore, County Assessor (3), year ended August 31					22,392
Edward A. Cleaver, County Surveyor (4)					

(1) Includes fees received from probate cases for 2000. Effective January 1, 2001, the Public Administrator elected to change from a fee basis to a salary basis. 2001 includes \$5,000 salary which pertains to 2000.

(2) Includes \$900 annual compensation received from the state for the year ended 2003, 2002, and 2001 and \$675 for the year ended 2000.

(3) Retired March 31, 2000. Includes \$225 received from the state.

(4) Compensation on a fee basis.

State-Paid Officials:

Judy Roberts, Circuit Clerk and Ex Officio Recorder of Deeds	47,300	47,300	47,300	46,126
Paul Parkinson, Associate Circuit Judge	96,000	96,000		
Hadley E. Grimm, Associate Circuit Judge			96,000	97,382



**MONTGOMERY COUNTY, MISSOURI
YEARS ENDED DECEMBER 31, 2003 AND 2002**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-62
August 27, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

August 2004

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Montgomery, that do not have a county auditor. In addition to a financial and compliance audit of various county operating funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Montgomery County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The schedule of expenditures of federal awards did not accurately report expenditures of some federal programs. Total federal expenditures were understated by approximately \$45,000 and \$30,000 for 2003 and 2002, respectively.
- The county incurred engineering costs of \$27,048 for a federal bridge project during the two years ended December 31, 2003. There was no documentation that the County Commission considered other engineering firms when procuring engineering services for this project, as required by state law.
- Actual disbursements exceeded the budgeted amounts in various funds. Budgeted amounts for the General Revenue Fund were exceeded by \$21,481 for the year ended December 31, 2003. Budgeted amounts for the Capital Improvements Fund were exceeded by \$9,500 and \$30,983, respectively, for the years ended December 31, 2003 and 2002.
- The county does not adequately review fuel charges and does not have a written policy on whether a road and bridge employee should be provided a vehicle at the county's expense. In addition, Sheriff department employees have been provided meals at no cost from the jail.
- The public administrator's salary was set at 90 percent of the salary provided by state law to correspond with the percentage of the maximum salaries paid to other officials. There was no legal documentation supporting whether the public administrator should receive the minimum salary provided by state law or a percentage of the minimum.

(over)

YELLOW SHEET

- The county has not established procedures to maximize interest earnings and has not entered into written agreements with some of its depository banks.
- The County Clerk made errors in calculating railroad and utility taxes distributed to the various school districts in Montgomery County during the years ended December 31, 2003 and 2002.
- Several concerns were noted in the Sheriff's fee account procedures. An open-items (liabilities) listing is not prepared and reconciled to the cash balance on a monthly basis. At December 31, 2003, the reconciled cash balance was \$6,242 which included \$1,083 of unknown open items. The Sheriff's office uses county-owned vehicles to transport prisoners on county time. Although the county pays all costs related to transporting prisoners, the state's reimbursement check is deposited into the fee account and the mileage and per diem reimbursements are disbursed to the individuals transporting prisoners.
- Several concerns were noted in the Sheriff's inmate and commissary procedures. Receipt slips are not issued immediately upon receipt, some receipts are not properly recorded in the accounting records, and receipts are not deposited timely. In some instances, the actual cash or money order received is returned to the inmate and the inmate's signature is not obtained to document the monies were returned. The Sheriff's office does not maintain a running inventory (perpetual inventory) of items purchased from vendors, items sold to inmates, and inventory balances.

Also included in the audit were recommendations to improve the county's procedures related to general fixed assets. The audit also suggested improvements in the procedures of the Associate Circuit/Probate Division and the Health Center.

All reports are available on our website: www.auditor.mo.gov

MONTGOMERY COUNTY, MISSOURI

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MONTGOMERY COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Montgomery County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Montgomery County, Missouri, as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Montgomery County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2003 and 2002, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated April 8, 2004, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Montgomery County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

April 8, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Jeannette Eaves, CPA
In-Charge Auditor:	Jeffrey Wilson
Audit Staff:	Keriann Wright
	Chad Hampton



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission
and
Officeholders of Montgomery County, Missouri

We have audited the financial statements of various funds of Montgomery County, Missouri, as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated April 8, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of various funds of Montgomery County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Montgomery County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the

financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Montgomery County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

April 8, 2004 (fieldwork completion date)

Financial Statements

Exhibit A-1

MONTGOMERY COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2003

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 160,647	2,508,992	2,415,425	254,214
Special Road and Bridge	661,308	1,613,483	1,552,053	722,738
Assessment	503	168,245	167,357	1,391
Dare/Pride	2,316	468	0	2,784
Emergency Preparedness	14,246	87,371	47,328	54,289
Emergency 911	123,551	114,241	134,878	102,914
Prosecuting Attorney Bad Check	17,056	5,700	2,944	19,812
Capital Improvements	344,564	385,674	437,996	292,242
Law Enforcement Training	12,046	2,731	9,526	5,251
Prosecuting Attorney Training	18,607	981	2,585	17,003
Johnson Grass	5,768	0	0	5,768
Recorder User Fee	13,204	10,398	5,235	18,367
Sheriff's Forfeiture	7,855	67	0	7,922
Local Emergency Planning Commission	21,390	6,938	2,351	25,977
Post Commission	1,384	1,371	1,359	1,396
Sheriff's Operations	55,813	42,961	32,241	66,533
Election Services	12,708	4,351	4,053	13,006
Children's Trust	3,127	343	1,000	2,470
Courthouse Annex	77,610	52,229	19,433	110,406
Recorder's Technology	6,194	4,773	0	10,967
Health Center	554,580	568,301	515,237	607,644
Collector's Tax Maintenance	2,140	17,707	3,684	16,163
Prosecuting Attorney Delinquent Tax	7,086	37	3,861	3,262
Law Library	8,811	6,398	3,846	11,363
Circuit Clerk Interest	4,113	227	1,393	2,947
Division II Interest	15,646	144	0	15,790
Reserve Fund-General Revenue	0	200,000	0	200,000
Juvenile Assessment	4,070	38	0	4,108
Total	\$ 2,156,343	5,804,169	5,363,785	2,596,727

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

MONTGOMERY COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
 YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 22,863	2,244,717	2,106,933	160,647
Special Road and Bridge	466,487	1,391,384	1,196,563	661,308
Assessment	229	167,233	166,959	503
Dare/Pride	2,128	338	150	2,316
Emergency Preparedness	15,571	47,004	48,329	14,246
Emergency 911	111,629	113,106	101,184	123,551
Prosecuting Attorney Bad Check	11,459	7,509	1,912	17,056
Capital Improvements	325,368	453,139	433,943	344,564
Law Enforcement Training	18,361	3,559	9,874	12,046
Prosecuting Attorney Training	19,710	1,117	2,220	18,607
Johnson Grass	5,768	0	0	5,768
Recorder User Fee	11,327	9,472	7,595	13,204
Sheriff's Forfeiture	8,119	136	400	7,855
Local Emergency Planning Commission	20,004	6,825	5,439	21,390
Post Commission	823	2,199	1,638	1,384
Sheriff's Operations	33,240	47,227	24,654	55,813
Election Services	15,152	4,485	6,929	12,708
Children's Trust	3,651	476	1,000	3,127
Courthouse Annex	49,468	44,584	16,442	77,610
Recorder's Technology	1,669	4,525	0	6,194
Health Center	402,235	644,985	492,640	554,580
Prosecuting Attorney Delinquent Tax	6,975	111	0	7,086
Law Library	7,425	8,225	6,839	8,811
Circuit Clerk Interest	4,598	289	774	4,113
Division II Interest	15,903	877	1,134	15,646
Collector's Tax Maintenance	0	2,140	0	2,140
Juvenile Assessment	3,951	119	0	4,070
Total	\$ 1,584,113	5,205,781	4,633,551	2,156,343

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

MONTGOMERY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TOTALS - VARIOUS FUNDS</u>						
RECEIPTS	\$ 5,304,837	5,604,131	299,294	5,100,449	5,203,522	103,073
DISBURSEMENTS	5,713,189	5,363,785	349,404	5,170,380	4,633,551	536,829
RECEIPTS OVER (UNDER) DISBURSEMENTS	(408,352)	240,346	648,698	(69,931)	569,971	639,902
CASH, JANUARY 1	2,152,273	2,152,273	0	1,580,629	1,580,162	(467)
CASH, DECEMBER 31	1,743,921	2,392,619	648,698	1,510,698	2,150,133	639,435
<u>GENERAL REVENUE FUND</u>						
RECEIPTS						
Property taxes	375,677	384,394	8,717	383,822	381,905	(1,917)
Sales taxes	1,003,292	951,294	(51,998)	912,577	919,445	6,868
Intergovernmental	122,535	104,815	(17,720)	120,257	112,495	(7,762)
Charges for service:	834,678	999,959	165,281	746,000	773,056	27,056
Interest	6,000	4,300	(1,700)	4,500	6,444	1,944
Other	6,920	16,155	9,235	18,210	19,951	1,741
Transfers in	48,000	48,075	75	38,752	31,421	(7,331)
Total Receipts	2,397,102	2,508,992	111,890	2,224,118	2,244,717	20,599
DISBURSEMENTS						
County Commissior	88,713	88,528	185	82,563	82,922	(359)
County Clerk	104,841	99,875	4,966	99,345	97,206	2,139
Elections	0	0	0	20,000	19,842	158
Buildings and grounds	107,096	108,273	(1,177)	81,177	87,474	(6,297)
County Treasurer	37,021	32,764	4,257	33,365	32,599	766
County Collector	76,715	68,229	8,486	71,706	70,189	1,517
Recorder of Deeds	72,465	58,162	14,303	33,341	29,881	3,460
Circuit Clerk	19,605	9,300	10,305	14,165	26,495	(12,330)
Associate Circuit Court	21,695	17,190	4,505	19,854	17,955	1,899
Court administration	16,945	13,289	3,656	19,574	14,189	5,385
Public Administrator	23,311	23,414	(103)	20,653	20,754	(101)
Sheriff	448,792	424,323	24,469	384,372	372,389	11,983
Jail	573,761	578,678	(4,917)	559,774	545,378	14,396
Prosecuting Attorney	131,675	119,071	12,604	111,177	99,781	11,396
Juvenile Officer	44,846	40,195	4,651	52,847	43,306	9,541
County Coroner	17,133	17,977	(844)	17,033	12,862	4,171
Court Reporter	3,300	490	2,810	2,650	832	1,818
Dispatch	184,173	182,577	1,596	185,448	196,452	(11,004)
Prosecuting Attorney IV-D Child Support	51,083	50,012	1,071	47,439	47,807	(368)
Planning and Zoning	41,448	36,397	5,051	35,463	32,126	3,337
MoSmart Grant	40,737	39,447	1,290	47,302	41,933	5,369
Debt service	0	0	0	45,260	45,298	(38)
Other	179,450	179,234	216	156,775	158,263	(1,488)
Transfers out						
General Revenue Reserve	0	200,000	(200,000)	0	0	0
Assessment Fund	39,500	28,000	11,500	23,000	11,000	12,000
Emergency Fund	69,639	0	69,639	65,745	0	65,745
Total Disbursements	2,393,944	2,415,425	(21,481)	2,230,028	2,106,933	123,095
RECEIPTS OVER (UNDER) DISBURSEMENTS	3,158	93,567	90,409	(5,910)	137,784	143,694
CASH, JANUARY 1	160,647	160,647	0	22,863	22,863	0
CASH, DECEMBER 31	163,805	254,214	90,409	16,953	160,647	143,694

Exhibit B

MONTGOMERY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	728,455	730,687	2,232	720,478	715,761	(4,717)
Intergovernmental	757,690	870,465	112,775	799,100	614,826	(184,274)
Interest	12,000	10,270	(1,730)	12,000	15,848	3,848
Sale of equipment	0	0	0	0	39,750	39,750
Other	4,000	2,061	(1,939)	5,000	5,199	199
Total Receipts	1,502,145	1,613,483	111,338	1,536,578	1,391,384	(145,194)
DISBURSEMENTS						
Salaries	504,593	478,221	26,372	491,599	446,702	44,897
Supplies	125,000	125,010	(10)	130,000	107,678	22,322
Insurance	30,000	26,454	3,546	28,763	26,463	2,300
Road and bridge materials	301,000	267,999	33,001	285,000	261,790	23,210
Equipment repairs	65,000	67,721	(2,721)	70,000	48,866	21,134
Rentals	4,000	185	3,815	3,000	0	3,000
Equipment purchases	180,000	206,351	(26,351)	150,000	139,276	10,724
Construction, repair, and maintenance	457,000	244,756	212,244	325,500	44,193	281,307
Uniforms	0	6,157	(6,157)	0	10,953	(10,953)
Wellsville road district	0	64,016	(64,016)	0	62,602	(62,602)
Rhineland road district	0	22,108	(22,108)	0	21,619	(21,619)
Transfers out	30,000	43,075	(13,075)	33,752	26,421	7,331
Total Disbursements	1,696,593	1,552,053	144,540	1,517,614	1,196,563	321,051
RECEIPTS OVER (UNDER) DISBURSEMENTS	(194,448)	61,430	255,878	18,964	194,821	175,857
CASH, JANUARY 1	661,308	661,308	0	466,487	466,487	0
CASH, DECEMBER 31	466,860	722,738	255,878	485,451	661,308	175,857
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	144,363	136,658	(7,705)	146,946	151,508	4,562
Charges for services	2,200	3,214	1,014	2,200	2,917	717
Interest	500	245	(255)	1,300	540	(760)
Other	0	128	128	0	1,268	1,268
Transfers in	39,500	28,000	(11,500)	23,000	11,000	(12,000)
Total Receipts	186,563	168,245	(18,318)	173,446	167,233	(6,213)
DISBURSEMENTS						
Assessor	186,666	167,357	19,309	173,439	166,959	6,480
Total Disbursements	186,666	167,357	19,309	173,439	166,959	6,480
RECEIPTS OVER (UNDER) DISBURSEMENTS	(103)	888	991	7	274	267
CASH, JANUARY 1	503	503	0	229	229	0
CASH, DECEMBER 31	400	1,391	991	236	503	267

Exhibit B

MONTGOMERY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>DARE/PRIDE FUND</u>						
RECEIPTS						
Interest	25	21	(4)	25	37	12
Other	0	447	447	0	301	301
Total Receipts	25	468	443	25	338	313
DISBURSEMENTS						
Office	1,800	0	1,800	1,500	150	1,350
Total Disbursements	1,800	0	1,800	1,500	150	1,350
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,775)	468	2,243	(1,475)	188	1,663
CASH, JANUARY 1	2,316	2,316	0	2,128	2,128	0
CASH, DECEMBER 31	541	2,784	2,243	653	2,316	1,663
<u>EMERGENCY PREPAREDNESS FUND</u>						
RECEIPTS						
Intergovernmental	11,300	13,562	2,262	3,428	11,328	7,900
Charges for service:	35,000	73,500	38,500	35,000	35,000	0
Interest	500	282	(218)	500	594	94
Other	20	27	7	20	82	62
Total Receipts	46,820	87,371	40,551	38,948	47,004	8,056
DISBURSEMENTS						
Salaries	33,166	32,852	314	29,199	30,699	1,500
Office expenditures	8,995	4,248	4,747	7,500	5,842	(1,658)
Equipment	4,200	1,921	2,279	3,400	5,272	1,872
Mileage and training	1,700	2,444	(744)	1,200	1,191	(9)
Other	6,000	863	5,137	5,800	325	(5,475)
Transfer out	5,000	5,000	0	5,000	5,000	0
Total Disbursements	59,061	47,328	11,733	52,099	48,329	3,770
RECEIPTS OVER (UNDER) DISBURSEMENTS	(12,241)	40,043	52,284	(13,151)	(1,325)	11,826
CASH, JANUARY 1	14,246	14,246	0	15,571	15,571	0
CASH, DECEMBER 31	2,005	54,289	52,284	2,420	14,246	11,826
<u>EMERGENCY 911 FUND</u>						
RECEIPTS						
Charges for service:	106,500	112,205	5,705	110,300	110,186	(114)
Interest	1,500	1,052	(448)	1,800	2,000	200
Other	800	984	184	800	920	120
Total Receipts	108,800	114,241	5,441	112,900	113,106	206
DISBURSEMENTS						
Salaries	77,814	76,468	1,346	87,921	47,885	40,036
Telephone	50,000	48,999	1,001	50,000	45,540	4,460
Equipment	45,000	8,399	36,601	6,000	6,187	(187)
Supplies	2,000	1,012	988	1,450	1,572	(122)
Other	0	0	0	6,700	0	6,700
Total Disbursements	174,814	134,878	39,936	152,071	101,184	50,887
RECEIPTS OVER (UNDER) DISBURSEMENTS	(66,014)	(20,637)	45,377	(39,171)	11,922	51,093
CASH, JANUARY 1	123,551	123,551	0	111,629	111,629	0
CASH, DECEMBER 31	57,537	102,914	45,377	72,458	123,551	51,093

Exhibit B

MONTGOMERY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for service:	7,200	5,566	(1,634)	7,000	7,294	294
Interest	215	134	(81)	250	215	(35)
Total Receipts	7,415	5,700	(1,715)	7,250	7,509	259
DISBURSEMENTS						
Salaries	1,077	0	1,077	5,417	233	5,184
Supplies	500	212	288	1,000	65	935
Equipment	5,200	2,347	2,853	1,000	708	292
Other	1,000	385	615	1,500	906	594
Total Disbursements	7,777	2,944	4,833	8,917	1,912	7,005
RECEIPTS OVER (UNDER) DISBURSEMENTS	(362)	2,756	3,118	(1,667)	5,597	7,264
CASH, JANUARY 1	17,056	17,056	0	11,459	11,459	0
CASH, DECEMBER 31	16,694	19,812	3,118	9,792	17,056	7,264
<u>CAPITAL IMPROVEMENTS FUND</u>						
RECEIPTS						
Sales tax	401,232	379,011	(22,221)	396,823	397,259	436
Interest	10,000	6,337	(3,663)	9,350	10,228	878
General Revenue loan repaymen	0	0	0	45,300	45,298	(2)
Other	350	326	(24)	250	354	104
Total Receipts	411,582	385,674	(25,908)	451,723	453,139	1,416
DISBURSEMENTS						
Salaries	28,709	27,815	894	23,320	23,742	(422)
Equipment	42,887	25,439	17,448	20,000	21,816	(1,816)
Debt service	322,000	325,255	(3,255)	324,740	311,542	13,198
Lease purchase agreemen	29,900	29,900	0	29,900	29,900	0
Improvements, repair, and upkeep	0	24,061	(24,061)	0	42,055	(42,055)
Other	5,000	5,526	(526)	5,000	4,888	112
Total Disbursements	428,496	437,996	(9,500)	402,960	433,943	(30,983)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(16,914)	(52,322)	(35,408)	48,763	19,196	(29,567)
CASH, JANUARY 1	344,564	344,564	0	325,368	325,368	0
CASH, DECEMBER 31	327,650	292,242	(35,408)	374,131	344,564	(29,567)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Charges for service:	3,000	2,644	(356)	3,500	3,284	(216)
Interest	250	87	(163)	200	275	75
Total Receipts	3,250	2,731	(519)	3,700	3,559	(141)
DISBURSEMENTS						
Sheriff	14,000	9,526	4,474	14,700	9,874	4,826
Total Disbursements	14,000	9,526	4,474	14,700	9,874	4,826
RECEIPTS OVER (UNDER) DISBURSEMENTS	(10,750)	(6,795)	3,955	(11,000)	(6,315)	4,685
CASH, JANUARY 1	12,046	12,046	0	18,361	18,361	0
CASH, DECEMBER 31	1,296	5,251	3,955	7,361	12,046	4,685

Exhibit B

MONTGOMERY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for service:	800	851	51	1,000	814	(186)
Interest	300	130	(170)	250	303	53
Total Receipts	1,100	981	(119)	1,250	1,117	(133)
DISBURSEMENTS						
Prosecuting Attorney	3,000	2,585	415	3,500	2,220	1,280
Total Disbursements	3,000	2,585	415	3,500	2,220	1,280
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,900)	(1,604)	296	(2,250)	(1,103)	1,147
CASH, JANUARY 1	18,607	18,607	0	19,710	19,710	0
CASH, DECEMBER 31	16,707	17,003	296	17,460	18,607	1,147
<u>JOHNSON GRASS FUND</u>						
RECEIPTS						
Interest	0	0	0	0	0	0
Total Receipts	0	0	0	0	0	0
DISBURSEMENTS						
Supplies	100	0	100	100	0	100
Total Disbursements	100	0	100	100	0	100
RECEIPTS OVER (UNDER) DISBURSEMENTS	(100)	0	100	(100)	0	100
CASH, JANUARY 1	5,768	5,768	0	5,768	5,768	0
CASH, DECEMBER 31	5,668	5,768	100	5,668	5,768	100
<u>RECORDER USER FEE FUND</u>						
RECEIPTS						
Charges for service:	7,600	8,629	1,029	6,000	9,307	3,307
Interest	200	119	(81)	0	165	165
Other	0	1,650	1,650	0	0	0
Total Receipts	7,800	10,398	2,598	6,000	9,472	3,472
DISBURSEMENTS						
Recorder of Deeds	20,000	5,235	14,765	17,000	7,595	9,405
Total Disbursements	20,000	5,235	14,765	17,000	7,595	9,405
RECEIPTS OVER (UNDER) DISBURSEMENTS	(12,200)	5,163	17,363	(11,000)	1,877	12,877
CASH, JANUARY 1	13,204	13,204	0	11,327	11,327	0
CASH, DECEMBER 31	1,004	18,367	17,363	327	13,204	12,877

Exhibit B

MONTGOMERY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SHERIFF'S FORFEITURE FUND</u>						
RECEIPTS						
Interest	100	67	(33)	0	136	136
Total Receipts	100	67	(33)	0	136	136
DISBURSEMENTS						
Equipment	5,000	0	5,000	6,500	400	6,100
Total Disbursements	5,000	0	5,000	6,500	400	6,100
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,900)	67	4,967	(6,500)	(264)	6,236
CASH, JANUARY 1	7,855	7,855	0	8,119	8,119	0
CASH, DECEMBER 31	2,955	7,922	4,967	1,619	7,855	6,236
<u>LOCAL EMERGENCY PLANNING COMMISSION FUND</u>						
RECEIPTS						
Interest	340	181	(159)	400	332	(68)
Contributions	5,900	6,757	857	4,000	6,493	2,493
Total Receipts	6,240	6,938	698	4,400	6,825	2,425
DISBURSEMENTS						
Equipment	15,000	1,778	13,222	7,000	3,667	3,333
Mileage and training	12,000	573	11,427	6,200	1,772	4,428
Other	630	0	630	300	0	300
Total Disbursements	27,630	2,351	25,279	13,500	5,439	8,061
RECEIPTS OVER (UNDER) DISBURSEMENTS	(21,390)	4,587	25,977	(9,100)	1,386	10,486
CASH, JANUARY 1	21,390	21,390	0	20,004	20,004	0
CASH, DECEMBER 31	0	25,977	25,977	10,904	21,390	10,486
<u>POST COMMISSION FUND</u>						
RECEIPTS						
Intergovernmental	1,700	1,360	(340)	1,900	2,184	284
Other	0	11	11	0	15	15
Total Receipts	1,700	1,371	(329)	1,900	2,199	299
DISBURSEMENTS						
Other	1,700	1,359	341	1,900	1,638	262
Total Disbursements	1,700	1,359	341	1,900	1,638	262
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	12	12	0	561	561
CASH, JANUARY 1	1,384	1,384	0	823	823	0
CASH, DECEMBER 31	1,384	1,396	12	823	1,384	561

Exhibit B

MONTGOMERY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SHERIFF'S OPERATIONS FUND</u>						
RECEIPTS						
Charges for service:	48,390	42,398	(5,992)	16,390	46,517	30,127
Interest	700	563	(137)	250	710	460
Total Receipts	49,090	42,961	(6,129)	16,640	47,227	30,587
DISBURSEMENTS						
Supplies	2,000	1,616	384	1,600	1,575	25
Equipment	23,500	17,868	5,632	24,402	19,401	5,001
Grant match	6,500	4,257	2,243	4,500	3,632	868
Other	8,500	8,500	0	0	46	(46)
Total Disbursements	40,500	32,241	8,259	30,502	24,654	5,848
RECEIPTS OVER (UNDER) DISBURSEMENTS	8,590	10,720	2,130	(13,862)	22,573	36,435
CASH, JANUARY 1	55,813	55,813	0	33,240	33,240	0
CASH, DECEMBER 31	64,403	66,533	2,130	19,378	55,813	36,435
<u>ELECTION SERVICES FUND</u>						
RECEIPTS						
Charges for service:	1,000	4,240	3,240	1,425	4,292	2,867
Interest	100	111	11	100	193	93
Total Receipts	1,100	4,351	3,251	1,525	4,485	2,960
DISBURSEMENTS						
Telephone	170	152	18	200	183	17
Equipment	9,640	3,716	5,924	6,300	5,860	440
Supplies	1,000	185	815	2,450	486	1,964
Other	0	0	0	0	400	(400)
Total Disbursements	10,810	4,053	6,757	8,950	6,929	2,021
RECEIPTS OVER (UNDER) DISBURSEMENTS	(9,710)	298	10,008	(7,425)	(2,444)	4,981
CASH, JANUARY 1	12,708	12,708	0	15,152	15,152	0
CASH, DECEMBER 31	2,998	13,006	10,008	7,727	12,708	4,981
<u>CHILDREN'S TRUST FUND</u>						
RECEIPTS						
Charges for service:	400	315	(85)	400	410	10
Interest	65	28	(37)	120	66	(54)
Total Receipts	465	343	(122)	520	476	(44)
DISBURSEMENTS						
Other	1,000	1,000	0	1,000	1,000	0
Total Disbursements	1,000	1,000	0	1,000	1,000	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(535)	(657)	(122)	(480)	(524)	(44)
CASH, JANUARY 1	3,127	3,127	0	3,651	3,651	0
CASH, DECEMBER 31	2,592	2,470	(122)	3,171	3,127	(44)

Exhibit B

MONTGOMERY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>COURTHOUSE ANNEX FUND</u>						
RECEIPTS						
Rent income	43,540	51,457	7,917	47,499	43,541	(3,958)
Interest	1,000	772	(228)	700	1,043	343
Total Receipts	44,540	52,229	7,689	48,199	44,584	(3,615)
DISBURSEMENTS						
Salaries	6,119	5,935	184	0	0	0
Supplies	2,175	875	1,300	400	0	400
Utilities	8,500	6,143	2,357	7,370	8,070	(700)
Repairs and upkeep	10,000	3,855	6,145	10,000	3,494	6,506
Other	2,500	2,625	(125)	5,752	4,878	874
Total Disbursements	29,294	19,433	9,861	23,522	16,442	7,080
RECEIPTS OVER (UNDER) DISBURSEMENTS	15,246	32,796	17,550	24,677	28,142	3,465
CASH, JANUARY 1	77,610	77,610	0	49,468	49,468	0
CASH, DECEMBER 31	92,856	110,406	17,550	74,145	77,610	3,465
<u>RECORDER'S TECHNOLOGY FUND</u>						
RECEIPTS						
Charges for service:	4,750	4,705	(45)	4,504	4,465	(39)
Interest	100	68	(32)	8	60	52
Total Receipts	4,850	4,773	(77)	4,512	4,525	13
DISBURSEMENTS						
Equipment	10,500	0	10,500	0	0	0
Other	0	0	0	4,504	0	4,504
Total Disbursements	10,500	0	10,500	4,504	0	4,504
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,650)	4,773	10,423	8	4,525	4,517
CASH, JANUARY 1	6,194	6,194	0	1,669	1,669	0
CASH, DECEMBER 31	544	10,967	10,423	1,677	6,194	4,517

Exhibit B

MONTGOMERY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes	188,000	194,177	6,177	198,000	211,119	13,119
Intergovernmental	120,400	139,503	19,103	116,000	132,162	16,162
Charges for service:	183,800	196,431	12,631	133,100	285,177	152,077
Interest	11,800	12,473	673	12,100	11,870	(230)
Other	2,500	25,717	23,217	2,500	4,657	2,157
Total Receipts	506,500	568,301	61,801	461,700	644,985	183,285
DISBURSEMENTS						
Salaries	367,350	366,071	1,279	337,606	337,324	282
Office Expenditures:	27,300	22,848	4,452	25,850	24,531	1,319
Equipment	9,300	4,810	4,490	9,400	7,136	2,264
Mileage and training	12,530	10,075	2,455	11,895	10,824	1,071
Building Expenses	40,000	7,596	32,404	12,300	8,978	3,322
Medical	19,400	19,471	(71)	14,900	17,670	(2,770)
Contracted Services:	61,700	52,184	9,516	43,700	58,479	(14,779)
Emergency Fund	11,700	7,292	4,408	5,000	0	5,000
Other	29,150	24,890	4,260	28,800	27,698	1,102
Total Disbursements	578,430	515,237	63,193	489,451	492,640	(3,189)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(71,930)	53,064	124,994	(27,751)	152,345	180,096
CASH, JANUARY 1	554,580	554,580	0	402,235	402,235	0
CASH, DECEMBER 31	482,650	607,644	124,994	374,484	554,580	180,096
<u>COLLECTOR'S TAX MAINTENANCE FUND</u>						
RECEIPTS						
Charges for service:	16,000	17,330	1,330			
Interest	200	77	(123)			
Other	0	300	300			
Total Receipts	16,200	17,707	1,507			
DISBURSEMENTS						
Collector	4,000	3,684	316			
Total Disbursements	4,000	3,684	316			
RECEIPTS OVER (UNDER) DISBURSEMENTS	12,200	14,023	1,823			
CASH, JANUARY 1	2,140	2,140	0			
CASH, DECEMBER 31	14,340	16,163	1,823			
<u>PROSECUTING ATTORNEY DELINQUENT TAX FUND</u>						
RECEIPTS						
Interest	0	37	37	175	111	(64)
Total Receipts	0	37	37	175	111	(64)
DISBURSEMENTS						
Equipment	4,000	3,861	139	0	0	0
Total Disbursements	4,000	3,861	139	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,000)	(3,824)	176	175	111	(64)
CASH, JANUARY 1	7,086	7,086	0	6,975	6,975	0
CASH, DECEMBER 31	3,086	3,262	176	7,150	7,086	(64)

Exhibit B

MONTGOMERY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for service:	1,000	6,398	5,398	4,000	8,225	4,225
Total Receipts	1,000	6,398	5,398	4,000	8,225	4,225
DISBURSEMENTS						
Law Library	9,811	3,846	5,965	11,425	6,839	4,586
Total Disbursements	9,811	3,846	5,965	11,425	6,839	4,586
RECEIPTS OVER (UNDER) DISBURSEMENTS	(8,811)	2,552	11,363	(7,425)	1,386	8,811
CASH, JANUARY 1	8,811	8,811	0	7,425	7,425	0
CASH, DECEMBER 31	0	11,363	11,363	0	8,811	8,811
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest	150	227	77	600	289	(311)
Total Receipts	150	227	77	600	289	(311)
DISBURSEMENTS						
Circuit Clerk	4,263	1,393	2,870	5,198	774	4,424
Total Disbursements	4,263	1,393	2,870	5,198	774	4,424
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,113)	(1,166)	2,947	(4,598)	(485)	4,113
CASH, JANUARY 1	4,113	4,113	0	4,598	4,598	0
CASH, DECEMBER 31	0	2,947	2,947	0	4,113	4,113
<u>DIVISION II INTEREST FUND</u>						
RECEIPTS						
Interest	300	144	(156)	340	877	537
Total Receipts	300	144	(156)	340	877	537
DISBURSEMENTS						
Division II	0	0	0	0	1,134	(1,134)
Total Disbursements	0	0	0	0	1,134	(1,134)
RECEIPTS OVER (UNDER) DISBURSEMENTS	300	144	(156)	340	(257)	(597)
CASH, JANUARY 1	15,646	15,646	0	16,370	15,903	(467)
CASH, DECEMBER 31	\$ 15,946	15,790	(156)	16,710	15,646	(1,064)

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

MONTGOMERY COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Montgomery County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, or the Health Center Board of Trustees. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Juvenile Assessment Fund	2003 and 2002
Reserve Fund-General Revenue	2003
Collector's Tax Maintenance Fund	2002

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Capital Improvements Fund	2003 and 2002
General Revenue Fund	2003
Health Center Fund	2002
Division II Interest Fund	2002

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

The county's published financial statements for the years ended December 31, 2003 and 2002, included all funds presented in the accompanying financial statements.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's and the Health Center Board's deposits at December 31, 2003 and 2002, were entirely covered by federal depository insurance or by collateral securities held by the county's custodial bank in the county's name.

3. Prior Period Adjustment

The Juvenile Assessment Fund's cash balance of \$3,951 at January 1, 2002, was not previously reported but has been added.

The County Employee Retirement Fund's cash balance of \$3,915 at January 1, 2002 was previously reported but has been removed from the financial statements.

4. Contingent Liability

As of December 31, 2003, the county's legal counsel indicated that the county is currently named in a suit involving the civil rights of a prisoner. The county's legal counsel indicated if the plaintiff prevails, the estimated potential liability to the county could be approximately \$300,000, but that recovery by plaintiff is believed to be unlikely.

Supplementary Schedule

Schedule

MONTGOMERY COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2003	2002
U. S. DEPARTMENT OF AGRICULTURE				
	Passed through state			
	Department of Health and Senior Services -			
10.557	Special Supplemental Nutrition Program for Women, Infants, and Childre	ERS045-4170	\$ 7,874	0
		ERS045-3170W	20,984	6,993
		ERS045-2170	0	19,699
	Program Total		28,858	26,692
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
	Passed through state			
	Department of Economic Development -			
14.228	Community Development Block Grants/State' Program	2001-PF-17	18,664	9,300
U.S. DEPARTMENT OF JUSTICE				
	Passed through Missouri Sheriff's Association			
	Cape Girardeau County Sheriff's Office			
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistanc Discretionary Grants Program	SD-2002-10	39,408	42,849
U. S. DEPARTMENT OF TRANSPORTATION				
	Passed through state			
	Highway and Transportation Commission			
20.205	Highway Planning and Constructior	BRO-070(12)	253,046	10,248
	Department of Public Safety			
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	N/A	1,000	1,028
GENERAL SERVICES ADMINISTRATION				
	Passed through state Office of Administration			
39.003	Donation of Federal Surplus Personal Property	N/A	305	0

Schedule

MONTGOMERY COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2003	2002
FEDERAL EMERGENCY MANAGEMENT AGENCY				
	Passed through state Department of Public Safety			
83.552	Emergency Management Performance Grants	N/A	11,214	7,089
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
	Passed through state			
	Department of Health and Senior Services -			
93.197	Childhood Lead Poisoning Prevention Projects			
	State and Local Childhood Lead Poisoning Preventior	ERS146-3170L	925	0
	and Surveillance of Blood Lead Levels in Childre	ERS146-2170L	0	365
	Program Total		925	365
93.268	Immunization Grants	PGA064-3170A	20,207	0
		PGA064-2170A	0	15,763
	Program Total		20,207	15,763
93.283	Centers for Disease Control and Prevention - Investigations and Technica	DH030095001	6,700	0
	Assistance			
	Department of Social Services -			
93.556	Promoting Safe and Stable Familie	N/A	1,274	3,210
93.563	Child Support Enforcemen	N/A	56,463	50,417
	Department of Health and Senior Services -			
93.575	Child Care and Development Block Gran	PGA067-3170C	2,180	0
		PGA067-2170C	0	2,000
	Program Total		2,180	2,000
93.994	Maternal and Child Health Services Block Grant			
	to the States	ERS146-4170M	3,758	0
		ERS146-3170M	11,532	3,787
		ERS146-2170M	0	11,244
	Program Total		15,290	15,031
	Total Expenditures of Federal Award:		\$ 455,534	183,992

*The CFDA number for this program changed to 97.036 in October 2003

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule

Notes to the Supplementary Schedule

MONTGOMERY COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Montgomery County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals. . . .

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Donation of Federal Surplus Personal Property (CFDA number 39.003) represent the estimated fair market value of the property at the time of receipt.

Amounts for Immunization Grants (CFDA number 93.268) and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2003 and 2002.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of Montgomery County, Missouri

Compliance

We have audited the compliance of Montgomery County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2003 and 2002. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Montgomery County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2003 and 2002. However, the results of our auditing procedures disclosed

instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as findings number 03-1 and 03-2.

Internal Control Over Compliance

The management of Montgomery County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as findings number 03-1 and 03-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above are material weaknesses.

This report is intended for the information and use of the management of Montgomery County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.



Claire McCaskill
State Auditor

April 8, 2004 (fieldwork completion date)

Schedule

MONTGOMERY COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2003 AND 2002

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? yes x no

Reportable conditions identified that are
not considered to be material weaknesses? yes x none reported

Noncompliance material to the financial statements
noted? yes x no

Federal Awards

Internal control over major programs:

Material weaknesses identified? yes x no

Reportable conditions identified that are
not considered to be material weaknesses? x yes none reported

Type of auditor's report issued on compliance for
major programs: Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of OMB
Circular A-133? x yes no

Identification of major programs:

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes the audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

03-1. Schedule of Expenditures of Federal Awards
--

Federal Grantor:	U.S. Department of Justice
Pass-Through Grantor:	Missouri Sheriff's Association
Federal CFDA Number:	16.580
Program Title:	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program
Pass-Through Entity	
Identifying Number:	SD-2002-10
Award Years:	2003 and 2002
Questioned Costs:	Not applicable

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-070(12)
Award Years:	2003 and 2002
Questioned Costs:	Not applicable

Section .310(b) of Circular A-133, *Audit of States, Local Governments, and Non-profit Organizations*, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the SEFA to the State Auditor's Office as part of the annual budget.

The county's procedures to track federal awards for preparation of the SEFA should be improved. For the years ended December 31, 2003 and 2002, the county's SEFA did not include expenditures for some grants and expenditures related to other grants were misstated. In addition, the Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program was reported under the wrong CFDA number. Total federal expenditures were understated by approximately \$45,000 and \$30,000 for 2003 and 2002, respectively. For instance, 2003 expenditures reported for the Highway Planning and Construction Program did not include approximately \$28,000 paid to the county for work performed by the Road and Bridge Department. Some of the other errors involved grants managed by other offices, such as the Health Center, Emergency Management, and Child Support Enforcement. Compilation of the SEFA requires consulting county financial records and requesting information from other departments and/or officials.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal awards.

WE RECOMMEND the County Commission and the County Clerk prepare complete and accurate schedules of expenditures of federal awards to submit to the State Auditor's Office as part of the annual budgets. The County Commission should take steps to ensure other offices properly track and report federal awards.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

We will educate ourselves in the proper procedures and will try to make the schedule more accurate in the future.

03-2.

Procurement of Professional Services Contract

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-070(12)
Award Year:	2003 and 2002
Questioned Costs:	\$21,638

The county contracts with the State Highway and Transportation Commission for bridge replacement and rehabilitation under the Highway Planning and Construction Program. This project is 80 percent federally funded.

The county incurred engineering costs of \$27,048 for project BRO-070(12) during the two years ended December 31, 2003. There was no documentation that the County Commission considered other engineering firms when procuring these services. The County Commission indicated the engineering firm was chosen because of the county's prior experience with the firm on other county bridge projects.

Sections 8.289 and 8.291, RSMo 2000, provide that when obtaining engineering services for any capital improvement project, at least three firms should be considered. The firms should be evaluated based upon specific criteria including experience and technical competence, capacity and capability of the firm to perform the work in question, past record of performance, and the firm's proximity to and familiarity with the area in which the project is located. As a result, we have questioned costs of \$21,638, which is the federal share of engineering costs paid during the two years ended December 31, 2003.

WE RECOMMEND the County Commission resolve the questioned costs with the grantor agency. For future projects, a statement of qualifications and performance data should be obtained from at least three engineering firms before contracting for these services.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The Montgomery County Commission would like it stated for the record, that even though the county incurred engineering costs of \$27,048 for project BRO-070(12) during the two years ended December 31, 2003, when the current commission was serving office, the current standing commission did not have a part in the selection process of the engineering firm. The current standing Montgomery County Commission understands the process of the bidding procedures for products and services when cost will exceed \$4,500 and has in the past, and will continue to observe proper procedures.

In addition, the current Montgomery County Commission is aware of necessary procedures that must be followed when procuring engineering or architecture services. We have in the past and will continue to seek a minimum of three "statements of qualifications" from firms interested in providing engineering or architecture services to Montgomery County. As this is not a bidding process the firm most advantageous to the county will be selected by evaluating things such as, but not exclusive to, similar projects completed by the firm, geographical location within proximity to Montgomery County by the firm, past business conducted with the firm, and referenced recommendations from past customers of the firm.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

MONTGOMERY COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 2001, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

MONTGOMERY COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

The prior audit report issued for the two years ended December 31, 2001, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

MONTGOMERY COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Montgomery County, Missouri, as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated April 8, 2004. We also have audited the compliance of Montgomery County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2003 and 2002, and have issued our report thereon dated April 8, 2004.

Because the Montgomery County Senate Bill 40 Board is audited and separately reported on by other independent auditors, the related fund is not presented in the financial statements. However, we reviewed that audit report and other applicable information.

In addition, we have audited the operations of elected officials with funds other than those presented in the financial statements to comply with the State Auditor's responsibility under Section 29.230, RSMo 2000, to audit county officials at least once every 4 years. The objectives of this audit were to:

1. Review the internal controls over the transactions of the various county officials.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents; interviewing various personnel of the county officials, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials and county board referred to above. In addition, this report includes any findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These MAR findings resulted from our audit of the financial statements of Montgomery County or of its compliance with the types of compliance requirements applicable to each of its major federal programs but do not meet the criteria for inclusion in the written reports on compliance and on internal control over financial reporting or compliance that are required for audits performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

1.	Overspending Budgets
-----------	-----------------------------

Actual expenditures were in excess of approved budgeted expenditures for the following funds during the years ended December 31, 2003 and 2002:

<u>Fund</u>		<u>Year Ended December 31,</u>	
		<u>2003</u>	<u>2002</u>
General Revenue Fund	\$	21,481	0
Capital Improvements Fund		9,500	30,983
Division II Interest Fund		0	1,134

The County Commission approved a \$200,000 transfer from the General Revenue Fund to the Reserve Fund-General Revenue in 2003 although this transfer was not budgeted. The budget for the Capital Improvements Fund did not contain enough categories to appropriately classify disbursements. Expenses for repairs and improvements were not budgeted and were charged to the equipment line item, and as a result, the budget was exceeded. Although the County Commission reviewed budget to actual reports, expenditures were not appropriately classified and therefore, the reports were not an effective monitoring tool. The Division II Interest Fund is held outside of the county treasury. Although no expenditures were budgeted in 2002, the Associate Circuit Court purchased a computer and other computer related products and did not amend the budget.

It was ruled in State ex rel. Strong v. Cribb, 364 Mo. 1122, 273 S.W.2d 246 (1954) that strict compliance with county budget law is required by county officials. If there are valid reasons which necessitate excess disbursements, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. In addition, Section 50.622, RSMo 2000, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend its budget.

WE RECOMMEND the County Commission, County Clerk, and Associate Circuit Court ensure all expenditures are appropriately classified in the budgets and refrain from authorizing disbursements in excess of budgeted amounts. If the county receives additional funds, which could not be estimated when the budget was adopted, the county should amend its budget by following the procedures required by Section 50.622, RSMo 2000.

AUDITEE'S RESPONSE

The County Commission and County Clerk responded as follows:

In the future, we will amend budgets as necessary.

The Associate Circuit Judge responded as follows:

No expenditures were budgeted because no expenditures were anticipated. Expenditures are not made from this fund frequently.

2. County Expenditures

The county does not adequately review fuel charges and does not have a written policy on whether a road and bridge employee should be provided a vehicle at the county's expense. In addition, Sheriff department employees have been provided meals at no cost from the jail.

- A. The county owns numerous vehicles and spent approximately \$100,000 on fuel for Sheriff's department vehicles and the road and bridge fuel tanks, for the year ended December 31, 2003. The Road and Bridge department does not maintain vehicle logs. The Sheriff's office maintains daily activity reports that indicate the officer, the beginning mileage, the ending mileage, and the purpose of the mileage for the day; however, such reports do not indicate the operation and maintenance costs of the patrol cars.

Logs are necessary to document appropriate use of the vehicles, support fuel charges and should include the date, vehicle operator, purpose and destination of each trip, the daily beginning and ending odometer readings, and the operation and maintenance costs. These logs should be reviewed by the County Commission or applicable official to ensure all mileage is recorded and the vehicles are being properly utilized. Information on the logs should be reconciled to fuel purchases and other maintenance charges.

- B. While the Sheriff's Chief Deputy indicated that he matches fuel tickets to invoices, the county was unable to locate some fuel tickets to support the invoices that were paid. By failing to match fuel tickets to invoices, the Sheriff's department may not be aware of what fuel purchases they are actually paying for and whether the charges are reasonable.
- C. One road and bridge employee is allowed to use a county vehicle to commute to and from work. The County Commission indicated this employee is on-call 24 hours a day for emergency situations.

Internal Revenue Service (IRS) reporting guidelines indicate personal commuting mileage is a reportable fringe benefit. Furthermore, IRS guidelines require the full value of the provided vehicle to be reported if the employer does not require the submission of detailed logs which distinguish between business and personal usage. Such logs are not maintained for this vehicle and are not required by the county. Procedures have not been established to ensure IRS regulations are followed. As a result, the county may be subject to penalties and/or fines for failure to report all taxable benefits.

- D. Sheriff's department employees have been provided meals at no cost from the jail. The Sheriff indicated that employees who are on duty at the jail during meal times are provided meals; however, documentation of the number of meals provided to employees is not maintained. In addition, the Sheriff indicated that other county employees can purchase meals from the jail for \$2. While the Sheriff's department calculated an average cost per meal of approximately \$1.25, the salaries of the cooks were not included in this calculation. We calculated the average cost per meal to be approximately \$2.16 during September 2003. The county's personnel policy does not address whether employees of the sheriff's department are to be provided meals by the county and does not indicate the amount other county employees should pay for meals purchased from the jail. A written personnel policy addressing this issue is necessary to provide assurance all employees are treated equitably and to prevent misunderstandings.

WE RECOMMEND The County Commission:

- A. Require the road and bridge and sheriff's departments to maintain usage logs on all county vehicles which identify the vehicle operator, dates of use, miles driven, destination and purpose of trips, and the fuel and maintenance expenses incurred. In addition, fuel usage should be compared to the number of miles driven to evaluate reasonableness and the fuel efficiency of the county's vehicles, and should be reconciled to fuel purchases.

- B. Ensure adequate documentation is maintained to support invoices paid.
- C. Ensure the county complies with IRS guidelines for reporting fringe benefits related to county-owned vehicles.
- D. Consult with the Sheriff and determine whether sheriff's department employees should be provided meals at county expense and if necessary, update the county personnel policy. In addition, the County Commission should periodically determine the cost of providing meals and adjust the amount charged to county employees accordingly.

AUDITEE'S RESPONSE

The County Commission and County Clerk responded as follows:

- A. *Montgomery County has a policy currently in place that prohibits personal use of county vehicles.*

After conferring with the County Sheriff, it is the conclusion of this commission that the Sheriff's Department currently has in place a system where odometers of vehicles are logged when an officer starts duty with that vehicle. There is also a policy where fuel is logged. The Chief Deputy will revise these two procedures and will adjust logging procedures to one system. The Commission will suggest to the Road and Bridge Overseer that a procedure be implemented within a couple of months to comply with the Auditors recommendation to log miles and fuel for that department.

- B. *We have a system in place to check for fuel tickets. We will try to monitor this better.*

- D. *We have started charging county employees \$2.25 for meals purchased from the jail. We will monitor the cost annually to ensure the county's costs are covered. For security reasons and ratio of inmates to personnel, jail employees can not leave for lunch and are discouraged from carrying outside objects into the jail. Within a couple of months, we will update the policy to address this situation.*

3.	Banking Practices
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The county has not established procedures to maximize interest earnings and has not entered into written agreements with some of its depository banks. A review of the county's banking practices noted that the county currently maintains 12 money market accounts, 3 checking accounts, and 7 certificates of deposit at six different financial institutions located throughout the county. According to the County Commission, they use different banks throughout the county to spread county business to local banks. The county has not entered into depository agreements with four of six banks.

The six financial institutions pay significantly different interest rates on the county's deposits. As of December 31, 2003, the money market interest rates ranged from .5 percent to 1.36 percent. At that date, approximately \$885,600 of county monies were invested in accounts earning interest rates of .50 to .60 percent, while approximately \$287,600 was earning an interest rate of 1.36 percent.

To ensure the quality of banking services and ensure interest earnings received by the county are maximized, the county should consider soliciting proposals for its banking services. In addition, the county should enter into written agreements with its depository banks. All such agreements should require that deposits in excess of Federal Depositary Insurance Corporation (FDIC) limits be secured by bank assets pledged to the county. In addition, the bank service agreement provisions should include, but not be limited to, any bank fees for check printing, checking account services, safe deposit boxes, interest charges for borrowed funds, and interest rates for invested funds. A written depository contract helps both the county and the bank understand and comply with the requirements of any banking arrangement.

When selecting the depository bank, the county should also consider reducing the number of accounts currently maintained by the County Treasurer. A large number of accounts causes additional record keeping and increases the likelihood that errors will occur in recording transactions. Overall efficiency could be improved by reducing the number of accounts to as few accounts and investment vehicles as needed. Consolidating existing accounts would also allow funds to be pooled for increased investment opportunities.

WE RECOMMEND the County Commission establish procedures to maximize interest earnings whenever possible. In addition, the County Commission, along with the County Treasurer, should reduce the number of bank accounts maintained to as few as needed to efficiently account for the county's monies. Also, the County Commission should enter into written agreements with its depository banks.

AUDITEE'S RESPONSE

The County Commission, County Clerk, and County Treasurer responded as follows:

We want to continue to use all six banks in the county. The county is not incurring banking fees for any of these accounts. The County Treasurer will consider consolidating some accounts held at the same bank. As of April 2004, there was over \$1,000,000 in CDs earning between 1.15 percent and 3 percent.

The County Treasurer is in the process of having depository agreements written up with the other four banks. As of August 6, 2004, the Treasurer has made follow-up contacts with the banking establishments. They are researching what steps they can observe to fulfill her request so Montgomery County may comply with auditing requirements.

4. Public Administrator's Salary

There was no documentation from legal counsel supporting whether the Public Administrator should receive the minimum salary provided by state law or a percentage of the minimum. The current Public Administrator, who took office in January 2001, elected to be placed on salary rather than a fee basis. Section 473.742, RSMo, provides a salary scale based on the average number of open letters in the two years preceding the term when the salary is elected. The County Commission set the Public Administrator's salary at 90 percent of this amount to correspond with the percentage of the maximum salaries provided by state law paid to other officials for their respective offices.

Without a documented legal opinion, it is not clear whether the amount paid to the Public Administrator is in accordance with state law.

WE RECOMMEND the County Commission consult with legal counsel and determine whether the Public Administrator's salary is in accordance with state law.

AUDITEE'S RESPONSE

The County Commission and County Clerk responded as follows:

We will consult with legal counsel.

5. Fixed Asset Procedures and Controls

The County Commission or its designee is responsible for maintaining a complete and detailed record of county property. In the past, the County Clerk has been primarily responsible for these records. While the County Clerk maintains a computerized inventory listing of fixed assets held by county officials, the fixed asset listings have not been updated, nor has a physical inventory been completed since December 1997. The county has not developed a policy to define who is responsible for inventory records, the procedures to be followed, and the content of the records. During our review of equipment purchases, we noted ten items, totaling approximately \$471,400, were not recorded on the county's general fixed asset listing or tagged as county owned property. These items include two motor graders, three police cars and two dump trucks.

Section 49.093, RSMo. 2000, provides the county officer or the county officer's designee of each county department shall annually inspect and inventory all county property used by such department with an individual original value of \$250 or more and any property with an aggregate original value of \$1,000 or more. After the first inventory taken, an explanation of any material changes shall be attached to subsequent inventories. All remaining property not inventoried by a particular department shall be inventoried by the County Clerk. The reports required by this section shall be signed by the County Clerk.

Adequate general fixed assets records are necessary to secure better internal control over county property, meet statutory requirements, and provide a basis for determining proper insurance coverage required on county property. Physical inventories of county property are necessary to ensure the fixed asset records are accurate, identify any unrecorded additions and deletions, detect theft of assets and identify obsolete assets. Besides providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for the handling of asset disposition, and any other concerns associated with county property.

Similar conditions were noted in prior reports.

WE AGAIN RECOMMEND the County Commission establish a written policy related to the handling and accounting for general fixed assets. In addition, all fixed asset purchases and dispositions should be recorded as they occur, purchases should be reconciled to additions on the inventory records, and purchased items should be tagged or identified as county-owned property upon receipt.

AUDITEE'S RESPONSE

The County Commission and County Clerk responded as follows:

The Commission hired someone to inventory all county property, tag the property, and update the county's records. An updated inventory listing should be available in August. We plan to print listings for each official to review and update semi-annually. Fixed asset purchases will be added to the listing as they occur.

6.

Apportionment of Railroad and Utility Taxes

The County Clerk made errors in calculating railroad and utility taxes distributed to the various school districts in Montgomery County during the years ended December 31, 2003 and 2002. The County Clerk did not use current information to calculate the 2003 and 2002 apportionments. These errors resulted in incorrect payments to the various school districts. The following table indicates the total amounts over or (under) paid to the various school districts for 2003 and 2002 tax collections:

<u>School District</u>	<u>Over (Under) Paid</u>
Montgomery County R-I	\$ 17,483
Montgomery County R-II	(10,953)
Gasconade County R-I	(6,583)
Audrain Co. R-VI	43
Lincoln County R-I	1
Lincoln County R-III	9

A similar condition was noted in our prior report.

WE AGAIN RECOMMEND the County Clerk consult with the various school districts and the Missouri Department of Elementary and Secondary Education for guidance on how to correct these errors.

AUDITEE'S RESPONSE

The County Clerk responded as follows:

We have contacted the Missouri Department of Elementary and Secondary Education and the various school districts to reallocate the monies properly.

7. Associate Circuit/Probate Division's Controls and Procedures
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Accounting duties are not adequately segregated and receipts are not deposited timely. The Associate Circuit/Probate Division processed receipts for civil cases, criminal cases, traffic tickets, bonds and probate cases. Receipts totaled approximately \$433,000 and \$481,000 for the years ended December 31, 2003 and December 31, 2002, respectively.

- A. Although there are two individuals responsible for receiving, depositing, recording, reconciling, and disbursing monies, accounting duties are not adequately segregated. Because of this lack of segregation, one individual could prepare the daily cash reconciliation and make the deposit without review from the Associate Circuit/Probate Division Judge or the other clerk. Associate Circuit/Probate Division personnel indicated that cashier reports are reviewed weekly by the Associate Circuit/Probate Division Judge, however these reviews are not documented.

Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by having one clerk prepare the daily cash reconciliations and deposit the monies and having the other clerk vouch the daily closeout and prepare the bank reconciliation. If proper segregation of duties cannot be achieved, at a minimum, periodic independent reviews of the records should be performed and documented.

- B. Receipts are deposited approximately once a week. A cash count conducted on January 8, 2004 noted approximately \$7,774 on hand, representing receipts dating back to January 2, 2004 and including approximately \$913 in cash.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, deposits should be made intact daily or when the accumulated receipts exceed \$100.

Similar conditions were noted in our prior report.

WE AGAIN RECOMMEND the Associate Circuit/Probate Division:

- A. Segregate accounting duties to the extent possible or ensure periodic independent reviews are performed and documented.
- B. Ensure that deposits are made intact daily or when accumulated receipts exceed \$100.

AUDITEE'S RESPONSE

The Associate Circuit Judge responded as follows:

- A. *The clerks work together on deposits and handling money coming through the office. Vacations, illness, etc. often result in only one clerk being in the office on a given day. Due to my judicial duties, which take me away from Montgomery County a minimum of four days each month, I am not always available to review deposits on a daily basis. As a long time member of the Circuit Court Budget Committee, I am well aware of the problems that can arise when there is a dishonest clerk in the system; for that reason, I have been very careful to hire clerks of the highest level of honesty and integrity. Since they share the duties of handling money and reconcile receipts on a daily basis as a joint effort (when both are here) and since not one penny has ever been found missing – my response is that we are doing the best we can with the personnel allotted to us by the state. In the past, I have randomly examined the cashier's sessions, and have been reviewing them on a weekly basis for the past year or so.*
- B. *When the court has a criminal docket, there are often up to 100 people present to pay fines and costs. Not surprisingly, most of those people do not bring the exact amount of money needed to pay their fines and costs; which means we need cash on hand to make change. Would a retail store start the day with empty cash registers? My experience on the Circuit Court Budget Committee dealing with clerks who steal tells me that having a change fund is an invitation to theft or abuse. Therefore, we do not and will not have a change fund to provide "start up money" for court sessions.*

AUDITOR'S COMMENT

- B. Maintaining a change fund at a constant amount would provide a better control than allowing various amounts of cash to accumulate for several days.

8. Sheriff's Fee Account Controls and Procedures

An open-items listing is not prepared and reconciled to the cash balance. Sheriff's office employees are being paid mileage to transport prisoners in county-owned vehicles.

The Sheriff maintains a Fee Account for the receipt of monies from bonds, gun permits, garnishments, civil and criminal paper, and trailer inspections. The Sheriff's office received

monies totaling approximately \$233,000 and \$366,000, during the years ended December 31, 2003 and 2002, respectively.

- A. An open-items (liabilities) listing is not prepared and reconciled to the cash balance on a monthly basis. The reconciled cash balance as of December 31, 2003 was \$6,242. Fees totaling \$5,159 were turned over to the County Treasurer in January 2004, which indicates \$1,083 of unknown open items. A listing of liabilities should be prepared and reconciled to the cash balance on a monthly basis to ensure accounting records are in balance and all monies in the account are properly identified. Differences between outstanding items and cash balances should be investigated and resolved.
- B. Section 57.430, RSMo 2000, allows the County Commission to reimburse the Sheriff and his deputies actual and necessary expenses for each mile traveled in the performance of their official duties in connection with the investigation of persons accused of or convicted of a criminal offense. However, the Sheriff's office uses county-owned vehicles to transport prisoners on county time and the state reimburses the Sheriff's office 34.5 cents per mile for each officer, guard, and prisoner, \$8 per day for the Sheriff or other officer and \$6 per day for each guard to and from the correctional facility.

The Sheriff's office deposits the state's reimbursement check into the Fee Account. The \$8 Sheriff's per diem and the prisoner mileage reimbursement is remitted to the County Treasurer. The Sheriff's office disburses the officer and guard mileage reimbursement and the \$6 per diem to the appropriate individuals without approval from the County Commission. During the two years ended December 31, 2003, the Sheriff's office paid approximately \$2,000 to deputies for transporting prisoners using a county-owned vehicle on county time. Because the county pays all costs related to transporting prisoners, any reimbursement received from the state should be deposited into the county treasury.

WE RECOMMEND the Sheriff:

- A. Prepare an open items listing on a monthly basis and reconcile it to the cash control record and to the reconciled cash balance.
- B. Ensure that officers are not receiving reimbursement for mileage when county vehicles are used to transport prisoners. In addition, ensure all reimbursements relating to transporting prisoners are remitted to the County Treasurer. Any disbursements to Sheriff employees should be paid through the normal county expenditure process, which requires the approval of the County Commission. These disbursements should be limited to actual and necessary expenses incurred.

AUDITEE'S RESPONSE

The Sheriff responded as follows:

- A. *The personnel director will do this monthly.*
- B. *We will turn the entire reimbursement check over to the County Treasurer.*

9. Sheriff's Inmate and Commissary Controls and Procedures

The Sheriff's office maintains an Inmate Account for the deposit of personal funds received from inmates placed in the Montgomery County jail. The Sheriff's office received inmate monies totaling approximately \$68,000 and \$37,000 during 2003 and 2002, respectively. These funds are held in trust for the inmates and may be used by inmates during commissary sales.

In addition, full-time employees of the Sheriff's office take commissary orders from inmates, and submit the orders to the Reserve Deputy Association. The Association processes the orders and delivers the items to the inmates. The Sheriff's office totals the orders, writes a check to the Reserve Deputy Association, and subtracts the purchases from the inmate's individual ledger sheet.

Receipts are not deposited timely and receipt slips are not always issued immediately upon the receipt of inmate monies. We noted several instances where inmate signatures were not obtained for distributions made from the Inmate Account. The total of the inmate monies in the Inmate Account is not reconciled to the total of the individual inmate balances. A perpetual inventory is not maintained of items purchased from vendors, items sold to inmates, and inventory balances.

- A. Receipt slips are not issued immediately upon the receipt of inmate monies. Receipt slips are not prepared until a deposit is being prepared. In addition, we noted receipt slips were not issued for some inmate monies received and deposited into the Inmate Account and some receipts were not properly recorded in the accounting records.

To adequately account for all monies received, prenumbered receipt slips should be issued immediately upon receipt for all monies received and their numerical sequence should be accounted for properly. In addition, all receipts should be recorded in the cash control records as they occur.

- B. Receipts are not deposited timely. During the months reviewed, we noted deposits ranged from four to seven times per month. To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, deposits should be made intact daily or when the accumulated receipts exceed \$100.

- C. Disbursements made to inmates are authorized by the inmate's signature on their individual ledger sheet. In some instances, the monies received from an inmate may not be deposited into the bank account prior to the inmate's departure. In this situation, the actual cash or money order received is returned to the inmate. Obtaining the inmates signature is the only documentation to indicate the inmate received the monies due to them. We noted several instances where inmate signatures were not obtained for distributions made to them from their accounts.
- D. A record of each inmate's cash balance is maintained, however the total cash balance for all inmates is not reconciled to the bank balance. Reconciling these records would provide assurance that records are in balance and that sufficient monies are available for payment of liabilities.
- E. The Sheriff's office does not maintain a running inventory (perpetual inventory) of items purchased from vendors, items sold to inmates, and inventory balances. A record of what should be in the inventory should be reconciled periodically to an actual physical inventory on hand. To ensure commissary items are properly recorded and handled, purchases and sales should be compared with actual inventory on hand.

Conditions similar to A, B, C, and D were also noted in our prior report.

WE RECOMMEND the Sheriff:

- A. Issue prenumbered receipt slips for all inmate monies immediately upon receipt and account for their numerical sequence. Record all transactions to accounting records as they occur.
- B. Ensure deposits are made intact daily or when accumulated receipts exceed \$100.
- C. Obtain inmate signatures on the individual ledger pages for all distributions.
- D. Reconcile the individual inmate balances to the bank balance monthly.
- E. Ensure perpetual inventory records are maintained and periodically reconciled to a physical inventory.

AUDITEE'S RESPONSE

The Sheriff responded as follows:

- A. *Currently, with the exception of weekends and holidays, receipt slips are issued daily and recorded into the accounting records.*
- B. *Deposits are now made daily.*

- C. *All inmate monies are deposited and disbursed by check. Inmates sign for all distributions unless a check is mailed after their release.*
- D. *A monthly reconciliation is being performed.*
- E. *The commissary inventory is maintained by the Reserve Deputy Association.*

AUDITOR'S COMMENT

- E. As county resources are used in the commissary process, appropriate accounting controls should be established.

10.	Health Center
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The Health Center Board approved expenditures in excess of the approved budgeted amounts for the year ending December 31, 2002. The Health Center does not have formal depository agreements with its depository banks, does not always record additions of fixed assets to control records, and does not publish financial statements in accordance with state law.

- A. Actual expenditures were in excess of the approved budgeted expenditures by \$3,189 for the year ending December 31, 2002. According to the Health Center Administrator, budget reports are generated monthly and provided to the board. However, the Health Center Administrator did not realize the budget needed to be amended if the budget was exceeded by a small amount.

It was ruled in State ex rel. Strong v. Cribb 364 Mo. 1122, 273 S.W.2d 246 (1954), that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess disbursements, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. In addition, Section 50.622, RSMo 2000, provides county boards may amend the annual budget during any year in which the board receives additional funds which could not be estimated when the budget was adopted and that the board shall follow the same procedures required for adoption of the annual budget to amend the budget.

- B. The Health Center Board does not have formal depository contracts with its depository banks. A depository agreement is necessary to ensure both the bank and the board understand and comply with the agreement. Such an agreement may cover issues such as costs of checking accounts and safe deposit boxes, interest charges for borrowed funds, interest to be paid on certificates of deposit, savings accounts, and interest bearing checking accounts, and should include collateral securities required to be pledged.

- C. Additions of fixed assets are not always recorded to the fixed asset listing as they occur, property tags are not always affixed to assets when acquired, and property leased by the health center is not maintained on the fixed asset listing. During our review of fixed assets we noted two items, a network server and measuring board totaling approximately \$2,295, were not added to the fixed asset listing. Adequate general fixed assets records are necessary to secure better internal controls over the health center's property and provide a basis for determining insurance coverage.
- D. The Health Center's annual published financial statements did not include the appropriate level of detail as required by statute. Although total receipts and disbursements and beginning and ending cash balances were published, no additional details were included.

Sections 50.800 and 50.810, RSMo 2000 provide that the financial statements are required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for all county funds. For the published financial statements to adequately inform the citizens of the health center's financial activities, all monies received and disbursed by the health center should be included.

WE RECOMMEND the Health Center Board:

- A. Not authorize expenditures in excess of budgeted amounts and take appropriate action when it appears budgets are going to be exceeded. If necessary, extenuating circumstances should be fully documented and the budgets properly amended and filed with the State Auditor's Office.
- B. Enter into written depositary agreements with all depositary banks.
- C. Record all additions of general fixed assets as they occur and affix property tags to assets at the time of purchase.
- D. Publish annual information for the Health Center Fund in accordance with state law.

AUDITEE'S RESPONSE

The Health Center Administrator responded as follows:

- A. *Budgets will be amended as required.*
- B. *Within a few months, we will contact both banks to resolve this situation.*
- C. *As of May 26, 2004, we have implemented policies and procedures to account for fixed assets.*
- D. *Beginning in February 2005, we will include detail as required.*

Follow-Up on Prior Audit Findings

MONTGOMERY COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Montgomery County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 1999.

The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. County Financial Condition

During the two years ended December 31, 1999, the General Revenue Fund's cash balances were maintained at a significantly low level, and increases in receipts were consumed by corresponding increases in disbursements. These low cash balances led to periodic cash flow problems and interfund borrowing. In addition, in 1998, the County Commission temporarily laid off some employees paid from the General Revenue Fund, however these employees were subsequently rehired or replaced. The County Commission had not made any significant long term reductions in discretionary disbursements or increases in other receipts during the two years ended December 31, 1999 as recommended in our prior audit report.

Recommendation:

The County Commission consider various alternatives of increasing receipts and/or reducing disbursements to ensure that the General Revenue Fund's financial condition improves and is able to maintain an adequate operating cash reserve.

Status:

Implemented. In 2001 and 2000 the County Commission authorized a \$160,000 loan from the Capital Improvements Fund to the General Revenue Fund to cover various county expenditures. In 2001, county voters approved an additional ½ cent General Revenue Fund sales tax which became effective in 2002. The General Revenue Fund repaid the loan from the Capital Improvements Fund with interest during 2002. During 2003, the county transferred \$200,000 from the General Revenue Fund to the Reserve Fund-General Revenue.

2. Apportionment of Railroad and Utility Taxes

The county made errors when calculating the apportionment of railroad and utility taxes in 1999, 1998, and 1997. These errors resulted in incorrect payments to the various school districts.

Recommendation:

The County Clerk consult with the various school districts and the Missouri Department of Elementary and Secondary Education for guidance on how to correct these past errors.

Status:

Partially Implemented. The county has corrected the errors noted in 1999, 1998, and 1997. However, during the two years ended December 31, 2003, the County Clerk miscalculated the railroad and utility apportionments, which resulted in incorrect payments to the various school districts. See MAR finding number 6.

3. Fixed Assets

- A. A computerized listing of general fixed assets was provided to each office holder, who was then responsible for conducting the physical inventory on their respective office. The County Clerk indicated that his staff performed procedures to verify the accuracy of the physical inventories to the fixed asset records. However, the last physical inventory was completed in 1997.
- B. Additions and deletions of fixed assets were not recorded in the property control records as they occurred. The fixed assets purchased during the two years ended December 31, 1999 were not included on the fixed asset records. In addition, fixed asset purchases per the expenditure records were not reconciled to the additions per the inventory records.
- C. Fixed assets were not numbered tagged or otherwise identified as county property immediately upon receipt.

Recommendation:

The County Commission establish a written policy related to the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for the handling of asset disposition, and any other concerns associated with county property. In addition all general fixed assets should be tagged or identified as county-owned property.

Status:

Not implemented. See MAR finding number 5.

4. Circuit Clerk's Controls and Procedures

- A. Receipts were not deposited on a timely basis. During the two months reviewed, receipts were deposited approximately six times per month.

- B. Formal bank reconciliations for the fee account were not prepared on a timely basis. As of June 2000, bank reconciliations had not been prepared since June 1999.

Recommendation:

The Circuit Clerk:

- A. Deposit receipts daily or when accumulated receipts exceed \$100.
- B. Ensure formal bank reconciliations are prepared on a monthly basis. Any differences should be investigated in a timely manner.

Status:

A&B. Implemented.

5. Associate Circuit/Probate Division's Controls and Procedures

- A. Receipts were not deposited timely. Deposits were made approximately five times per month.
- B. Accounting duties were not adequately segregated. Two individuals were primarily responsible for receiving, disbursing and depositing monies, preparing banks reconciliations, and maintaining accounting records. There were no documented reviews of the accounting records performed by the Associate Circuit/Probate Division Judge.

Recommendation:

The Associate Circuit/Probate Division:

- A. Ensure that deposits are made intact daily or when accumulated receipts exceed \$100.
- B. Segregate accounting duties to the extent possible or ensure periodic independent reviews are performed and documented.

Status:

A&B. Not implemented. See MAR finding number 7.

6. Prosecuting Attorney's Accounting Controls and Procedures

- A. Receipts were not always deposited timely and intact. Also, money orders and cashier's checks for administrative fees were not restrictively endorsed immediately upon receipt.
- B. The Prosecuting Attorney required restitution to be made in the form of either money order or cashier's check made payable to the merchant. On April 12, 2000, the Prosecuting Attorney was holding over \$5,000 in checks and money orders, some of which had been in the Prosecuting Attorney's possession for over four months. In addition, the Prosecuting Attorney did not obtain documentation from merchants when restitution checks were turned over.
- C. An adequate system to control for all bad check complaints received by the Prosecuting Attorney's office, as well as subsequent disposition of these complaints, had not been established.
- D. The Prosecuting Attorney had not established a formal policy specifying when unpaid bad check complaints should be filed as a court case. Collection efforts were not always made timely and there was no clear policy of follow-up collection efforts to be taken or timing of the efforts.

Recommendation:

The Prosecuting Attorney:

- A. Deposit all monies intact daily or when accumulated receipts exceed \$100. Also, restrictively endorse all money orders and cashier checks immediately upon receipt.
- B. Remit restitution received to victims more timely and obtain documentation from the vendor when the checks are turned over to them.
- C. Assign sequential control numbers to bad check complaints and maintain a log to adequately account for bad check complaints as well as the ultimate disposition.
- D. Maintain a complete and accurate listing of delinquent bad check restitution and fees. In addition, written procedures should be established and implemented for pursuing the collection of such complaints, including when to file as court cases.

Status:

- A. Not implemented. Although not repeated in the current MAR, our recommendation remains as stated above.
- B-D. Implemented.

7. Sheriff's Controls and Procedures

- A. Receipt slips were not issued for prisoner monies received and deposited into the Inmate Account or held in cash for INS inmates.
- B. Monies received from prisoners were not always deposited into the Inmate Account on a timely basis or intact. In addition, a reconciliation between receipts and deposits was not performed.
- C. Disbursements made to inmates were authorized by the inmate's signature on their individual ledger sheet. There were several instances where inmate signatures were not obtained for distributions made to them from their accounts.
- D. An open-items list of individual prisoner balances was not periodically prepared. Additionally, an open-items list or the control ledger was not reconciled to the bank balance and cash on hand.
- E. Accounting duties were not adequately segregated. Two individuals were primarily responsible for receiving, disbursing, and depositing monies, preparing bank reconciliations, and maintaining the accounting records. One clerk was stationed in the Sheriff's main office and handled activity in the Fee Account and the other clerk was stationed in the jail and handled activity in the Inmate Account and Reserve Account.

Recommendation:

- A. Issue prenumbered receipt slips for all prisoner monies received and account for the numerical sequence.
- B. Make deposits intact daily or when accumulated receipts exceed \$100 and ensure that amounts spent at the commissary by inmates are transferred intact (by check from the Inmate Account for regular inmates and by cash from INS envelopes for INS inmates) into the Reserve Account. In addition, a reconciliation between receipts and deposits (in total and by composition) should be performed. Receipts should not be used for cashing INS money orders, transferring commissary sales, or refunding inmate cash balances. Any refunds to non-INS inmates should be made by check.
- C. Obtain inmate signatures on the individual ledger pages for all distributions.
- D. Prepare a monthly open-items list and reconcile the list to the control ledger total and to cash on hand and in the bank.
- E. Adequately segregate accounting duties to the extent possible or ensure periodic independent reviews are performed and documented.

Status:

A-C. Not Implemented. See MAR finding number 9.

D&E Not Implemented. See MAR finding number 8.

STATISTICAL SECTION

History, Organization, and
Statistical Information

MONTGOMERY COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1818, the county of Montgomery was named after Richard Montgomery, a Revolutionary War General. Montgomery County is a county-organized, third-class county and is part of the 12th Judicial Circuit. The county seat is Montgomery City.

Montgomery County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 455 miles of county roads and 100 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 11,537 in 1980 and 12,136 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,				
		2003	2002	2001	2000	1985* 1980**
		(in millions)				
Real estate	\$	88.4	87.9	84.2	75.7	49.6 27.3
Personal property		30.1	31.6	32.8	29.0	9.8 8.4
Railroad and utilities		29.6	29.6	31.2	29.6	24.9 14.0
Total	\$	148.1	149.1	148.2	134.3	84.3 49.7

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Montgomery County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,			
		2003	2002	2001	2000
General Revenue Fund	\$	.2612	.2561	.2651	.2589
Special Road and Bridge Fund *		.5888	.5868	.5769	.5843
Health Center Fund		.1300	.1300	.1478	.1500
Senate Bill 40 Board Fund		.1000	.1000	.0985	.1000

* The county retains all tax proceeds from areas not within road districts. The county has two special road districts that receive four-fifths of the tax collections from property within these districts, and the Special Road and Bridge Fund retains one-fifth. The road districts also have an additional levy approved by the voters.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28 (29),			
	2004	2003	2002	2001
State of Missouri	\$ 46,216	44,000	44,000	39,944
General Revenue Fund	418,113	375,830	387,072	339,329
Special Road and Bridge Fund	873,385	831,439	815,191	747,371
Assessment Fund	84,888	80,121	80,060	72,642
Health Center Fund	198,461	190,137	213,921	196,989
Senate Bill 40 Board Fund	151,842	144,564	142,583	131,316
School districts	5,419,182	5,048,300	5,029,995	4,580,408
Tax Maintenance Fund	19,408	8,452	0	0
Ambulance district	394,923	373,549	367,006	336,736
Fire protection district	262,929	257,809	261,899	223,560
Hospital	83,816	83,440	81,216	64,971
Tri-County Levee District	174,751	178,347	281,595	146,256
Surtax	150,873	135,547	138,957	129,946
TIF District	33,564	31,580	31,548	12,373
Cities	104,172	101,888	96,275	89,238
County Clerk	2,595	2,320	2,237	2,135
County Employees' Retirement	57,862	54,941	51,417	44,295
Other	870	1,431	1,076	526
Commissions and fees:				
General Revenue Fund	133,889	124,544	127,467	110,487
Total	\$ 8,611,738	8,068,241	8,153,513	7,268,521

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),				
	2003	2002	2001	2000	
Real estate	92.2	90.4	90.9	92.6	%
Personal property	87.5	88.6	88.7	90.7	
Railroad and utilities	99.7	100.0	99.2	100.0	

Montgomery County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$.0050	None	50	%
General	.0050	2008	None	
Capital improvements	.0050	2014	None	
Dispatching	.0025	None	None	

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2004	2003	2002	2001	2000
County-Paid Officials:	\$				
Charles W. Korman, Presiding Commissioner		25,560	25,560	25,560	24,372
Rich Daniels, Associate Commissioner		23,760	23,760	23,760	
John Noltensmeyer, Associate Commissioner		23,760	23,760	23,760	
Dorsey McCoy, Associate Commissioner					22,572
Vincent Eldringhoff, Associate Commissioner					22,572
Sheila See, Recorder of Deeds		36,000			
Pamela Cartee, County Clerk		36,000			
William Waddell, County Clerk			36,000	36,000	34,200
Kelly Broniec, Prosecuting Attorney		42,300	42,300	42,300	40,500
Robert Davis, Sheriff		39,600	39,600	39,600	36,000
Donna Huenefeld, County Treasurer		26,640			
Kermit Ellis, County Treasurer			26,640	26,640	25,308
Dave Colbert, County Coroner		10,800	10,800	10,800	
Johnny B. Fry, County Coroner					6,000
Ann Scarlet, Public Administrator		18,000	18,000	18,000	
LeNell Britt, Public Administrator (1)				10,710	8,530
Anita Sullivan, County Collector, year ended February 28 (29),	36,000				
Robert L. Schmidt, County Collector, year ended February 28 (29),		36,000	36,000	36,000	
Jerome Overkamp, County Assessor (2), year ended August 31,		36,900	36,900	38,900	38,900

(1) Includes fees received from probate cases.

(2) Includes \$900 annual compensation received from the state.

State-Paid Officials:

Patricia Bufka, Circuit Clerk	47,300	47,300	47,300	46,127
Roy L. Richter, Associate Circuit Judge	96,000	96,000	96,000	97,382

The county entered into a lease agreement with the Montgomery County, Missouri Public Facilities Authority, a not-for-profit corporation on August 1, 1994. The terms of the agreement called for the corporation to issue bonds to be used to construct the Montgomery County Jail and

for the bank to lease the jail back to the county for payments totaling the principal and interest due on the outstanding bonds. Payments are made from the Capital Improvements Fund from sales tax revenues. The term bonds portion of the original issue was refinanced in June 1998. The bonds are scheduled to be paid off in 2015. The remaining principal and interest due on the bonds at December 31, 2003 was \$3,891,618.

The county entered into a lease agreement with Firststar Bank to lease purchase the Courthouse Annex Building on July 17, 2000. The terms of the agreement called for the bank to purchase the building and the bank to lease the building back to the county for payments totaling the principal and interest on the purchase price of the building. Payments are made from the Capital Improvements Fund from sales tax revenues. The lease purchase is scheduled to be paid off in 2009. The remaining principal and interest due on the lease-purchase agreement at December 31, 2003 was \$179,398.



**DEPARTMENT OF PUBLIC SAFETY
MISSOURI VETERANS COMMISSION
CAPE GIRARDEAU VETERANS' HOME**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-61
August 27, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of
Missouri State Auditor
Claire McCaskill

August 2004

The following problems were discovered as a result of an audit conducted by our office of the Department of Public Safety, Missouri Veterans Commission, Cape Girardeau Veterans' Home.

The Cape Girardeau Veterans' Home Foundation Board is a not-for-profit organization which raises private funds to benefit residents of the Cape Girardeau Veterans' Home. Donations, as well as canteen and vending machine proceeds, are used for this purpose. A review of purchases noted some expenditures did not appear to benefit the residents. During 2002 and 2003, \$19,533 was spent for costs related to volunteer banquets and staff recognition awards, including \$15,734 for employee recognition and retention and \$3,799 for volunteer banquets. In addition, board approval was not always noted on purchases over \$500 that were not for canteen operations or donor specified purposes.

Residents, employees, and visitors may all purchase items from the vending machines owned and operated by an independent vendor. The facility receives commissions from the vendor and deposits these into a separate fund within the Foundation Board. These monies are used for employee recognition awards, flowers for staff members, the annual staff picnic, and the annual employee Christmas party. As a result, these expenditures do not appear to benefit the residents. Recent audits of other homes noted that vending machine profits at those homes are deposited in the Assistance League accounts to be used for the benefit of the residents. To ensure consistency with other homes operating in the state, vending commissions should be used for the benefit of the residents.

The approval of the facility administrator or department head was not documented for some expenditures. 50 percent of invoices tested did not have the approval of the department head or administrator noted on the purchase requisition.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

DEPARTMENT OF PUBLIC SAFETY
MISSOURI VETERANS COMMISSION
CAPE GIRARDEAU VETERANS' HOME

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Charles R. Jackson, Director
Department of Public Safety
and
Missouri Veterans Commission
and
Jan Rau, Administrator
Cape Girardeau Veterans' Home
Cape Girardeau, MO 63701

We have audited the Department of Public Safety, Missouri Veterans Commission, Cape Girardeau Veterans' Home. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2004 and 2003. The objectives of this audit were to:

1. Review internal controls over significant management and financial functions.
2. Review compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and operations.

Our methodology to accomplish these objectives included reviewing minutes of meetings, written policies, financial records, and other pertinent documents; interviewing various personnel of the facility, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. We also performed tests of certain controls to obtain evidence regarding the effectiveness of their design and operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the facility's management and was not subjected to the procedures applied in the audit of the facility.

The accompanying Management Advisory Report presents our findings arising from our audit of the Department of Public Safety, Missouri Veterans Commission, Cape Girardeau Veterans' Home.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

July 27, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	John Luetkemeyer, CPA
In-Charge Auditor:	Heather M. Thompson, CPA
Audit Staff:	Jennifer Martin

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

DEPARTMENT OF PUBLIC SAFETY
MISSOURI VETERANS COMMISSION
CAPE GIRARDEAU VETERANS' HOME
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Foundation Board Fund
-----------	------------------------------

The Cape Girardeau Veterans' Home Foundation Board is a not-for-profit organization which raises private funds to benefit residents of the Cape Girardeau Veterans' Home. Donations, as well as canteen and vending machine proceeds, are used for this purpose. The Foundation is governed by a board of directors. As provided for in the Foundation Board by-laws, the facility's administrator and chief accountant (Assistant Treasurer) are the custodians of the foundation's assets, and have the authority to make purchases related to canteen operations or for donor specified purposes. In addition, the Treasurer, Facility Administrator, and Assistant Treasurer shall prepare and present a budget for adoption by the Board prior to the annual January meeting. The Assistant Treasurer shall also prepare and distribute a Treasurer's report consisting of a detailed account of all receipts and disbursements along with a summary report of these transactions prior to each regular Board meeting. In addition, the Treasurer and Assistant Treasurer shall prepare and present a full financial statement of the year and make available for audit a record of receipts and disbursements. Because of the fiscal and managerial responsibilities that state employees have assumed for the Foundation Board, we reviewed the Board's records and procedures and noted some areas where improvements are needed.

- A. The Foundation Board purchases items to sell through the canteen, coordinates and pays for events and activities for residents, and purchases items for common areas located in the facility. The Foundation Board's by-laws provided that expenditures from the Board's assets should benefit the majority of the residents and that checks for non-canteen expenses over \$500 be approved by the Board. A review of purchases noted:
- 1) Some expenditures did not appear to benefit the residents. For the period from January 2002 through December 2003, \$19,533 was spent for costs related to volunteer banquets, staff recognition awards, including \$15,734 for employee recognition and retention, and \$3,799 for volunteer banquets. It should be noted that in March 2004, the bylaws were amended to provide funding for the recognition of caregivers who "greatly affect the moral and social well being of the residents".
 - 2) Board approval was not always noted on purchases over \$500 that were not for canteen operations or donor specified purposes. We noted 96 of 150 expenditures over \$500, during the period July 2001 through March 2004, totaling \$258,845, lacked the required approval by the Board. The

Accountant indicated verbal approval had been given by the Board; however, no documentation of the board authorization was maintained.

- B. The Foundation Board's by-laws provide that the custodians of the assets should make every reasonable effort to ensure the wishes of the donor are complied with and should notify the donor if those wishes cannot be accommodated. Although not specifically outlined in the by-laws, board records and practices have been developed so that unspecified donations are to be credited to the general account within the Foundation Board Fund and used for any purpose as determined by the fund custodians or the board. The by-laws provide for the facility administrator and chief accountant to serve as custodians of the Foundation Board's assets. Our review of the accounting procedures noted the chief accountant was assigned the task of accepting donations, recording the information in the board's records, and forwarding the information to the facility's supervisor of volunteer services. The facility's supervisor of volunteer services was assigned the task of documenting the purpose of the donations and sending a letter to the donor in recognition of the gift. A review of 25 donations received during the period July 2001 through March 2004 found that for 19 (approximately 76 percent), totaling \$4,396, the facility could not provide documentation of the donor specified purpose. The facility's supervisor of volunteer services indicated copies of donation checks and donor letters documenting the purpose of the donations are retained for one year then discarded.

Considering the provisions of the by-laws, documentation of the donors' intentions should be retained.

- C. Residents, employees, and visitors may purchase items from the vending and beverage machines owned and operated by independent vendors. The facility receives commissions from the vendors and deposits these into a separate fund within the Foundation Board account known as the Caregiver's Fund. The fund received approximately \$1,053 from the vending machine commissions and \$6,351 from the beverage sales, for the period of January 2002 through December 2003. These monies are used for employee recognition awards, flowers for staff members, the annual staff picnic, and the annual employee Christmas party. As a result, these expenditures do not appear to benefit the residents.

Recent audits of other homes (including Mt. Vernon, St. Louis, and St. James) noted that vending machine profits at those home are deposited in the Assistance League accounts to be used for the benefit of the residents. To ensure consistency with other homes operating in the state, vending commissions should be used for the benefit of the residents.

WE RECOMMEND:

- A.1. The Foundation Board ensure that all disbursements benefit the residents.
- 2. The Cape Girardeau Veterans' Home ensure compliance with the expenditure approval process outlined in the by-laws.
- B. The Foundation Board ensure donor wishes are clearly and thoroughly documented and retained.
- C. The Cape Girardeau Veterans' Home credit vending machine commissions and beverage sales to the general fund within the Foundation Board account to ensure that vending machine profits benefit the majority of the residents.

AUDITEE'S RESPONSE

- A.1. *The Cape Girardeau Veterans Home Foundation maintains that funding utilized by the Foundation to support volunteer and employee recognition events is appropriate and consistent with Foundation objectives. The Foundation formally endorsed supporting volunteer and employee recognition activities as essential parts of its overall goals. Records of these endorsements can be found in the Foundation Board meeting minutes. Also, permanent changes to the bylaws were made in Spring 2004 to ensure no confusion exists as to the organization's support of these two objectives as essential to the organization's primary goal of benefiting the quality of life of the veterans living at the Cape Girardeau Veterans Home. The bylaw referenced is Article I, Section C.1.; "To promote, advance and provide for the social, moral, physical and educational well being of the residents of the Missouri Veterans Home located in Cape Girardeau, Mo. This would include providing funding for the recognition of resident caregivers who can greatly affect the morale and social well being of the residents."*
- A.2. *The approval process will be followed as outlined in the Board bylaws for purchases exceeding \$500.*
- B. *The Foundation Board works to ensure that donor wishes are clearly and thoroughly documented and retained. Due to an office move, some records of donor checks for fiscal years 2001-2003 were destroyed. However, records are currently being retained to document donor wishes.*
- C. *Crediting vending machine commissions and beverage sales to the Caregivers Enhancement Fund is in agreement with the Foundation Board decisions to support both employees as well as residents.*

2.**Expenditures**

The approval of the facility administrator or department head was not documented for some expenditures. Fifteen of 30 (50 percent) invoices tested did not have the approval of the department head or administrator noted on the purchase requisition. In addition, the receipt of goods or services is not always indicated on the invoice prior to an expenditure being approved for payment. Three of 42 (approximately 7 percent) invoices tested did not indicate if goods or services were received.

Proper review and approval by the administrator or department head is required by the facility's policy and is necessary to ensure all disbursements represent valid operating costs of the facility. Failure to properly review requests and document such approval increases the possibility of inappropriate disbursements occurring. Additionally, the documentation of the receipts of goods or services is necessary to ensure the facility actually received the items or services.

WE RECOMMEND the facility ensure all invoices have documented authorizations before being coded into the statewide accounting system. We also recommend the facility ensure the receipt of goods or services is indicated on invoices prior to being approved for payment.

AUDITEE'S RESPONSE

Current procedures for purchasing at the Home include department heads creating electronic purchase requisitions. Department heads are the only persons authorized to access the purchase requisition system. The department head's name is included on the purchase requisition, and the purchase requisition is sent electronically to the purchasing officer. The purchasing office only accepts purchase requisitions approved by department heads. After the items ordered are received, the receiving document is signed by the storekeeper and the person receiving the order. When inventory items are received, they go into the storeroom and are signed for when they are issued to a specific department. When the invoice is received, the signed purchase requisition is attached to the invoice for payment. The Home plans to continue this practice.

During fiscal years 2001 and 2002, there was a transition of administrators at the home. Many of the invoices tested were during this time period, and the appropriate administrative approval was not available. The Home is currently requiring written approval of non-routine invoices by the administrator.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

DEPARTMENT OF PUBLIC SAFETY
MISSOURI VETERANS COMMISSION
CAPE GIRARDEAU VETERANS' HOME
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The Cape Girardeau Veterans' Home is a 150-bed nursing home care facility, providing care to Missouri veterans who are unable to support or adequately care for themselves. The facility was completed in June 1990, with the first resident being admitted on June 25, 1990. Residents of the facility are provided room, board, medication, therapy, personal care, and recreational and religious activities. The cost is shared by the resident, based on ability to pay, the Federal Veterans' Administration, and the state's General Revenue Fund.

The Cape Girardeau Veterans' Home Foundation Board, a not-for-profit corporation, was formed on May 12, 1990, to receive donations to be spent for the benefit of all the residents of the facility. The Foundation Board also funds the canteen operations.

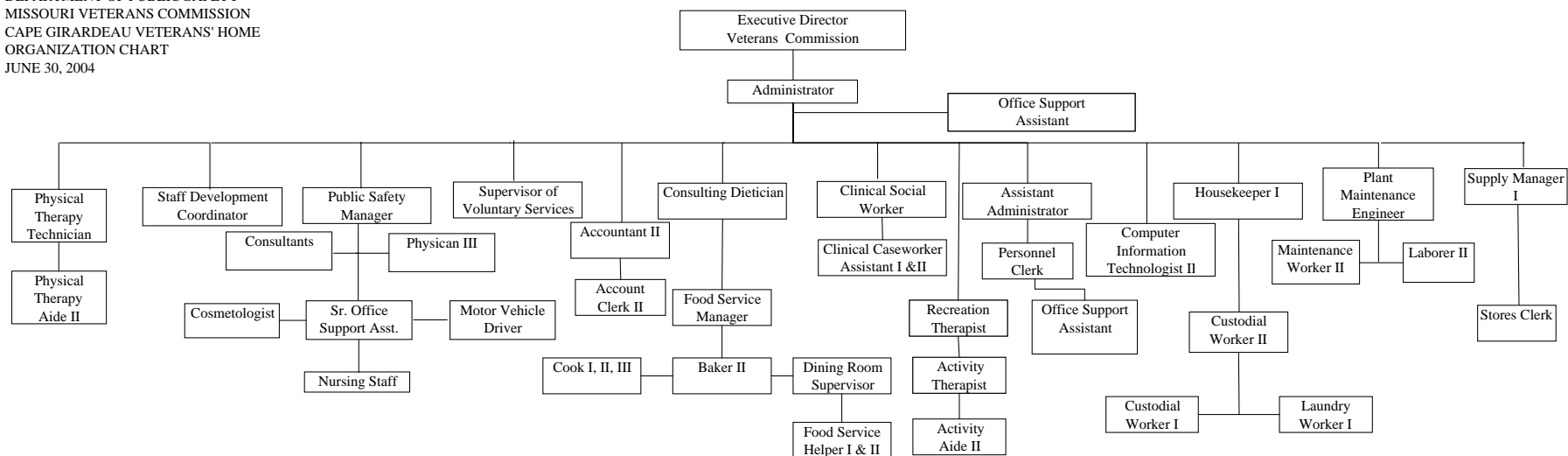
The Missouri Veterans Commission operates seven homes for veterans of the state. The homes are located in St. James, Mount Vernon, Mexico, Cape Girardeau, Cameron, Warrensburg, and St. Louis. Members of the Missouri Veterans Commission, as of June 30, 2004, include:

<u>Members</u>	<u>Term Expires</u>
Emmett E. Fairfax, Chairman	November 2, 2005
Carson Ross, Vice-Chairman	November 2, 2004
Bernadette Miller	December 11, 2004
Charles H. Niewoehner	November 2, 2005
Arvid E. West, Jr.	November 2, 2006

As of June 30, 2004, the Cape Girardeau Veterans' Home employed 186 full and part-time employees. These employees were assigned to various administrative and service sections. Jan Rau assumed the position of Administrator on December 8, 2002, and currently serves in that capacity.

An organization chart and statistical data follow:

DEPARTMENT OF PUBLIC SAFETY
MISSOURI VETERANS COMMISSION
CAPE GIRARDEAU VETERANS' HOME
ORGANIZATION CHART
JUNE 30, 2004



DEPARTMENT OF PUBLIC SAFETY
MISSOURI VETERANS COMMISSION
CAPE GIRARDEAU VETERANS' HOME
STATISTICAL DATA

	Year Ended June 30,	
	<u>2004</u>	<u>2003</u>
RESIDENTS	143	144
OCCUPANCY		
Total number of beds	150	150
Average daily census	142	143
Bed occupancy percentage	95%	95%
RESIDENT COST		
Total resident costs	\$ 7,063,077 *	6,635,591 *
Total resident days	<u>51,830</u>	<u>52,195</u>
Average Daily Resident Cost	\$ <u><u>136</u></u>	<u><u>127</u></u>

* These cost amounts include employee fringe benefits, whereas the salary and wage expenditure amounts on Appendix A do not. In addition, these amounts do not include property and improvement expenditures, whereas Appendix A does include these expenditure amounts.

Appendix A

DEPARTMENT OF PUBLIC SAFETY
MISSOURI VETERANS COMMISSION
CAPE GIRARDEAU VETERANS' HOME
COMPARATIVE STATEMENT OF EXPENDITURES (BY BUDGET OBJECT)

	Year Ended June 30,	
	2004	2003
Salaries and wages	\$ 3,926,607	3,808,789
Travel:		
In-State	12,575	16,962
Out-of-State	1,996	0
Fuel and utilities	183,687	181,214
Supplies	1,187,174	1,026,234
Professional development	13,399	12,369
Communication services and supplies	26,616	26,707
Services:		
Professional	29,607	43,187
Housekeeping and janitorial	12,752	8,016
Maintenance and repair	39,599	39,691
Equipment:		
Motorized	10,582	0
Computer	2,409	167
Office	33,753	29,028
Other	48,100	30,475
Property and improvements	297,755	113,309
Building lease payments	264	172
Equipment rental and leases	13,863	16,035
Miscellaneous expenses	674	755
Total Expenditures	\$ <u>5,841,412</u>	<u>5,353,110</u>

Appendix B

DEPARTMENT OF PUBLIC SAFETY
MISSOURI VETERANS COMMISSION
CAPE GIRARDEAU VETERANS' HOME
MISSOURI VETERANS' HOME FUND
COMPARATIVE STATEMENT OF RECEIPTS

		Year Ended June 30,	
		2004	2003
Payments from Veterans	\$	2,553,429	2,358,313
Veterans Administration Per Diem		2,990,461	2,897,738
Other		21,014	24,497
Total Receipts	\$	<u>5,564,904</u>	<u>5,280,548</u>

Appendix C

DEPARTMENT OF PUBLIC SAFETY
MISSOURI VETERANS COMMISSION
CAPE GIRARDEAU VETERANS' HOME
AUXILIARY FUNDS
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH AND INVESTMENTS

	Year Ended June 30,			
	2004		2003	
	Residents Fund	Foundation Board Fund	Residents Fund	Foundation Board Fund
RECEIPTS				
Residents' deposits	\$ 2,767,043	0	2,621,386	0
Donations/sales from canteen	0	384,126	0	268,204
Total Receipts	<u>2,767,043</u>	<u>384,126</u>	<u>2,621,386</u>	<u>268,204</u>
DISBURSEMENTS				
Residents' withdrawals	2,862,008	0	2,587,649	0
Benefit of residents/cost of goods sold	0	348,466	0	220,115
Total Disbursements	<u>2,862,008</u>	<u>348,466</u>	<u>2,587,649</u>	<u>220,115</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(94,966)	35,660	33,737	48,089
CASH AND CASH EQUIVALENTS, JULY 1	<u>226,120</u>	<u>292,872</u>	<u>192,383</u>	<u>244,783</u>
CASH AND CASH EQUIVALENTS, JUNE 30	<u>\$ 131,155</u>	<u>328,532</u>	<u>226,120</u>	<u>292,872</u>



**MILLER COUNTY, MISSOURI
COUNTY COLLECTOR**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-60
August 26, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

August 2004

Our office conducted an audit of the County Collector, Miller County, Missouri.

State statute requires the state auditor to audit the office of the County Collector after being notified of a vacancy in that office. On February 15, 2004, a vacancy occurred in the office of the County Collector of Miller County, Missouri; a successor was appointed effective March 4, 2004. An annual settlement for the year ended February 29, 2004, was filed on May 27, 2004.

During our review of the annual settlement, we noted the aggregate abstract prepared by the County Clerk indicated total railroad and utility taxes of approximately \$2,351,000, however, only approximately \$2,328,000 was reflected on the County Collector's annual settlement. Several utility billings were revised and reissued by the County Clerk, resulting in tax reductions of approximately \$23,000, which were not adequately documented.

It appears that approximately \$31,000 in delinquent taxes had not been accounted for, of which approximately \$26,000 was owed from a utility company that had filed for bankruptcy. The county was not aware that this company owed delinquent taxes and did not file a claim with the bankruptcy court. Our office contacted the company regarding the balance owed and as a result, the company paid \$26,000 to the county in June 2004. Because of the county's lack of monitoring, this amount may not have been collected. Additionally, there was no evidence of review of the annual settlement by the County Clerk or the County Commission.

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YELLOW SHEET

MILLER COUNTY, MISSOURI
COUNTY COLLECTOR

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the County Commission
and
County Collector
Miller County, Missouri

Section 52.150, RSMo 2000, requires the State Auditor to audit the office of the County Collector after being notified of a vacancy in that office. On February 15, 2004, a vacancy occurred in the office of the County Collector of Miller County, Missouri; a successor was appointed effective March 4, 2004, and sworn into office March 5, 2004.

To satisfy our statutory obligation, we have audited the operations of the County Collector of Miller County, Missouri. The scope of our audit included, but was not necessarily limited to, the period March 1, 2003 to February 15, 2004, and the year ended February 28, 2003. The objectives of this audit were to:

1. Determine the financial condition of the accounts of the office of the County Collector.
2. Determine the proper compensation that should have been paid to the replaced County Collector during the past two years and the compensation actually paid during such period.
3. Review internal controls and review compliance with legal provisions as deemed necessary.
4. File a report of our findings with the County Commission and the person appointed to fill the vacancy in the office of the County Collector.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents and interviewing the County Clerk and various personnel of the office of the County Collector.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in

operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

Section 52.150, RSMo 2000, requires the County Commission to accept the state auditor's report and, if necessary, to take certain specific actions if the state auditor finds any monies owing to the county or the past County Collector.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the County Collector and was not subjected to the procedures applied in the audit of that office.

The accompanying Management Advisory Report presents our findings arising from our audit of the County Collector of Miller County, Missouri.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

April 15, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Jeannette Eaves, CPA
In-Charge Auditor:	Marty Beck

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

MILLER COUNTY, MISSOURI
COUNTY COLLECTOR
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

Property Tax and Annual Settlement Procedures
--

On February 15, 2004, a vacancy occurred in the Collector's office. The current County Collector was appointed March 4, 2004 and filed an annual settlement for the year ended February 29, 2004, on May 27, 2004. During our review of this settlement, we noted several errors in the amounts reported and inadequate review by the County Clerk or County Commission.

During the year ended February 28, 2003, and the period March 1, 2003 to February 15, 2004, the Collector's office collected and distributed approximately \$12.2 and \$13.1 million, respectively.

- A. Although the aggregate abstract prepared by the County Clerk indicated total railroad and utility taxes of approximately \$2,351,000, only approximately \$2,328,000 was reflected on the County Collector's annual settlement. Several utility billings were revised and reissued by the County Clerk, which resulted in tax reductions totaling approximately \$23,000. There was not adequate documentation provided as to why these changes were made nor was there documented approval of these changes by the County Commission.
- B. Property tax charges reported on the annual settlement did not always agree to the aggregate abstracts prepared by the County Clerk or to the total credits reported on the prior year's annual settlement. The Collector receives the current tax books (real, personal, and railroad and utility) from the County Clerk and is responsible for collecting and distributing the taxes. The County Collector files a settlement with the County Commission each year and the total charges on the annual settlement should equal the total credits.

The annual settlement completed for the year ended February 28, 2003 reported delinquent railroad and utility taxes for tax year 2002 of approximately \$120,000, which should have been carried forward to the 2003 tax year as a charge for delinquent railroad and utility taxes. However, the annual settlement completed for the year ended February 29, 2004 reflected delinquent railroad and utility charges and subsequent credits of approximately \$89,000. Upon further review, it appears that approximately \$31,000 in delinquent taxes had not been accounted for.

We noted that of this amount, approximately \$26,000 was owed from a utility company that had filed for bankruptcy. The county was not aware that this company owed delinquent taxes and did not file a claim with the bankruptcy

court. However, we contacted the company regarding the balance owed and as a result, the company paid \$26,000 to the county in June 2004. Because of the county's lack of monitoring, this amount may not have been collected.

Failure to adequately reconcile charges and credits reduces the assurance that the County Collector has accounted for all charges presented. Additionally, the potential for loss to the county exists from inadequate monitoring of delinquent taxes.

- C. Although the County Collector filed the annual settlement on May 27, 2004, there was no evidence of review by the County Clerk or the County Commission. The charges and subsequent credits reported on the annual settlement are not reconciled to the County Clerk's records to verify the accuracy of these amounts. If a detailed review had been performed, discrepancies in the reporting such as those noted above may have been identified prior to approval.

WE RECOMMEND:

- A. The County Clerk document the reasons for and approval of changes made to the taxes charged to the Collector for collection.
- B. The County Collector prepare and file accurate annual settlements that ensure all amounts charged have been accounted for.
- C. The County Clerk ensure the annual settlement is correct and in balance prior to approval by the County Commission.

AUDITEE'S RESPONSE

The County Commission, County Clerk, and County Collector provided the following responses:

- A. *The County Commission will work more closely with the County Clerk to resolve this situation. In the future, the County Commission will review supporting documentation.*
- B. *This was the first settlement prepared by the current County Collector. The County Collector is currently abstracting taxes on an electronic spreadsheet. In the past, taxes were abstracted manually. The new spreadsheets should reduce the abstracting errors made. The collector now has a better understanding of where to get charges and credit numbers.*
- C. *The County Clerk and County Collector will work together to ensure their numbers agree and will explain the settlement to the County Commission.*

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

MILLER COUNTY, MISSOURI
COUNTY COLLECTOR
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The County Collector bills and collects property taxes for the county and most local governments. Pursuant to Section 52.015, RSMo 2000, the term for which collectors are elected expires on the first Monday in March of the year in which they are required to make their last final settlement for the tax book collected by them. Annual settlements are to be filed with the county commission for the fiscal year ended February 28 (29).

Roger Bond served as County Collector until February 15, 2004. Marvin Urfer was appointed the Miller County Collector effective March 4, 2004 and sworn into office on March 5, 2004.

The County Collector received compensation of \$43,000 for the period March 1, 2003 to February 29, 2004. During the year ended February 28, 2003, the County Collector received compensation of \$41,199. Compensation was in accordance with statutory provisions.

The following schedule reflects amounts from the records of the County Collector on the modified accrual basis. The schedule does not include any of the operating costs of the County Collector's office. Operating costs are paid from the General Revenue Fund of the county.

Appendix

MILLER COUNTY, MISSOURI
COUNTY COLLECTOR
SCHEDULE OF REVENUES AND EXPENDITURES

	Period March 1, 2003 to February 15, 2004	Year Ended February 28, 2003
REVENUES		
Property taxes	\$ 14,276,234	13,456,857
Interest	9,244	9,095
Other	537,960	486,083
Less: Provision for Protested Accounts	(86,671)	(75,133)
Provision for Uncollectible Accounts	(1,620,099)	(1,639,410)
Total Revenues	<u>13,116,668</u>	<u>12,237,491</u>
EXPENDITURES		
State of Missouri	83,719	80,610
General Revenue Fund	107,576	114,289
Road Funds	618,250	575,451
Assessment Fund	128,686	124,114
Health Center Fund	413,863	394,923
Miller County Board for Services for the Developmentally Disabled Fund	231,495	221,614
School districts	8,120,304	7,773,851
Library district	350,973	336,233
Ambulance districts	371,400	291,631
Fire protection districts	996,211	959,494
Nursing Homes district	317,899	304,242
Nursing Home Bond Fund	160,782	111,745
Senior Citizens Service Fund	138,141	132,999
Surtax	112,909	115,358
Cities	21,487	20,416
County Clerk	512	436
County Employees' Retirement Fund	73,000	74,299
Tri-County Lodging Association	193,385	193,656
Tax Increment Financing Fund	428,596	197,651
Tax Maintenance Fund	29,579	12,688
Commissions and fees:		
General Revenue Fund	217,901	201,793
Total Expenditures	<u>13,116,668</u>	<u>12,237,491</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 0</u>	<u>0</u>



**DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION'S
CHARTER SCHOOL OVERSIGHT**

**From The Office Of State Auditor
Claire McCaskill**

*Improvements are needed in oversight of
charter schools by sponsors and the
Department of Elementary and Secondary
Education.*

**Report No. 2004-59
August 25, 2004
www.auditor.mo.gov**

PERFORMANCE AUDIT



Office of
Missouri State Auditor
Claire McCaskill

August 2004

Better oversight of charter schools is needed

Since 1998, the legislature has allowed charter schools to be established in the St. Louis and the Kansas City public schools districts. Primary responsibility for oversight of charter schools rests with sponsors that grant charter schools the right to operate. The Department of Elementary and Secondary Education (DESE) provided approximately \$73 million in state and federal funds for distribution to 25 charter schools in fiscal year 2003.

DESE did not take a pro-active role in ensuring charter schools are fully accountable and in compliance with state statutes. DESE officials believe their role has been limited by charter school laws; however, the department has placed other requirements on charter schools in addition to those established by state regulation, and penalized schools for not meeting certain requirements. The lack of oversight by sponsors and involvement by DESE has contributed to problems regarding teacher certification, submission of annual financial audit reports, school charters, and funds deposited in banks.

Charter schools have not always complied with state laws and/or regulations

Sponsors and DESE have taken limited action to ensure charter schools complied with state statutes and regulations in regard to teacher certifications, financial reporting and provisions required to be included in charter school applications. For example, auditors found half of the schools in operation in September 2003 did not meet the 80 percent teacher certification requirement. This certification percentage is lower than the 95 percent teacher certification requirement for public schools. Since September 2003, sponsors had only placed four schools on probation or notified the schools that charter renewal was in jeopardy for not complying with this requirement. (See page 8)

Oversight by sponsors was inconsistent

Auditors found 4 of 8 sponsors provided minimal oversight of charter schools. Officials from one sponsor acknowledge they have not reviewed performance. An official at another sponsor said his organization practiced "damage control" reacting to problems once they occur. (See page 4)

Some schools have uninsured funds in banks

Auditors found 14 charter schools had over \$5 million in uninsured funds in banks putting those funds at risk. (See page 14)

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YELLOW SHEET

**DEPARMENT OF ELEMENTARY AND SECONDARY EDUCATION'S
CHARTER SCHOOL OVERSIGHT**

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CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Members of the General Assembly
and
Dr. D. Kent King, Commissioner
Department of Elementary and Secondary Education
Jefferson City, MO 65102

During fiscal year 2003, the state distributed approximately \$73 million in state and federal funds for 25 charter schools. We focused audit efforts on determining whether improvements are needed in oversight provided to charter schools. Audit objectives included determining (1) the extent charter school sponsors have provided oversight to charter schools, (2) the Department of Elementary and Secondary Education's (DESE) role in overseeing charter school operations, and (3) whether charter schools have complied with state statutes.

Improvements are needed in the extent of oversight provided to charter schools by sponsors, and DESE assistance provided to sponsors. We found the level of oversight provided by eight charter school sponsors varied. Four of the eight sponsors had actively engaged in oversight activities and four sponsors provided inconsistent oversight. Although state statutes give sponsors oversight authority over charter schools, statutes provide no guidance as to the level of supervision to be provided or standards of accountability. DESE did not take a pro-active role in ensuring charter schools are fully accountable and in compliance with state statutes. DESE officials believe their role has been limited by charter school laws; however, the department has placed other requirements on charter schools in addition to those established by state regulation, and penalized schools for not meeting certain requirements.

The lack of oversight by sponsors and involvement by DESE has contributed to problems regarding teacher certification, submission of annual financial audit reports, school charters, and funds deposited in banks.

We conducted our work in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such tests of the procedures and records as were considered appropriate under the circumstances.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

The following staff contributed to this report:

Director of Audits:	William D. Miller, CIA, CGFM
Audit Manager:	Robert D. Spence, CGFM
Auditor-In-Charge:	Brenda Gierke, CPA

RESULTS AND RECOMMENDATIONS

Improvements Are Needed in the Oversight of Charter Schools

Improvements are needed in management and oversight of the charter school program because charter schools have not been held fully accountable for the expenditure of taxpayer funds. This has occurred because (1) the level of oversight provided to charter schools has varied, and (2) the Department of Elementary and Secondary Education (DESE) views its oversight role as limited by charter school laws. As a result, not all charter schools complied with laws and regulations requiring (1) at least 80 percent of teachers to be certified, (2) timely submission of annual financial audit reports, and (3) key elements in charter applications. In addition, charter schools had over \$5 million in uninsured bank accounts.

Background

In 1998, legislation allowed charter schools to be established in the St. Louis and the Kansas City public school districts. Charter schools are independent, publicly-funded schools of choice, exempt from laws and rules relating to schools, governing boards and school districts, except charter school laws and regulations. (*See Appendix III, page 21, for a summary of charter school legislation*). Twenty-five¹ charter schools received approximately \$73 million in state and federal funds to educate nearly 10,000 Missouri students in fiscal year 2003.² A person, group or organization seeking to establish a charter school is required to submit a charter application, for no less than 5, but no more than 10 years in duration, to a sponsoring institution and the school board of the district in which the charter school is to be located. Charter schools may be sponsored by the Kansas City or St. Louis school districts, a community college or a public 4-year college/university. The college/university must be located in, or adjacent to the county in which the district is located, or provide educational programs meeting regional or national standards of accreditation to any part of the district.

Sponsoring institutions for Missouri's charter schools include:

- Kansas City and St. Louis public school districts
- Central Missouri State University in Warrensburg
- Harris-Stowe State College in St. Louis
- Southeast Missouri State University in Cape Girardeau
- The University of Missouri located in St. Louis, Rolla and Kansas City

Once approved by the sponsoring institution, the charter is submitted to DESE for review.³ If the charter meets the requirements of charter school law, DESE takes no action; however, if the charter fails to meet those requirements, DESE may disapprove the granting of a charter. If a sponsoring institution declines sponsorship, the State Board of Education may sponsor a charter school if the application meets requirements of charter school law.

¹ A 26th charter school opened in September 2003 after the 2003 fiscal year end.

² See Appendix II, page 20, for all charter schools, sponsors and date schools opened.

³ DESE is responsible for administering and monitoring policies and regulations established by the State Board of Education.

Sponsoring institutions are responsible for reviewing the schools' performance, management and operations at least every 2 years. The sponsoring institution can revoke a charter at any time if the school:

- Commits a serious breach of one or more provisions of its charter
- Fails to meet academic performance standards as set forth in its charter
- Fails to meet generally accepted standards of fiscal management
- Violates the law

Like traditional district public schools, charter schools receive funds based on the number of students attending according to average daily attendance. Funding is administered by DESE, through the Kansas City and St. Louis school districts, who distribute funds to the charter schools.

Methodology

We reviewed state laws and regulations governing charter schools and interviewed DESE officials having responsibility over the charter school program. We obtained records of teacher certification compliance, charter school audit reports, and charter school records maintained by the department. We interviewed charter school sponsors, obtained policies and procedures related to charter school oversight, and records documenting oversight activities performed. We also obtained records of state and federal funds distributed to charter schools from the St. Louis and Kansas City public school districts and DESE. We did not review the academic performance of charter schools.⁴

Some sponsors provided little oversight

Four of the eight sponsors have provided limited oversight to charter schools. State statutes give sponsoring institutions the responsibility to review charter school performance, management and operations at least once every 2 years;⁵ however, the statutes do not provide a common framework for basic oversight activities.

State laws and regulations address accountability and certain requirements for charter schools. For example, laws and regulations require schools (1) be financially accountable,⁶ (2) submit annual audit reports to DESE in a timely manner,⁷ and (3) have at least 80 percent of instructional staff certified.⁸ However, these laws and regulations have not clearly identified who shall be responsible for compliance in these areas, or standards to be applied. For instance, statutes have not identified who shall ensure schools are financially accountable, and have not defined standards for determining compliance, or remedies to help struggling schools reach financial stability. According to a spokesman for the Missouri Charter School Information

⁴ See Appendix I, page 19, for additional information on our objectives, scope and methodology.

⁵ Section 160.405.6, RSMo 2000.

⁶ Section 160.405.5, RSMo 2000.

⁷ 5 CSR 30-4.030 (7).

⁸ Section 160.420.2, RSMo Cumulative Supp. 2003.

Center,⁹ statutes governing charter schools were written intentionally vague to encourage innovation among sponsors, but were not intended to absolve charter schools of fiscal responsibility and/or accountability. Table 1 depicts the differences in the level of oversight provided by sponsors. The sponsors are listed in order by least oversight to most oversight.

Table 1: Various Levels of Oversight Provided by Sponsors

Sponsors	Number of Schools Sponsored	Makes Regular Site Visits¹	Reviews Performance	Attends Meetings²
Harris-Stowe State College	1	No	No	No
University of Missouri - Rolla	2	No	NA ³	No
Kansas City Public School District	1	No	Yes	No
University of Missouri - St. Louis	2	No	Yes	No
St. Louis Public School District	2	Yes	Yes	No
Southeast Missouri State University	1	Yes	Yes	No
Central Missouri State University	10	Yes	Yes	Yes
University of Missouri - Kansas City	7	Yes	Yes	Yes

¹ Visits charter schools bi-weekly, monthly, or on another regular schedule.

² Attends regularly scheduled charter school board meetings, operational meetings, or principals' meetings.

³ Performance reviews for these schools are due in 2004 and 2005.

Source: Prepared by SAO based on interviews with sponsoring institution officials.

Examples of differences in oversight follow:

- Harris-Stowe officials stated they receive copies of school board minutes, the annual financial audit report and an annual report (from the school). In addition, officials have communicated with the school board on issues of governance by the management company and school location. However, they stated they have not reviewed performance because the state has not provided funding to cover the cost of this activity.
- University of Missouri – Rolla officials stated they conducted site visits during the first year of operations and attended two board meetings last year for the two schools they sponsor. Officials plan to conduct the first bi-annual performance review due for one of the schools in 2004.
- Kansas City Public School District officials stated the district reviews charter school performance every year the same as other public schools in the district, focusing on test scores and attendance/drop-out reports. A district spokesman said the lack of authority to hold charter schools accountable and resources for oversight are the main problems with the charter school program.
- University of Missouri – St. Louis officials stated they have not established formal oversight procedures, and oversight has been limited to one performance review at each

⁹ A not-for-profit, 501(c)(3) incorporated resource and information clearinghouse for educators, legislators and the public, and a support and networking center for Missourians interested in charter schools. The information center was instrumental in researching, writing and assisting in the passage of charter school laws in Missouri.

school every 2 years because the state did not provide oversight funding and the university has experienced budget cuts. One official described the current level of oversight as "damage control". In commenting on a draft of this report, the official stated university staff attend monthly meetings to monitor the progress of the probationary status of one of the charter schools that has been on probation since the first year of operations. However, this official stated the university does not attend any meetings for the other charter school the university sponsors.

Four of the sponsors are actively engaged in oversight activities. For example:

- St. Louis Public School District officials said considerable time is spent on charter school issues which includes the distribution of funds. In addition to making site visits, the district receives regular attendance reports and copies of financial audit reports. The district also provides general oversight and advice on discipline issues, investigates students who drop out of the charter schools, and reviews performance every 2 years.
- Southeast Missouri State University officials stated oversight activities include making monthly site visits and obtaining and reviewing extensive reports before conducting performance reviews which mirror criteria contained in the Missouri School Improvement Program. Officials said every 2 years they evaluate charter schools the same way other public schools are evaluated because they believe charter schools should be held as accountable as other public schools.
- Central Missouri State University officials monitor operations by making regular site visits, attending charter school operational and board meetings, and requiring various reports regularly, such as budgets and financial reports. This sponsor conducts annual performance reviews and requires charter schools to make presentations justifying charter renewal. One official said there should be resources (funds) available to enable sponsors to compel fiscal and educational accountability through oversight.
- University of Missouri - Kansas City officials visit each charter school a minimum of twice each month, attend charter school board meetings periodically, conduct monthly meetings with charter school principals and engage in ongoing communication with the schools. This sponsor contracts with retired professionals and receives assistance from the state to review performance every 2 years reviewing, among other things, academic and financial viability. Assistance from the state has included a Missouri Assessment Program facilitator from the Kansas City Regional Professional Development Center¹⁰ and a representative from DESE to review special educational programs.

Two sponsors cited lack of funding as the rationale for minimal oversight activities. While most sponsors did not track actual expenses incurred for charter school oversight, three sponsors provided information on oversight costs. Central Missouri State University spent approximately

¹⁰ One of nine regional professional development centers in Missouri whose mission is to support the educational community by promoting and facilitating opportunities for continual professional growth.

\$207,000 monitoring 10 charter schools over the 3 years ending June 2003, or approximately \$7,000 per school, per year. The University of Missouri - Kansas City spent approximately \$45,600 for 7 charter schools in fiscal year 2004, or approximately \$6,500 per school. Sponsor records showed the \$45,600 did not include performance reviews for all seven schools or monitoring activities that had been performed without compensation. A Southeast Missouri State University official said the university spent approximately \$25,000 per year to provide oversight to one charter school, which included reviewing performance every 2 years and paying \$7,500 to a retired school superintendent to make monthly school site visits.

Four sponsors said they expect litigation if they exercise their authority to hold schools accountable. For example, one sponsor said when it took steps to revoke a charter for violations of law, the school filed suit and obtained an injunction prohibiting closure of the school. Another sponsor said its legal department advised sponsor officials not to attempt revocation of charters because of the time and expense of legal challenges. Instead, the legal department advised officials to let the school's charter expire without renewal.

Some sponsors
fear litigation for
exercising
authority

National association emphasizes quality and accountability

The National Association of Charter School Authorizers¹¹ (NACSA) drafted principles and standards that create a common framework for sound practice. These standards assert core responsibilities of sponsors for creating and upholding an environment of high expectations for charter schools. NACSA believes a quality charter school sponsor supports freedom and flexibility for schools, that such autonomy comes with accountability for results, and sponsors should be defenders of the public interest in their decision to close schools that are failing. NACSA states sponsors are not responsible for the success or failure of a charter school, but for holding a school accountable for its success or failure.

NACSA principles of ongoing oversight and evaluation include (1) conducting oversight that evaluates performance, (2) monitoring compliance, (3) renewing charters, and (4) ensuring the autonomy to which each charter school is provided under its charter and applicable law. Charter renewal decisions should be based on a school's academic, financial, and organizational performance in relation to the terms of its charter.

DESE's charter school director said NACSA is a very good national organization, and charter school sponsors could benefit greatly from this organization and the work it does. The director also said she is familiar with the recently adopted principles and standards, and is considering sharing this information with charter school sponsors.

DESE views its role as limited

DESE officials said they have little authority over the charter school program and have been limited in what they can require of sponsors and/or charter schools because charter school law does not specify requirements DESE may place on charter schools.

¹¹ A nonprofit, nonpartisan membership organization, whose mission is to promote the establishment and operation of quality charter schools through responsible oversight in the public interest.

DESE is required to:

- Review sponsor-approved charter applications, and if necessary, within 45 days disapprove the granting of the charter if the application fails to meet the requirements of charter school law.¹²
- Authorize and make payment to a charter school if a school district fails to make timely payments of any amount for which it is the disbursal agent.¹³
- Commission a study of the performance of charter school students every 2 years, pay the contractor with funds appropriated by the general assembly for this purpose, and make the results of the studies public.¹⁴

Officials said they do not have the authority to intervene and penalize schools or require corrective action. However, DESE has established one regulation that places requirements on charter schools and provides for penalties if certain requirements are not met. In addition, DESE has placed other requirements on charter schools, not included in laws or regulations, and has penalized schools for not meeting those requirements. By regulation, DESE requires charter schools to submit annual financial audit reports that also include a schedule of selected statistics as specified annually by the department. When the audit reports are not provided, DESE can withhold state funds until the reports are received. We noted some schools had not submitted audit reports as required, but the department declined to withhold funding for this violation (*See pages 11-12 for discussion*).

DESE informally requires charter schools to submit core data and reports of revenue and expenditures¹⁵ although charter school laws and regulations do not require schools to submit this information. In September 2002, DESE notified the Kansas City School District to withhold funding from three Kansas City charter schools for failure to submit the report of revenue and expenditures, a penalty not authorized by law or state regulations. A DESE official said the department requires this information because it is necessary to determine the amount of funding for each charter school and to prepare the state's annual financial report.

Charter schools have not always complied with state laws and/or regulations

Sponsors and DESE have not always ensured charter schools complied with state statutes and regulations in regard to teacher certifications, financial reporting, and provisions required to be included in charter school applications.

¹² Section 160.405.3, RSMo 2000.

¹³ Section 160.415.3, RSMo 2000.

¹⁴ Section 160.410.3, RSMo 2000.

¹⁵ Annual Secretary to the Board Report.

Teacher certification requirements have not always been met

We found 50 percent of schools in operation in September 2003¹⁶ (13 of 26) did not meet the requirement that at least 80 percent of instructional staff be certified.¹⁷ However, since September 2003, sponsors only placed four schools on probation or notified these schools that charter renewal was in jeopardy for not complying with this requirement. Charter school law requires at least 80 percent of instructional staff be certified by the state¹⁸ and gives sponsors the authority¹⁹ to revoke a charter for violation of law. Public schools are required to have at least 95 percent of instructional staff certified. The certification and licensure process ensures teachers possess basic, minimum qualifications and is important to ensure quality education for public school students. According to one department official, if a public school does not maintain a 95 percent teacher certification rate, DESE can require corrective action to meet minimum certification standards. If not successful, the school could lose accreditation and state funding. Table 2 depicts schools not in compliance with teacher certification laws in September 2003.²⁰

Table 2: Schools Not in Compliance with Certification Laws in September 2003

Charter School	Opened	Sponsor
Academy of Kansas City	1999	University of Missouri - Kansas City
Westport Allen Village Charter School ¹	1999	University of Missouri - Kansas City
Genesis Schools, Inc.	1999	University of Missouri - Kansas City
Lee A. Tolbert Community Academy	1999	University of Missouri - Kansas City
Derrick Thomas Academy	2002	University of Missouri - Kansas City
Alta Vista Charter School ¹	1999	Central Missouri State University
Don Bosco Education Center ¹	1999	Central Missouri State University
Academie LaFayette ¹	1999	Central Missouri State University
Scuola Vita Nuova ²	1999	Central Missouri State University
Urban Community Leadership Academy ¹	1999	Central Missouri State University
Westport Community Secondary Schools	1999	Kansas City Public School District
Lift for Life Academy	2000	Southeast Missouri State University
Construction Careers Center	2001	St. Louis Public School District

¹Schools with less than 80 percent teachers certified for the last 3 years.

²Scuola Vita Nuova attained the 80 percent certification rate by March 2004.

Source: DESE

Derrick Thomas Academy has never met teacher certification requirements. Also, in fiscal year 2003, one employee at Alta Vista Charter School did not have an employment form required by the U.S. Immigration and Naturalization Service, which shows eligibility to work in the United States.

¹⁶ As of September 2002, 72 percent of 25 charter schools in operation did not meet certification requirements.

¹⁷ Teacher certification is a process where the department ensures individuals have the professional and legal qualifications, including education, experience, ethics and morals, to be licensed to teach in Missouri public schools.

¹⁸ Section 160.420.2, RSMo Cumulative Supp. 2003.

¹⁹ Section 160.405.7.(1), RSMo 2000.

²⁰ See Appendix IV, page 23, for compliance with certification requirements for the last three years.

We discussed teacher certification compliance weaknesses with sponsors to determine what, if any, action they were going to take. Sponsors said:

- In March 2004, the University of Missouri - Kansas City notified the Academy of Kansas City of possible charter non-renewal if teacher certification requirements were not met. In May 2004, the university put the school on probation for this and various other problems. Two schools in Table 2, Lee A. Tolbert Community Academy and Genesis Inc., met certification requirements in May and June 2004, respectively. A university official said the university plans to place its two other schools on probation in June 2004 if the final certification percentages for the year are less than 80 percent. Our analysis of certification data showed one of the other two schools had been in violation of certification requirements for 3 years, and one had been in violation for 2 years.

In commenting on a draft of this report on July 12, 2004, officials stated certification rates should be calculated monthly because certification rates can change month to month. According to the official, certification rates vary because teachers are employed 'at will' and can leave employment at any time. Subsequent to our July 2004 discussion, officials placed Westport Allen Village Charter School and Derrick Thomas Academy on probation for failure to meet certification requirements.

- Although four of its charter schools failed to meet certification requirements for at least the last 3 years, a Central Missouri State University official said there are no plans to place any of these schools on probation on the basis of this issue alone. Instead, university staff will continue working with these schools to meet certification requirements. The spokesman said compliance with certification requirements is one component in the evaluation of charter school performance.
- After 2 years of non-compliance with teacher certification requirements, in December 2003 the Kansas City school district identified Westport Community Secondary Schools as a "concerned school" due to critical deficiencies in academic performance, fiscal management and compliance with certification requirements. In May 2004, the district declined to renew the charter for Westport Community Secondary Schools for deficiencies in fiscal management and governance.
- After 2 years of non-compliance, Southeast Missouri State University officials said they would consider placing Lift for Life Academy on probation for not meeting certification requirements when the charter comes up for renewal in 2005. In commenting on a draft of this report, a university official stated they intend to address certification non-compliance by hiring retired, certified teachers to work part-time to meet the 80 percent level.
- St. Louis Public School District officials said because this is the first time Construction Careers Center has not met the 80 percent requirement, they will meet with school officials and offer assistance and give charter school officials the opportunity to meet certification requirements before placing the school on probation.

Thurgood Marshall Academy has been on probation since June 2001 for violations of teacher certification requirements and fiscal mismanagement. University of Missouri - St. Louis officials said charter renewal will depend on the results of the 2004 performance review.

Two sponsors said charter school officials gave various explanations for not meeting the teacher certification requirement. For example, school officials said DESE had a backlog in certifying qualified teachers, or was waiting for results of background checks. In March 2004, we requested the charter school director re-verify teacher certification status for the 13 non-compliant schools to determine if certifications had been completed since September 2003. The re-verification showed 12 of the 13 schools still had not complied with this requirement.

A DESE official stated although there may be delays in processing certifications, it is the charter school's responsibility to monitor and ensure at least 80 percent of its teachers are properly certified to teach in public schools. According to the official, the department verifies teacher certification in October each year using September school data. Then, the charter school director notifies each school and its sponsor, by letter, whether or not the school is in compliance with the state's 80 percent rule. However, DESE officials take no further action, believing they do not have the authority to penalize or require corrective action.

Prompt financial reporting not always required

We found charter schools have not always submitted financial audit reports to DESE. Charter school law requires schools to be financially accountable and provide for an annual audit by a certified public accountant.²¹ State regulation requires charter schools submit audit reports to DESE no later than an extended deadline of December 31.²²

Six schools did not send fiscal year 2003 audit reports to DESE by the extended deadline, and as of June 30, 2004, two of the six schools still had not submitted these audit reports. However, neither DESE, nor sponsors for five of the six schools, exercised their authority as set forth in state regulations and/or charter school law to hold these schools accountable.²³ Table 3 depicts schools not providing audit reports to DESE by the extended deadline of December 31.

²¹ Section 160.405.5, RSMo 2000.

²² The regular deadline is October 31 of every year and may be extended to December 31.

²³ Submission of annual of audit reports had been an informal requirement prior to fiscal year 2003.

Table 3: Schools Not Submitting Fiscal Year 2003 Audit Reports by December 31, 2003

Charter School	Date Received	Sponsor
St. Louis Charter Academies	6/9/04	University of Missouri - Rolla
Westport Community Secondary Schools	Not submitted	Kansas City Public School District
Derrick Thomas Academy ¹	Not submitted	University of Missouri - Kansas City
Youthbuild St. Louis Charter School	3/8/04	St. Louis Public School District
Westport Allen Village Charter School	3/5/04	University of Missouri - Kansas City
Lee A. Tolbert Community Academy	2/2/04	University of Missouri - Kansas City

¹ Derrick Thomas Academy's report, dated March 31, 2004, had not been submitted to DESE as of July 14, 2004.

Source: DESE records

Further, for fiscal year 2002, 14 schools did not submit audit reports to DESE by the extended deadline, and for fiscal year 2001, six schools did not submit audit reports by the extended deadline. Westport Community Secondary School's report was late for both years, with the 2002 report being over a year late and the 2001 report being over 2 years late.

State regulations give DESE authority to withhold funds if audit reports are late, or are not submitted.²⁴ However, a department official said withholding funds because a school did not submit an audit report on time or because it was having serious financial difficulties would cause the financial situation to deteriorate further, and DESE does not want to be "a hindrance to the schools".

Sponsors may place a school on probation to allow the school to implement a remedial plan, or revoke a charter at any time the charter school violates the law.²⁵ As of June 30, 2004, only one of four sponsors in Table 3 took this action for failure to submit timely audit reports.

- University of Missouri - Rolla officials notified St. Louis Charter Academies in June, 2004 of their intention to revoke the school's charter.
- University of Missouri – Kansas City officials said they plan to decline renewal of charters expiring in 2005, 2006, and 2007 for three schools that failed to submit fiscal year 2003 audit reports to DESE by the extended deadline, if subsequent audit reports are late or missing. Subsequent to our discussion with officials on July 12, 2004, officials placed Westport Allen Village Charter School and Derrick Thomas Academy on probation for failure to send the fiscal year 2003 audit report to DESE by the extended deadline.

²⁴ 5 CSR 30-4.030 (7).

²⁵ Section 160.405.7, RSMo 2000.

We contacted the other sponsors to determine what, if any, action they plan to take for this violation of law.

- A St. Louis Public School District spokesman said the Youthbuild St. Louis Charter School's late audit report will not be addressed separately and considered as grounds for probation, but will be a component of the performance review which will be completed this year.
- In December 2003, the Kansas City Public School district identified critical deficiencies in Westport Community Secondary Schools' fiscal management. However, the district did not take action to place the school on probation or revoke the school's charter. Instead, on May 5, 2004, sponsor officials notified Westport they declined to renew the school's charter for fiscal mismanagement and other issues. Auditors hired by the sponsor to audit the schools' fiscal management could not complete the audit because of the substantial lack of documentation.

The Missouri Charter School Information Center believes the sponsor is the most important entity involved in ensuring accountability and, according to a spokesman for the information center, if schools do not adhere to state laws, sponsors should be closing schools. DESE's charter school director said the information center is an organization that has considerable knowledge on charter schools and is a reliable source of information on the charter school program.

Not all charters contained required elements

Seven of 18 charters for Kansas City charter schools did not contain all elements required by charter school law.²⁶ Some of the required elements missing from the charters included personnel policies, personnel qualifications, a professional development plan, methods for measuring pupil progress, and criteria to measure school performance.²⁷ DESE's charter school director told us these required elements are important to ensure quality education for charter school students.

Two Kansas City sponsors approved the 7 charters and DESE did not disapprove charters for these schools even though they did not include all required elements to assure quality education. For example, according to the fourth year evaluation of one Kansas City charter school, the application indicated no clear criteria for assessing student progress or measuring school effectiveness, and evaluators noted there were still no common classroom measures of student learning in place.

One sponsor official said it relied on the state to evaluate areas such as core curriculum, and another said although some elements may have been overlooked, the charters were approved by DESE. The charter school director told us it was possible some required elements were not included in the 1999 charters, but in 2000 the department devised a checklist to use in evaluating charter applications. We found subsequent charters for schools in St. Louis were

²⁶ See Appendix IV, page 23, for charter applications missing required elements.

²⁷ See Appendix V, page 25, for complete listing of requirements.

complete. Officials from two Kansas City sponsors told us future charter renewal documents will include all elements auditors identified as missing from the original charter application document.

Some schools have fiscal concerns

Our review of financial reports disclosed independent auditors found 13 Kansas City charter schools and a St. Louis charter school maintained cash in the bank totaling over \$5 million on June 30, 2003, which exceeded amounts covered by federal insurance. Discussions with University of Missouri - Kansas City and Central Missouri State University officials disclosed they were not aware bank deposits were not insured. Table 4 depicts charter schools with uninsured bank deposits at June 30, 2003.

Table 4: Charter Schools with Uninsured Bank Deposits at June 30, 2003

Charter School	Uninsured Deposits¹	Sponsor
Academy of Kansas City	\$190,367	University of Missouri - Kansas City
Brookside Day School	191,289	University of Missouri - Kansas City
Westport Allen Village Charter School	194,000	University of Missouri - Kansas City
Genesis School, Inc.	154,744	University of Missouri - Kansas City
Derrick Thomas Academy	1,165,000	University of Missouri - Kansas City
Benjamin Banneker Charter Academy	838,591	Central Missouri State University
Don Bosco Education Center	616,370	Central Missouri State University
Gordon Parks Elementary School	348,475	Central Missouri State University
Hogan Preparatory Academy	165,919	Central Missouri State University
Academie Lafayette	252,385	Central Missouri State University
Scuola Vita Nuova	2,196	Central Missouri State University
Southwest Charter School	191,722	Central Missouri State University
Urban Community Leadership Academy	525,315	Central Missouri State University
St. Louis Charter School	368,052	University of Missouri - St. Louis
Total	\$5,204,425	

¹Bank balances exceeding the \$100,000 amount covered by the Federal Deposit Insurance Corporation.

Source: Fiscal year 2003 audit reports

Conclusions

The extent of sponsor oversight of charter schools has varied with four sponsors providing minimal oversight. State statutes give sponsors oversight responsibility for charter school performance, management and operations; however, the statutes do not require minimum oversight activities to ensure accountability of charter schools. When sponsors provide little oversight to charter schools, the likelihood increases they will not be aware of problems occurring at charter schools and whether schools have complied with state statutes. Sound business practices dictate sponsors perform consistent commonly recognized oversight procedures to ensure charter schools comply with state statutes and are accountable.

DESE officials believe they have little authority over the charter school program, and are limited in what they can require of sponsors and/or charter schools because charter school law does not specify requirements the department may place on sponsors and/or charter schools. Officials also said they do not have the authority to intervene and penalize schools or require corrective action. However, DESE has placed departmental and other requirements on charter schools and penalized schools if certain requirements were not met. While state statutes are silent on the DESE's role, we believe it should, as the state agency overseeing public education, assume a proactive approach in ensuring charter schools are fully accountable and comply with state statutes.

Charter schools operate under specific statutes; however, not all charter schools complied with those statutes. Half of charter schools operating in fiscal year 2003 failed to meet teacher certification requirements. Teacher certification is an important element in ensuring a quality education for students. Sponsors should monitor teacher certifications and take appropriate action to enforce certification requirements.

Almost 25 percent of charter schools had not submitted required financial audits to DESE by the extended due date of December 31, 2003. However, DESE and sponsors for most of these schools did not exercise their authority to hold schools accountable by withholding funding or placing the schools on probation. Financial audits can provide valuable insights into the financial condition of charter schools. Sponsors and the department should take responsibility to monitor financial performance and hold charter schools accountable for reporting on the use of public funds.

Charter schools have held large uninsured cash reserves on deposit with banking institutions putting taxpayer funds at risk of loss. Sound business practices dictate all taxpayer funds be protected against loss.

Recommendations

We recommend the General Assembly enact legislation to:

1. Give the State Board of Education rule-making authority over the charter school program, authorizing the establishment of commonly recognized standards of accountability.

We recommend the State Board of Education direct DESE to:

2. Adopt a proactive role in charter school oversight by establishing a common framework of basic oversight activities and sponsor responsibilities to measure charter school performance and hold sponsors and schools accountable.
3. Take the lead in promoting and sharing best practices used by sponsors actively engaged in oversight activities with all sponsors.

We recommend sponsors:

4. Hold schools accountable for meeting goals set forth in charter documents and ensure compliance with charter school law and/or state regulations.
5. Require charter schools to insure funds not covered by federal insurance.

We recommend Harris-Stowe State College:

6. Fulfill sponsorship responsibilities by reviewing charter school performance at least once every 2 years.

Agency Comments

Recommendation 1: We agree with this recommendation. Statutory changes, including rulemaking authority, in the charter school law, would allow the State Board of Education to adopt clear guidelines and expectations for both charter schools and sponsors.

Recommendations 2 and 3: DESE currently works with all sponsoring institutions and shares best practices that have been identified in Missouri and other states. Many of these contacts are done on an informal basis, by telephone conversations and other contacts. The Director of Charter Schools holds meetings with the various sponsoring institutions for the purpose of providing them an opportunity to network as well as share best practices. While the Department has developed cooperative and effective relationships with many of the sponsors and charter school operators, they also value their independence. They know, and we recognize, that they are not required to follow the suggestions the Department might offer. There are no fiscal incentives for charter school sponsors to be receptive to a "more proactive role" recommended by state education officials. Changes in the statute and/or rulemaking authority are necessary to clarify the State Board of Education's role and authority in providing oversight of the sponsoring institutions. Changes in the statute are necessary in order to adopt a common framework to be utilized by sponsors in providing oversight and accountability for the schools.

Sponsor Comments

With the exception of Harris-Stowe, sponsors generally concurred with the report and recommendations, and the following sponsors made additional comments.

University of Missouri – Kansas City officials stated sponsor accountability is an important issue which should be addressed by the department so that consistent standards are applied to charter schools by all sponsors. Officials stated without consistent standards, sponsors interested in conducting more oversight and requiring more accountability from charter schools may face legal challenges when other charter schools in the state do not have to meet comparable standards of accountability.

Kansas City School District - The Kansas City Superintendent of Schools believes charter schools should be held as accountable as public schools, using standards of the Missouri School

Improvement Plan. He also said the legislature needs to close loopholes in charter school law and give the department and sponsors more authority over charter schools.

University of Missouri – St. Louis - A sponsor official stated the General Assembly needs to review the intent of the charter school legislation, provide start-up funds for charter schools, and define oversight responsibilities for sponsors, and consequences when charter schools do not meet standards.

University of Missouri – Rolla – A university official stated the General Assembly needs to give the department rule-making authority.

St. Louis Public School District – Program officials stated the General Assembly needs to clearly define the roles, responsibilities, and expectations for the department, sponsors, and charter schools and bring greater accountability into the program.

Central Missouri State University accepted the role of authorizer and sponsor of public charter schools in accordance with provisions contained in charter school law, and in line with its educational mission. Despite resource limitations, CMSU has worked diligently to effectively fulfill its responsibilities relating to the sponsorship of public charter schools. Further work remains to be completed in clearly defining and articulating the roles and responsibilities entailed by charter school sponsors. Sponsors, and potential sponsors, should identify and promulgate best practices associated with charter school sponsorship. One possibility would be for DESE to facilitate this process.

Harris-Stowe Comments

Recommendation 6: Harris-Stowe officials did not respond to the report recommendation, but provided comments. Some of the comments referred to an earlier draft which had been changed based on those comments; therefore, those comments have been deleted from this report.

Officials stated oversight activities included: (a) a number of meetings by the Sponsor with the Board of Directors of the Charter School, with teachers, with parents, and the School administrator; (b) attendance at various Charter School presentations and student activities; (c) team member tours of the Charter School's current and proposed sites; (d) meetings with Chancellor-Beacon representatives, lawyers, and the proposed site owner; (e) personal tours of other possible Charter School sites. In addition, the College included documents that clearly showed periodic reviews by the HSSC Charter School Team of various reports on the Schools performance. Clearly, these activities were of an oversight nature – not ones of governance.

Harris-Stowe officials took issue with the audit position indicating that a charter school's meeting the 80 percent teacher certification minimum, rests, largely with the sponsor—not the Department of Elementary and Secondary Education. They stated sponsoring institutions do not have any such statutory authority. Sponsoring institutions really do not have the authority to close charter schools—only to recommend such action—because, ultimately, the granting and the revocation of charters rest with DESE.

We are disappointed that the audit report did not include a much-needed finding—one that would have noted that the state—after many attempts by legislators—has not yet provided oversight funding to help defray the expense such endeavors impose on sponsors.

State Auditor Comments

As stated on page 9, Section 160.405.7.(1), RSMo 2000 gives sponsors the authority to revoke a charter for violation of law.

OBJECTIVES, SCOPE AND METHODOLOGY

Objectives

Audit objectives included determining (1) the extent charter school sponsors have provided oversight to charter schools, (2) whether DESE plays an active role in advising and/or assisting sponsors in their oversight of charter schools, and (3) whether charter schools have complied with state laws and regulations.

Scope and Methodology

To accomplish the audit objectives, auditors:

1. Reviewed state laws and regulations governing charter schools and interviewed DESE officials having responsibility over the charter school program.
2. Obtained records of teacher certification compliance, charter school audit reports received, and charter school records maintained by the department. We reviewed internal and management controls related to these records, but did not conduct specific tests of these controls.
3. Obtained records of state and federal funds distributed to charter schools by the St. Louis and Kansas City public school districts and DESE.
4. Interviewed officials at the eight sponsoring institutions in St. Louis, Cape Girardeau, Rolla, Warrensburg, and Kansas City; obtained policies and procedures related to charter school oversight, and records documenting oversight activities they perform.
5. Compared charter school contracts and charters to elements required by law, and discussed instances of non-compliance with the sponsoring institutions.

We could not obtain information directly from charter schools because they are independent, publicly-supported schools operated by not-for-profit organizations. Therefore, we were limited to information and records the sponsoring institution and the department could provide. We also did not evaluate the academic performance of charter schools.

We conducted our work between November 2003 and June 2004.

CHARTER SCHOOLS AND SPONSORS

Table II.1 displays the Kansas City charter schools, year opened, and sponsoring institutions. As shown below, there are 18 charter schools in Kansas City with three sponsors.

Table II.1: Charter Schools Located in the Kansas City Public School District

Charter School	Year Opened	Sponsoring Institution
Academie LaFayette	1999	Central Missouri State University
Alta Vista Charter School	1999	Central Missouri State University
Benjamin Banneker Charter Academy	1999	Central Missouri State University
Della Lamb Elementary Charter School	1999	Central Missouri State University
Don Bosco Education Center	1999	Central Missouri State University
Gordon Parks Elementary School	1999	Central Missouri State University
Hogan Preparatory Academy	1999	Central Missouri State University
Scuola Vita Nuova	1999	Central Missouri State University
Southwest Charter School	1999	Central Missouri State University
Urban Community Leadership Academy	1999	Central Missouri State University
Westport Community Secondary Schools	1999	Kansas City School District
Academy of Kansas City	1999	University of Missouri - Kansas City
Westport Allen Village Charter School	1999	University of Missouri - Kansas City
Genesis School, Inc.	1999	University of Missouri - Kansas City
Lee A. Tolbert Community Academy	1999	University of Missouri - Kansas City
University Leadership Academy	2000	University of Missouri - Kansas City
Brookside Day School	2002	University of Missouri - Kansas City
Derrick Thomas Academy	2002	University of Missouri - Kansas City

Source: DESE

Table II.2 displays the St. Louis charter schools, year opened, and sponsoring institutions. As shown below, there are eight charter schools in St. Louis with five sponsors.

Table II.2: Charter Schools Located in the St. Louis Public School District

Charter School	Year Opened	Sponsoring Institution
Ethel Hedgeman Lyle Academy	2000	Harris-Stowe State College
Lift for Life Academy	2000	Southeast Missouri State University
St. Louis Charter School	2000	University of Missouri - St. Louis
Thurgood Marshall Academy	2000	University of Missouri - St. Louis
Construction Careers Center	2001	St. Louis Public School District
Youthbuild St. Louis Charter School	2002	St. Louis Public School District
Confluence Academies	2003	University of Missouri - Rolla
St. Louis Charter Academies	2002	University of Missouri - Rolla

Source: DESE

MISSOURI CHARTER SCHOOL LEGISLATION

Laws and regulations governing charter schools include Section 167.349, RSMo 2000; Sections 160.400 – 160.415, RSMo 2000; Section 160.420, RSMo Cumulative Supp. 2003; 5 CSR 30-4.030 and 5 CSR 50-340.200. A summary of charter school law follows:

1. Charter schools are independent, accountable public schools of choice supported by public dollars.
2. They must be nonsectarian in their programs, admissions policies, employment practices and all other operations.
3. They must comply with all state laws and regulations relating to health, safety and minimum education standards.
4. They must provide for an annual audit, participate in the statewide system of assessments and distribute an annual report card.
5. They must ensure that all state and federal laws with regard to the needs of special education children are met.
6. Other than the above, charter schools are exempt from all laws and rules relating to schools, governing boards and school districts.
7. Charter schools may not charge tuition or impose fees that districts are prohibited from imposing.
8. Charter schools are authorized to accept grants, gifts or donations of any kind.
9. Each charter school must be registered as a Missouri nonprofit corporation.
10. Charter schools may operate only within St. Louis city limits and the boundaries of the Kansas City, Missouri School District.
11. They must enroll all students who apply. If the number of applications exceeds the capacity of the school, the admissions process shall ensure that all applicants have an equal chance of admission.
12. They may not limit admission based on race, ethnicity, national origin, disability, gender, income level, proficiency in the English language or athletic ability.
13. The only admissions preferences permitted are for a geographical area around the school, for children whose siblings already attend the school, or for children whose parents are employed by the school, as long as such preferences do not result in racially or socio-economically isolated schools.

APPENDIX III

14. The charter constitutes a contract between the sponsor and the charter school.
15. The charter must contain a mission statement, a description of the school's organizational structure, program and curriculum, a financial plan, personnel plan and educational goals and objectives to be achieved.
16. Charter schools must have their charters approved by a sponsor.
17. Sponsors may be the local school board, a public four-year college or university with an accredited teacher education program with its primary campus in the school district, or in a county adjacent to the district or a community college located within the district.
18. Sponsors may not receive remuneration from charter schools.
19. An institution that sponsors three or more charters must ensure that at least one-third of charters granted shall be to schools that actively recruit dropouts or high-risk students.
20. Charters not approved by one of the above sponsors may be appealed to the state board of education. If the plan is viable, the state board may approve the charter and act as sponsor.
21. A sponsor may revoke an operator's charter or place the school on probation at any time if the school commits a serious breach of its charter, fails to meet academic performance standards as set forth in its charter, fails to meet generally accepted standards of fiscal management or violates the law.
22. A maximum of five percent of the public schools in each district may convert to charter status.
23. Charter schools may affiliate with private or public colleges or universities, or community colleges whose primary campus is in the same county or in a county adjacent to the charter school.
24. A university, college or community college may not accept remuneration for such affiliation.
25. School district employees involved in the establishment of a charter school are protected from reprisals.
26. A maximum of twenty percent of a charter school's full-time instructional staff may be non-certificated.
27. All non-certificated instructional personnel shall be supervised by certified instructional personnel.

CHARTER SCHOOLS IN VIOLATION OF LAWS AND REGULATIONS

Section 160.420.2, RSMo Cumulative Supp. 2003 requires at least 80 percent of full-time equivalent instructional staff be certified personnel.

Table IV.1: Schools Not Meeting the 80 Percent Requirement (X)

Charter School	September 2001	September 2002	September 2003	March 2004
Academie LaFayette	X	X	X	X
Westport Allen Village Charter School	X	X	X	X
Alta Vista Charter School	X	X	X	X
Urban Community Leadership Academy	X	X	X	X
Don Bosco Education Center	X	X	X	X
Academy of Kansas City		X	X	X
Lee A. Tolbert Community Academy		X	X	X
Westport Community Secondary Schools		X	X	X
Genesis School, Inc.		X	X	X
Lift for Life Academy		X	X	X
Derrick Thomas Academy	Not open	X	X	X
St. Louis Charter School			Data not accurate	
Construction Careers Center			X	X
Brookside Day School	Not open	X		
Della Lamb Elementary Charter School		X		
Hogan Preparatory Academy		X		
Scuola Vita Nuova			X	
Southwest Charter School		X		
St. Louis Charter Academies	Not open	X		
Ethel Hedgeman Lyle Academy		X		
Thurgood Marshall Academy		X	Data not reported	X

Source: DESE

Five schools have met certification requirements. Those schools are Benjamin Banneker Charter Academy, Gordon Parks Elementary School, University Leadership Academy, Confluence Academies, and Youthbuild St. Louis Charter School.

APPENDIX IV

Section 160.405, RSMo 2000 requires charters to contain certain elements, including but not limited to, personnel policies, personnel qualifications, a professional development plan, methods for measuring pupil progress, and criteria to measure school performance.

Table IV.2: Charters Missing One or More of the Above Required Elements

Charter School	Date Opened	Sponsoring Institution
Academie LaFayette	1999	Central Missouri State University
Gordon Parks Elementary School	1999	Central Missouri State University
Scuola Vita Nuova	1999	Central Missouri State University
Urban Community Leadership Academy	1999	Central Missouri State University
Academy of Kansas City	1999	University of Missouri - Kansas City
Lee A. Tolbert Community Academy	1999	University of Missouri - Kansas City
University Leadership Academy	2000	University of Missouri - Kansas City

Source: SAO analysis of charter documents and officials at sponsoring institutions

ELEMENTS REQUIRED TO BE INCLUDED IN CHARTER APPLICATIONS

Section 160.405, RSMo 2000 requires certain elements be included in charter school application documents. The following excerpts of this law identify those required elements.

160.405. 1. A person, group or organization seeking to establish a charter school shall submit the proposed charter, as provided in this section, to a sponsor. If the sponsor is not a school board, the applicant shall give a copy of its application to the school board of the district in which the charter school is to be located, when the application is filed with the proposed sponsor. The school board may file objections with the proposed sponsor, and, if a charter is granted, the school board may file objections with the state board of education. The charter shall include a mission statement for the charter school, a description of the charter school's organizational structure and bylaws of the governing body, which will be responsible for the policy and operational decisions of the charter school, a financial plan for the first three years of operation of the charter school including provisions for annual audits, a description of the charter school's policy for securing personnel services, its personnel policies, personnel qualifications, and professional development plan, a description of the grades or ages of students being served, the school's calendar of operation, which shall include at least the equivalent of a full school term as defined in section 160.011, and an outline of criteria specified in this section designed to measure the effectiveness of the school. The charter shall also state:

- (1) The educational goals and objectives to be achieved by the charter school;
- (2) A description of the charter school's educational program and curriculum;
- (3) The term of the charter, which shall be not less than five years, nor greater than ten years and shall be renewable;
- (4) A description of the charter school's pupil performance standards, which must meet the requirements of subdivision (6) of subsection 5 of this section. The charter school program must be designed to enable each pupil to achieve such standards; and
- (5) A description of the governance and operation of the charter school, including the nature and extent of parental, professional educator, and community involvement in the governance and operation of the charter school.

5. A charter school shall, as provided in its charter:

- (1) Be nonsectarian in its programs, admission policies, employment practices, and all other operations;
- (2) Comply with laws and regulations of the state relating to health, safety, and minimum educational standards;

APPENDIX V

(3) Except as provided in sections 160.400 to 160.420, be exempt from all laws and rules relating to schools, governing boards and school districts;

(4) Be financially accountable, use practices consistent with the Missouri financial accounting manual, provide for an annual audit by a certified public accountant, and provide liability insurance to indemnify the school, its board, staff and teachers against tort claims. For the purposes of securing such insurance, a charter school shall be eligible for the Missouri public entity risk management fund pursuant to section 537.700, RSMo. A charter school that incurs debt must include a repayment plan in its financial plan;

(5) Provide a comprehensive program of instruction for at least one grade or age group from kindergarten through grade twelve, which may include early childhood education if funding for such programs is established by statute, as specified in its charter;

(6) Design a method to measure pupil progress toward the pupil academic standards adopted by the state board of education pursuant to section 160.514, collect baseline data during at least the first three years for determining how the charter school is performing and to the extent applicable, participate in the statewide system of assessments, comprised of the essential skills tests and the nationally standardized norm-referenced achievement tests, as designated by the state board pursuant to section 160.518, complete and distribute an annual report card as prescribed in section 160.522, report to its sponsor, the local school district, and the state board of education as to its teaching methods and any educational innovations and the results thereof, and provide data required for the study of charter schools pursuant to subsection 3 of section 160.410. No charter school will be considered in the Missouri school improvement program review of the district in which it is located for the resource or process standards of the program. Nothing in this paragraph shall be construed as permitting a charter school to be held to lower performance standards than other public schools within a district; however, the charter of a charter school may permit students to meet performance standards on a different time frame as specified in its charter;

(7) Assure that the needs of special education children are met in compliance with all applicable federal and state laws and regulations.



**ELEVENTH JUDICIAL CIRCUIT
MUNICIPAL DIVISIONS**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-58
August 24, 2004
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AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

August 2004

The following audit report presents our findings and recommendations for certain municipal divisions of the Eleventh Judicial Circuit. During our audit, we identified accounting records, controls, and certain management practices which we believe could be improved. The municipal divisions in which specific findings and recommendations were noted are listed below:

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YELLOW SHEET

ELEVENTH JUDICIAL CIRCUIT
MUNICIPAL DIVISIONS

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Presiding Judge
and
Municipal Judges
Eleventh Judicial Circuit

We have audited certain operations of the municipal divisions of the Eleventh Judicial Circuit. The scope of this audit included, but was not necessarily limited to, the municipal divisions' 2 years ended September 30, 2003, August 31, 2003, June 30, 2003, or December 31, 2002. The objectives of this audit were to:

1. Review internal controls over significant financial functions.
2. Review compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and operations.

Our methodology to accomplish these objectives included reviewing written policies, financial records, and other pertinent documents; interviewing various personnel of the municipal divisions, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. We also performed tests of certain controls to obtain evidence regarding the effectiveness of their design and operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed

and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the municipal divisions' management and was not subjected to the procedures applied in the audit of those divisions.

The accompanying Management Advisory Report presents our findings arising from our audit of the municipal divisions of the Eleventh Judicial Circuit.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

January 30, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

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MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

ELEVENTH JUDICIAL CIRCUIT
MUNICIPAL DIVISIONS
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Town of Augusta Municipal Division
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Fines and court costs received are not transmitted to the city on a timely basis, Crime Victims' Compensation and Peace Officer Standards and Training Commission fees were not remitted to the state and city properly, and the municipal division is not maximizing court revenue by ordering defendants to reimburse the costs associated with drug or alcohol related arrests as allowed by state law. In addition, logs of the ticket books assigned and tickets issued could not be located, and neither the municipal division nor the police department maintain adequate records to account for all tickets issued. Also, access to the computer system is not adequately restricted and backup disks are not stored in an off-site location.

A. The following concerns were noted regarding fines and court costs:

- 1) Fine and court costs received are not transmitted to the city on a timely basis. Receipts were transmitted to the City Treasurer approximately once a month and averaged in excess of \$2,000. To adequately safeguard receipts and reduce the risk of loss, theft or misuse of funds, transmittals should be made daily or when accumulated receipts exceed \$100.
- 2) The municipal division assesses and collects Crime Victims' Compensation (CVC) and Peace Officer Standards and Training Commission (POSTC) fees in accordance with state laws; however, some of these fees were not properly remitted to the state and city. Court costs for some cases were not correctly entered in the computer system, which caused the monthly distribution reports to be understated. The municipal division has not established procedures to periodically review the computer data to ensure court costs were being distributed correctly.

Chapter 488, RSMo 2000, provides that such fees shall be remitted to the state within 30 days from receipt. The municipal division should review the distribution reports to determine the amount due to the state and city.

- 3) The municipal division is not maximizing court revenue by ordering defendants to reimburse the costs associated with drug or alcohol related arrests as allowed by Section 488.5334, RSMo 2000. State law allows the court to order the convicted person to reimburse the city for the reasonable cost of making the arrest, including the cost of any chemical test to determine the alcohol or drug content of the person's blood, and the costs

of charging, booking, and holding such person in custody. The recoupment of these arrest costs would aid in maximizing city revenues.

B. The following concerns were noted during our review of tickets:

- 1) Logs of the ticket books assigned to officers and of the tickets issued could not be located. These records were maintained by the Police Chief, who indicated they had been turned over to the Court Clerk when the police force was discontinued in 2003. However, the Court Clerk indicated she did not receive any logs from the police department upon its dissolution. In addition, the Court Clerk stated she has not been able to locate other court records from 2001 and 2000. Supreme Court Rule 8 requires all municipal ordinance case files be maintained for three years after the date of filing, and financial and other records be maintained for five years or upon completion of an audit.
- 2) Neither the municipal division nor the police department maintain adequate records to account for all tickets. The municipal division has a computer system where all tickets received from the police department are entered. The computer system has the capability to list the tickets in numerical sequence along with their dispositions; however, the Court Clerk does not generate the listing or account for the tickets. In July 2003, the city contracted with St. Charles County for police services. The St. Charles County police department maintains a log of tickets issued; however, this log is not compared to tickets turned over to the municipal division.

Without a proper accounting of the numerical sequence and ultimate disposition of traffic and parking tickets, the police department and the municipal division cannot be assured that all tickets issued are properly submitted to the court. A log listing each ticket number, the date issued, and the violator's name would ensure all tickets issued were submitted to the court for processing, properly voided, or not prosecuted. A record of the ultimate disposition of each ticket should also be maintained to ensure all tickets have been accounted for properly. Tickets that are not processed could result in lost revenue to the city and state.

C. Access to the computer system is not adequately restricted and backup disks are not stored at an off-site location. Passwords and user IDs are not required to gain access to the court's computer system.

A unique password should be assigned to each user of the system and should be kept confidential and periodically changed to limit unauthorized access to computer files. Unique passwords help to restrict individuals' access to only those data files and programs they need to accomplish their job. This protects data from

unauthorized access and helps to prevent intentional and unintentional modification, disclosure, or deletion of applicable information.

Also, backup of computer information provides a means for recreating destroyed data. Failure to store the computer backup disks off-site results in the backups being susceptible to the same damage as the original data on the computer. Backup disks should be maintained and stored off-site to provide increased assurance that court data can be recreated.

WE RECOMMEND the town of Augusta Municipal Division:

- A.1. Transmit receipts intact daily or when accumulated receipts exceed \$100.
- 2. Remit fees to the state and city in accordance with state laws and develop procedures to review computer reports for accuracy. In addition, the Court Administrator should review the distribution reports to determine the CVC and POSTC fees due to the state and city.
- 3. Consider ordering the recoupment of costs on drug or alcohol related arrests.
- B.1. Retain all tickets, case information, and ticket logs in accordance with Supreme Court Rule 8.
- 2. Request the county's police department ensure adequate documentation is maintained to account for the numerical sequence and ultimate disposition of all traffic and parking tickets issued.
- C. Evaluate the need to add user IDs and passwords. In addition, the municipal division should ensure backup disks are stored in a secure, off-site location.

AUDITEE'S RESPONSE

The Court Administrator and Municipal Judge provided the following responses:

- A.1. *The court has now opened a bank account. Monies will be receipted and deposited on the days the part-time Court Administrator is in Augusta.*
- 2. *The court will work with the computer programmer to look for monies that were distributed incorrectly. This recommendation has already been implemented for current cases. The Court Administrator currently keeps a manual record to ensure these monies are being distributed correctly.*
- 3. *This recommendation will be implemented by the next court date.*
- B. *The Court Administrator spoke with the St. Charles County Sheriff's Department to determine what records they keep. The officers share the ticket books for Augusta and*

only one ticket book is in use at a time. A log of the tickets issued and ticket books assigned has not been used, the copies of the tickets are taken to the St. Charles County Sheriff's Department and then brought to the court. The Court Administrator will establish a log of tickets issued to be completed by the officers when they issue a ticket. This will be implemented immediately.

- C. *A computer technician is going to examine the court's computer system and see if a password can be added to the program. Backup copies are now done any time data is entered. A copy is sent to the computer programmer monthly and the Court Administrator keeps a copy.*

2. City of Cottleville Municipal Division
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The duties of receiving and depositing monies, and recording transactions are not adequately segregated. In addition, a formal contingency plan has not been developed, and the municipal division does not backup the computer files daily. Also, neither the municipal division nor the police department maintain adequate records to account for all tickets.

- A. The City Clerk/Court Administrator is primarily responsible for receiving and depositing monies, and recording transactions. As a result, the duties of receiving and depositing monies are not adequately segregated from the recording of transactions. The City Treasurer performs the bank reconciliations for the court accounts. However, there is no supervisory review performed of the Court Administrator's receipt functions.

To adequately safeguard against the possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and depositing court monies from recording receipts. If proper segregation of duties cannot be achieved, at a minimum there should be documented supervisory review of the reconciliations between receipt slips issued and deposits.

This condition was also noted in our prior report.

- B. A formal contingency plan has not been developed, and the municipal division does not backup the computer files daily. The municipal division has not formally negotiated arrangements for backup facilities in the event of a disaster. Development of a contingency plan should include the plans for a variety of situations, such as both short-term and long-term plans for backup hardware, software, personnel, and power.

The major benefit of thorough contingency planning comes from the ability of the court to recover rapidly from disaster or extraordinary situations that might cause

considerable loss or disruption to the court. Because of the court's increasing degree of reliance on the data processing function, the need for contingency planning is evident.

Also, backup of computer information provides a means for recreating destroyed data. Failure to backup the computer and store the computer backup disks off-site results in the backups being susceptible to the same damage as the original data on the computer. Backup disks should be maintained and stored off-site to provide increased assurance that court data can be recreated.

- C. Neither the municipal division nor the police department maintain adequate records to account for all tickets issued. The municipal division and the police department each have a computer system where all tickets issued are entered. These computer systems have the capability to list the tickets in numerical sequence along with their dispositions; however, neither the Court Administrator nor the police department generate the listing or account for the tickets.

Without a proper accounting of the numerical sequence and ultimate disposition of traffic and parking tickets, the police department and the municipal division cannot be assured all tickets issued are properly submitted to the court. A log listing each ticket number, the date issued, and the violator's name would ensure all tickets issued were submitted to the court for processing, properly voided, or not prosecuted. A record of the ultimate disposition of each ticket should also be maintained to ensure all tickets have been accounted for properly. Tickets that are not processed could result in lost revenue to the city and state.

WE RECOMMEND the city of Cottleville Municipal Division:

- A. Adequately segregate the duties of receiving, recording, and depositing court receipts. At a minimum, there should be a documented supervisory review of the reconciliation between receipt slips issued and deposits.
- B. Develop a formal contingency plan including arrangements for use of alternative data processing equipment during emergency situations. In addition, the municipal division should ensure backup disks are prepared daily and stored in a secure, off-site location.
- C. Request the police department ensure adequate documentation is maintained to account for the numerical sequence and ultimate disposition of all tickets issued.

AUDITEE'S RESPONSE

The Court Administrator and Municipal Judge provided the following responses:

- A. *This recommendation will be implemented.*

B&C. These recommendations have already been implemented.

3. City of Foristell Municipal Division
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The municipal division is assessing a fine in excess of the state allowable amount regarding violations of passenger restraint system requirements for children under four years of age. In addition, computer passwords are not changed on a periodic basis to ensure confidentiality.

- A. The municipal division is assessing a fine in excess of the state allowable amount regarding violations of passenger restraint system requirements for children under four years of age. While Section 210.104.2, RSMo 2000, states a fine of \$25 is to be assessed for all violations of this law, the division was assessing a fine of \$48 on tickets issued for this violation.
- B. Computer passwords are not changed on a periodic basis to ensure confidentiality. As a result, there is less assurance that passwords effectively limit access to the data files and programs to only those individuals who need access for completion of job responsibilities. Passwords should be unique, changed periodically to reduce the possibility of unauthorized users, and utilized to restrict individuals' access to only those data files and programs they need to accomplish their jobs.

WE RECOMMEND the city of Foristell Municipal Division:

- A. Assess fines in accordance with state law.
- B. Ensure passwords are periodically changed and remain confidential.

AUDITEE'S RESPONSE

The Court Administrator and Municipal Judge provided the following responses:

- A. *This recommendation has been implemented.*
- B. *A computer technician is going to examine the court's computer system to determine if a password can be added to the system.*

4. City of Lake St. Louis Municipal Division

The municipal division is assessing a fine in excess of the state allowable amount regarding violations of passenger restraint system requirements for children under four years of age. In addition, computer passwords are not changed on a periodic basis to ensure confidentiality.

- A. The municipal division is assessing a fine in excess of the state allowable amount regarding violations of passenger restraint system requirements for children under four years of age. While Section 210.104.2, RSMo 2000, states a fine of \$25 is to be assessed for all violations of this law, the division was assessing a fine of \$25.50 on tickets issued for this violation.
- B. Computer passwords are not changed on a periodic basis to ensure confidentiality. As a result, there is less assurance that passwords effectively limit access to the data files and programs to only those individuals who need access for completion of job responsibilities. Passwords should be unique, changed periodically to reduce the possibility of unauthorized users, and utilized to restrict individuals' access to only those data files and programs they need to accomplish their jobs.

WE RECOMMEND the city of Lake St. Louis Municipal Division:

- A. Assess fines in accordance with state law.
- B. Ensure passwords are periodically changed and remain confidential.

AUDITEE'S RESPONSE

The Court Administrator provided the following responses:

- A. *We have already corrected the error and will only be collecting \$25.00 fine and \$24.50 in court costs.*
- B. *This was discussed with the Auditor and advised that because our work stations are tied into the city's server, this request would effect all city employees and would require a special work order and additional costs to the city. It was also discussed that only two employees had access to the court's software program along with Delores McComb (software provider) upon her dialing into the Court Administrator's computer via the modem, which can only be connected and turned on by the Court Administrator. We were also advised that if anyone was able to get into the court's software program, a security feature on the server would have a log of the person attempting access. However, the City has recently purchased a new server and we have been advised by the information technology (IT) person that after the court has moved into their new facility (October), the court will be set up that they will be prompted every 90 days to change passwords.*

5.	City of New Melle Municipal Division
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Bond forms are not prenumbered and open items listings prepared for the bond account were not retained. In addition, procedures to monitor and collect accrued costs could be improved, and the municipal division does not file a monthly report with the city of all cases heard in court. Also, the municipal division is not assessing the CVC fee in

accordance with state law, is assessing a fine in excess of the state allowable amount regarding violations of passenger restraint system requirements for children under four years of age, and is holding monies in the Judicial Education Fund in excess of the amount allowed by state law. Access to the computer system is not adequately restricted.

A. The following concerns were noted regarding bonds:

- 1) The police department accepts cash for the payment of bonds; however, receipt slips are not issued and bond forms are not prenumbered. The police department maintains a log of bonds received; however, information on the bond log was incomplete. Bonds received in the mail from other municipalities are not recorded on the bond log and information, including the amount of the bond, was missing on some entries.

To adequately account for bond monies and to ensure all bond monies received are properly transmitted to the Court Clerk, prenumbered receipt slips or bond forms should be issued for all bonds received by the police department. In addition, all bond forms and bond information should be recorded in the bond log and the numerical sequence of the bond forms should be accounted for properly.

- 2) Open items listings prepared for the bond account were not retained. In addition, the open items listing prepared for September 30, 2003, was approximately \$43 less than the reconciled bank balance. The Court Clerk indicated the open items listing was prepared each month and agreed to the reconciled bank balance; however, these listings were not retained.

Supreme Court Administrative Rule No. 8 requires that all financial records be maintained for five years or upon completion of an audit. Retention of applicable records is necessary to properly account for all municipal division monies received. In addition, a monthly listing of open items is necessary to ensure proper accountability over open cases and to ensure monies held in trust are sufficient to meet liabilities. Any discrepancies or fluctuations in unidentified monies should be promptly investigated.

Similar conditions were also noted in our prior report.

- B. Procedures to monitor and collect accrued costs could be improved. The division does not prepare a listing of cases with accrued costs and does not always take appropriate action when a case is past due or when a defendant fails to appear in court. Upon our request, the Court Clerk prepared a receivables listing as of September 2003, which included 29 cases totaling approximately \$5,800. This listing did not include cases in warrant status. For three of the five cases reviewed, there was no written payment plan for the defendant, and the two

payment plans reviewed had not been signed by the Judge. In addition, warrants had not been issued for three of four cases where the defendant had failed to make regular payments or appear in court. No other follow-up, including sending letters to request payments or reporting the failure to appear to Department of Revenue (DOR), had been performed on these cases.

Recent legislation has increased the division's opportunities to collect debts owed for court cases:

- Section 488.5028, RSMo Cumulative Supp. 2003, gives courts the right to report debts in excess of twenty-five dollars to the State Courts Administrator's Office and request they seek a setoff of an income tax refund.
- Section 488.5030, RSMo Cumulative Supp. 2003, gives courts the prospect of contracting with a collection agency to pursue past-due court-ordered penalties, fines, restitution, sanctions, and court costs. The statute also allows any fees or costs associated with such collection efforts be added to the amount due, but such fees and costs shall not exceed twenty percent of the amount collected.
- Section 302.341, RSMo 2000, gives courts the authority to forward license suspension information to the DOR for any court cases where the defendant, a Missouri resident, failed to appear or failed to pay the fines and costs assessed for moving violations. Also, Section 544.046, RSMo 2000, allows courts to file a nonresident violator suspension form for non-Missouri residents that will suspend the defendant's drivers license.

The court could also consider reporting the unpaid debt to one or all of the three main credit reporting bureaus. Without the active and timely pursuit of accrued costs, revenues to the state and city could be lost. Payment agreements signed by the defendant and approved by the Judge, formalize the liability to the municipal division and could aid in the collection of the amounts owed. Proper and timely issuance of warrants for amounts due to the court helps to maximize court revenue along with providing equitable treatment for those citizens who are paying fines and court costs when due.

- C. The municipal division does not file a monthly report with the city of all cases heard in court. Section 479.080.3, RSMo 2000, requires the Court Clerk to prepare a monthly listing of all cases heard in court, including fines and court costs collected, to be verified by the Clerk or Municipal Judge and filed with the City Clerk.

D. The following concerns were noted regarding fines and costs:

- 1) The municipal division is not assessing CVC fees in accordance with state law. The division assesses \$7 to each court case for CVC instead of the \$7.50 required by Sections 595.045 and 488.5339, RSMo 2000. The court distributes \$7.13 to the state's CVC fund as required. The division withdraws \$.13 for each municipal case from the City's general revenue fund to remit the correct amount of CVC costs to the state monthly and does not retain any monies for the city's CVC fund.
- 2) The municipal division is assessing a fine in excess of the state allowable amount regarding violations of passenger restraint system requirements for children under four years of age. While Section 210.104.2, RSMo 2000, states a fine of \$25 is to be assessed for all violations of this law, the division was assessing a fine of \$40 on tickets issued for this violation.
- 3) The municipal division is holding monies in the Judicial Education Fund in excess of the amount allowed by state law. As of September 17, 2003, the division was holding \$3,200 in the Judicial Education Fund. Section 479.260.1, RSMo 2000, authorizes the division to hold \$1,500 per division employee in the Judicial Education Fund to cover the costs of trainings. Excess amounts are to be remitted to the city on a quarterly basis.

E. Access to the computer system is not adequately restricted. Passwords are not kept confidential and changed periodically.

A unique password should be assigned to each user of the system and should be kept confidential and periodically be changed to limit unauthorized access to computer files. Unique passwords help to restrict individuals' access to only those data files and programs they need to accomplish their job. This protects data from unauthorized access and helps to prevent intentional and unintentional modification, disclosure, or deletion of applicable information.

WE RECOMMEND the city of New Melle Municipal Division:

- A.1. Request that the police department issue prenumbered receipt slips or bond forms for bonds received and account for their numerical sequence. In addition, the division should request the police department maintain a complete bond log.
2. Ensure all municipal division financial records are appropriately retained. In addition, monthly listings of open items should be reconciled to monies held in trust. Any discrepancies or unusual fluctuations should be promptly investigated. In addition, the reason for the apparent overage should be investigated by reviewing all open bonds.

- B. Make a greater effort to pursue collection of accrued costs and ensure warrants are issued in a timely manner to those who fail to comply with the terms of a pay order or who fail to appear for court. In addition, signed payment plans should be obtained and approved by the Judge from all defendants.
- C. Prepare monthly reports of cases heard in court and file these with the city in accordance with state law.
- D.1. Assess court costs in accordance with state law.
- 2. Assess fines in accordance with state law.
- 3. Remit excess monies held in the Judicial Education fund to the city quarterly.
- E. Ensure passwords are not shared and remain confidential.

AUDITEE'S RESPONSE

The Court Clerk provided the following responses:

- A.1. *Implemented. Bond forms are now numbered and a bond log is maintained.*
- 2. *Implemented. Bond open items lists are retained and reconciled each month.*
- B. *Implemented. Accounts are reviewed each month and correspondence sent to persons whose accounts are not paid. Cards are sent to persons who fail to appear, followed up by issuance of Failure to Appear tickets and warrants. The Judge approves and signs payment plan forms.*
- C. *Court dockets and a profit and loss statement for the court are on file at city hall. A more detailed report will be implemented with the installation of the Computerized Court System.*
- D. *Implemented.*
- E. *Implemented. Passwords are known only to the City/Court Clerk and the Bookkeeper.*

6.	City of St. Charles Municipal Division
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Receipts are not deposited on a timely basis and the municipal division is assessing a fine in excess of the state allowable amount regarding violations of passenger restraint system requirements for children under four years of age. In addition, neither the municipal division nor the police department maintain adequate records to account for all tickets.

- A. Fines and court costs received are not deposited on a timely basis. Receipts were held up to six days before being deposited. In addition, bond monies received by the police department are only retrieved from the lockbox by the court twice a week. To adequately safeguard receipts and reduce the risk of loss, theft or misuse of funds, deposits should be made daily or when accumulated receipts exceed \$100.
- B. The municipal division is assessing a fine in excess of the state allowable amount regarding violations of passenger restraint system requirements for children under four years of age. While Section 210.104.2, RSMo 2000, states a fine of \$25 is to be assessed for all violations of this law, the division was assessing a fine of \$30 on tickets issued for this violation.
- C. Neither the municipal division nor the police department maintain adequate records to account for all tickets. The municipal division and the police department each have a computer system where all traffic and parking tickets issued are entered. These computer systems have the capability to list the tickets in numerical sequence along with their dispositions; however, neither the Court Administrator nor the police department generate the listing or account for the tickets. In addition, ticket books are not always assigned in numerical order.

Without a proper accounting of the numerical sequence and ultimate disposition of traffic and parking tickets, the police department and the municipal division cannot be assured that all tickets issued are properly submitted to the court. A log listing each ticket number, the date issued, and the violator's name would ensure all tickets issued were submitted to the court for processing, properly voided, or not prosecuted. A record of the ultimate disposition of each ticket should also be maintained to ensure all tickets have been accounted for properly. Tickets that are not processed could result in lost revenue to the city and state.

Conditions A and C were also noted in our prior report.

WE RECOMMEND the city of St. Charles Municipal Division:

- A. Deposit receipts intact daily or when accumulated receipts exceed \$100.
- B. Assess fines in accordance with state law.
- C. Request the police department ensure adequate documentation is maintained to account for the numerical sequence and ultimate disposition of all traffic and parking tickets issued. In addition, the division should request the police department assign traffic ticket books to officers in numerical order.

AUDITEE'S RESPONSE

The Court Administrator and Municipal Judge provided the following responses:

- A. *Partially implemented and will be completely implemented in September 2004, when they acquire the receipting system for their computer system. They will work on getting bonds deposited more frequently. Staffing and the reconciliation between the police department records and court records make it difficult to deposit bond monies daily.*
- B. *Implemented.*
- C. *The Court feels this is not part of their job but they have spoken with the police department regarding this issue. The Court analysis is based on an opinion letter from the Office of State Courts Administrator which states that a municipal court should not track the ticket information. The police Record's department tracks the issued tickets whether they are transferred to the municipal division or Associate Court and the police department has indicated to the Court Administrator that they will also provide the Record's department a list of the voided tickets so all the ticket information will be in one database.*

7. City of St. Peters Municipal Division

The municipal division is assessing a fine in excess of the state allowable amount regarding violations of passenger restraint system requirements for children under four years of age. In addition, neither the municipal division nor the police department maintain adequate records to account for all tickets, and computer passwords are not kept confidential.

- A. The municipal division is assessing a fine in excess of the state allowable amount regarding violations of passenger restraint system requirements for children under four years of age. While Section 210.104.2, RSMo 2000, states a fine of \$25 is to be assessed for all violations of this law, the division was assessing a fine of \$48 on tickets issued for this violation.
- B. Neither the municipal division nor the police department maintain adequate records to account for all tickets. The police department maintains manual logs of the ticket books assigned to each officer. The municipal division has a computer system where all tickets issued are entered. This computer system has the capability to list the tickets in numerical sequence along with their dispositions; however, the Court Administrator does not generate the listing or account for the tickets.

Without a proper accounting of the numerical sequence and ultimate disposition of tickets, the police department and the municipal division cannot be assured all tickets issued are properly submitted to the court. A log listing each ticket number, the date issued, and the violator's name would ensure all tickets issued were submitted to the court for processing, properly voided, or not prosecuted. A record of the ultimate disposition of each ticket should also be maintained to ensure all tickets have been accounted for properly. Tickets that are not processed could result in lost revenue to the city and state.

This condition was also noted in our prior report.

- C. Computer passwords are not kept confidential. As a result, there is less assurance that passwords effectively limit access to the data files and programs to only those individuals who need access for completion of job responsibilities. Passwords should be kept confidential, be unique, changed periodically to reduce the possibility of unauthorized users, and utilized to restrict individuals' access to only those data files and programs they need to accomplish their jobs.

WE RECOMMEND the city of St. Peters Municipal Division:

- A. Assess fines in accordance with state law.
- B. Request the police department ensure adequate documentation is maintained to account for the numerical sequence and ultimate disposition of all tickets issued.
- C. Ensure passwords are periodically changed and remain confidential.

AUDITEE'S RESPONSE

The Court Administrator and Municipal Judge provided the following responses:

- A. *Relative to Section 210.104.2, RSMo, the fine assessed by our municipal division is \$25.00, with additional court costs. The Court has modified this amount to \$47.50 accordingly, effective July 12, 2004. The Court will assess fines in accordance with state law.*
- B. *The City's Police Department/Records issues and maintains all summons for the city under a Police Citation Tracking Process that includes citation ledgers. Municipal division enters into its computerized system all tickets written to the municipal division and the Associate Circuit Court. A listing of all tickets and dispositions of same are available from the court's system, and is provided upon request. Limited access to the court's computerized system is available to the Police Records staff on a "read-only" basis. This access and reporting capabilities allows the Police staff to maintain proper accounting of the numerical sequence and ultimate disposition of tickets, and confirmation of citation ledgers. The court has actively pursued court software enhancements to streamline the transfer of data and communications between the*

municipal division and the Police Department, as a budgetary goal for the year 2003-2004. The court will request the police department provide them with a report that confirms they have accounted for all the tickets.

- C. *Policy #505-F of the City's Personnel Policies and Procedures, effective since June 23, 2000, prohibits the unauthorized use of the passwords of other employees to gain access to other employee's computer files, as well as e-mail or voicemail messages. The City's computerized systems require periodically changing of passwords to ensure such confidentiality. This policy and related procedures are in place to ensure password security and integrity of the files/records/messages and are applicable to the Municipal Court offices. The City's municipal division staff does adhere to such policies and grounds for disciplinary action up to and including discharge.*

8. City of Weldon Spring Municipal Division
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Receipts are not deposited on a timely basis, a court order has not issued to formally establish the violations bureau, and the municipal division is not assessing CVC or POSTC fees in compliance with state law. In addition, computer passwords are not changed on a periodic basis to ensure confidentiality, and code violation forms issued are not prenumbered by the printer.

- A. Fine and court costs received are not deposited on a timely basis. Receipts are locked in the City Treasurer's safe daily, however, deposits are only made approximately twice a week. To adequately safeguard receipts and reduce the risk of loss, theft or misuse of funds, deposits should be made daily or when accumulated receipts exceed \$100.
- B. While the city has established a Violations Bureau that allows offenses to be paid prior to the court date, the Municipal Judge has not issued a court order to formally establish the violations bureau. Supreme Court Rule 37.49(a) allows for the establishment of a violations bureau by a court order prepared by the Municipal Judge.
- C. The municipal division is not assessing CVC or POSTC fees in compliance with state law. Section 595.045, RSMo Cumulative Supp. 2003, states a surcharge of seven dollars and fifty cents shall be assessed as costs in each court proceeding filed in any court in the state in all criminal cases including violations of any county ordinance or any violation of criminal or traffic laws of the state, including an infraction and violation of a municipal ordinance. Section 488.5336, RSMo Cumulative Supp. 2003, states a surcharge in the amount of one dollar shall be assessed and disbursed to the state treasury to the credit of the peace officer standards and training commission fund.
- D. Computer passwords are not changed on a periodic basis to ensure confidentiality. As a result, there is less assurance that passwords effectively limit access to the

data files and programs to only those individuals who need access for completion of job responsibilities. Passwords should be unique, changed periodically to reduce the possibility of unauthorized users, and utilized to restrict individuals' access to only those data files and programs they need to accomplish their jobs.

- E. Code violation forms issued are not prenumbered by the printer. The forms are manually numbered by the Court Clerk when she receives them from the Code Enforcement officer. The number assigned by the Court Clerk serves as the case number.

To ensure all code violation forms are properly submitted to the court, prenumbered code violation forms should be issued and their numerical sequence accounted for properly. A log listing each code violation number, the date issued, and the violator's name would ensure all forms issued were properly submitted to the court for processing, or properly voided.

WE RECOMMEND the city of Weldon Spring Municipal Division:

- A. Request the City Treasurer deposit receipts intact daily or when accumulated receipts exceed \$100.
- B. Issue a court order to formally establish the violations bureau.
- C. Assess court costs in accordance with state law.
- D. Ensure passwords are periodically changed and remain confidential.
- E. Request that the code enforcement officer issue prenumbered code violation forms. In addition, ensure adequate documentation is maintained to account for the numerical sequence and ultimate disposition of all code enforcement forms issued.

AUDITEE'S RESPONSE

The Court Clerk provided the following responses:

- A. *This has been discussed with the City Administrator. The city will try to do better but they do not think that they will be able to deposit daily because the City Treasurer is part-time. They will consider having the Court Clerk make the deposits daily and give the paperwork to the City Treasurer.*
- B. *The court will implement this recommendation..*
- C. *The court did not realize they had to charge these fees. We will consult with the City Attorney to determine if the city has to pass an ordinance and will implement this recommendation.*

- D. *The Court Clerk has changed her password and she will continue changing it periodically.*
- E. *The Court Clerk will check on using the Missouri Citation forms and using prenumbered forms like they use now and obtain prices. The Judge, Court Clerk, and City Administrator will look at the information and evaluate the best option for them.*

9. City of Wentzville Municipal Division

The municipal division has not implemented adequate procedures to follow up on outstanding checks held in the bond account, and the municipal division is assessing a fine in excess of the state allowable amount regarding violations of passenger restraint system requirements for children under four years of age. In addition, duties of receiving, depositing, disbursing and recording bond monies are not adequately segregated, access to the computer system is not adequately restricted, and a formal contingency plan has not been developed. Also, neither the municipal division nor the police department maintain adequate records to account for all violations.

- A. The municipal division has not implemented adequate procedures to follow up on outstanding checks held in the bond account. During our review, we noted several outstanding checks had remained in the division's bond account in excess of one year.

An attempt should be made to determine the proper disposition of these monies. Outstanding or unclaimed checks should be periodically reviewed to determine if the payees can be readily located and if there is a need to reissue the checks. If payees cannot be located, Sections 447.550 through 447.585, RSMo 2000, which relate to unclaimed property, should be used to disburse these monies.

- B. The municipal division assesses and collects CVC and POSTC fees in accordance with state laws; however, these fees are not remitted to the state on a timely basis. Fees collected were remitted to the state approximately twice a year. Chapter 488, RSMo 2000, provides that such fees shall be remitted to the state within 30 days from receipt.
- C. The municipal division is assessing a fine in excess of the state allowable amount regarding violations of passenger restraint system requirements for children under four years of age. While Section 210.104.2, RSMo 2000, states a fine of \$25 is to be assessed for all violations of this law, the division was assessing a fine of \$50 on tickets issued for this violation.

D. Our review of the controls over bond receipts noted the following concerns:

- 1) The Court Administrator is primarily responsible for receiving, depositing, and disbursing bond monies, recording bond transactions, and preparing the bank reconciliation. As a result, duties are not adequately segregated. In addition, there is no supervisory review performed of the Court Administrator's functions.

To adequately safeguard against the possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and depositing court monies from recording receipts. If proper segregation of duties cannot be achieved, at a minimum there should be documented independent comparison of receipt slips issued to amounts deposited and an independent review of bank statements and reconciliations.

- 2) The method of payment (i.e. cash, check, money order) is not recorded on the bond forms. To ensure receipts are handled properly, the method of payment received should be indicated on each bond form and the composition (cash and checks) should be reconciled to the composition of bank deposits.

This condition was also noted in our prior report.

- 3) The police department does not maintain a log of the bonds collected for the municipal division and other entities. In addition, neither the police department nor the court accounts for the numerical sequence of bonds forms issued for monies collected.

Without a proper accounting of the numerical sequence of bonds collected, the police department and court cannot be assured that all bonds collected are properly submitted to the court for processing. A complete and accurate bond log should be maintained and include the bond number, whether the bond was in cash or was a surety bond, and the amount of the bond.

E. Access to the computer system is not adequately restricted and a formal contingency plan has not been developed. Passwords are not kept confidential and changed periodically. In addition, the court has not formally negotiated arrangements for use of backup facilities in the event of a disaster. Development of a contingency plan should include the plans for a variety of situations, such as both short-term and long-term plans for backup hardware, software, personnel, and power.

A unique password should be assigned to each user of the system and should be kept confidential and periodically be changed to limit unauthorized access to computer files. Unique passwords help to restrict individuals' access to only those data files and programs they need to accomplish their job. This protects data from unauthorized access and helps to prevent intentional and unintentional modification, disclosure, or deletion of applicable information.

The major benefit of thorough contingency planning comes from the ability of the division to recover rapidly from disaster or extraordinary situations that might cause considerable loss or disruption to the division. Because of the division's plans to obtain new court software and the increased reliance on the data processing function this will cause, the need for contingency planning is evident.

- F. Neither the municipal division nor the police department maintain adequate records to account for all violations. The municipal division and the police department each have a computer system where all summonses and traffic tickets issued are entered. These computer systems have the capability to list the violations in numerical sequence along with their dispositions; however, neither the Court Administrator nor the police department generate the listing or account for the violations.

Without a proper accounting of the numerical sequence and ultimate disposition of violations, the police department and the municipal division cannot be assured that all violations are properly submitted to the court. A log listing each violation number, the date issued, and the violator's name would ensure all violations were submitted to the court for processing, properly voided, or not prosecuted. A record of the ultimate disposition of each violation should also be maintained to ensure all violations have been accounted for properly. Violations that are not processed could result in lost revenue to the city and state.

WE RECOMMEND the city of Wentzville Municipal Division:

- A. Periodically review outstanding checks to determine if the payees can be located and if the checks can be reissued. If payees cannot be located, the monies should be disbursed to the state's Unclaimed Property Section.
- B. Remit CVC and POSTC fees to the state in accordance with state laws.
- C. Assess fines in accordance with state law.
- D.1. Adequately segregate the duties of receiving, recording, and depositing court receipts. At a minimum, there should be a documented supervisory review of the reconciliation between receipts and deposits.
- 2. Ensure the method of payment is recorded on each bond form and the composition of receipts is reconciled to the composition of bank deposits.

3. Request that the police department maintain a bond log and account for the numerical sequence of all bond forms used.
- E. Ensure passwords are not shared and remain confidential. In addition, develop a formal contingency plan for the court's computer system.
- F. Request the police department ensure adequate documentation is maintained to account for the numerical sequence and ultimate disposition of all tickets issued.

AUDITEE'S RESPONSE

The Court Administrator and Municipal Judge provided the following responses:

- A. *Implemented. Any outstanding checks more than a year old were turned over to the city on January 15, 2004.*
- B. *Implemented. CVC and POSTC fees are now paid on a more timely basis.*
- C. *Implemented. Our fine schedule has been changed.*
- D.1. *Implemented. The receiving, depositing, and accounting of all bond monies is now segregated. There has always been an independent review of bank statements and reconciliations made by the finance department.*
2. *The method of payment is recorded on the bond form. The court only allows cash or surety and both methods are listed. When the money is deposited, the checks and cash are noted on the deposit slips. The court's bank considers money orders as cash and the only checks they receive are from other municipalities.*
3. *A log initiated by the court is now being used by the police department which will account for the numerical sequence of all bonds received for this court only.*
- E. *The court feels this is not a logical recommendation when clerks share computers. They often have to use each other's computers; therefore, confidential passwords cannot be implemented. Any formal contingency plan for the court's computer system is handled through the city's IT manager.*
- F. *The accounting of the numerical sequence of all tickets is the responsibility of the police department according to the model traffic code section 300.025. The court provides the police department with department statistics and a copy of the docket. Since the police department writes the tickets and not the court, they are accountable for the tickets.*

FOLLOW-UP ON PRIOR AUDIT FINDINGS

**ELEVENTH JUDICIAL CIRCUIT
MUNICIPAL DIVISIONS
FOLLOW-UP ON PRIOR AUDIT FINDINGS**

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by the municipal divisions of the Eleventh Judicial Circuit on findings in the Management Advisory Report (MAR) of our prior audit report issued for the 2 years ended March 31, 1994, December 31, 1993, or September 30, 1993; our report on the city of Cottleville Municipal Division for the 2 years ended December 31, 1998; our report on the city of Foristell Municipal Division for the 2 years ended February 29, 2000; our report on the village of New Melle Municipal Division for the year ended December 31, 1998; and our report on the city of St. Charles Municipal Division for the 2 years ended June 30, 1994.

The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the municipal divisions should consider implementing those recommendations.

**ELEVENTH JUDICIAL CIRCUIT
MUNICIPAL DIVISIONS
TWO YEARS ENDED 1994 AND 1993**

1. City of Cottleville Municipal Division

- A.1. Court records were not maintained in a manner that allows receipts of court fines and costs to be traced to deposits.
- 2. Receipts slips were not prenumbered.
- 3. Checks and money orders were not restrictively endorsed immediately upon receipt.
- 4. Monthly bank reconciliations were not prepared for the municipal division's fines and costs account.
- 5. A control ledger was not maintained to account for all court monies received.
- B.1. Bond receipts recorded by the Court Clerk exceeded deposits to the bond account.
- 2. A monthly listing of open items was not prepared.
- 3. Monthly bank reconciliations were not prepared for the bond bank account.
- 4. A complete and adequate bond ledger was not maintained.
- 5. Cash bonds received were not always deposited into the municipal division's bond bank account.

6. Bond monies were not picked up from the O'Fallon Police Department and deposited daily.
 7. The municipal division did not account for the numerical sequence of bond forms.
 8. Receipt slips were not issued for bond monies received from other courts or police departments.
 9. Bonds were not forfeited in cases where defendants failed to appear for their court dates.
 10. A personal check was cashed from bond monies.
- C.1. The fine and costs schedule established by the Municipal Judge was not used in assessing fines and costs on cases payable through the Traffic Violations Bureau (TVB).
2. Records of convictions were not always forwarded to the Missouri State Highway Patrol (MSHP).
 3. Courts costs charged were one dollar more than allowed by statute.
 4. Crime Victims Compensation (CVC) and Law Enforcement Training (LET) fees were collected on nonmoving violations.
- D. The change fund on hand was \$25 less than the amount established and no reason for the shortage could be determined.
- E. The municipal division did not receive canceled checks from the bank.
- F. The duties of receiving, recording, and disbursing municipal division monies were not adequately segregated.
- G. Dockets were not prepared for all court dates and were not signed by the judge.
- H. Adequate records were not maintained to document amounts due from defendants.
- I. A court order had not been issued to formally establish the TVB.

Recommendations:

The city of Cottleville Municipal Division:

- A.1. Maintain records so that receipts can be traced to deposits and the composition of recorded receipts should be reconciled to the composition of the bank deposits.

2. Issue prenumbered receipt slips for court fines and costs and account for the numerical sequence.
 3. Restrictively endorse checks and money orders immediately upon receipt.
 4. Prepare monthly bank reconciliations.
 5. Maintain a cash control to record all receipts, indicating the receipt slip number and the date of receipt.
- B.1. Maintain records so that receipts can be traced to deposits and the composition of recorded receipts should be reconciled to the composition of bank deposits.
2. Prepare monthly open items list and reconcile the listing to the book and the bank balances. Any excess monies which cannot be identified should be considered bond forfeitures and paid over to the city.
 3. Prepare monthly bank reconciliations.
 4. Maintain a complete bond ledger to account for bond receipts, forfeitures, refunds and balances. The ledger should be reconciled monthly to the bonds held in trust by the court.
 5. Deposit all cash bonds in the court's bank account and make all subsequent disbursements of the bonds by check.
 6. Pick up bond monies from the police department and deposit them daily or when accumulated bonds exceed \$100.
 7. Account for the numerical sequence of prenumbered bond forms.
 8. Issue prenumbered receipt slips for all bonds received and account for the numerical sequence.
 9. Forfeit bonds as allowed by state law.
 10. Discontinue the practice of cashing personal checks with court monies.
- C.1. Assess fines and court costs in accordance with the schedule established by the judge.
2. Forward convictions on traffic tickets to the MSHP within ten days as required by state law.
 3. Charge court costs in accordance with state law.

- 4. Charge CVC and LET in accordance with state law.
- D. Investigate the shortage and take appropriate actions.
- E. Retain all canceled checks in accordance with the supreme court rule.
- F. Establish an independent, documented periodic review of the municipal division records.
- G. Prepare dockets for all court dates listing each case and the disposition. The dockets should be signed by the judge.
- H. Maintain adequate records to document amounts due from defendants. Periodically the amounts due should be reviewed and proper follow-up action performed.
- I. Issue a court order to formally establish the TVB.

Status:

A, B.1-7,
9, 10,
C, D,
E, G,
H&I. Implemented.

B.8. Not implemented. Although not repeated in the current MAR, our recommendation remains as stated above.

F. Partially implemented. The city treasurer prepares the bank reconciliations for the municipal division's accounts but no other documented review is performed. See MAR finding number 2.A.

2. City of Foristell Municipal Division

See the audit report on the city of Foristell, Missouri, for the Eleventh Judicial Circuit, City of Foristell, Missouri, Municipal Division (report number 2000-86).

3. City of Lake St. Louis Municipal Division

- A. Receipt slips issued by the municipal division did not indicate the method of payment received.
- B. The Court Clerk and the Deputy Court Clerk were not bonded.

- C. Neither the police department nor the municipal division accounted for traffic tickets and summonses issued and their ultimate disposition.

Recommendations:

The city of Lake St. Louis Municipal Division:

- A. Indicate the method of payment on each receipt slip issued, and reconcile total cash, checks, and money orders received to the composition of the bank deposits.
- B. Request the city obtain bond coverage for the Court Clerk and the Deputy Court Clerk.
- C. Work with the police department to ensure records are maintained to account for the numerical sequence and ultimate disposition of all tickets and summonses assigned and issued by the department.

Status:

Implemented.

4. City of O'Fallon Municipal Division

This division was not within the scope of the current audit. A separate audit of the city of O'Fallon is currently in process.

5. City of Portage Des Sioux Municipal Division

- A.1. Receipt slips were not issued for some monies received and were not issued in numerical sequence nor did the Court Clerk document the receipt slip number on the revenue reports or listing of receipts.
 - 2. Checks and money orders were not restrictively endorsed until the bank deposits were prepared by the City Treasurer.
 - 3. Receipt slips were not obtained from the City Treasurer for municipal division monies transmitted to the city and the amounts received by the Court Clerk were not reconciled to amounts transmitted to the city.
- B. Neither the police department nor the municipal division maintained adequate records to account for traffic tickets issued and their ultimate disposition.
- C. The duties of receiving, recording, and transmitting municipal division monies were not adequately segregated.
- D. The Municipal Judge had not issued a court order to formally establish the TVB.

- E. The Court Clerk was not bonded.

Recommendations:

The city of Portage Des Sioux Municipal Division:

- A.1. Issue prenumbered receipt slips for all monies received and account for the numerical sequence. In addition, the receipt slip number should be recorded on the listing of receipts.
- 2. Restrictively endorse all checks and money orders immediately upon receipt.
- 3. Request a receipt slip from the city for amounts transmitted and reconcile receipt slips issued to amounts transmitted to the city.
- B. Work with the police department to ensure records are maintained to account for the numerical sequence and ultimate disposition of all tickets assigned and issued.
- C. Establish an independent, documented periodic review of municipal division records by the Municipal Judge.
- D. Issue a court order to formally establish the TVB.
- E. Request the city obtain bond coverage for the Court Clerk.

Status:

This municipal division was closed after the flood in 1993 and has not re-opened.

6. City of St. Peters Municipal Division

- A.1. Some checks and money orders were not restrictively endorsed until the deposits were prepared.
- 2. Voided receipt slips were not properly retained. In addition, corrections or changes were made to some receipt entries, instead of voiding the incorrect entry and issuing a new receipt slip.
- 3. Monies received were not deposited to the city's bank account and the bond account on a timely basis.
- B.1. Neither the police department nor the municipal division maintained adequate records to account for traffic and parking tickets issued and their ultimate disposition. In addition, some parking ticket books were assigned to the police officers out of sequence.

- 2. The municipal division did not indicate all case dispositions on the court docket.
- C. Improvement could be made in the organization and filing of court records. Several case files requested for review could not be initially located by the Court Clerk but were eventually located and provided. However, a total of twenty case files could not be located when fieldwork was completed.
- D. Warrants were not issued on a timely basis.

Recommendations:

The city of St. Peters Municipal Division:

- A.1. Restrictively endorse all checks and money orders immediately upon receipt.
 - 2. Retain all voided receipt slips and properly void all receipt slips on which errors are made.
 - 3. Deposit all receipts daily or when accumulated receipts exceed \$100.
- B.1. Work with the police department to ensure records are maintained to account for the numerical sequence and ultimate disposition of all tickets assigned and issued.
 - 2. Document all case dispositions on the court docket.
- C. Ensure all case records are retained and filed in an organized manner.
- D. Issue warrants in a timely manner to those who fail to comply with the court's orders.

Status:

A, B.2,
C&D. Implemented.

- B.1. Partially implemented. The police department maintains a record of the ticket books issued to the officers and on this log they indicate if a ticket book has been returned; however, there is no comparison between the police department and the municipal division to ensure that all tickets issued for municipal violations were properly turned over to the division. See MAR finding number 7.B.

7. City of Wentzville Municipal Division

- A.1. Receipt slips issued by the municipal division did not indicate the method of payments received.

- 2. Receipts were not deposited into the city's bank account on a timely basis.
- B.1. Receipt slips were not always issued for bond monies received from other courts.
 - 2. Bond receipts were not deposited on a timely basis.
 - 3. A bond ledger accounting for bonds received and disbursed, as well as those bond monies held in trust, was not maintained.
 - 4. The municipal division allowed bond refund checks to be cashed from daily collections, therefore, causing receipts to not be deposited intact.
- C. No follow-up is done to determine what happened to the tickets if a police officer does not turn in a ticket or book of tickets.
- D. The duties of receiving, recording, and depositing municipal division monies were not adequately segregated.

Recommendations:

The city of Wentzville Municipal Division:

- A.1. Indicate the method of payment on each receipt slip issued and reconcile total cash, checks, and money orders received to the composition of the bank deposit.
 - 2. Deposit all receipts daily or when accumulated receipts exceed \$100.
- B.1. Issue prenumbered receipt slips for all bond monies received.
 - 2. Deposit bond receipts daily or when accumulated receipts exceed \$100.
 - 3. Establish a bond ledger to account for bond receipts, forfeitures, and refunds as well as the balances of bond monies held in trust.
 - 4. Discontinue the practice of cashing bond refund checks from daily collections and deposit all receipts intact.
- C. Ensure that all tickets assigned to police officers, whether issued or not, are accounted for properly.
- D. Establish an independent, documented review of municipal division records by the Municipal Judge.

Status:

A.1. Partially implemented. Bond receipt slips do not indicate the method of payment received. See MAR finding number 9.D.2.

A.2,

B.1,

2, 4,

C&D. Implemented.

B.3. Partially implemented. The Court Administrator does not print the monthly bond open items from the computer. Instead, an Excel spreadsheet is being prepared each month. This report is incomplete. Only the owner's name and the amount of the bond received is listed. The bond number and date received is not being tracked manually, although the information is on the computer system. Although not repeated in the current MAR, our recommendation remains as stated above.

**CITY OF COTTLEVILLE, MISSOURI
TWO YEARS ENDED DECEMBER 31, 1998**

7. Municipal Court Division

A. The Court Clerk did not prepare monthly open-items listings of bonds held in the bond account. As of December 31, 1998, the audit prepared open items listing exceeded the bank balance by approximately \$600.

B.1. The duties of receiving, recording, and depositing fine and court cost monies collected by the municipal division were not adequately segregated.

2. The Court Clerk did not account for the numerical sequence of all police department receipt slips issued for fines and costs.

3. No reconciliation was performed between the composition of receipt slips issued and the monies deposited.

C. The court dockets did not always indicate the disposition of all cases.

D. Fines and costs assessed were greater than the fine and cost schedule authorized by the Municipal Judge.

E. Neither the police department nor the municipal division adequately accounted for the numerical sequence and ultimate disposition of tickets issued.

Recommendations:

The city of Cottleville Municipal Division:

- A. Prepare and reconcile monthly open-items listings to the court's bank accounts. In addition, the shortage noted above should be investigated to determine the proper resolution of these monies.
- B.1. Establish a documented review of municipal court division records by an independent person.
 - 2. Account for the numerical sequence of all police department receipt slips and reconcile the composition of receipt slips issued to the composition of monies transmitted.
 - 3. Reconcile the composition of receipt slips issued to the composition of monies deposited.
- C. Require the disposition of all cases to be documented on the court docket and approved by the Municipal Judge.
- D. Assess fines and costs in accordance with the fee schedule authorized by the Municipal Judge.
- E. Work with the police department to ensure records are maintained to account for the numerical sequence and ultimate disposition of all tickets issued.

Status:

A, B.3,

C-E. Implemented.

- B.1. Partially implemented. The bank reconciliation for the municipal division's account is reconciled by the City Treasurer; however, no other review of accounting records is performed or documented. See MAR finding number 2.A.
 - 2. This finding is no longer applicable since the police department no longer collects fines and costs for the Court Clerk.

**ELEVENTH JUDICIAL CIRCUIT
CITY OF FORISTELL, MISSOURI
MUNICIPAL DIVISION
TWO YEARS ENDED FEBRUARY 29, 2000**

1. Receipt Procedures

- A. Monies collected were not deposited on a timely basis.
- B. Voided receipt slips were not retained.
- C. A reconciliation of the composition of receipt slips to the composition of deposits by an individual independent of the receiving process was not performed.

Recommendations:

The city of Foristell Municipal Division:

- A. Deposit receipts intact daily or when accumulated receipts exceed \$100.
- B. Retain all voided receipt slips.
- C. Establish a documented review of the reconciliation of the composition of receipt slips to the composition of deposits by an independent person.

Status:

Implemented.

2. Open Items

Monthly listings of open items (liabilities) were prepared for the bond account, however, the listings did not reconcile with the cash balance. As of February 29, 2000, the open items listing exceeded the cash balance by approximately \$280.

Recommendation:

The city of Foristell Municipal Division reconcile the monthly listing of open items to the balance in the bond account. In addition, the difference noted above should be investigated and any shortages reimbursed.

Status:

Implemented.

**VILLAGE OF NEW MELLE, MISSOURI
YEAR ENDED DECEMBER 31, 1998**

9. Municipal Court Division Controls and Procedures

- A. Receipt slips were not issued for all monies received and were not specifically printed for the municipal division or consecutively numbered.
- B. Monthly listings of open items (liabilities) were not regularly prepared and reconciled to the cash balance of the bond account.
- C. A record of municipal summonses assigned to officers and documenting the ultimate disposition of each summons was not maintained by the Police Department nor the municipal division.
- D. The duties of receiving, recording, disbursing, and depositing monies were not adequately segregated.

Recommendations:

The village of New Melle Municipal Division:

- A. Issue official prenumbered receipt slips for the monies collected, reconcile monies collected to the bank deposit, reconcile the composition of monies collected to the receipt slips and account for their numerical sequence.
- B. Prepare and retain a monthly open-item listing and reconcile this listing to the cash balance.
- C. Account for all summonses assigned to police officers and document the ultimate disposition of each summons.
- D. Ensure the duties of recording transactions are adequately segregated from cash custody, and perform and document periodic reviews of the accounting records maintained and reconciliations prepared.

Status:

- A. Partially implemented. The municipal division issues prenumbered receipt slips for fines and cost monies, but not for bonds. See MAR finding number 5.A.1.
 - B. Partially implemented. An open-item listing is prepared but not retained or reconciled to the cash balance monthly. See MAR finding number 5.A.2.
- C&D. Implemented.

**ELEVENTH JUDICIAL CIRCUIT
CITY OF ST. CHARLES, MISSOURI
MUNICIPAL DIVISION
TWO YEARS ENDED JUNE 30, 1994**

1. Missing Funds

- A. During the month of June 1994, numerous checks totaling \$1,829 were received and deposited by the municipal division for payment of fines and costs on tickets but were not recorded as received in the receipts journal. The case file records also indicated these cases were paid. These unrecorded checks were apparently substituted for cash receipts that were recorded but were not deposited.
- B. During our review of bond monies deposited, we noted one instance when a receipt was written for a \$200 bond but a corresponding deposit to the municipal division's bond escrow bank account could not be located.

Recommendation:

The city of St. Charles Municipal Division work with applicable law enforcement agencies to review the situation and take the necessary actions to obtain restitution of any misappropriated monies.

Status:

Implemented. The individual responsible was successfully prosecuted and convicted.

2. Receipt Procedures

- A. Receipt slips issued by the municipal division did not indicate the method of payments received.
- B. Receipts were not deposited into the city's bank account on a timely basis.
- C. The municipal division cashed employees' personal checks and bond refund checks from daily collections, therefore, causing receipts to not be deposited intact.
- D. There was little segregation of duties.
- E. There were several payments made on cases that were not receipted on the receipts journal, however, these payments were recorded in case files.

Recommendations:

The city of St. Charles Municipal Division:

- A. Indicate the method of payment on each receipt slip issued and total cash, checks, and money orders received to the composition of the bank deposit.
- B. Deposit all receipts daily or when accumulated receipts exceed \$100.
- C. Discontinue the practice of cashing employees' personal checks and bond refund checks with court monies.
- D. Establish an independent, documented periodic review of municipal division records.
- E. Record all receipts in the receipts journal.

Status:

A&

C-E. Implemented.

- B. Partially implemented. Deposits were made more frequently; however, there were instances where some clerk's monies were not deposited daily. See MAR finding number 6.A.

3. Bond Procedures

- A. The Court Administrator picked up bond monies from the police department only once a week.
- B. The municipal division did not account for the numerical sequence of bond receipt slips.
- C. Receipt slips were not always prepared for bond monies received from other courts.
- D. The monthly listing of open items (liabilities) was not reconciled to the balance of monies held in trust. At June 30, 1994, open items exceeded the cash balance by \$991.
- E. The municipal division's bond account included bond receipts totaling \$1,200 which had been held over one year and twenty bonds totaling \$3,301 which had not been properly forfeited.

- F. There was no independent reconciliation of the amount of bonds collected by the police department, the amount of bonds turned over to the Court Administrator, and the amount of bonds deposited into the bond bank account.

Recommendations:

The city of St. Charles Municipal Division:

- A. Pick up bond monies from the police department and deposit them daily or when accumulated bonds exceed \$100.
- B. Account for the numerical sequence of police department bond receipt slips.
- C. Issue prenumbered receipt slips for all bond monies received and account for the numerical sequence.
- D. Reconcile the monthly open-items listing to the balance in the bank account.
- E. Forfeit any bonds for persons who failed to make the required court appearance, and attempt to locate those defendants who have a cash bond due back to them and remit the bond amount. Any bond monies remaining unclaimed should be remitted to the state in accordance with state law. Procedures should be established to routinely follow-up on cash bonds remaining on hand over a period of time.
- F. Establish an independent, documented reconciliation of bond records.

Status:

- A. Not implemented. See MAR finding number 6.A.
- B-F. Implemented.

4. Ticket Procedures

Neither the police department nor the municipal division maintained adequate records to account for traffic tickets, parking tickets, and summonses issued and their ultimate disposition. In addition, the summonses were not prenumbered.

Recommendation:

The city of St. Charles Municipal Division work with the police department to ensure records are maintained to account for the numerical sequence and ultimate disposition of all tickets and summonses assigned and issued.

Status:

Not implemented. See MAR finding number 6.C.

5. Crime Victims' Compensation Fees

During the two years ended June 30, 1994, the city of St. Charles underpaid the state's portion of the CVC fee by \$1,221.

Recommendation:

The city of St. Charles Municipal Division ensure the city adjusts future CVC payments to the state for the underpayment of \$1,221.

Status:

Implemented.

6. Court Records

The police department did not retain the bond receipt slip books. In addition, one case file requested for review could not be located by the Court Administrator.

Recommendation:

The city of St. Charles Municipal Division retain all court case files and financial records.

Status:

Implemented.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

ELEVENTH JUDICIAL CIRCUIT
MUNICIPAL DIVISIONS
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

Organization

The Eleventh Judicial Circuit is composed of St. Charles County. The Honorable Lucy D. Rauch serves as Presiding Judge. There are eleven municipal divisions within the Eleventh Judicial Circuit. The city of O'Fallon Municipal Division is reported on separately. The city of Dardenne Prairie Municipal Division handled no cases during the audit period and, therefore, is not included in this report.

The municipal divisions are governed by Chapter 479, RSMo 2000, and by Supreme Court Rule No. 37. Supreme Court Rule No. 37.49 provides that each municipal division may establish a violation bureau (VB) in which fines and costs are collected at times other than during court and transmitted to the city treasury.

Operating Costs

The operating costs and court salaries of each municipal division are paid by the respective municipality.

Municipal Division Organization, Personnel, and Financial and Caseload Information

1. Town of Augusta

Organization

The Court Administrator is responsible for recording transactions, as well as handling collections. Fines and court costs are deposited into the town treasury and the Town Treasurer makes disbursements to the state monthly. Court is held once a month on the last Tuesday of the month between the months of April through December. A VB has been established to receive payments of fines and court costs at times other than during court.

Personnel

Municipal Judge
Court Clerk

John Livingston
Cindy Bueschler (1)

- (1) Catie Boss served as Court Clerk until June 2004. Cindy Holland was appointed as Court Administrator in July 2004.

Financial and Caseload Information

	<u>Year Ended August 31,</u>	
	<u>2003</u>	<u>2002</u>
Receipts	\$23,046	12,542
Number of cases filed	201	275

2. City of Cottleville

Organization

The City Clerk serves as Court Administrator and is responsible for recording transactions as well as handling collections and disbursements. Fines and costs are deposited into the municipal division's fines and costs account. Fines and costs are disbursed to the city and state monthly. The city of Lake St. Louis police department collects bond monies. The police department transmits bonds to the Court Administrator daily. Bond monies are deposited into the municipal division's bond account pending disposition. Court is held once a month. A VB has been established to receive payments of fines and court costs at times other than during court.

Personnel

Municipal Judge	Frank Conard (1)
City Clerk/Court Administrator	Sandy Barklage

(1) Claude Knight served as Municipal Judge until May 2003.

Financial and Caseload Information

	<u>Year Ended December 31,</u>	
	<u>2002</u>	<u>2001</u>
Receipts	\$137,098	124,256
Number of cases filed	1,413	1,558

3. City of Foristell

Organization

The Court Administrator and the Court Clerk are responsible for recording transactions as well as handling collections and disbursements. Fines and court costs are deposited into the court's fines and costs account. Fines and costs are disbursed to the city and state monthly. The police department and the Court Administrator collect bond monies. Bond monies collected by the police department are placed in a lockbox. The Court Administrator and Court Clerk retrieve the bond monies from the lockbox daily. Bond monies are deposited into the municipal division's bond account pending disposition. One dollar of every twelve collected for court costs is deposited in the municipal

division's Judicial Education Fund account up to the maximum jurisdictional limit. Court is held twice a month. A VB has been established to receive payments of fines and court costs at times other than during court.

Personnel

Municipal Judge	Joseph Porzenski
Court Administrator	Cindy Holland
Court Clerk	Cindy Kowalik

Financial and Caseload Information

	<u>Year Ended December 31,</u>	
	<u>2002</u>	<u>2001</u>
Receipts	\$415,143	340,202
Number of cases filed	3,464	2,357

4. City of Lake St. Louis

Organization

The Assistant Court Administrator is responsible for collecting and recording transactions that are paid at the VB. The Assistant Court Administrator and a city employee are responsible for collecting transactions during court and the Court Administrator is responsible for recording these transactions. The Court Administrator transmits fines and court costs directly to the city finance department daily for deposit into the city treasury. Court costs are disbursed by the Finance Director to the state monthly. The police department collects bond monies and places them in a lockbox. The Court Administrator retrieves the bond monies from the lockbox daily. Bond monies are transmitted to the city finance department daily for deposit into city's bond account pending disposition. Court is held twice a month. A VB has been established to receive payments of fines and court costs at times other than during court.

Personnel

Municipal Judge – Division I	Dennis Chassaniol
Municipal Judge – Division II	Michael Frank (1)
Court Administrator	Mary Vance
Assistant Court Administrator	Mary Long

(1) Mr. Frank retired in June 2004. Judge Chassaniol is currently handling both divisions.

Financial and Caseload Information

	<u>Year Ended June 30,</u>	
	<u>2003</u>	<u>2002</u>
Receipts	\$387,977	464,398
Number of cases filed	2,223	3,798

5. City of New Melle

Organization

The City Clerk serves as the Court Clerk and is responsible for recording transactions as well as handling collections and disbursements. Fines and court costs are deposited into the municipal division's fines and costs account daily. The police department collects bond monies and transmits these bond monies daily to the Court Clerk. Bond monies are deposited into the municipal division's bond account pending disposition. Fines, court costs, and bond forfeitures are disbursed to the city and state monthly. One dollar of every twelve collected for court costs is disbursed to the city for deposit in the city's Judicial Education Fund account up to the maximum jurisdictional limit. Court is held once a month. A VB has been established to receive payments of fines and court costs at times other than during court.

Personnel

Municipal Judge	Brad Cundiff
City Clerk/Court Clerk	Judith Anderson

Financial and Caseload Information

	<u>Year Ended December 31,</u>	
	<u>2002</u>	<u>2001</u>
Receipts	\$50,415	57,579
Number of cases filed	384	598

6. City of St. Charles

Organization

The Court Administrator, assisted by four court clerks, is responsible for recording transactions as well as handling collections and disbursements. Fines and court costs are deposited directly into the city treasury daily. The police department and court clerks collect bond monies. Bond monies collected by the police department are placed in a lockbox. A Court Clerk retrieves the bond monies from the lockbox twice a week. Bond monies are deposited into the municipal division's bond account pending disposition. Court is held weekly plus two additional nights a month. A VB has been established to receive payments of fines and court costs at times other than during court.

Personnel

Municipal Judge	Daniel Barklage
Court Administrator	Connie Struckhoff
Court Clerks	Michele Cork Lisa Thompson Cindy Dowell Kelly Bauer
Warrant Officer	Mike Schanughnessy

Financial and Caseload Information

	<u>Year Ended December 31,</u>	
	<u>2002</u>	<u>2003</u>
Receipts	\$1,187,722	1,120,948
Number of cases filed	17,066	20,503

7. City of St. Peters

Organization

Four court clerks are responsible for recording transactions as well as handling collections. The police department and Court Administrator collect bond monies. The Court Administrator retrieves the bond monies from the police department daily. Fines and court costs are deposited directly into the city treasury by the Court Administrator daily. Bond monies are deposited by the Court Administrator into the municipal division's bond account pending disposition. Court is held three times a month. A VB has been established to receive payments of fines and court costs at times other than during court.

Personnel

Municipal Judge	Donald Kohl
Court Administrator	Greg White
Court Clerks	Caroline Copeland Sandy Bennett Kay Cullen Carla Ottersbach

Financial and Caseload Information

	<u>Year Ended September 30,</u>	
	<u>2003</u>	<u>2002</u>
Receipts	\$1,379,900	1,327,345
Number of cases filed	19,255	20,488

8. City of Weldon Spring

Organization

The City Clerk serves as Court Clerk and is responsible for recording transactions as well as handling collections on court night. The City Administrative Assistant is responsible for handling collections at the VB. Fines and court costs collected are transmitted directly to the City Treasurer's office daily for deposit into the city treasury. Court is held once a month. Although it has not been formally established, a VB receives payment of fines and court costs at times other than during court.

Personnel

Municipal Judge	Claude Knight
City Clerk/Court Clerk	Melinda Kwiatkowski
City Administrative Assistant	Patricia Oldcroft

Financial and Caseload Information

	<u>Year Ended September 30, (1)</u>	
	<u>2003</u>	<u>2002</u>
Receipts	\$1,627	0
Number of cases filed	53	40

(1) Court was established in 2001. The first court date was June 4, 2002

9. City of Wentzville

Organization

The court clerks are responsible for recording transactions as well as handling collections. The police department collects bond monies and places them in a lockbox. The Court Administrator retrieves the bond monies from the lockbox daily. Fines and court costs are deposited directly into the city treasury daily. Bond monies are deposited by the Court Administrator into the municipal division's bond account pending disposition. Court is held three times a month. A VB has been established to receive payments of fines and court costs at times other than during court.

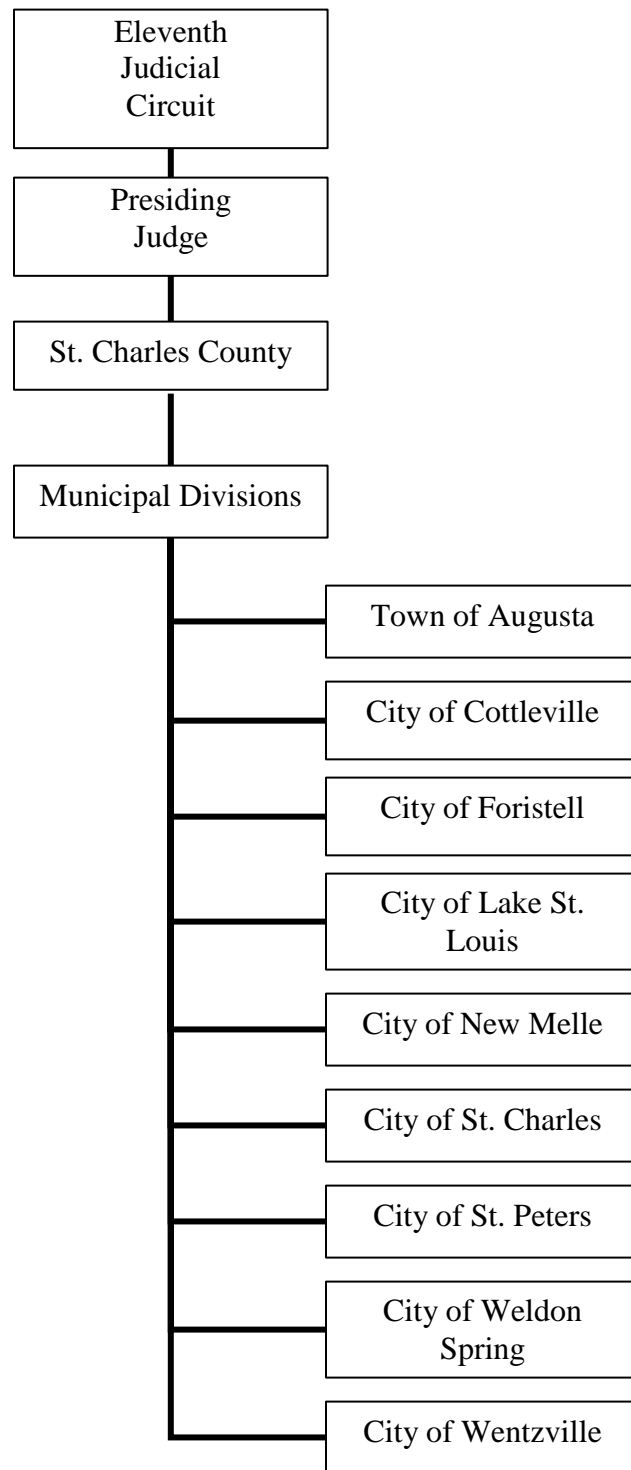
Personnel

Municipal Judge	Larry Nesslage
Court Administrator	Marcia Hoekel
Court Clerks	Diane Witte
	Barbara Schormann
	Theresa Reid
	Kimberly Ausburn

Financial and Caseload Information

	<u>Year Ended December 31,</u>	
	<u>2002</u>	<u>2001</u>
Receipts	\$531,566	465,072
Number of cases filed	6,461	5,428

ELEVENTH JUDICIAL CIRCUIT
ORGANIZATION CHART





**PUBLIC SCHOOL AND NON-TEACHER SCHOOL
EMPLOYEE RETIREMENT SYSTEMS OF MISSOURI**

FOUR YEARS ENDED JUNE 30, 2003

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-57
August 13, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

August 2004

The following finding was noted as a result of a review conducted by our office of the Public School and Non-Teacher School Employee Retirement Systems of Missouri.

The Missouri Public School and Non-Teacher School Employee Retirement Systems' (systems) Board of Trustees (board) has not solicited proposals for investment custodian services since 1995. While the systems pay fees directly to the investment custodian of over \$1 million per year, the investment custodian earns additional revenues from other sources related to services provided by contract, which generates approximately \$10 million annually in revenues for the investment custodian. In 2003, the systems contracted with a consulting firm to perform a "best market practices" analysis of the investment custodian's fees. Based on the analysis results, the systems negotiated a new agreement with the investment custodian with projected future savings of just over \$1 million annually.

In addition to the investment custodian, the systems have not formally solicited proposals for investment consulting, actuarial consulting, legislative consulting, and legal counsel services in recent years. While the systems performed periodic comparisons of fees paid for some professional services to other available sources to assess reasonableness, similar analyses were not performed or documented for some services. Without periodically requesting proposals for all professional services, the board may be missing the opportunity to obtain similar or improved service at a better price, either from existing or new firms.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

PUBLIC SCHOOL AND NON-TEACHER SCHOOL
EMPLOYEE RETIREMENT SYSTEMS OF MISSOURI

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Board of Trustees
and
M. Steve Yoakum, Executive Director
Public School and Non-Teacher School Employee
Retirement Systems of Missouri
Jefferson City, MO 65102

The State Auditor is required under Section 169.020.22, RSMo Cumulative Supplement 2003, to review the audits of the Public School and Non-Teacher School Employee Retirement Systems. The systems engaged Williams Keepers, LLC, Certified Public Accountants (CPAs), to audit the systems' financial statements for the years ended June 30, 2003, 2002, and 2001, and KPMG, LLP, CPAs to audit the systems' financial statements for the year ended June 30, 2000. We reviewed the reports and substantiating working papers of the CPAs as we considered necessary. The scope of our review included, but was not necessarily limited to, the years ended June 30, 2003, 2002, 2001, and 2000. The objectives of this review were to:

1. Review compliance with certain legal provisions.
2. Evaluate the economy and efficiency of certain management practices and operations.

Our methodology to accomplish these objectives included reviewing minutes of meetings, written policies, financial records, and other pertinent documents; interviewing various personnel of the systems, as well as certain external parties; and analysis of comparative data obtained from internal sources.

In addition, we obtained an understanding of internal controls significant to the review objectives and considered whether specific controls have been properly designed and placed in operation. We also performed tests of certain controls to obtain evidence regarding the effectiveness of their design and operation. However, providing an opinion on internal controls was not an objective of our procedures and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the review objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our procedures and accordingly, we do not express such an opinion.

Our review was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the systems' management and was not subjected to the procedures applied in the review of the systems.

The accompanying Management Advisory Report presents our finding arising from our review of the Public School and Non-Teacher School Employee Retirement Systems.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

May 10, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Douglas J. Porting, CPA
In-Charge Auditor:	Robyn Lamb

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

PUBLIC SCHOOL AND NON-TEACHER SCHOOL EMPLOYEE
RETIREMENT SYSTEMS OF MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

Solicitation of Professional Services Contracts

The Missouri Public School and Non-Teacher School Employee Retirement Systems' (systems) Board of Trustees (board) has not formally solicited proposals for investment custodian, investment consulting, actuarial consulting, legislative consulting, and legal counsel services in recent years. Instead, systems' officials indicated they use other methods, such as utilizing a consulting firm to perform a best market practices analysis of fees or comparing contracted fees to annual surveys depicting various professional services fees, to determine whether the systems are receiving these services at fair prices. However, these comparisons are not always adequately documented and the analysis of one contract, which had been renewed multiple times over an eight year period, proved large savings could be incurred by renegotiating the fees. Expenses paid annually by the board for these services during the past four fiscal years are shown in following table:

Professional Services Expenses				
Service	FY 2003	FY 2002	FY 2001	FY 2000
Investment custodian ¹	\$ 1,678,755	1,363,517	1,275,781	1,188,429
Investment consulting	364,551	333,333	329,042	235,389
Actuarial consulting	120,947	82,716	175,023	119,226
Legal counsel	66,416	37,167	32,501	45,797
Legislative consulting	32,000	31,084	21,000	18,000
Totals	\$ 2,262,669	1,847,817	1,833,347	1,606,841

¹ The expenses shown for the investment custodian do not include all revenues generated for the custodian by the systems, but rather the direct fees paid to the custodian.

Source: Public School and Non-Teacher Retirement Systems of Missouri Comprehensive Annual Financial Reports for fiscal years 2003, 2002, 2001, and 2000, and auditee calculations.

The board has not solicited proposals for investment custodian services since 1995, choosing instead to periodically renew the original contract. However, in 2003, the systems contracted with a consulting firm to perform a "best market practices" analysis of the investment custodian's fees. While the systems pay fees directly to the investment custodian of over \$1 million per year for certain custody, accounting, and performance reporting services, the investment custodian earns additional revenues from other sources related to services provided by contract. These additional services and fees include revenue-sharing of lending income on securities lending transactions, amounts earned on foreign exchange and foreign cash management activities, and fees earned on managing and settling transactions related to transitions between the systems' investment managers' portfolios. According to the consulting firm's analysis the fees paid directly, plus the additional services, generates approximately \$10 million annually in revenues for the investment custodian. Based on the results of the consultant's analysis, the systems

negotiated a new agreement with the investment custodian with projected future savings of just over \$1 million annually.

The board has not solicited proposals for investment consulting services since 1995, choosing instead to periodically renegotiate fees with the consultant. During each subsequent fee negotiation, the system compared the requested fee increase to average and median consultant costs provided in an annual pension fund survey and noted prices were comparable. Documentation was retained of these comparisons.

In 2003, the system's investment consultant was partially purchased by another consulting firm, with the intention of full purchase in approximately two years. Because of this purchase, system officials performed due diligence meetings to determine the impact of shifting consulting services to the purchasing firm. In late 2003, the board approved a new contract with the purchasing firm for consulting services. System officials did not solicit proposals from or consider other consulting firms during this process. Instead, officials compared the new firm's consulting fees with an annual pension fund survey to ensure they received fair pricing. Documentation was retained of these comparisons and rates charged to the system appeared reasonable.

The board has not solicited proposals for legal counsel services since 1995. A system official compares the hourly fees paid for legal counsel services to an annual survey of the top 100 largest firms in Missouri, of which the system's contracted firm is in the top five. Documentation was retained of the annual surveys and rates charged to the system appeared comparable to other large Missouri law firms.

The board has not solicited proposals for actuarial consulting services or legislative consulting services since 1997 and 1992, respectively. System officials have not performed and documented formal reviews of the fees paid to the actuarial consultant during the life of the contract. Officials did state this contract is currently being renegotiated, and they plan to compare actuarial consulting fees paid by other systems to ensure fair pricing. The legislative consultant's fees are informally reviewed with other organizations each year. However, system officials were unable to provide documentation of these reviews.

While system officials indicate they periodically perform various reviews of current market pricing levels for these services, without adequately documenting the reviews the board cannot ensure it is receiving these services at a fair cost. In addition, proposals have not been solicited for some professional services for 6 to 8 years. Without periodically requesting proposals for all professional services, the board may be missing the opportunity to obtain similar or improved service at a better price, either from existing or new firms.

WE RECOMMEND the systems' Board of Trustees periodically solicit proposals for all professional services. If intermediate, alternate methods are used to review current market pricing levels to ensure fair pricing is obtained, such reviews should be adequately documented.

AUDITEE'S RESPONSE

The Executive Director provided the following response:

*Initially, I would like to note that we believe that the “review” performed by the State Auditor’s Office went beyond the scope of the review authorized by section 169.020.22 RSMo. That section states “the state auditor shall **review the audit** of the records and accounts of the system at least once every three years and shall report the results to the board of trustees and the governor.” (Emphasis added.) In a March 12, 2004 letter, PSRS outside counsel, Thompson Coburn, opined that the State Auditor is limited to a review of the PSRS/NTRS audit performed by its external auditors. It appeared that the auditors spent substantial time in our offices reviewing documentation that was not part of the reports or substantiating working papers of the external auditors.*

The PSRS and NTRS Board of Trustees believe that it is very important to ensure that fees paid for professional services are fair and reasonable. However, there are many issues that determine the selection of a consulting firm. Price is just one of these. The trustees have a fiduciary obligation to administer the system in the best interest of the members and must have the flexibility to exercise sound judgment regarding how to best carry out that legal fiduciary obligation. This includes judgments regarding the best methods for assuring that services are being received at fair prices. In some cases, this will involve a bid process for the acquisition of services and in other cases it will not.

As indicated in your report, we have processes in place to monitor the reasonableness of fees paid to various consultants. The systems will continue to utilize processes that we deem appropriate for the individual situation to ensure the best services for the lowest price. In addition, we will maintain documentation of all fee studies for future review by auditors.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

PUBLIC SCHOOL AND NON-TEACHER SCHOOL
EMPLOYEE RETIREMENT SYSTEMS OF MISSOURI
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The Public School Retirement System of Missouri (PSRS) was created August 1, 1945, under an act of the 63rd General Assembly, and commenced actual operations on July 1, 1946. The Non-Teacher School Employee Retirement System of Missouri (NTRS) was created October 13, 1965, under an act of the 73rd General Assembly, and commenced actual operations on November 1, 1965. Both plans are governed by Chapter 169 of the Revised Statutes of Missouri and are defined benefit plans providing service retirement, death, and disability benefits to members.

The PSRS is a mandatory cost-sharing multiple employer retirement system for all full-time certificated employees and certain part-time certificated employees of all public school districts in Missouri (except the school districts of St. Louis and Kansas City) and all public community colleges. The system also includes certificated employees of PSRS, NTRS, Missouri State Teachers Association, Missouri State High School Activities Association, and certain state teachers who elected to remain covered by PSRS under legislation enacted in 1986, 1987, and 1989.

The NTRS is a mandatory cost-sharing multiple employer retirement system for all public school district employees in Missouri (except the school districts of St. Louis and Kansas City) and public community college district employees (except the Community College of St. Louis) who work 20 or more hours per week on a regular basis and who are not contributing members of the PSRS. The system also includes non-certificated employees of the NTRS and the PSRS and employees of certain statewide nonprofit educational associations.

The responsibility for the operation and administration of the retirement systems is vested in the Board of Trustees. The Board consists of three elected PSRS members, one elected NTRS member, and three persons appointed by the Governor. The members from the PSRS and NTRS are elected from the active and retired members of the retirement systems. Two elected trustees are seated each even-numbered calendar year to serve four-year terms. The Board of Trustees as of June 30, 2003, was as follows:

<u>Name</u>	<u>Position</u>	<u>Membership</u>	<u>Term Expires</u>
Lynn Harmon	Member	Appointed	2002 *
Wayne Wheeler	Chair	Elected (PSRS)	2004
Peggy Preston	Member	Elected (PSRS)	2004
John Kruse	Member	Appointed	2006
Cheryl Boggess	Member	Elected (PSRS)	2006
Nancy Gaines	Member	Elected (NTRS)	2006
J. Richard Franklin	Member	Appointed (Retired)	2007

- * Lynn Harmon's original term expired June 30, 2002; however, as of June 30, 2003, a replacement member had not been appointed. Until this occurs, Lynn Harmon will continue to serve on the Board.

Joel Walters served as Executive Director to the board through June 2001. M. Steve Yoakum was appointed June 1, 2001. The Executive Director is responsible for employment of the retirement office staff, routine operation of the systems, and advising the board on all matters pertaining to the systems.

Gabriel, Roeder, Smith & Company of Roseville, California, serves the systems as actuarial consultant. As of June 30, 2003 the following investment managers held investments for the PSRS and NTRS: BlackRock Financial Management, Inc. of New York, New York; NISA Investment Advisors, of St. Louis, Missouri; State Street Global Advisors, of Boston, Massachusetts; Wellington Management Company, of Boston, Massachusetts; Alliance Capital Management, of Minneapolis, Minnesota; DSI International Management, Inc., of Norwalk, Connecticut; TCW Asset Management Company, of Los Angeles, California; Thomson, Horstmann & Bryant, Inc., of Saddle Brook, New Jersey; Bank of Ireland Asset Management, of Dublin, Ireland; INVESCO Global Asset Management, Inc., of Atlanta, Georgia; Oechsle International Advisors, of Boston, Massachusetts; Aronson and Partners, LP, of Philadelphia, Pennsylvania; Chartwell Investment Partners, of Berwyn, Pennsylvania; UBS Global Asset Management, of Chicago, Illinois; BPI Global Asset Management, of Orlando, Florida; Payden and Rygel, of Los Angeles, California; Pathway, of Irvine, California; Analytic Investors, Inc., of Los Angeles, California; Legg Mason Capital Management, of Baltimore, Maryland; New Amsterdam Partners, of New York, New York; Next Century Growth Investors, LLC, of Minneapolis, Minnesota; Systematic Financial Management, of Teaneck, New Jersey; Westwood Management Corporation, of Dallas, Texas; and Zevenbergen Capital, Inc., of Seattle Washington. State Street Bank and Trust Company, of Boston, Massachusetts serves as the systems' master custodian. Strategic Investment Solutions, Inc., of San Francisco, California served as the systems' investment consultant through August 2003 when Frank Russell Company was named as the investment consultant. Thompson Coburn, Attorneys at Law, of St. Louis, Missouri serves as the systems' general counsel. Williams Keepers, LLC, of Jefferson City, Missouri serves as the systems' independent auditor.

As of June 30, 2003, PSRS membership included 74,347 active members, 10,331 inactive members, and 32,249 retired members and beneficiaries receiving benefits. NTRS membership at that date included 46,863 active members, 17,651 inactive members, and 14,837 retired members and beneficiaries receiving benefits.

As of June 30, 2003, membership, required contributions, and benefits provided under the PSRS and NTRS are generally as follows:

Eligibility

PSRS membership is automatic, regardless of position, for certificated, full-time employees of public school districts in Missouri (except the St. Louis and the Kansas City school districts), public junior college districts in Missouri, and of PSRS/NTRS. NTRS membership is also

automatic, regardless of position, for all persons not covered by the PSRS who are regularly employed for 20 or more hours a week by the public school districts in Missouri (except the St. Louis and the Kansas City school districts), public junior college districts (except the Community College District of St. Louis) in Missouri, and the PSRS/NTRS. Part-time certificated employees working 20 or more hours per week (17 hours beginning August 28, 2003) automatically become a PSRS member, but have the option of being a member of the NTRS. Members working in covered employment are considered active members and members not working in covered employment are considered inactive members.

Employee Contributions

Active PSRS members contributed 10.5 percent of gross salary for the years ended June 30, 2003, 2002, 2001, and 2000. Active NTRS members contributed 5 percent of gross salary for the years ended June 30, 2003 and 2002, and 4.5 percent of gross salary for the years ended June 30, 2001 and 2000. The contributions for both PSRS and NTRS members are deducted and remitted by the employer, and are credited to individual member accounts. Member contributions are tax-deferred for federal and state income tax purposes.

Interest, at a rate set each year by the Board of Trustees, is credited to individual member accounts each June 30 based on the previous June 30 balance. The rate credited on June 30, 2003, 2002, 2001, and 2000 was 6 percent.

Member contributions plus interest are fully refundable upon termination of service or death. All credit and benefit rights are forfeited upon voluntary withdrawal or automatic termination of membership. Voluntary withdrawal is available to members who cease covered employment. Automatic termination occurs when a non-vested member is absent from covered employment for five consecutive school years. A member may, upon returning to covered employment, reinstate the credit forfeited through withdrawal or termination of a previous membership by repaying the money withdrawn plus interest.

Employer Participation

The employers served by PSRS and NTRS withhold members' contributions from salary payments and match those contributions. Employer contributions and investment earnings on those funds are placed by PSRS and NTRS in a general reserve account to pay monthly benefits to retirees and to beneficiaries of deceased members. Employers are responsible for remitting contributions promptly and for furnishing contribution information and new member records to PSRS and NTRS. Employers also provide needed data when members apply for benefits or refunds of contributions upon termination of employment. Unlike employee contributions noted above, employer contributions are not refunded to the employer upon a member's voluntary withdrawal from the system, termination of service, or death.

Service Retirement Benefits

Service retirement benefits are payable to members who have terminated covered employment and who have met certain eligibility requirements. All service retirement benefits are based on a formula which multiplies final average salary by the applicable formula factor, by the years of creditable service and, in the case of early retirement, by an age reduction factor. Prior to July 1, 1999, for PSRS members and July 1, 2000, for NTRS members, final average salary was obtained by dividing the total salaries for the highest five consecutive years of service by sixty. Since those dates, final average salary is obtained by dividing the total salaries for the three highest consecutive years of service by thirty-six. The applicable factor is determined by the type of retirement eligibility; total creditable service is the amount accumulated at retirement for covered service and purchased credit; and the age factor, where applicable, is determined by the age at retirement. The board may set a maximum percentage increase in annual compensation from one year to the next in the final average salary period.

NORMAL RETIREMENT

For both PSRS and NTRS, a member may retire with benefits calculated under the standard formula factor at age sixty with five years of credit, at any age with thirty years of credit, or when a combination of age and service credit equals eighty. The standard PSRS benefit formula is .025. The standard NTRS benefit formula was .0145 until June 30, 2000, .0151 until June 30, 2001, and increased to .0161 July 1, 2001.

For PSRS, a new provision in effect between July 1, 2001, and June 30, 2008, increases the formula factor to .0255 for each year of credit for members having thirty-one or more years of credit.

For NTRS, effective July 1, 2000, if the retiring member qualified for Rule of 80 (a combination of age and service total eighty) or qualified to retire with 30 or more years of service credit and was under the age of 62, an additional .4% temporary benefit was added to the base formula. Effective July 1, 2001, the temporary benefit was increased from .4% to .8%. This temporary benefit is payable until the attainment of the minimum social security age (age 62).

EARLY RETIREMENT

Twenty-Five-and-Out:

A special provision in effect until July 1, 2008, allows members under age fifty-five with twenty five, but less than thirty years of credit to retire with benefits calculated under a modified formula factor ranging from .022 to .024 (based on years of credit) for PSRS members and .0151 to .0159 (based on years of credit) for NTRS members but with no age reduction factor applied. Previous modified formula factors for NTRS members were .0135 to .0143 from July 1, 1999 to June 30, 2000 and .0141 to .0149 from July 1, 2000 to June 30, 2001.

Age Reduced:

A member may retire with benefits calculated under the standard PSRS formula (.025) or the standard NTRS formula (.0161) with an age reduction factor applied, at age fifty-five with five years of credit or at any age with twenty-five years of credit (PSRS only), as long as they do not qualify for the Rule of Eighty (this provision relates only to PSRS and will not be used until the more generous twenty-five-and-out formula sunsets).

PAYMENT OPTIONS

A retiring PSRS or NTRS member may elect to receive the maximum benefits payable under the Single Life option, or may elect to receive a reduced benefit under one of three Joint-and-Survivor options or under one of two Term-Certain options, to provide survivor benefit coverage in varying degrees after the retiree's death.

For PSRS members, certain benefit minimums apply to normal or early retirement with fifteen or more years of credit. The minimums for fifteen but fewer than twenty-five years of credit are reduced if a Joint-and-Survivor or a Term-Certain option is elected and/or if an age factor is applicable because of early retirement. The minimums for twenty-five or more years of credit are reduced only if a Joint-and-Survivor or a Term-Certain option is elected.

For NTRS members, the Accelerated Payment Plan (APP) is an early retirement option. The plan allows members to accelerate the payment of their benefit until age 62. When the member reaches the minimum Social Security eligibility age of 62, the benefit will be reduced, even if the member does not apply for their Social Security benefit at that time. In most cases, the APP allows a member to maintain fairly level income throughout retirement. The member is allowed to choose any survivor plan in conjunction with the APP.

Cost-of-Living Adjustments (COLA)

Each year during which the board determines that the consumer price index (CPI) has increased, the retirement allowance of each COLA-eligible retired member shall be increased by up to five percent of the benefit payable. The total of such increases may not exceed eighty percent of the original retirement benefit. COLA eligibility for PSRS members starts the second January after retirement for individuals who began receiving benefits effective July 1, 2001, or after. Prior to July 1, 2001, COLA eligibility for PSRS members started on the third January after retirement for those retiring between July 1, 2000 and June 30, 2001 and on the fourth January after retirement for those retired prior to July 1, 2000. COLA eligibility for NTRS members starts the fourth January after retirement.

Disability Retirement Benefits

Disability retirement benefits are payable to eligible members who, because of permanent disability, are unable to earn a livelihood in any occupation. For PSRS members, in most instances, the disability retirement benefit is calculated at 50 percent of the member's salary for the last full year of creditable service. For NTRS members, the disability retirement benefit is calculated at 90 percent of the normal service retirement accrued at the time the disability is established.

Withdrawal Benefit

A PSRS or NTRS member ceasing to be a public school employee may apply to receive a refund of the accumulated contributions with interest. After five years of inactivity, a non-vested member (less than five-years of creditable service) will no longer receive interest on his account balance. A vested member (at least five years of creditable service) ceasing to be a public school employee may elect to leave accumulated contributions in the system and claim a retirement allowance any time after reaching minimum retirement eligibility.

Death and Survivor Benefits

The designated beneficiary of a PSRS or NTRS member who dies before retirement is eligible for a lump sum refund of the member's contributions and interest.

If the beneficiary of a PSRS member is an eligible dependent and the member dies while in covered employment with at least two years of credit for such service, or while eligible for disability retirement benefits, monthly survivor benefits based on a percentage of the member's salary for the last full year of covered service can be elected instead of the contribution refund.

PSRS and NTRS primary beneficiaries of vested members with an insurable interest and eligible primary beneficiaries of disability retirees, may elect to receive monthly benefits under the Option 2 retirement plan in lieu of a lump sum refund (or in lieu of the monthly survivor benefits noted above for PSRS beneficiaries). Such benefits are payable when the member would have been eligible for early or normal retirement.

The PSRS provides a death benefit of \$5,000 for beneficiaries of retired members.

Reciprocity

Vested members in the PSRS and NTRS systems who have vested credit in another Missouri system having a reciprocity agreement may transfer such credit to this system. The funds transferred are used to establish additional credit in this system based on actuarial reserve calculations. Likewise, members leaving the system may have funds transferred to another Missouri system under certain conditions. A vested member of any of the Missouri systems may buy credit in the vested system for non-vested services in any of the other Missouri systems, not to exceed the credit in the non-vested system.

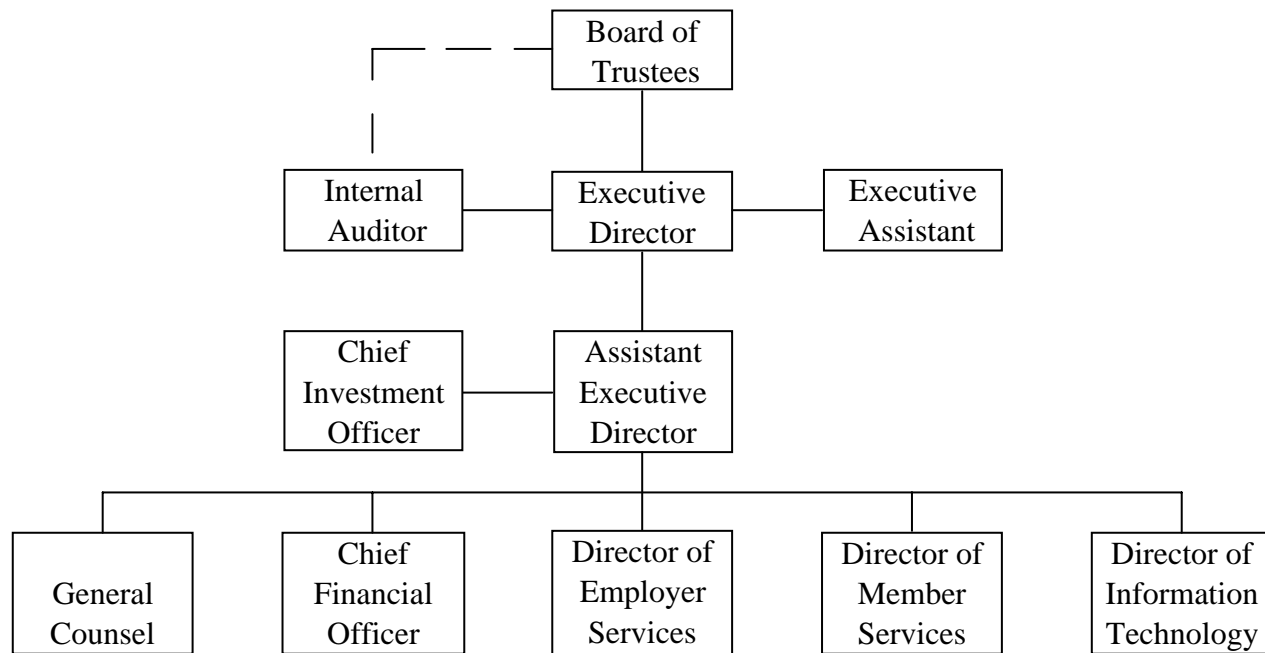
Vested members or retirees who have credit in two or more of these public school retirement systems – PSRS, NTRS, the city of St. Louis or Kansas City – are eligible to have the credit from these systems recognized in order to reach retirement eligibility. While recognizing the credit may make the member eligible to retire earlier or at a higher formula, the benefit from each system is calculated using the final average salary and credit of that system only.

Subsequent Events

House Bill 346, effective August 28, 2003, contained provisions that affect both PSRS and NTRS. The legislation provides that a PSRS or NTRS member who is three years beyond normal retirement eligibility may elect a one-time Partial Lump Sum Option (PLSO) payment upon retirement. With this option, a member can elect to receive a payment equal to either 12, 24, or 36 monthly Option 1 payments. The lifetime benefit is actuarially reduced based upon the payment selected.

At June 30, 2003, the PSRS and NTRS had 98 employees. An organization chart follows.

PUBLIC SCHOOL AND NON-TEACHER SCHOOL EMPLOYEE RETIREMENT SYSTEMS OF MISSOURI
ORGANIZATION CHART
JUNE 30, 2003





**REVIEW OF STATE TAX CREDITS ADMINISTERED BY THE
DEPARTMENT OF ECONOMIC DEVELOPMENT**

**From The Office Of State Auditor
Claire McCaskill**

*The Missouri Certified Capital Company
Tax Credit and the New Enterprise
Creation Tax Credit are projected to create
an average of 422 jobs for 15 years, but
result in a net reduction of about \$126
million in state revenue.*

**Report No. 2004-56
July 2, 2004
www.auditor.mo.gov**

PERFORMANCE AUDIT



Office of
Missouri State Auditor
Claire McCaskill

July 2004

The Missouri Certified Capital Company Tax Credit and the New Enterprise Tax Credit Programs Are Not an Effective Use of State Tax Credits

This audit analyzed the economic impact of two of Missouri's tax credit programs: the Missouri Certified Capital Company Tax Credit (CAPCO) program and New Enterprise Tax Credit (NECA) program. Auditors found the economic activity spurred by each of these programs did not offset the cost of the programs to the state.

CAPCO program will not produce enough state revenue to offset costs of credits

The program was established in 1996 and authorized tax credits to insurance companies that made investments into venture capital firms (CAPCOs). The insurance companies received \$1 in tax credits for each \$1 loaned to a CAPCO. The CAPCO program will use \$140 million in tax credits while only generating \$23.6 million in projected revenues and creating an average projected 293 jobs for 15 years. This results in a net reduction in state revenue of \$116.4 million over the life of the program.

Fourteen of the thirty-seven companies receiving investments went out of business

Thirty-seven companies have received investments totaling nearly \$89 million through December 31, 2003. Fourteen of these companies have gone out of business. Of the 37 companies: 29 were in the St. Louis area, 6 in Kansas city, and one each in Springfield and Willow Springs.

CAPCOs will collect \$35 million in fees

The CAPCOs have collected or accrued about \$21.3 million in management fees since 1997 and fees will total \$35 million by 2008. If the CAPCOs reach the mandated 100 percent investment threshold by 2008, each dollar of management fees will have yielded four dollars of qualified investments.

New Enterprise Creation Tax Credit does not create enough economic activity to offset the state tax credits used

The NECA program will use \$16.8 million in tax credits while generating \$7.3 million in projected state revenues. It is projected the program will cost the state \$9.5 million and will create an average of 129 jobs over 15 years. The NECA program is in the early phase of its life cycle and should be closely monitored.

All audit reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

**REVIEW OF STATE TAX CREDITS ADMINISTERED BY THE DEPARTMENT OF
ECONOMIC DEVELOPMENT**

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CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Members of the General Assembly
and
Kelvin L. Simmons, Director
Department of Economic Development
Jefferson City, MO 65101

State law (Section 620.1300, RSMo 2000) mandates the State Auditor's Office perform cost-benefit analyses on the 34 tax credit programs administered by the Department of Economic Development. This is the fourth such report and includes a detailed economic impact study of the Missouri Certified Capital Company Tax Credit program and the New Enterprise Creation Tax Credit program. The analyses included obtaining necessary data to sufficiently evaluate the program's state economic impact. Information was also obtained to assess management controls over the program.

We concluded the Missouri Certified Capital Company Tax Credit program is an inefficient and ineffective tax credit program. We concluded the New Enterprise Creation Tax Credit program, while not likely to provide net benefit to the state, should be continued at the present funding levels.

A handwritten signature in black ink that reads "Claire McCaskill".

Claire McCaskill
State Auditor

The following auditors contributed to this report:

Director of Audits: William D. Miller, CIA
Audit Manager: John Blattell, CPA, CFE
In-Charge Auditor: Dennis Lockwood, CPA
Audit Staff: Joyce Thomson

RESULTS AND RECOMMENDATIONS

1. The Missouri Certified Capital Company Tax Credit Program Is an Inefficient and Ineffective Use of State Tax Credits

An economic impact analysis indicates the Missouri Certified Capital Company Tax Credit (CAPCO) program is an inefficient and ineffective use of state tax credits. The CAPCO program will use \$140 million in tax credits (reduces future revenues to the state) while only generating \$23.6 million in projected revenues and creating an average projected 293 jobs for 15 years. This results in a net reduction in state revenue of \$116.4 million over the life of the program.

Background

Sections 135.500 through 135.529, RSMo 2000 and RSMo Cumulative Supp. 2003, authorized \$140 million in tax credits to insurance companies that made investments into venture capital firms (CAPCOs). The program was established in 1996 and authorized tax credits amounting to \$50 million in 1997, \$50 million in 1998, and \$40 million in 1999. The insurance companies received \$1 in tax credits for each \$1 loaned to a CAPCO. The credit could be claimed against the premium tax imposed upon policy premium income of the insurance companies. The credits could be claimed at up to 10 percent of the authorized amount per year over a 10-year period, unclaimed credits could be carried forward indefinitely and the credits were transferable and sellable to other insurance companies.

The specific entity type, capitalization, funding mechanisms, interest rates and payback periods on long term debt, collection of management fees, and method of financial reporting varied by CAPCO. The following discussion is based upon the practices used by the majority of CAPCOs.

The insurance companies made \$140 million in long-term guaranteed loans that yielded a return of about 300 basis points (3 percent) higher than US government debt securities with similar maturities. The loans were to be repaid by a combination of payments from the CAPCOs and the redemption of the tax credits over the 12-year life of the program. The CAPCOs purchased about \$56 million of US government zero coupon treasury strips and pledged them as collateral on the loans from the insurance companies to provide adequate security for payment of their portion of the loans.

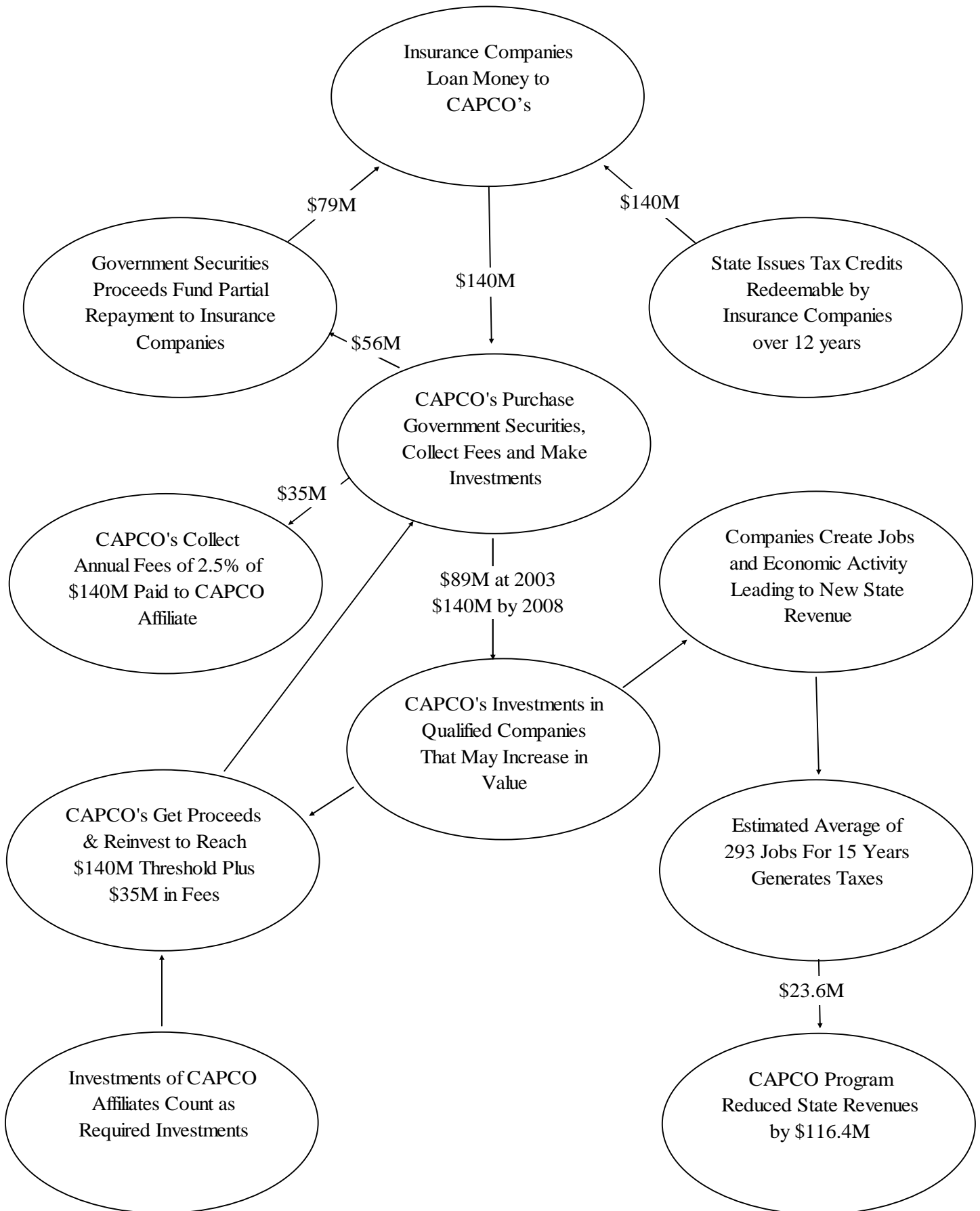
The Department of Economic Development (DED) certified eleven CAPCOs owned by five financial services firms whose owners invested about \$11 million. The CAPCOs are allowed to impose an annual management fee of up to 2.5 percent on the certified capital although some charged slightly lower fees. The initial funding available for qualified investments was about \$84 million.

The CAPCOs were required to meet specified thresholds for qualified investments. By the end of the second year after receiving the certified capital, at least 25 percent of the certified capital had to be placed in qualified investments. The threshold increased to 40 percent after 3 years and 50 percent after 4 years. Failure to meet these thresholds could have resulted in recapture of previously issued tax credits. All CAPCOs met these investment threshold requirements.

The companies receiving the investments from the CAPCOs had to be headquartered in Missouri, unable to obtain conventional financing and have no more than 200 employees with 80 percent employed in Missouri. Prior to August 28, 2003, the company must have had gross sales in the most recent fiscal year preceding the investment of less than \$4 million if in existence less than 3 years, less than \$3 million if in existence more than 3 years, or less than \$5 million if the company was located in a distressed community. These requirements were changed during the 2003 legislative session. Companies receiving qualified investments after August 28, 2003, had to meet much less restrictive limitations used by the federal Small Business Administration to classify a business as a small business concern. Specific industry limitations are set forth in 13 CFR 121.201. The investments related to the \$40 million in tax credits authorized in 1999 had to be made in companies located in distressed communities. No company can receive investment from any one CAPCO that exceeds 15 percent of that CAPCO's certified capital. The proceeds of CAPCO investments can be reinvested in qualified investments and shall count toward any investment threshold requirement.

Before any liquidating distributions (a return of invested funds) can be made to the CAPCO owners other than the management fees, operational expenses and debt repayments, each CAPCO is required to make investments totaling 100 percent of their certified capital. After attaining the 100 percent qualified investment threshold, the CAPCO may be decertified and no longer would be subject to regulation by the DED. Also after reaching this threshold, no tax credits may be recaptured. In 2003 the legislature allowed CAPCOs to count investments made by an affiliate of the CAPCO toward the investment threshold as if the CAPCO had made the investment. The affiliate, a qualified investing entity, must be registered in Missouri, be a wholly-owned subsidiary of a certified capital company or otherwise be affiliated with and under common control of a certified capital company and must be designated as a qualified investing entity by the certified capital company. The DED must approve each investment by a qualified investing entity prior to the investment. The following diagram depicts the flow of the monies and tax credits under the CAPCO program.

CAPCO MONEY FLOWS



Purpose

The authorizing statute does not explicitly state the purpose for the Missouri Certified Capital Company Tax Credit program; however, the program, as established by the statutes, is an effort to expand the venture capital industry in the state and provide critical funding to small Missouri companies in need of seed, startup or early stage funding and to foster job creation or retention within those companies.

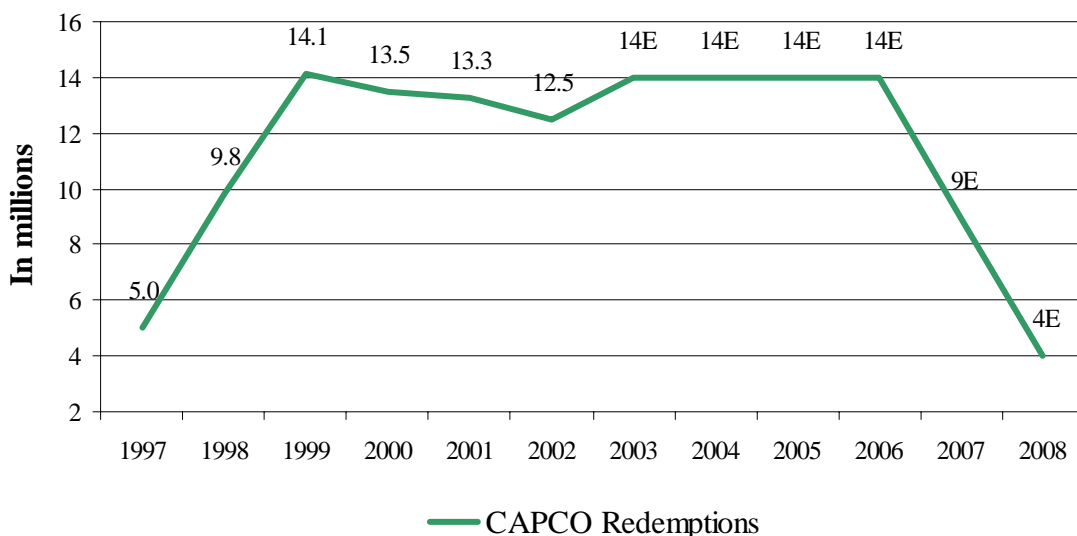
State taxes impacted

The tax credits are only redeemable against the state premium tax liability incurred by an insurance company pursuant to the provisions of Section 148.320, 148.340, 148.370 or 148.376, RSMo 2000, and any other related provisions, which may impose a tax upon the premium income of insurance companies after January 1, 1997.

Direct economic impact

If measured strictly by the amount of redeemed credits, the Missouri Certified Capital Company Tax Credit program has reduced state premium tax revenues approximately \$68.2 million through calendar year 2002. Almost all of the outstanding tax credits, \$71.8 million, will be redeemed by 2008 with some minimal carryover to future years. Figure 1 indicates the redeemed credits by year since the inception of the program, with estimated redemptions through fiscal year 2008.

Figure 1: CAPCO - Program Redemptions by Calendar Year



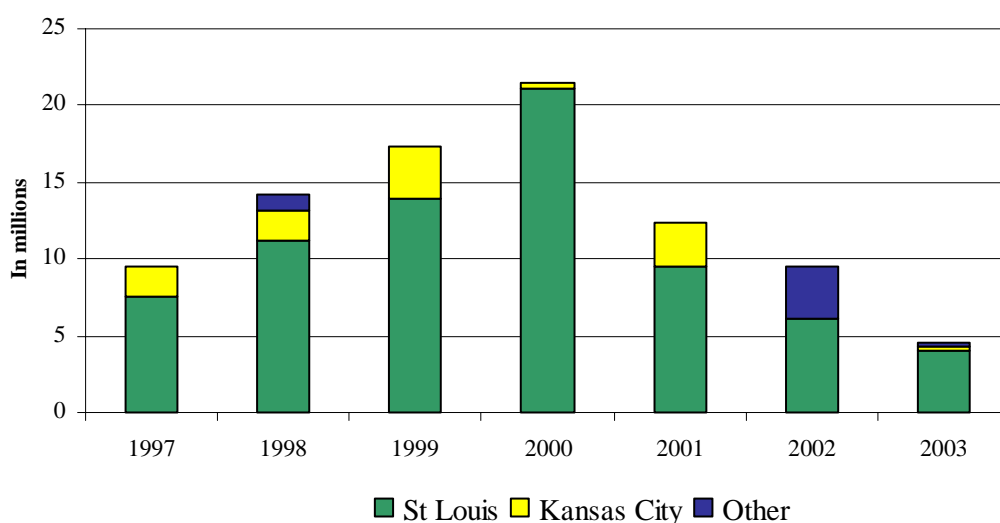
Source: Department of Insurance 1997 - 2002, Auditor estimated 2003 - 2008

Thirty-seven companies have received investments totaling nearly \$89 million through December 31, 2003. Twenty-nine of those companies were located in the St. Louis metropolitan

area. Six companies were located in the Kansas City metropolitan area. One company was located in Springfield and one company was located in Willow Springs. Fourteen of the 37 companies have gone out of business. *See Appendix II, page 22* for a map showing the location of the 37 companies.

Several companies received initial and follow-on investments from individual CAPCOs. The companies operated in the telecommunications, medical instruments, computer software, internet technology, printing, food, pet food, auto engine remanufacturing, credit and finance, and miscellaneous business services industries. Many companies received investments from more than one CAPCO and some companies received investments from CAPCOs controlled by more than one investment firm. Apparently, there was a lack of qualified companies seeking investments from the CAPCOs that were acceptable to the CAPCOs. We noted one company that received funding from five CAPCOs. We noted one company received 15 investments from seven CAPCOs. Figure 2 indicates the total qualified investments by calendar year by location since the inception of the program.

Figure 2: CAPCO - Qualified Investments by Calendar Year by Location



Source: Department of Economic Development data

The CAPCOs have collected or accrued about \$21.3 million in management fees since 1997 and fees will total \$35 million by 2008. Each CAPCO is entitled to an annual management fee of 2.5 percent of their total certified capital. If the CAPCOs reach the mandated 100 percent investment threshold by 2008, each dollar of management fees will have yielded four dollars of qualified investments.

Total economic impact

We used the Regional Economic Models, Inc. (REMI), Policy Insight Multi-region Model Version 5.5¹ to analyze the total economic impact of the CAPCO program on the state's

¹ See Appendix I, page 21 for more detail on this model.

economy. This version includes 53 industry sectors and divides the state into 15 regions. The model compares the baseline forecast of the state economy with an alternative forecast that takes into account the effect of the tax credit program. The REMI analysis and reports are based upon calendar year. The key outputs from the model are as follows:

- Growth in total employment
- Growth in gross state product
- Fiscal impact

Modeling Assumptions

Two types of variables in the model were changed to create the alternative forecast: 1) government spending and 2) capital costs of the industries receiving increased revenues or new investments as a result of the CAPCO program.

We used the following assumptions and inputs to reflect the related economic activity. Total state government spending was reduced by the maximum tax credits redeemable in each year from 1997 to 2008. In total, state government spending was reduced \$140 million. This variable was allocated to all regions. The capital cost of the insurance industry was reduced to reflect the estimated additional \$23 million in revenues the insurance companies would earn due to the higher return on the CAPCO loans. The reduced capital cost was allocated to all regions over the 12-year program life. The capital cost of the credit and finance industry was reduced to reflect the \$35 million in new fees that would be collected by the CAPCOs. This variable was allocated to the regions in which the CAPCOs are located over the 12-year program life.

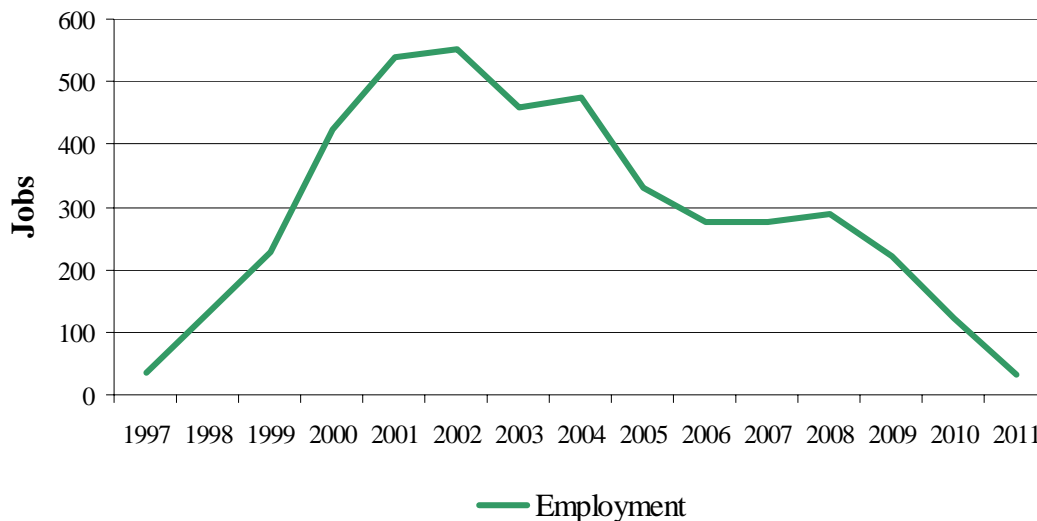
The capital costs of the various industries in which the companies that received investments from the CAPCOs operated were reduced to reflect the lower cost of debt and equity financing. Normal venture capital firms would have required significantly higher expected rates of return or would not have made the financing available. We made the assumption that the future investments would be made to reach the \$140 million threshold required by statute. If the CAPCOs are unable to meet the threshold from their own funds, the economic activity and job creation attributable to the CAPCO program would be significantly lower. This variable was changed to record the actual investments by year, region within the state and industry of the actual investments made by the CAPCOs through 2003. Future investments were allocated to the regions and industries using the same allocation pattern as the actual investments.

Modeling Results

The CAPCO program creates a projected average of 293 jobs for 15 years. Job growth peaked in 2002 at 552 jobs. By 2012, jobs resulting from the program will decline to zero as the effects of the CAPCO investments dissipate. The model predicts the average annual salary of the created jobs to be \$49,806. The new jobs were located in the regions receiving the investments, primarily the St. Louis metropolitan area, while other regions in the state lost jobs due to economic migration. Each of the 293 jobs will cost the state \$31,854 per year in tax credits, and those jobs will yield additional state revenues (net of increased state expenditures) of \$5,370 per year from income and sales taxes making the net cost to the state, \$26,484 per year for 15 years.

In addition, the CAPCOs will collect management fees of about \$7,964 per year on the investments necessary to create each job for 15 years. Figure 3 shows the predicted change in employment.

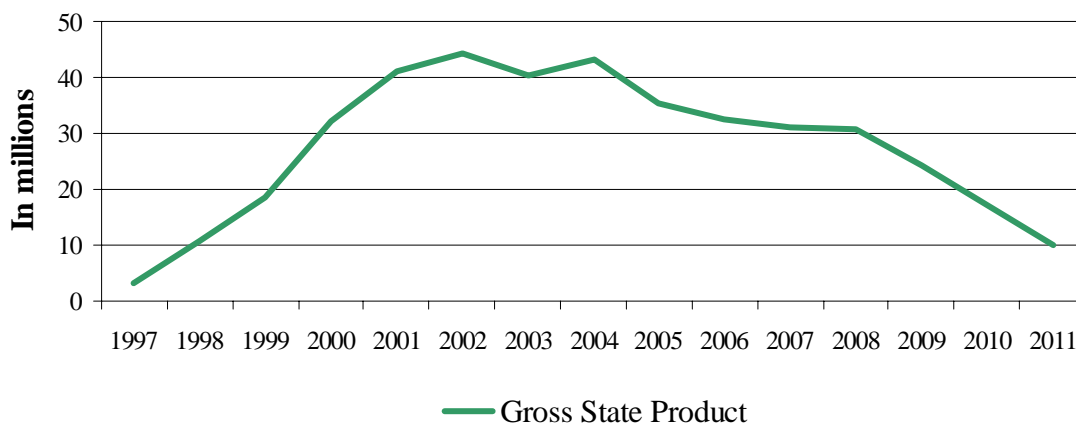
Figure 3: CAPCO - Predicted Change in Employment



Source: REMI economic model

Gross state product increases and peaks at an increase of \$44 million in 2002 and declines steadily to \$10 million in 2011. The increase in gross state product totals \$414 million through 2011. The change in gross state product continues to decline to less than \$1 million in 2015. Figure 4 shows the predicted change in gross state product.

Figure 4: CAPCO - Predicted Change in Gross State Product

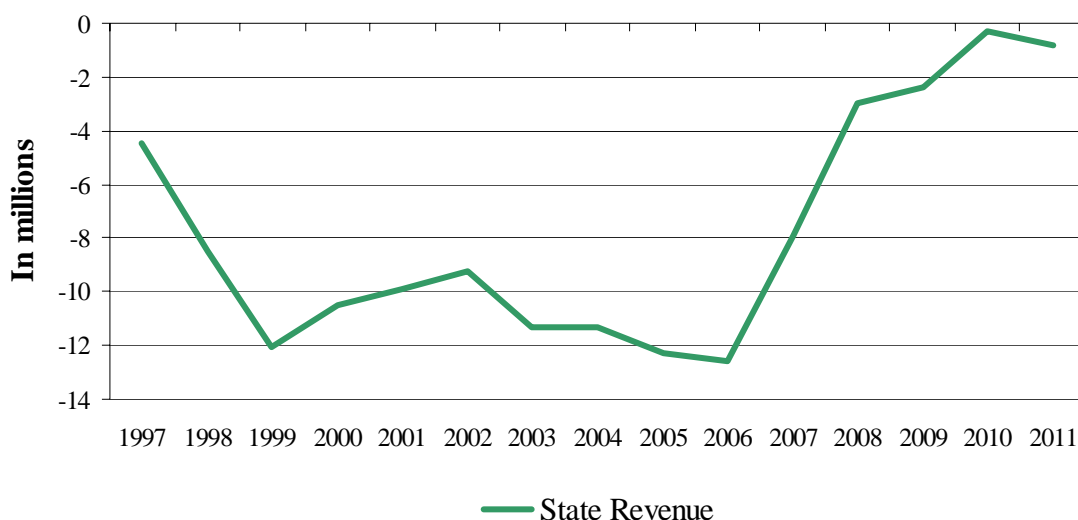


Source: REMI economic model, Chained 1996 \$²

² Bureau of Economic Analysis measure of real output and prices calculated using chain-type annual-weighted indexes allowing for the effects of changes in relative prices and composition of output over time.

The model predicts a total negative impact on state revenues of \$116.4 million (\$140 million in tax credits - \$23.6 million in increased state revenues). As the economic activity and job creation related to the CAPCO program occur, additional state taxes are collected through income and sales taxes and additional state expenditures are required to provide government services to expanding companies and increased population. In addition, state revenues are reduced due to the redemption of the tax credits. Additional state revenues net of the attendant increases in state expenditures were not enough to offset the expected tax credit redemptions in any year resulting in an overall decrease in state revenues. Figure 5 shows the net impact upon state revenues.

Figure 5: CAPCO - Predicted Change in State Revenue



Source: REMI economic model, Fixed real 2001\$

Other Issues

In 2003, the legislature revised one of the primary requirements of the CAPCO program. The statutory change allows the CAPCOs to count investments made by an affiliate of the CAPCO toward the investment threshold as if the CAPCO had made the investment. Prior to that revision, each CAPCO had to make qualified investments equal to 100 percent of its certified capital before the CAPCO could make liquidating distributions to its general and limited partners. In response to our survey, 8 of 11 CAPCOs indicated that it was uncertain if they would be able to reach the 100 percent threshold without taking advantage of the 2003 legislative change. In order to meet that threshold, the CAPCOs must generate adequate returns from their investments to cover the management fees of \$35 million, as well as an estimated \$10 million of organization and investment recruitment and other operating expenses and the \$140 million of tax credits. In order to meet the 100 percent threshold requirement, the CAPCOs would have to generate returns of investment and returns on investments totaling at least \$185 million.

As of December 31, 2003, the CAPCOs made qualifying investments totaling nearly \$89 million. However, many of the companies receiving the investments filed bankruptcy, went out of

business or defaulted on their loans from the CAPCOs. Some of the surviving businesses recovered from bankruptcy or are in the process of recovering from bankruptcy. The CAPCOs lost all or nearly all of their investments in those companies. As of December 31, 2003, the CAPCOs valued their qualified investments at \$24.3 million. Based upon the poor results of the investments made through 2003, it is highly likely that some CAPCOs would not be able to meet the 100 percent investment requirements without taking advantage of the 2003 legislative change.

The legislature also revised the criteria that restricted CAPCO investments to companies with revenues less than \$5 million. The revision changed the investment limitation criteria to allow investments into companies with net after tax incomes of less than \$6 million or a net worth up to \$18 million. This change allowed the CAPCOs to shift their investment focus from early and seed stage to late stage and mature companies. These types of companies would generally be able to attract investments from readily available sources other than the venture capital industry. The combined effect of the two statutory changes resulted in the state subsidizing investment activity that may have occurred anyway.

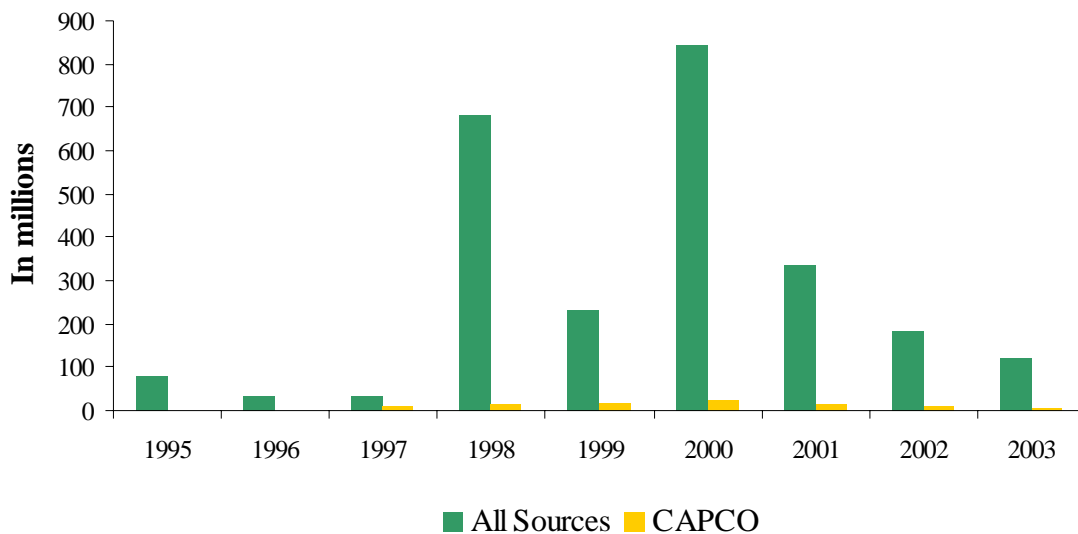
The CAPCO program allows the investment into the qualifying company to be in the form of a loan or other debt. The effective interest rates charged by one CAPCO on two loans exceeded 20 percent. One CAPCO loaned \$2.25 million to a qualified company. The loan carried a variable 6 to 12 percent interest rate and was due 24 months after the loan. The loan was repaid within 8 months. This investment resulted in \$2.25 million in qualified investments that counted toward meeting the investment thresholds while generating approximately \$25,000 in interest earnings for the CAPCO. The company receiving the loan did not place any direct employees on its payroll. Since each dollar of the funds available for qualified investments was generated by a state tax credit of one dollar, this transaction, in essence, cost the state \$2.25 million.

Proponents of the CAPCO program often point out the “leverage effect” of the CAPCO investments. It is clear that several of the companies that received CAPCO investments also were able to obtain concurrent or subsequent financing from other investors. A few of those companies have received total investments of over \$100 to \$500 million. However, we have been unable to identify any direct link between the CAPCO investments and any concurrent or subsequent investments by other entities.

As noted above, it appears one implicit goal of the tax credit program was to enhance and expand the venture capital industry within the state. We obtained venture capital investment data for Missouri from 1997 to 2003 as reported on the MoneyTree Survey website.³ Venture capital funding in the state for the period totaled \$2.5 billion with the CAPCO financing providing only about 3.5 percent of the funding. In 1995 and 1996, venture capital funding in Missouri totaled about \$115 million which indicates that Missouri businesses had access to at least some venture capital prior to the creation of the CAPCO program. The following chart shows total venture capital funding and CAPCO provided funding.

³ (www.pwcmoneytree.com) presented by PricewaterhouseCoopers, Thomsom Venture Economics and the National Venture Capital Association

Figure 6: Missouri Venture Capital Funding 1995 to 2003



Source: PricewaterhouseCoopers MoneyTree Survey and Department of Economic Development data

We acknowledge the venture capital industry has suffered because of the weak economy and the downturn in technology and communications industries and the lack of opportunity to successfully exit from their investments through initial public offerings (IPO's), mergers or acquisitions. However, even if the CAPCO program had been operating in a better economic climate, it is highly unlikely significant additional economic activity or employment, above that predicted by the REMI model, would have been created or the cost to create those jobs would have been significantly reduced. The REMI Policy Insight model incorporates historical data going back until 1969 in its regional forecast. These historical trends effect the direction and magnitude of behavioral responses in the model and therefore, have consequences on simulation results.

Twelve of the companies that received investments under the CAPCO program also were provided over \$7.5 million in benefits or investments from other tax credit programs and DED grants including the New Enterprise Creation, Rebuilding Communities, Capital, Job Training, Brownfield, Business Facility and the CDBG Action Fund programs.

Conclusion

The Missouri Certified Capital Company Tax Credit program is an inefficient and ineffective tax credit program. Based on the assumptions used when entering the Missouri Certified Capital Company program data into the model, the program will cost the state over \$116.4 million and will create an average of 293 jobs for 15 years. The CAPCOs will collect \$35 million in fees. The investment activity and job creation through 2003 occurred primarily in the St. Louis metropolitan area. The program would result in a total increase in gross state product of \$414 million over the 12-year life of the program. However, that economic activity and the jobs created will not produce enough additional state revenue to offset the cost of the tax credits.

The CAPCOs invested nearly \$89 million and those investments were valued at \$24.3 million as of December 31, 2003. Most of the CAPCOs will not be able to reach the 100 percent investment threshold without taking advantage of the statutory changes made in 2003.

Recommendation

We recommend the Department of Economic Development and the General Assembly let the Missouri Certified Capital Company Tax Credit program expire without authorizing any additional tax credits.

Department of Economic Development Response

Under current statutes no additional credits can be authorized and to do so would require a change in law. It should be noted that using different assumptions when entering data into the economic model would result in increased revenues above that calculated by the State Auditor for the Certified Capital Company Tax Credit (CAPCO) program. For example, the Auditor's evaluation of the CAPCO program assumes no outside private or leveraged investment and that no new jobs remain after the investment has ended. It is likely that CAPCO investment in a company would encourage some co-investments and follow-on investments, although not every dollar invested in a company should be attributed to the CAPCO's investment. Further, it is likely that some of the new jobs created during the investment period would remain after the investment has ended.

Auditor's Comment

During the research phase of our cost-benefit analysis, we noted two general approaches to economic modeling for tax credit programs. The conservative approach is to include only the direct investments and reductions in state revenues resulting from the tax credit program. The second approach is to include all direct investments made by the CAPCO's and ALL investments from all other sources that may or may not have been influenced by the CAPCO investments or CAPCO management. We chose the first approach, in part, because the documentation available at DED did not contain sufficient information to determine any relationship between CAPCO direct investment and any follow-on investments.

We noted the DED when preparing cost benefit analysis to be included in annual Form 14 budgetary reports submitted to the legislature only modeled the value of direct investments. We also noted that the economic studies using the second approach appeared to be funded, at least in part, by the CAPCO's or organizations having CAPCO's as primary supporters.

After receiving DED's response, we performed a second test simulation doubling the amount of investments from the statutorily required \$140 million to \$280 million to determine what effect it would have if you assume the CAPCO's attracted \$140 million from other sources as a result of the state's investment. The results of this simulation indicated the CAPCO program would still cost the state \$98 million and create only about 560 jobs.

2. The New Enterprise Creation Tax Credit Program Does Not Create Sufficient Economic Activity To Offset The State Tax Credits Used

An economic impact analysis of the New Enterprise Creation Tax Credit (NECA) program indicates the program will not generate sufficient economic activity to offset the state tax credits used. The NECA program will use \$16.8 million in tax credits while generating \$7.3 million in projected state revenues. It is projected the program will cost the state \$9.5 million and an average of 129 jobs for 15 years will be created.

Background

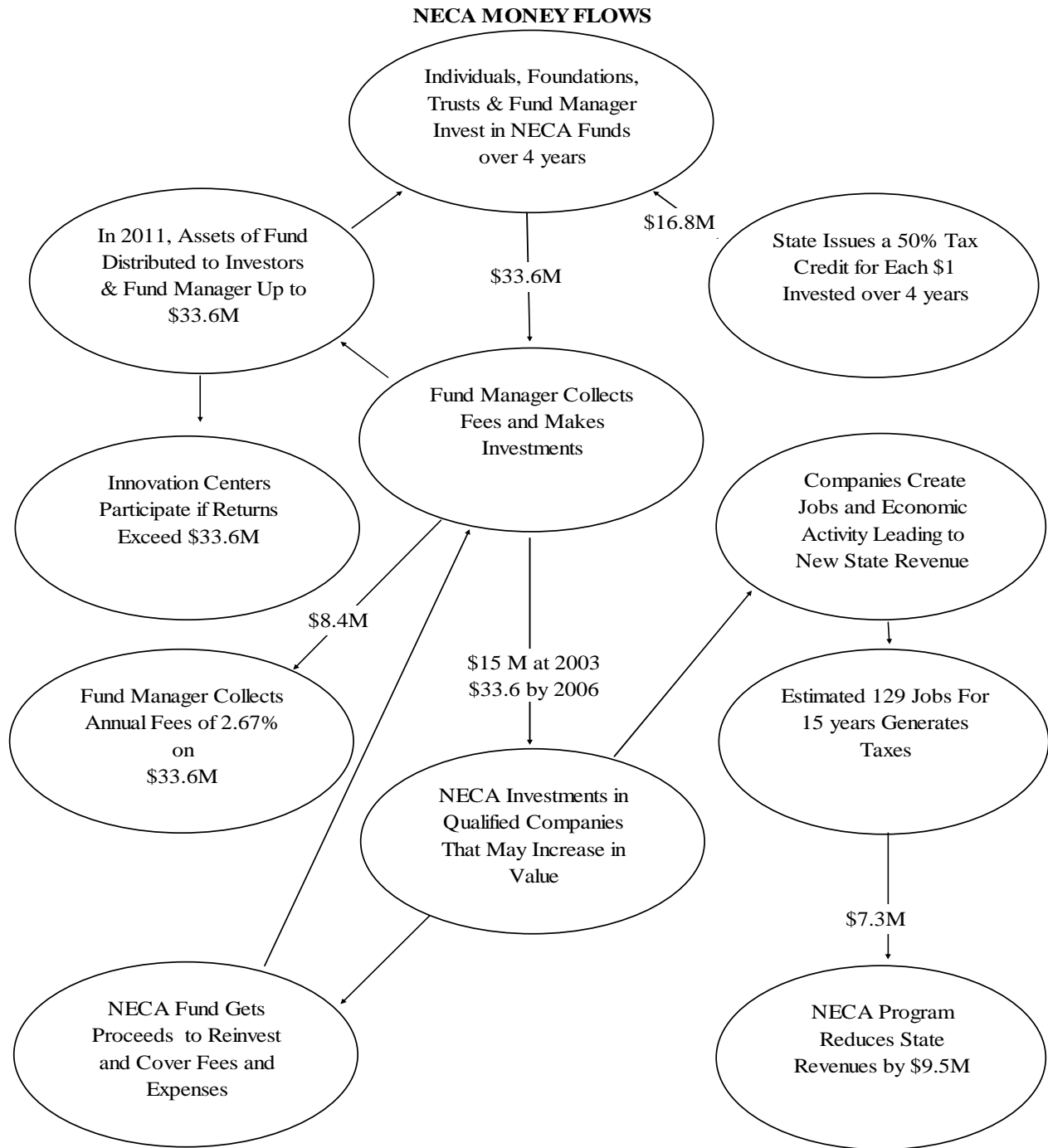
Sections 620.635 through 620.653, RSMo 2000, effective July 8, 1999, authorized the establishment of the Missouri Seed Capital Investment Board and the issuance of up to \$20 million in tax credits, not to exceed \$5 million in any year, to individuals, companies, or financial institutions that made qualified investments into a qualified fund. That fund was established under the Missouri seed capital and commercialization strategy developed by the Missouri Innovation Centers and approved by the board on June 23, 2000. For each dollar of qualified investments (Fund A), one dollar in tax credits would be issued. Each investor was also required to place a matching investment in a companion fund (Fund B) but did not receive any tax credit for that investment. Only Fund A carries statutory restrictions on types and amounts of investments that can be made. Twenty-five percent of the committed investments must be placed into the funds for 4 years.

Prolog Ventures, LLC was selected as the fund manager. The program was unable to attract sufficient investment to fully use the available tax credits. A total of \$16.8 million in tax credits will be issued if all investors fully fund their commitments totaling \$33.6 million. The fund manager is the general partner of the Fund and the investors are Class I limited partners. The four Missouri Innovation Centers were also granted Class II limited partnerships without having to make any investment.

Investments made from Fund A are restricted. A company receiving the investments from Fund A must be an independently-owned and operated business headquartered and located in Missouri. The business must be involved or intend to be involved in commerce for the purpose of manufacturing, processing or assembling products, conducting research and development, or providing services in interstate commerce. The business cannot have had a positive cash flow in the fiscal year preceding the investment. The business must remain headquartered in Missouri for at least 3 years or be subject to repayment of the investment. The investment strategy is to focus on life sciences and information technologies in seed or early stage companies. No more than 10 percent of qualified capital may be invested in any one company.

The statute allows an annual management fee of up to 3 percent of committed capital. The approved fee is 2.67 percent or \$450,000 per year through 2008 and then declines 10 percent per year until the fund is dissolved. The fund manager will collect about \$4.2 million in fees from each fund over the 10-year fund life. The fund life may be extended up to 2 years if necessary for orderly dissolution and if approved by the fund manager and the majority of Class I investors. At the end of the fund life, the assets of the fund will be distributed to the general partner (1

percent) and the Class I limited partners (99 percent) in proportion to their investments up to the full amount of their initial investment (including recovery of expenses charged against their capital accounts during the fund life). Additional profits, if any, will be distributed 60 percent to the Class I limited partners, and 20 percent to the general partner and 20 percent to the Class II limited partners. At this time, it is too early to predict if any proceeds will be distributed to the innovation centers. The following diagram depicts the flow of monies and tax credits under the NECA program.



Purpose

Section 620.650, RSMo 2000, indicates the sole purpose of the qualified fund (Fund A) is to make qualified investments. Those investments must be made into Missouri companies meeting the established criteria discussed above.

State taxes impacted

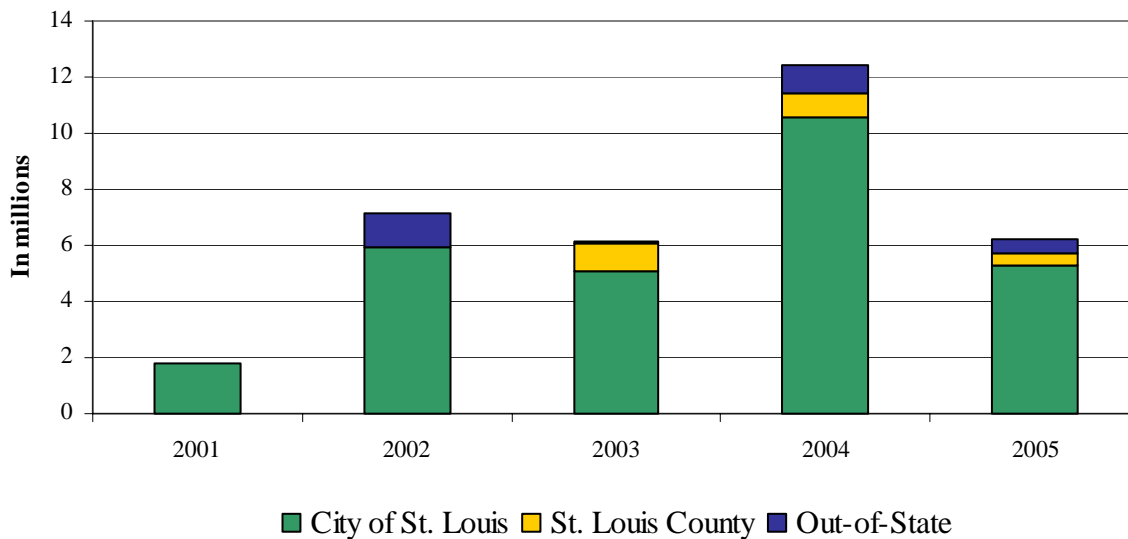
The tax credits may be redeemed against state income tax, corporate franchise tax, financial institution tax, or insurance premium tax. The tax credits may be transferred or sold and unused credits may be carried forward up to 10 years.

Direct economic impact

If measured strictly by the amount of issued credits, the New Enterprise Creation Tax Credit program will reduce state tax revenues about \$4.2 million per year for 2002 through 2005 or a total of \$16.8 million. The DED Customer Management System database indicates total redemptions of \$3.8 million for state fiscal years 2001 to 2003. Those redemption amounts were entered by the Department of Revenue. The Department of Insurance redemptions are not entered into the DED system. The Department of Insurance reported redemptions of \$2 million for calendar year 2002 and \$168,750 for calendar year 2001. It does appear that actual redemptions will be slightly less than the maximum and some tax credits will be carried forward to subsequent years.

Eleven companies have received qualified investments of \$8.6 million from Fund A and \$6.4 million from Fund B. Two of the companies receiving a Fund B investment were located out-of-state. Eight companies were located in the city of St. Louis and one was located in St. Louis County. *See Appendix II, page 22* for a map showing the location of the companies. The companies operated in the medical instruments, information technology and biopharmaceuticals industries. The fund manager estimated the remaining funds would be invested by the end of 2005 and investments would be made in a pattern similar to existing investments. Figure 7 indicates the total investments by calendar year by location since the inception of the program and estimated investments for 2004 and 2005.

Figure 7: NECA - Qualified Investments by Calendar Year by Location



Source: Department of Economic Development data, 2004 and 2005 Estimated by fund manager

The fund manager has collected management fees from both Funds A and B totaling \$1.4 million through 2003. Through the 10-year fund life, management fees of both funds will total about \$8.4 million. Each dollar of management fees will have yielded four dollars of investments.

Total economic impact

We used the REMI to analyze the total economic impact of the NECA program on the state's economy. This version includes 53 industry sectors and divides the state into 15 regions. The model compares the baseline forecast of the state economy with an alternative forecast that takes into account the effect of the tax credit program. The key outputs from the model are as follows:

- Growth in total employment
- Growth in gross state product
- Fiscal impact

Modeling Assumptions

Three types of variables in the model were changed to create the alternative forecast: 1) government spending, 2) personal income and 3) capital costs of the industries receiving increased revenues or new investments as a result of the NECA program.

We used the following assumptions and inputs to reflect the related economic activity. Total state government spending was reduced by the maximum tax credits redeemable in each year from 2002 to 2005. Total state government spending was reduced \$16.8 million. This variable was allocated to all regions. Personal income was increased in 2002 to 2005 to reflect the

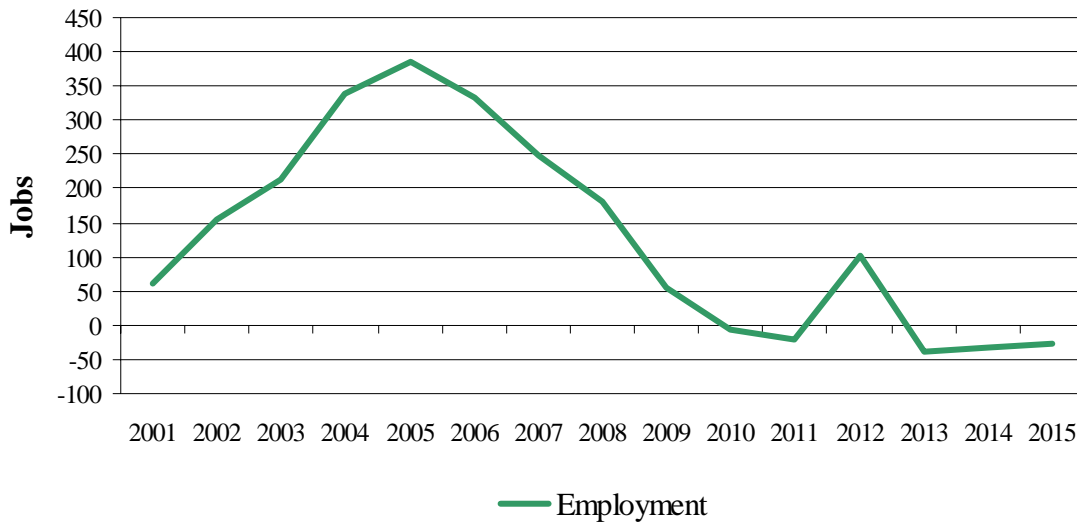
redemption of the tax credits and increased in year 2012 to reflect the effects of a distribution of the anticipated return on investments. We estimated the 2012 distribution using a 5 percent compounded rate of return on the total investments of both funds over the fund life. The personal income was allocated to the St. Louis metropolitan area as that appeared to be the primary source of the investments. The capital cost of the credit and finance industry was reduced to reflect the \$8.4 million in management fees and was allocated to the St Louis region over the 10-year program life.

The capital costs of the various industries in which the companies receiving the investments operated were reduced to reflect the lower cost of capital associated with the NECA investments as compared to the higher capital costs demanded by normal venture capital firms. We made the assumption that the future investments would use all available funding by 2005 and those investments would be made in similar industries and locations as the investments actually made through 2003. This variable was changed to record the actual investments by year, region within the state and industry of the actual investments made through 2003. Future investments were allocated to the regions and industries using the same allocation pattern as the actual investments. We included a total of \$30.4 million of investments made or anticipated to be made in Missouri companies. We excluded actual and anticipated investments of \$3.2 million in out-of-state companies since there would be no identifiable benefit to the state arising from out-of-state investments.

Modeling Results

The New Enterprise Creation Tax Credit program creates a projected average of 129 jobs for 15 years. Job growth peaks in 2005 at 385 jobs. By 2011, jobs resulting from the program will decline to zero with a slight increase in 2012 before turning negative as the effects of the program dissipate. The average annual salary of the created jobs as predicted by the model was \$40,462. The new jobs were located in the St. Louis metropolitan area, while other regions in the state lost jobs due to economic migration. Each of the 129 jobs will cost the state \$8,682 per year in tax credits and those jobs will yield additional state revenues (net of increased state expenditures) of \$3,772 per year from income and sales taxes making the net cost to the state, \$4,910 per year when using a 15 year projection. In addition, the fund manager will collect management fees of about \$4,341 per year for each job. Figure 8 shows the predicted change in employment.

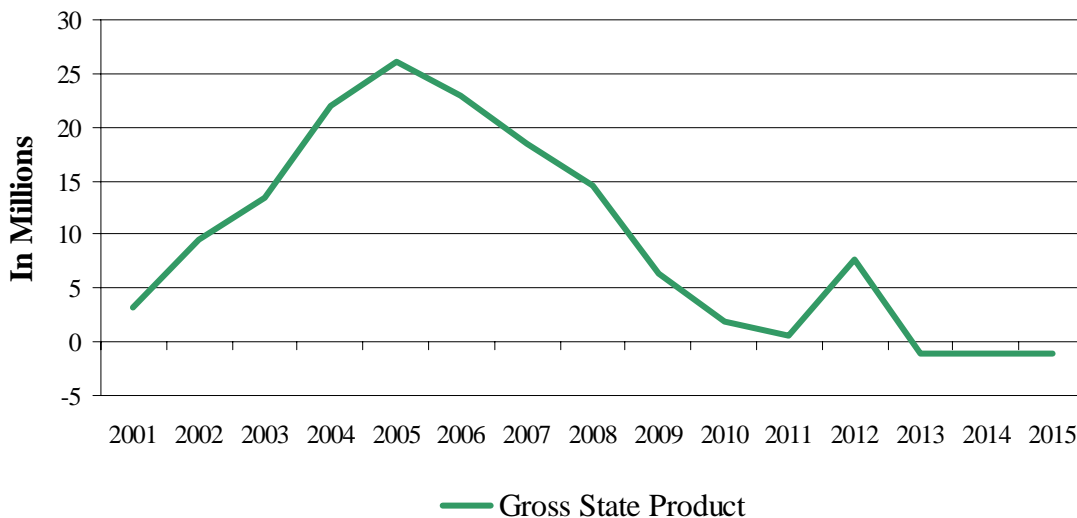
Figure 8: NECA - Predicted Change in Employment



Source: REMI economic model

Gross state product increases and peaks at an increase of \$26 million in 2005 and declines steadily to \$.6 million in 2011 with an increase in 2012 before turning negative as effects of the program dissipate. The increase in gross state product totals \$143.6 million through 2015. Figure 9 shows the predicted change in gross state product.

Figure 9: NECA - Predicted Change in Gross State Product

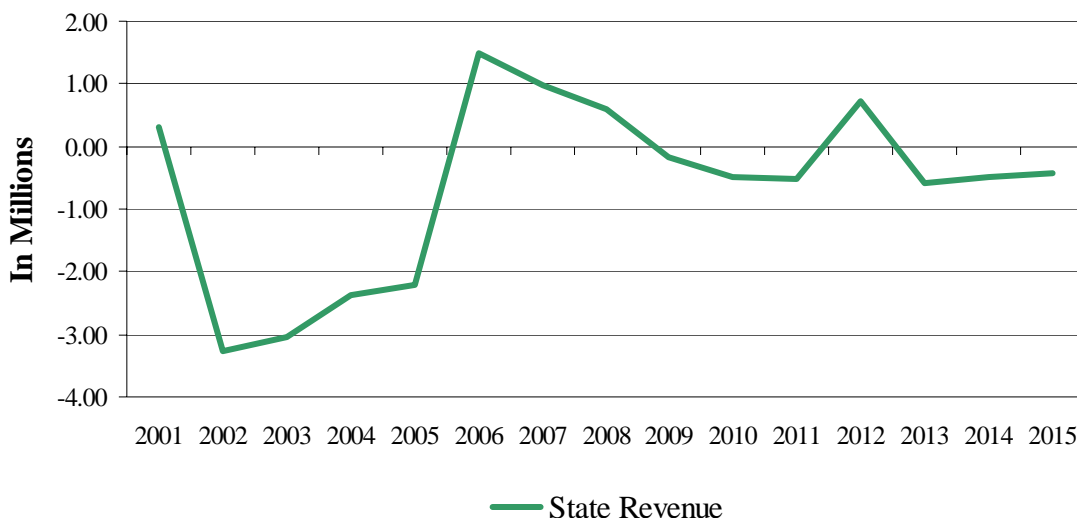


Source: REMI economic model, Chained 1996\$

The model predicts a total negative impact on state revenues of \$9.5 million (\$16.8 million in tax credits - \$7.3 million in increased state revenues). The NECA program will have a positive

effect on state revenues in only 5 of 15 years. Figure 10 shows the net impact upon state revenues.

Figure 10: NECA - Predicted Change in State Revenue



Source: REMI economic model, Fixed real 2001\$

Other Issues

Three of the companies that received investments under the NECA program also received funding through the CAPCO program totaling about \$11.4 million. Two of the companies also participated in other tax credit programs, Rebuilding Communities, Seed Capital and the Capital tax credit programs and received benefits or investments of about \$500,000 from those programs.

Conclusion

The New Enterprise Creation Tax Credit Program does not generate sufficient economic activity to offset the tax credits used. Based on the assumptions used when entering the NECA program data into the model, the results show the NECA program will cost the state \$9.5 million and create about 129 jobs for 15 years. The investment activity and job creation through 2003 occurred in the St. Louis metropolitan area. The fund manager will collect fees of about \$8.4 million.

The NECA program is in the early phase of its life cycle. At this time, the program should be allowed to continue without additional funding.

Recommendation

We recommend the Department of Economic Development and the General Assembly closely

monitor the New Enterprise Creation Tax Credit program at this time.

Department of Economic Development Response

The Department of Economic Development will continue to administer the program as provided by current law including the changes in the law resulting from the passage of SB 1099. DED has the similar concerns related to the assumptions used when entering data into the economic model as noted in the CAPCO audit response.

In efforts to improve the reporting requirements and monitoring of all tax credits administered by DED and other departments, the Department worked with the Governor and the General Assembly in the passage of the Tax Credit Accountability Act of 2004. The Tax Credit Accountability Act of 2004 (contained in SB 1099 and enacted during the 2004 Legislative Session) provides for additional reporting requirements by tax credit recipients that will assist in verifying compliance and in assessing the value of tax credit programs. The act further provides for penalties to be assessed against a noncompliant taxpayer and for fraud in the application process.

Also during the 2004 Legislative Session, the Department requested and the Governor recommended five audit positions be funded in FY 2005 to allow the Department to develop a tax credit and incentive compliance unit in DED. This unit will focus its efforts on achieving the greatest return on the state's investments by improving the Department's accountability oversight related to tax credit and incentive programs administered by the Department. The Legislature cut two positions from the Governor's recommendations, but the remaining three positions will allow improved efforts in this area.

OBJECTIVE, SCOPE AND METHODOLOGY

Objective

Our objective was to perform a cost-benefit analysis and management review that would provide policymakers with sufficient information to evaluate the effectiveness and efficiency of the Missouri Certified Capital Company Tax Credit program and the New Enterprise Creation Tax Credit program. Both programs are administered by the Department of Economic Development.

Scope and Methodology

Our review of the tax credit programs is mandated by Section 620.1300, RSMo 2000 that states, in part, "a cost-benefit analysis shall be prepared (by the state auditor) to evaluate the effectiveness of all programs operated by the department of economic development for which the department approves tax credits, loans, loan guarantees, or grants."

To measure the economic impact of the program on the state economy, the State Auditor's Office purchased a secondary user license to a dynamic econometric modeling program called Policy Insight developed by Regional Economic Models, Inc. (REMI) of Amherst Massachusetts. The Missouri Development Finance Board holds the primary user license of the model. The REMI model forecasts the economic and demographic effects of policy changes or external events, such as added investments, jobs or additional state spending, on a regional economy and presents the results on a year-by-year basis. We used the REMI Missouri multi-region, 53 industrial sector version 5.5 which was issued in early 2004 and includes historical economic data up to year 2000 in our analysis.

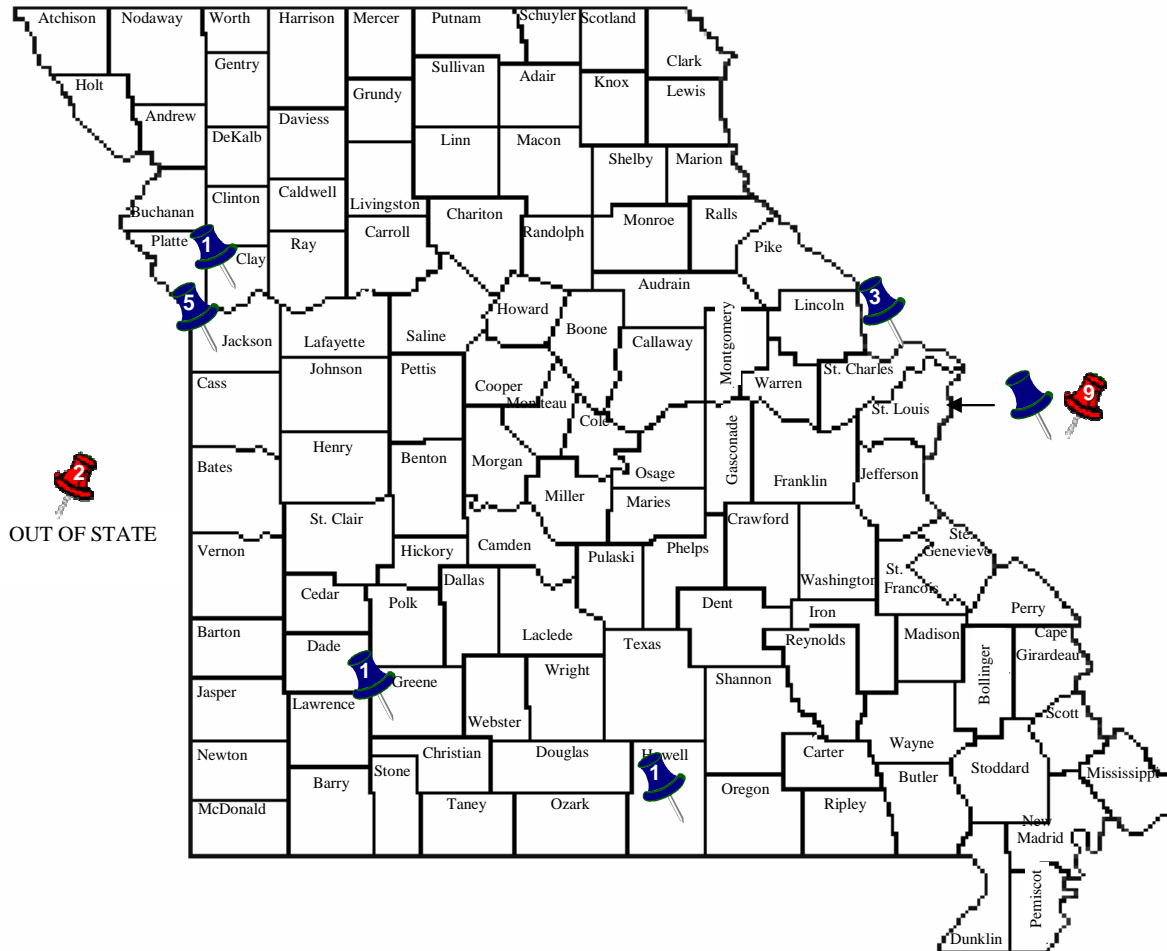
Department of Economic Development officials provided us with various reports, listings, and schedules of investments related to these two tax credit programs since their inception. The information included the entities and individuals who made investments into the venture capital firms and received tax credits, information about the venture capital firms, and the name, location, and industry of the companies receiving the investments.



We also obtained summary reports from the Department of Insurance and the Department of Revenue of the tax credits authorized, issued and redeemed. We received additional information from the venture capital firms in response to our request.

To complete our economic impact analysis, it was necessary to make several assumptions regarding program activity for future years. These assumptions were based on discussions with department and venture capital company officials and their expectations for the programs. If these program expectations change, the underlying assumptions would be different and cause the results to change.

GEOGRAPHIC DISTRIBUTION OF INVESTMENTS

This map shows the geographic location and number of companies receiving investments as of December 2003 under the two programs reviewed.



-  Represents Missouri Certified Capital Company Tax Credit Program
-  Represents New Enterprise Creation Tax Credit Program

TAX CREDIT REVIEW STATUS

Tax Credit Program	Review Status
Certified Capital Companies (CapCo) (cap. expired) § 135.500	Reviewed in 2004
New Enterprise Creation § 620.635	Reviewed in 2004
Community College New Jobs Training Bonds § 178.894	Reviewed in 2003
Brownfield Jobs/Investment § 447.700	Reviewed in 2002
Brownfield Remediation § 447.700	Reviewed in 2002
Historic Preservation § 253.545	Reviewed in 2002
Qualified Research Expense § 620.1039	Reviewed in 2002
Seed Capital (cap expired) § 348.300	Reviewed in 2002
Youth Opportunities and Violence Prevention § 620.1100	Reviewed in 2002
Film Production § 135.750	Reviewed in 2001
Rebuilding Communities § 135.535	Reviewed in 2001
Small Business Incubator § 620.495	Reviewed in 2001
Winery and Grape Growers § 135.700	Reviewed in 2001
Affordable Housing Assistance § 32.111	To be reviewed
Brownfield Demolition § 447.700	To be reviewed
BUILD Missouri Bonds § 100.700	To be reviewed
Business Facility § 135.100	To be reviewed
(Capital) Small Business Investment (cap expired) § 135.400	To be reviewed
Community Development Bank § 135.400	To be reviewed
Development § 32.105	To be reviewed
Dry Fire Hydrant § 320.093	To be reviewed
Enterprise Zone § 135.200	To be reviewed
Family Development Account § 208.755	To be reviewed
Guarantee Fee § 135.766	To be reviewed
Individual Training Account § 620.1400	To be reviewed
Mature Worker Child Care § 620.1560	To be reviewed
MDFB ⁴ Development and Reserve § 100.250	To be reviewed
MDFB Export Finance § 100.250	To be reviewed
MDFB Bond Guarantee Credit § 100.286	To be reviewed
MDFB Infrastructure § 100.250	To be reviewed
Missouri Low Income Housing § 135.350	To be reviewed
Neighborhood Assistance § 32.100	To be reviewed
Neighborhood Preservation § 135.535	To be reviewed
Transportation Development § 135.545	To be reviewed

Source: Auditor prepared

⁴ MDFB – Missouri Development Finance Board



**COST OF
PROMOTIONAL ITEMS**

**From The Office Of State Auditor
Claire McCaskill**

State agencies spent up to \$1.2 million for unnecessary or extravagant promotional items to raise awareness of the agencies' programs.

**Report No. 2004-55
July 2, 2004
www.auditor.mo.gov**

PERFORMANCE AUDIT



Office of
Missouri State Auditor
Claire McCaskill

July 2004

Spending for Promotional Items and Gifts Was Sometimes Unnecessary and Excessive

State agencies have the opportunity to reduce costs or redirect funds by discontinuing purchases and distribution of trivial promotional items and gifts. The audit sample determined 12 agencies unnecessarily spent up to \$1.2 million for promotional items and gifts during the 2 years ended June 30, 2003. Absent any statewide criteria to determine if promotional item purchases were reasonable, auditors established criteria based on what a prudent person would consider a reasonable taxpayer expense.

Purchases for recruiting fairs, trade shows, State Fair and government meetings

One agency spent \$11,546 for portfolios with calculators, mugs, lanyards (necklaces with hooks), post-it note pads, and mouse pads to be used for recruitment. Other agencies made similar purchases and officials said it was necessary to have an item to "draw" or "attract" individuals to their booths at fairs and trade shows. Some of the items purchased included pencils, pens, bandage dispensers, stress balls and key chains.

Extravagant and excessive gifts

Agencies could have used less costly items to recognize volunteers and employees. One agency gave out a \$195 Seiko watch as a special recognition award.

Use of promotional items was questionable

State agencies purchased and distributed promotional items to state legislators, state employees, and private organizations or functions. These distributions are not necessary to conduct state business or promote the agency or its programs.

All audit reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

**COST OF
PROMOTIONAL ITEMS**

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CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Members of the General Assembly
and
Agency Directors
Jefferson City, MO 65102

The State Auditor's Office performed an audit of the purchase and use of promotional items by state agencies. Specifically, our objectives were to determine (1) the total cost of promotional items purchased by state agencies during fiscal years 2002 and 2003, and (2) the nature and justification of the promotional items being purchased by state agencies.

We found state agencies spent up to \$1.2 million for some items that were unnecessary or extravagant. State agencies have the opportunity to reduce costs or redirect funds by discontinuing purchases and distribution of trivial promotional items and gifts.

Our audit was conducted in accordance with applicable standards contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States and included such tests of the procedures and records as were considered appropriate under the circumstances.

A handwritten signature in black ink that reads "Claire McCaskill".

Claire McCaskill
State Auditor

The following auditors contributed to this report:

Director of Audits:	William D. Miller, CIA
Audit Manager:	Toni M. Crabtree, CPA
In-Charge Auditor:	Norma L. Payne
Audit Staff:	Adrian Kennedy

RESULTS AND RECOMMENDATIONS

Spending for Promotional Items Was Sometimes Unnecessary and Excessive

State agencies have the opportunity to reduce costs or redirect funds by discontinuing purchases and distribution of trivial promotional items and gifts. The audit determined 12 agencies unnecessarily spent at least \$268,699 and up to \$1.2 million for promotional items and gifts during the 2 years ended June 30, 2003. Agencies purchased these items to use as "freebies" at recruitment fairs, trade shows, and other events to raise awareness of the agencies and programs. In some instances, state employees and legislators received these items. As a result, funds that could have been put to better use for the mission of the agency were wasted.

Audit methodology

The statewide accounting system identifies purchases for promotional items in a specific expenditure code. According to Office of Administration guidelines, promotional items include "T-shirts, paperweights, cups, glasses, and caps, etc. used to promote an agency activity or Missouri products." We selected 187 of 2,110 invoices (9 percent) for items in that expenditure code and discussed the purchases with pertinent agency personnel.¹ The reviewed invoices accounted for \$698,661 of \$3,236,503 spent for promotional items (21 percent) by state agencies during fiscal years 2002 and 2003. Absent any statewide criteria to determine if promotional item purchases were reasonable, we established our own criteria based on what a prudent person would consider a reasonable taxpayer expense. We set the following criteria for benchmarking the purchases:

- Did the purchased item promote a particular program or product of the agency?
- Was the purchased item a prudent method for conveying the agency message?
- Was the purchased item necessary to accomplish the business purpose?
- Did the purchased item have any effect on the success of the event?
- Was the purchased item given to employees?
- Was the purchased item extravagant for the purpose it was given?

We compared the selected purchases and agency explanations to the benchmark criteria to judge if the purchases were reasonable. We gave agency personnel the opportunity to review our conclusions, and their responses were considered in the final analysis.

¹ Our sample of invoices covered a limited number of purchases at several agencies. In another audit of the Office of Highway Safety a more in-depth review of the purchase of promotional items was performed and will be reported separately.

Agencies have reduced spending for promotional items

Budget cuts impacted the amount of funds spent on promotional items. Table 1.1 shows the amounts and percent of decrease in spending.

Table 1.1: Expenditures for Promotional Items

Fiscal Year	Amount for Promotional Items	Annual Decrease
2000	\$2,956,003	
2001	2,524,802	15%
2002	1,811,458	28%
2003	1,425,045	21%

Source: SAO analysis

Agencies could improve management of funds

Our analysis of the 187 invoices selected for review showed 38 percent of the dollars spent were for unnecessary purchases as shown in Table 1.2. The items we questioned were trivial and unnecessary to accomplish their intended purpose, or extravagant for their intended purpose. (See Appendix III, page 20, for a list of the items purchased). The items we did not question could be directly related to a business purpose and generally had a measurable outcome.

Table 1.2: Test Results

Disposition	Invoices	Amount
Unnecessary Purchases	109	\$268,699
Appropriate Purchases	78	429,962
Total Purchases Reviewed	187	\$698,661

Source: SAO Analysis

The 187 invoices were representative of the purchases contained on all 2,110 invoices. We selected our sample invoices based on dollar value and item description. Therefore, the amount of unnecessary purchases could be as high as \$1.2 million (.38 x \$3,236,503).

Purchases for recruiting fairs, trade shows, State Fair, and government meetings

Ten of the 12 state agencies purchased promotional items to give to (1) prospective employees on recruiting visits, (2) visitors to tradeshow and the State Fair, and (3) participants at various government sponsored meetings. Agencies said it was necessary to have an item to "draw" or "attract" individuals to their booths. Some of the items purchased included pencils, pens, bandage dispensers, stress balls and key chains.



- The Department of Corrections spent \$6,933 for toothpick dispensers, cubicle clips, pens, key chains, etc. These items were used at employee recruiting fairs or given to potential customers of the Missouri Vocational Enterprises (MVE) program. MVE officials said these items were "attention getters" to attract potential applicants for corrections officers and were necessary for them to compete for employees and business. During our interview with department officials, we noted many of these promotional items were being used in their and other employee workspaces, indicating promotional items were being given to employees.

- The Department of Public Safety, Missouri State Highway Patrol spent \$11,546 for portfolios with calculators, mugs, lanyards (necklaces with hooks), post-it note pads, and mouse pads to be used for recruitment. Department officials said "due in part of the distribution of these items, our application pool increased...."



- The Department of Economic Development spent \$907 for stress balls and tape measures to be used for recruitment. Department officials said "the agency has several positions that are difficult to fill.... Items, such as stress balls, key chains, and tape measures/levels that have the agency's name imprinted serve to remind applicants to consider the agency, as well as the State of Missouri, as a potential employer."
- The Department of Economic Development, Board of Embalmers, spent \$310 for toothpick dispensers that were given away at a convention booth. According to board officials "this convention is attended by various licensees.... After licensees are drawn to the booth to pick up the 'promotional giveaway', various personnel have the opportunity to visit with the licensees...."
- The Departments of Agriculture and Transportation, Office of Highway Safety bought tote bags, totaling \$4,480, to give to participants at meetings/conferences. Department officials said "the bags are a means of accumulating educational materials for participants, are a tool that will reinforce the message."
- The Department of Health and Senior Services spent \$5,886 for fold-up hair brushes and pens to give to clients who received free screening services, to remind them of the available services. Additionally, the department spent \$5,178 on cups, pens, post-it note pads, labels, decals, and t-shirts which were imprinted with the department's Public Health slogan and logo. These items were given to local public health agencies as a part of the department's campaign to market public health.
- The Department of Agriculture spent \$436 for 1,575 business card magnets to be distributed at tradeshow and fairs.

- The Department of Conservation spent \$842 for magnetic sculptures to be used for recruitment.
- Four agencies purchased promotional items, such as key chains, magnets, plastic litter bags, rub-on tattoos, and plastic cups for the State Fair, totaling \$22,928. Generally, agencies' said these giveaways promoted public awareness of the agency and/or the agency's programs.

Extravagant and excessive gifts and other items

Table 1.3 shows details of extravagant purchases for volunteers and employees. The cost of these items was excessive and other less costly means of recognition could have been used.

Table 1.3: Extravagant Purchases

Quantity Purchased	Item Purchased	Total Cost of Purchase ¹
2	Seiko Watches	\$390
5	Hand-made pottery pieces	360
7	Polo shirts	310
15	Lands End denim shirts	505

¹Total cost includes any applicable shipping and handling charges.
Source: Agency invoices

- The Department of Conservation provided Seiko watches valued at \$195 each as special recognition awards. One watch was given to the volunteer Hunter Education Instructor of the Year and the other is still in inventory. While recognizing volunteers for their service is commendable, the extravagance of these awards is hard to justify. Certificates or inexpensive plaques would have been a less costly means of recognition.
- The Department of Economic Development provided handmade pottery vases and a bowl, as gifts to panelists at the Missouri Policy Academy and to the National Governor's Association for sponsoring the academy. One of the items cost \$100 and the other four cost \$50 each.
- The Department of Transportation purchased polo shirts, valued at \$44 each, as recognition gifts for employees who were instrumental in promoting a special project. Additionally, the department purchased denim shirts, valued at \$34 each for employees working at the State Fair.

Items were distributed to state legislators, state employees, and private organizations

Promotional items are to be purchased to promote an agency activity or Missouri product. However, state agencies purchased and distributed promotional items to state legislators, state employees, and private organizations or functions; none of which are necessary to conduct state business or promote the agency or its programs. Some examples of the items and the agencies' rationale for providing these items include:

Questionable use
of promotional
items

- The Department of Agriculture annually gives gifts to legislators to promote Missouri products. For the 2004 legislative session, the department gave the legislators a gift bag that contained two sticks of cotton candy and three bags of popcorn, plus cups and napkins. The department also purchased cups and napkins, totaling \$680, to be used at the 2003 mini-fair reception at the capitol for legislators, their staff, press and other invited dignitaries. Department officials indicated this reception was to promote the State Fair, and the cups and napkins contained the theme and dates of the fair. Additionally, the department bought snacks, totaling \$677, for the gift baskets that were distributed to state department directors to promote Missouri products to key decision makers and spent \$200 on blueberry cobblers which were sent to congressional members in Washington, D.C. to promote AgriMissouri products. Department officials explained these gifts and others given by the department are an integral part of an overall business strategy to showcase and raise awareness of Missouri agricultural products.
- The Department of Higher Education bought mini staplers, staple removers, and decals, totaling \$5,754. The agency's justification was these items were distributed to counselors and financial aid offices to be given to students applying for aid. Department officials also indicated "at times we are contacted by other agencies to donate/contribute items that provide information about our agency for staff appreciation events."
- The Lottery Commission² spent \$16,304 for expandable briefcases, vinyl portfolios, rain bonnets, and shoe horns and gave them to attendees at meetings/conferences to promote the lottery. Additionally, the Lottery Commission paid \$1,300 to sponsor a golf hole at the Petroleum Marketers Association annual golf event. This is a private event with very little exposure for the lottery.
- The Lottery Commission also spent \$3,119 for television sets and DVD players to give to retailers to enhance working relationships with them. These items were gifts to the retailers and the Lottery Commission has no knowledge of how they were used by the retailers. The premise for giving these items is flawed because it assumes the retailers would not sell the Missouri lottery games without the gifts.



Gifts to
retailers

These gifts were unnecessary extravagances that represent waste in government spending and were made at the expense of programs directly related to the missions of the departments.

² Department of Revenue

Agency representations

Agency representatives supported their purchases of promotional items as necessary to promote programs and to recruit staff. We acknowledge there are some occasions where the promotional item would serve a useful purpose. One example is the litter bags the Department of Conservation gives to canoe rental companies. The bags promote the department and are placed in each canoe to encourage the public to keep trash out of the rivers. They are provided for immediate use and the bags are reusable. Additionally, the effectiveness of this promotion is easily measured. However, the items we questioned serve no specific business purpose and are merely giveaways or extravagances that should not occur.

Conclusions

Although spending has decreased, state agencies have purchased promotional items that are not necessary and extravagant or excessive. State and federal funds spent could have been redirected from purchasing unnecessary promotional items and used for needed services or goods. State agencies should be more vigilant in their decision to purchase promotional items, and ensure that promotional items are reasonable and necessary.

Recommendations

We recommend the Directors of the Departments of Agriculture, Conservation, Corrections, Economic Development, Health and Senior Services, Higher Education, Labor and Industrial Relations, Natural Resources, Public Safety, Revenue, Social Services, and Transportation:

- 1.1 Discontinue purchasing and distributing unnecessary and excessive promotional items and gifts.
- 1.2 Discontinue giving gifts and promotional items to state employees, legislators and private organizations.
- 1.3 Ensure promotional items serve a public purpose.

Department of Economic Development Comments

- 1.1 *We concur, however we believe Department of Economic Development's current practice does not include the purchase and distribution of unnecessary and excessive promotional items and gifts. The audit report cited two instances when the Department distributed promotional items.*

The first item was the expenditure of \$907 by the Public Service Commission for stress balls and tape measures used for recruitment at career and diversity employment fairs. Since distributing items that have the employment contact information located on them, the Public Service Commission has been much more successful in hiring employees for difficult to fill positions. Attendance at the career and diversity employment fairs resulted in the direct hire of three positions. The uses of these promotional items are

considered cost effective as the cost of only one employment advertisement in a metropolitan paper can exceed \$1,200.

The second item mentioned in the report is \$310 spent by the Board of Embalmers for toothpick dispensers. The dispensers were used as promotional items at a booth during the Missouri Funeral Directors Convention, which is attended by licensees and industry professionals. After licensees are drawn to the booth to pickup the "promotional giveaway" various personnel have the opportunity to visit with the licensees and educate them about any new regulations and potential violations. When licensees are better informed and comfortable with contacting board staff, risk of violations are lessened resulting in cost savings to the board. The board feels that \$309.62 for 250 toothpick dispensers is a minimal cost compared to the potential thousands of dollars in costs from a violation or complaint handled by the board.

- 1.2 *The Department of Economic Development concurs that extravagant and excessive gifts should not be given to private organizations. We believe that the pottery items from a Missouri-owned business purchased for panelists and the conference facilitator at the Missouri Policy Academy were neither extravagant nor excessive gifts. The Department does not routinely provide such items, but because of the following reasons it was determined appropriate to provide this token of appreciation for their participation while still promoting Missouri products.*

The Department of Economic Development held the Missouri Policy Academy sponsored by the National Governor's Association (NGA). The NGA covered the cost of the conference. The panelists participated on their own time and no other fees or expenses were paid by the state. They assisted us in developing priorities and action plans to encourage small business growth and entrepreneurial development in Missouri. They provided the framework for analysis and helped us compare Missouri to the actions of ten other states. If the Department were to have organized and conducted this conference on our own, it would have resulted in the expenditure of several thousand dollars.

- 1.3 *We concur that this should be done and we believe that the Department of Economic Development already ensures that promotional items serve a public purpose. The Department is involved in marketing the state, promoting state industry, informing individuals about opportunities within the state, and in the regulation of various professions. The limited use of nominal promotional items can be a valuable tool in conducting these activities.*

Department of Public Safety Comments

- 1.1 *Beginning in the early 1990's the hiring practices came under review by the Department of Justice (DOJ). As a part of that review, it was recommended that the Patrol increase its attempts to hire qualified minorities. The Patrol's recruiting budget was increased to \$79,000 during the two years in question. This money covered the cost of attending recruiting events and advertising. The portfolios, mugs, lanyards, post-it notes and*

mouse pads, in addition to pencils and pens, which are also kept in stock, were given out for the purpose of recruiting. All items list the toll free recruiting number specifically set up for recruiting. The items can be distributed at recruiting events along with informational pamphlets. The items are considered advertising just as if the money was used to purchase a billboard display, magazine and newspaper ads, or radio and television advertisements. Items of this nature are considered an accepted practice in private and public sector employment recruiting events. The Patrol aggressively searches for items that can be bought in a large volume with a minimal cost. The promotional items are not considered unnecessary or excessive by the Patrol.

- 1.2 The Patrol has a detailed recruiting plan with full-time and part-time recruiters. It also emphasizes that all employees should recruit qualified applicants. In order to keep employees in a recruiting mind set, they are given access to pencils, lanyards, etc. Our employees distribute these items to those they come into contact with. Patrol employees, uniformed and civilian as a whole, feel as if they are contributing to the public welfare. Some of the best recruiting comes from within the families of the Patrol. Numerous family members of Patrol employees have applied for a variety of positions with the agency. Legislators and private organizations or individuals, contact us to recommend excellent employment candidates on a regular basis. Due to the high volume of visitors to legislator's offices, we have found that this is also an excellent avenue for recruitment.*
- 1.3 The Patrol is a public service agency with very high selection standards. We have a goal of selecting the best applicants. By circulating the toll free recruiting number, we have made every effort to recruit employees in compliance with the goals of the Department of Justice and the expectations of the citizens for Missouri.*

Department of Labor and Industrial Relations Comments

- 1.1 We concur; however, the Department will continue to purchase and distribute those promotional items that serve a public purpose.*
- 1.2 We concur; however, the Department will continue to give length-of-service awards to our employees that are comparable in price to Missouri Vocational Enterprises plaques. We will compare prices periodically to ensure that the employee recognition program remains a modest expense. The Department does not condone gifts to legislators or private organizations.*
- 1.3 We concur.*

Department of Conservation Comments

The Missouri Department of Conservation (MDC) will continue to review all expenditures to ensure they are reasonable and an appropriate use of public funds. We do not routinely provide gifts or promotional items to state employees or legislators; however, we will ensure all promotional items serve a public purpose and are in the best interest of the Department.

The MDC is extremely fortunate to have a large network of volunteers who help accomplish our mission. These volunteers provide well over 100,000 hours of service to the Department each year; these hours equate to approximately \$2,000,000. The amount of money spent by the MDC to provide gifts of appreciation, incentives and acknowledgements to these volunteers represents a small percentage compared to the value of the service volunteers provide. The \$195 Seiko watch awarded to the Hunter Education Instructor of the Year is one of the most expensive gifts awarded; however, this cost is minor in comparison to the value of the hours donated by all volunteer instructors who provide over 12,500 hours of hunter education each year.

Department of Corrections Comments

Chapter 217.570 RSMo states "Open market sales may be made in case of excess inventories and at prevailing market prices for goods and services of like quality and kind, if it is considered to be in the best interest of the department." MVE promotes its goods and services to state agencies, other public entities, not-for-profit organizations, etc. through a variety of marketing efforts such as catalogs, trade-shows, direct mail, and promotional items. In addition to these markets, MVE has consistently engaged in open market sales to state employees but has relied on "word-of-mouth" advertising to do so. Because state employees are potential customers of MVE, it stands to reason the MVE would, from time to time, make some of its' promotional items available to state employees.

Department of Health and Senior Services Comments

We would like to explain the two items we disagree with that you cited for our department in the report:

- 1. Hairbrushes and pens: the fold-up hairbrushes and pens were related to the Breast and Cervical Cancer Control Project (BCCCP), which is funded through the Centers for Disease Control and Prevention (CDC). CDC considers these items as incentives to further public education and recruitment tools.*

The BCCCP purchased 1,800 brushes at a unit cost of \$1.60 and 7,500 pens at a unit cost of .40 cents for a total unit cost of \$2. This is a minimal cost for the outreach efforts to educate and have a positive impact. It is one form of advertisement and more effective in that it is specifically directed to the client one wants to reach verses comparable methods, such as radio or billboards.

- 2. Items with slogan and logo imprinted on them: these items were for a marketing campaign for the Center for Local Public Health Services to raise awareness of public health in Missouri. We feel the purchase conforms to the benchmarking criteria set forth in your audit report. The purpose and objective of a marketing campaign is not easily measurable as to its effectiveness. It is only through positive feedback from local agencies that we work with.*

Recommendations:

- 1.1 We disagree for the reasons cited above. The department does not purchase unnecessary and excessive promotional items and gifts.*
- 1.2 We disagree. The department did not and does not provide gifts and promotional items to state employees, legislators, and private organizations.*
- 1.3 We concur with the objectives of the audit, and have, and will continue to follow it.*

Department of Revenue, Lottery Commission Comments

As indicated in your audit (page 5, last paragraph), "Promotional items are to be purchased to promote an agency activity or Missouri product." We believe our responses below demonstrate that the expenditures mentioned did promote the Lottery and sale of its products. Additionally, this same paragraph states in part, "none of which are necessary to conduct state business or promote the agency or its programs." Again, we believe that our responses below demonstrate that the expenditures mentioned did promote the agency and its programs with very positive results and thus can be considered appropriate expenditures.

Audit Issue: "The Department of Revenue Lottery Commission spent \$16,304 for expandable briefcases, vinyl portfolios, rain bonnets, and shoehorns and gave them to attendees at meetings/conferences to promote the lottery."

The Missouri Lottery is mandated by the Missouri Lottery Law to achieve a 10% expenditure level with Minority Business Enterprises (MBE) and in addition a 5% expenditure with Women Business Enterprises (WBE) on an annual basis. In FY-03 the Lottery spent \$2,651,898 with MBE and \$1,325,949 with WBE; a total expenditure of \$3,977,847. The expenditure of \$16,304 referred to in the audit represents .004% of the Lottery's total MBE/WBE expenditure in FY-03. All of these items were purchased from MBE/WBE businesses and were utilized as in kind (as opposed to cash) support of community events which are an integral part of the program necessary to achieve the legislative mandated goals. These items all carry the Lottery imprint and logo which promotes the Lottery in many communities in the state. This in turn helps achieve the dual goal of meeting the legislative mandate and promoting lottery sales and support.

Audit Issue: "The Lottery Commission paid \$1,300 to sponsor a golf hole at the Petroleum Marketers Association annual golf event. This is a private event with very little exposure for the Lottery."

The Missouri Lottery does not concur in the conclusion that this event provides "very little exposure for the Lottery." The Missouri Lottery sells a very negligible amount of tickets direct to lottery players on an annual basis. By contrast, we rely on a network of approximately 5,000 retail locations throughout the state of Missouri to market, promote and sell lottery products. The money spent on this event is a small part of an integrated program to support and provide incentive to our retail partners to promote and merchandise our products to their customers.

The Missouri Petroleum Marketers and Convenience Store Association (MPCA) represents approximately 75 percent of all convenience stores in Missouri. Convenience stores represent the Lottery's largest business type both in number of retailers and in annual sales dollars. In FY03, fifty percent (50%) of all retail locations that registered lottery sales were in the convenience store category. Convenience stores generated 63.3 percent of all lottery sales and 72.6 percent of all Scratchers sales. Total sales in convenience stores will exceed \$500 million in FY04. In addition, Scratchers sales represent 55 percent of total lottery sales and have grown by 16 percent and 24 percent, respectively, in the last two fiscal years, primarily in these locations.

The MPCA represents the single most important category of retail locations selling lottery products. The individuals who participate in MPCA events are the owners, directors, managers and decision makers that decide on their individual participation in our programs, promotions and operations in their respective stores. We support this organization so the members will in turn support lottery programs and overall partnership. Many other convenience store vendors are also supporting and sponsoring MPCA events. Companies representing beverages, prepared foods, snack items and gasoline are but a few of those that also have a large stake in the convenience store business. We compete with these other companies and products for store space. The \$1,300 expenditure which is the subject of this issue represents about .0000002% of the \$500 million in annual sales generated by the Missouri Petroleum Marketers and Convenience Store Association (MPCA) membership. We believe this expenditure does in fact provide significant exposure for the Lottery. Sales and Lottery profits from these retailer outlets are a significant part of our success.

Audit Issue: "The Lottery Commission also spent \$3,119 for television sets and DVD players to give to retailers to enhance working relations with them. These items were gifts to the retailers and the Lottery Commission has no knowledge of how they were used by the retailers. The premise for giving these items assumes the retailers would not sell the Missouri Lottery games without the gifts."

The Lottery does not concur in the conclusions that these items were "gifts" and that our "premise for giving these items assumes the retailers would not sell Missouri Lottery games without the gifts."

First of all, these items are incentives provided to encourage retailers to participate in programs designed to expand their sales and thus profits for the state; they are not gifts. A gift would suggest that no value is expected to be received by the State; we believe the examples following support the fact that the state does receive significant value for the expenditures.

Secondly, we recognize that many of these retailers would sell our products without these incentives; however, we also recognize that significant improvement in sales volume, promotional support and overall positive working relationships have been achieved with these incentives. Consider the following examples (we have omitted specific retailer names for confidentiality reasons and we have presented only six examples for space considerations although numerous other examples can be provided):

Corporate Account 1: This account increased sales from FY00 to FY01 by more than 44% up to \$784,586. In FY03 total sales for this account grew 168% to \$1,416,398. The Lottery recognized sales growth of 168% in three years with this account.

Corporate Account 2: This account is one of the highest volume accounts in our network of retailers and sold approximately \$28 million in FY01. We've asked this store to expand the number of games they carry and improve merchandising at the on-line terminal sales area; as a result, sales in the last two years have increased almost \$4 million, up to \$32 million.

Corporate Account 3: As a result of our continuing partnership sales have grown from \$1.4 million in FY00 to \$2.7 million in FY03. This account's management perceives the Lottery partnership as very valuable to their bottom line and willingly participates in all Lottery programs and promotions.

Corporate Account 4: This account has worked with Lottery staff to provide better merchandising for Lottery products in their stores. Since FY00 total sales have grown from \$5.8 million to \$8.6 million in FY03. Annual Scratcher sales now exceed total sales levels in FY00.

Corporate Account 5: This account is a convenience store account with 70+ retail locations statewide. We have improved the number of games carried as well as a more consistent merchandising methodology in all their stores. Sales in FY01 for this account were \$10.6 million. Since that time, sales have grown over 48% to \$15 million at the end of FY03.

Corporate Account 6: This account of 22 grocery stores is in the metro St. Louis area. In FY01, this chain sold primarily Scratcher products with only one or two locations selling on-line products. We have been able to demonstrate the benefits of increasing on-line game terminals and on-line sales to this account and as a result, Scratcher sales increased \$2 million in two year (83% growth) and online sales tripled to \$1.2 million. Total Lottery sales increased 100% from \$2.8 million to \$5.6 million in FY03.

Finally, television sets and DVD players are used for incentives based on their relative low costs and high-perceived value. In every case, these items were used as a sponsorship contribution to various associations or corporate events whose members are responsible for making corporate decisions for issues representing a significant portion of Lottery sales. These associations and corporate events are supported by many vendors that have a stake in that business category or geographic region, e.g. Missouri Grocers Assn., St. Louis Oilman's Assn., Ozark Empire Grocers Assn.

Increasing sales requires increased retailer participation, utilizing more space in the retail location and requires more work by store personnel. Supporting retailers and their associations is a small part of achieving our desired result of additional net revenue for education. In the last 12 years, sales have grown from \$220 million to \$708 million while revenues for education have improved from \$66 million to over \$196 million. Retailers who previously averaged 4-6 lottery games at each retail location now offer an average of 16 Scratcher games and 5 terminal games. With this related, significantly increased workload, our retail partnerships are more important and valuable than ever before.

When individual retailers or associations make decisions about expanding Lottery sales our positive support and partnership is beneficial for the Lottery. Expanding product facings, expanding promotional support, expanding in store point of sale, etc. all contribute to new, additional sales.

The \$3,119 expenditure that is the subject of this issue represents an infinitesimal percentage of the annual sales generated by these retail partners. The items were used at events for drawings, door prizes or competition prizes for participants.

In conclusion, we believe that providing low cost, high perceived value incentives to our retailer partners is not a flawed premise; it is a sound business premise with demonstrated results.

Department of Higher Education Comments

- 1.1 DHE has not and will not purchase and distribute unnecessary and excessive promotional items and gifts.*
- 1.2 As mentioned by the SAO in the audit report, promotional items are to be purchased to promote an agency activity. DHE will continue to perform such activities that inform customers of the availability of student financial aid, provide information related to the process of obtaining student financial aid, and educate Missourians about the importance of participating in the state's system of higher education.*
- 1.3 DHE will continue to ensure its promotional items serve a public purpose.*

Department of Social Services Comments

The Department of Social Services has and will continue to purchase promotional items that are:

Necessary, not extravagant, and purchased in the quantity needed to promote the programs of DSS;

Purchased to serve a public purpose; and

Not purchased as gifts for state employees, legislators or private organizations.

Department of Transportation Comments

We agree that promotional items should serve a public purpose, and not be excessive or provided solely to state employees, legislators, or private organizations. Promotional items purchased by the Department of Transportation are intended to educate the public about the department's programs and services and are distributed at public venues such as the State Fair, Earth Day, public meetings and other special events. We base purchasing decisions on cost and products available to most effectively and economically promote the department's programs and services.

The Department of Transportation purchase amount in Table II.1 contains approximately \$252,000 of Highway Safety purchases. Highway Safety was part of the Department of Public Safety for the period audited and those purchases should be included with the DPS expenditures. Highway Safety became a part of the Department of Transportation in August 2003. The tote bags discussed on page 4 of the report were also purchased by Highway Safety while it was still under the Department of Public Safety. It is important to note that reducing deaths, injuries and property damage caused by traffic crashes is Highway Safety's mission. That involves providing resources, including items that might be considered promotional items, and technical information to law enforcement agencies and safety advocates. The tote bags mentioned on page 4 were purchased for conference participants to accumulate educational materials and reinforce the safety message, and to use subsequently in their jobs.

We would also like to clarify that MoDOT purchased the denim shirts mentioned on page 5 of the report to provide a uniform to the department's Highway Gardens/Roadside employees working at the State Fair, not as gifts for working at the fair. The shirts were worn for two years.

Department of Natural Resources Comments

- 1.1 We agree. Unnecessary and excessive promotional items will not be purchased. The department has not purchased these types of items. In the past, the department has only purchased and distributed promotional items that are educational in nature or that serve a public purpose.*
- 1.2 We partially agree. We will only purchase and distribute promotional items and gifts which are educational in nature or that serve a public purpose, to appropriate audiences.*
- 1.3 We agree. The department fully supports that all promotional items should serve a public purpose, especially those that are educational in nature.*

Department of Agriculture Comments

- 1.1 We respectfully disagree with your claim that the purchasing and distribution of card-holder magnets is "unnecessary and excessive". As indicated in the audit, the Missouri Department of Agriculture (MDA) paid \$436 for over 1,500 magnetic card holders for distribution to our constituents. The magnets provide a quick reference for targeted communities, which help MDA build stronger contacts in agri-business, and ensure better communication -- and thereby, better public safety -- in the regulated community.*
- 1.2 Building the AgriMissouri brand and promoting the Missouri State Fair are long term goals of MDA. We disagree that promoting Missouri products through distribution of AgriMissouri baskets or through providing information on the state fair in an innovative format is an "unnecessary extravagances that represent waste in government spending". Both of these practices are intended to work as communications tools. They work to build, through the state legislature, linkages to constituents by word-of-mouth endorsements of both products. MDA is, in many ways, a unique agency. We believe*

that these unique promotional approaches mirror the cost-effective and targeted marketing techniques utilized by the private sector.

- 1.3 MDA believes that the promotional items discussed in the audit were directed toward legitimate public purposes. Section 261.235 RSMo. clearly authorizes the AgriMissouri program – through its commission on marketing -- to advance the objective of, “Enabling and encouraging expanded advertising efforts for Missouri agricultural products.” Additionally, the state fair annually develops a marketing campaign that includes outreach efforts for building attendance. We believe that expanding fair attendance and knowledge of Missouri agriculture while and building demand for its products, helps maintain and expand agriculture’s \$4.7 billion annual contribution to Missouri economy. Further, we believe that these items help build recognition of Missouri agriculture within critical policymaking communities and help establish partnerships between industry, universities and government (local, state and federal) that facilitate expansion of Missouri’s rural economy.*

OBJECTIVES, SCOPE AND METHODOLOGY

Objective

The objectives of the audit were to:

- Determine the total cost of promotional items purchased by state agencies during fiscal years 2002 and 2003.
- Review the nature and justification of the promotional items being purchased by state agencies.

Scope and Methodology

To accomplish the audit objectives the auditors:

- Obtained and reviewed a database of fiscal years 2002 and 2003 expenditures charged to expenditure code 2301, promotional items, from the state's centralized accounting system. The database was sorted by agency to determine how much each agency charged to this code. The review of expenditures was limited to those agencies charging in excess of \$15,000 in fiscal year 2003. *(See Appendix II, page 19, for the total purchases of promotional items by agency for fiscal years 2002 and 2003.)*
- Designed and distributed surveys to state agencies to determine which codes agencies were coding expenditures for promotional items and to identify purchasing guidelines for promotional items, if any.
- Scanned the Office of Administration's (OA) listing of contracts to identify promotional type items that were not charged to expenditure code 2301.
- Judgmentally selected 187 expenditures and reviewed the invoices and/or supporting documentation submitted by those agencies to the OA. We selected the 187 invoices from a broad group of agencies to get coverage and selected the items based on their descriptions in the invoices. We targeted items that appeared to be trivial purchases and followed up with the agencies. In addition, we met with 12 state agencies and discussed:
 - Why the item(s) on the invoices were purchased?
 - What value did the agency receive in return for the purchase?
 - How did the agency or State of Missouri benefit from the purchase, and how was that benefit determined?
 - If the items were to be distributed, who was the intended recipient for the items?

- Are the items ever distributed to, or made available for employee's personal use?
- Determined if the expenditures were reasonable, correctly coded, and proper and necessary to conduct state business. To determine the reasonableness and/or necessity of the expenditure, we considered the following:
 - Did the purchased item promote a particular program or product of the agency?
 - Was the purchased item a prudent method for conveying the agency message?
 - Was the purchased item necessary to accomplish the business purpose?
 - Did the purchased item have any effect on the success of the event?
 - Was the purchased item given to employees?
 - Was the purchased item extravagant for the purpose it was given?
- Reviewed similar invoices that were charged to other expenditure codes to determine if promotional items were being charged to codes other than 2301.

Limitations

We planned to review 226 expenditures; however, OA could not locate the invoices and/or supporting documentation for 39 expenditures.

STATE AGENCY PURCHASES**Table II.1: Purchases Charged to Promotional Items for
the 2 Years Ended June 30, 2003**

Agency	Total
Lottery Commission ¹	\$1,000,326
Department of Transportation ²	466,104
Department of Conservation	418,155
Department of Public Safety	268,635
Department of Health and Senior Services	216,404
Department of Economic Development	190,917
Department of Social Services	187,633
Department of Natural Resources	170,511
Department of Corrections	88,073
Department of Higher Education	67,045
Department of Agriculture	52,763
Department of Labor and Industrial Relations	49,237
Others	60,700
Total	\$3,236,503

¹ Department of Revenue² Includes \$253,088 for the Office of Highway Safety, which moved to the Department of Transportation from the Department of Public Safety, August 2003.

Source: SAO Analysis

COUNT OF UNREASONABLE AND/OR UNNECESSARY PURCHASES**Table III.1: Items Purchased**

Items Purchased	Quantity Purchased¹	Total Amount
Pens/Pencils	350,717	\$ 31,771
Trash Bags	127,600	12,060
Erasers	80,600	32,240
Key Chains	65,796	35,683
Decals	50,394	5,807
Bumper Stickers	30,000	2,509
Labels	25,000	500
Cups/Glasses	21,402	9,152
Zipper Pulls	20,000	3,608
Magnets	17,075	3,599
Rub-On Tattoos	15,000	827
Lapel Pins	7,750	7,475
Water Bottles	7,000	5,850
Post-It Note Pads	5,520	2,390
Bandage Dispensers	5,250	2,100
Chip Clips	5,000	1,700
Lanyards	5,000	6,975
Sunglass Holders	4,901	5,710
Golf Balls	3,600	5,242
Cubicle Clips	2,600	1,110
Letter Openers	2,500	1,271
Computer Screen Sweepers	2,100	2,168
Briefcases	2,000	23,957
Napkins	2,000	241
Hairbrushes	1,800	2,888
Shirts	1,651	15,231
Can Holders	1,549	1,717
Flashlights	1,525	2,534
Rulers	1,500	1,735
Mini Fans	1,400	2,958
Folders/Portfolios	1,355	4,351
Tote Bags	1,109	4,508
Mouse Pads	1,000	1,970
Rain Bonnets	800	515

¹ "Quantity Purchased" only includes those items we considered not reasonable and/or necessary to conduct state business, during our review of items charged to object code 2301.

APPENDIX III

Items Purchased	Quantity Purchased ¹	Total Amount
Stress Balls	600	1,456
Calendars	525	551
Measuring Sticks	524	1,540
Clip-It Lights	511	1,916
Tape Measures	500	644
CD Cases	500	2,655
Globe Lights	500	625
Shoehorns	500	221
Squeeze Bottles	500	358
Notebooks	460	1,123
Mini Staplers	312	800
Staple Removers	303	596
Toothpick Holders	250	310
Snacks	220	353
Clocks/Calculators	206	1,618
Magnetic Sculptors	200	842
Hats	156	2,082
Cameras	80	444
Umbrellas	50	450
Lights	22	377
Blueberry Cobblers	20	200
DVD Players	12	1,559
Magnavox Televisions	12	1,560
Golf Sponsorship Fees	1	1,300
Others	33	2,767
Total		\$ 268,699

¹ "Quantity Purchased" only includes those items we considered not reasonable and/or necessary to conduct state business, during our review of items charged to object code 2301.

Source: SAO computations of invoices reviewed



**MISSOURI DEPARTMENT OF TRANSPORTATION
OFFICE OF HIGHWAY SAFETY
TWO YEARS ENDED JUNE 30, 2003**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-54
July 2, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

July 2004

The following problems were discovered as a result of an audit conducted by our office of the Missouri Department of Transportation, Office of Highway Safety.

Some Office of Highway Safety (OHS) purchases do not appear to be reasonable and necessary. During the years ended June 30, 2003 and 2002, the OHS spent more than \$200,000 for various promotional and incentive items.

Numerous promotional type items, with a total cost of approximately \$159,165, were purchased to be given out to the general public at training/safety events and the state fair. These items included stress balls, paperboard fans, reflective arm bands, key chains, zipper pulls, and bicycle seat reflectors. The majority of these items featured the OHS's logo along with a brief safety message (i.e.; Buckle Up).

Each year the OHS assists in sponsoring the Law Enforcement Traffic Safety Advisory Council (LETSAAC) Conference. The OHS paid \$8,854 for incentive items, including plaques, ribbons, coasters, and briefcases, to be given to conference participants. Because the conference participants are already knowledgeable of highway safety and OHS, the purchase and distribution of such items does not appear necessary. Items purchased for other training sessions and conferences, totaling approximately \$15,993, were also considered unnecessary because recipients included state and federal highway safety personnel, law enforcement agents, and state employees.

Numerous incentive items costing approximately \$19,741 were purchased for the 2002 Youth Preventive and Awareness Conference. The items included CD cases, eyeglass/sunglass holders, pails, beach towels, and palm tree paper sunglasses. Although these items may be beneficial to and related to the conference theme, it is not clear that they result in improved highway safety practices.

Expenditures related to the 2003, 2002, and 2001 LETSAAC conferences, totaling \$57,018, were paid without a review of actual invoices.

The OHS has seventeen employees and maintains five vehicles. The vehicles appear to be underutilized. There were several instances where personal vehicle mileage was reimbursed although one or more pool vehicles were available.

(over)

YELLOW SHEET

The OHS administers various federal projects to provide assistance to state and local units of government, law enforcement jurisdictions, and universities to implement traffic safety countermeasures and promote highway safety. Project monitoring was not performed for all projects as required by the OHS administrative guidelines. During fiscal years 2003, 2002, and 2001, 145 of 237, 148 of 307, and 86 of 143 projects, respectively, were not monitored. In addition, OHS does not have formal criteria for determining when the on-site or telephone monitoring method is more appropriate and reasonable. Of the projects monitored, approximately 46 percent, 63 percent, and 30 percent were monitored by telephone during fiscal years 2003, 2002, and 2001, respectively.

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MISSOURI DEPARTMENT OF TRANSPORTATION
OFFICE OF HIGHWAY SAFETY

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Dave Snider, Interim Director
Missouri Department of Transportation
and
Charles R. Jackson, Director
Department of Public Safety
and
Joyce Shaul, Director
Office of Highway Safety
Jefferson City, MO 65102

We have audited the Missouri Department of Transportation, Office of Highway Safety. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2003 and 2002. The objectives of this audit were to:

1. Review internal controls over significant management and financial functions.
2. Review compliance with certain legal provisions, regulations, policies, and contracts.
3. Evaluate the economy and efficiency of certain management practices and operations.

Our methodology to accomplish these objectives included reviewing minutes of meetings, written policies, financial records, and other pertinent documents; interviewing various personnel of the Office of Highway Safety, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. We also performed tests of certain controls to obtain evidence regarding the effectiveness of their design and operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the office's management and was not subjected to the procedures applied in the audit of the Office of Highway Safety.

The accompanying Management Advisory Report presents our findings arising from our audit of the Missouri Department of Transportation, Office of Highway Safety.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

March 23, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Regina Pruitt, CPA
In-Charge Auditor:	Joyce L. Thomson

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

MISSOURI DEPARTMENT OF TRANSPORTATION,
OFFICE OF HIGHWAY SAFETY
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Expenditures
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- A. Some Office of Highway Safety (OHS) purchases do not appear to be reasonable and necessary. During the two years ended June 30, 2003, the OHS spent more than \$200,000 for various promotional and incentive items to be given to conference participants, the general public, and state and federal employees. Unnecessary purchases included the following:
- During fiscal years 2003 and 2002, numerous promotional type items, with a total cost of approximately \$159,165, were purchased to be given out to the general public at training/safety events and the state fair. These items included stress balls, paperboard fans, reflective arm bands, key chains, strobe light magnets, zipper pulls, and bicycle seat reflectors. The majority of these items featured the OHS's logo along with a brief safety message (ie; Buckle Up). The OHS personnel believe such items are necessary to attract the public's attention so that they will then obtain informational pamphlets.
 - Each year the OHS assists in sponsoring the Law Enforcement Traffic Safety Advisory Council (LETSAC) Conference. Training received at this conference assists individuals involved in various law enforcement related occupations (ie; police officer, deputy sheriff, highway patrol) to satisfy at least a portion of their training requirements. Other conference participants include individuals from federal and state public safety agencies. The OHS paid \$8,854 for incentive items to be given to conference participants during fiscal years 2003 and 2002. The items included plaques, ribbons, coasters, and briefcases. Because the conference participants are already knowledgeable of highway safety and the OHS, the purchase and distribution of such items does not appear necessary.
 - The OHS purchased items totaling approximately \$15,993 for other training sessions and conferences. Participants included state and federal highway safety personnel, law enforcement agents, railroad employees, and Missouri Department of Transportation employees. Again, these items appeared unnecessary when considering the recipients. The cost for some items appeared excessive. These items included jerseys costing \$34 each, Christmas ornaments costing \$25 each, banners costing \$46 each, cow figurines costing \$23 each, and polo shirts costing from \$19 to \$23 each.

- Numerous incentive items costing approximately \$19,741 were purchased for the 2002 Youth Preventive and Awareness Conference. The items included CD cases, eyeglass/sunglass holders, pails, beach towels, and palm tree paper sunglasses. Conference participants included Missouri high school students and advisors. Although these items may be beneficial to and relate to the conference theme and activities, it is not clear that they result in improved highway safety practices.

Although federal grant funding policies indicate that costs related to promotional activities which offer incentives or encourage the general public to adopt highway safety practices are allowable, some of the OHS expenditures appear imprudent and unnecessary. OHS needs to reevaluate future expenditures for promotional or incentive items in an effort to eliminate unnecessary costs, ensure the efficient use of resources, and ensure that any such items purchased serve a public purpose.

- B. We noted instances where payments were made without adequate supporting documentation. Expenditures related to the 2003, 2002, and 2001 LETSAC conferences, totaling \$57,018, were paid without a review of actual invoices. Rather, the OHS paid based upon a spreadsheet showing the overall costs by item and a breakdown of expenses split between the LETSAC and OHS. Although the OHS and LETSAC assist in the conference planning aspects and are aware of potential costs, the review of actual invoices and other documentation is needed to support expenditures from the federal grant.

Adequate documentation is necessary to ensure the propriety of these expenditures and to ensure all disbursements represent valid costs to the office.

WE RECOMMEND the OHS:

- A. Ensure that expenditures are prudent, necessary, and serve a public purpose.
- B. Ensure all expenditures are supported by adequate documentation.

AUDITEE'S RESPONSE

- A. *Promotional items given to the general public—Many of the items in question were distributed at the Missouri State Fair. Certain incentive items were selected for their relevance to bike and pedestrian safety. Beginning with the 2003 State Fair, Highway Safety severely restricted the promotional items for distribution. Since that point, the only items given to the public were Buckle Up key chains. We feel that giving an item that reinforces the safety message while it is being used in the vehicle has the potential to continually remind the user of the message. In addition to having the Buckle Up message, the key chains are also in the shape of a seat belt, further reinforcing the safety message. We will continue to purchase these.*

Conference bags or incentive items—Highway Safety no longer purchases any type of conference bag or incentive items. This practice was discontinued the year after the duty bags were purchased. We do, however, continue to purchase the officer of the year plaques and conference ribbons. The plaques are used to recognize Officer of the Year awards given to traffic officers who have exhibited outstanding performance in the area of traffic safety. The ribbons are used to designate speakers, staff, board members, directors, etc.

Items totaling \$15,993 for training sessions and conferences—Many of the items listed herein were presented at the Governor's Highway Safety Association national meeting which Missouri hosted in 2002. Protocol for this meeting is to use some of the federal grant money for an attendee welcome bag. Each participant was provided an ornament of the Governor's mansion and a polo shirt with the conference logo. Banners were made to publicize the conference at the hotel. The Administrator of the National Highway Traffic Safety Administration and several prominent federal speakers attended this conference. It does not seem outside the realm of prudent expenditures to purchase banners for the conference and at a cost of \$46 for vinyl banners, this does not seem excessive. This conference was a one-time event. These expenditures will not be repeated. It is worth noting that the conference brought a great deal of revenue into the state of Missouri. Over 275 delegates, 215 sponsors/safety partners, 16 guests/spouses and 88 exhibitors from across the nation attended the conference.

The "Buckle Up Betsy" cow figurine seems an appropriate type of award (or recognition) for the instructors who helped with the child passenger safety training for the St. Louis Fire Department project. The figurine is part of the Cow Parade...a unique art exhibit which was featured in Kansas City in 2000. The city's artists, acclaimed and aspiring, individually painted the cows. Students at the Lee's Summit North High School, which lost a student to a traffic crash developed "Buckle Up Betsy." They wanted to share their message about the importance of safety belt use. We presented the figurines to each of the instructors with a certificate of appreciation.

The message this cow delivers is to fasten your seat belt!

Incentive items for youth prevention and awareness programs—Young people are very conscious of fitting in with their peers. They tend to be motivated by inducements that bring them into a certain culture (similar to a brand loyalty marketing concept). A huge part of the Team Spirit Leadership Conference is aimed at getting the students to function as a community working together to solve problems. The incentives alone may not appear to improve their highway safety practices, but they do improve the group's cohesiveness, motivation and commitment during the training program. In addition, the students take the incentives back to their community and use them as a tool to promote the program and further the educational message they have been trained to share.

Until two years ago, federal program regulations prohibited the purchase of paid advertising. Getting messages out on incentive-type items was one of the few ways we could reach the public. To be successful at safety fairs or trade shows, it is often necessary to draw the public's attention to your booth in order to share your message.

One mechanism is the use of incentive items. Once the public has been attracted to your booth, it is then possible to deliver the traffic safety message. Our booths are staffed to ensure we can deliver the safety message along with the item.

This agency will make sure that purchases are prudent and effective for the successful outcome of our programs.

- B. *The Highway Safety Division (HSD) will require a copy of all invoices regardless of whether the LETSAC board or the HSD is paying for the item/service. The separation of the invoices was used as a method to avoid the perception that the HSD was paying for items that, in fact, the LETSAC was covering. We will require all invoices be provided to the HSD as well as a detailed spreadsheet designating the cost that the HSD covers from those covered by the LETSAC.*

2. Underutilization of Vehicles
--

State vehicles appear to be underutilized and prior approval is not always obtained for use of a personal vehicle resulting in mileage reimbursement.

- A. The OHS has seventeen employees and maintains five vehicles. All five vehicles are considered pool vehicles and available for use by all employees. A review of vehicle logs shows that vehicles appear to be underutilized. During the year ended June 30, 2003, pool vehicle usage ranged from 2,836 to 14,266 miles, and averaged 7,552 miles per vehicle.

Low mileage can be an indicator that an agency is not utilizing the vehicles efficiently or that all vehicles are not needed. Since August 2003, the MoDOT shuttle has been available for use by OHS employees which may have also decreased the need for some of the pool vehicles.

Office of Administration's (OA) vehicle guidelines, Policy SP-4, provides that pool vehicles should average at least 15,000 miles per year. The OHS should review usage of pool vehicles and dispose of underutilized vehicles to ensure that state resources are efficiently used and that vehicle usage complies with the state policy.

- B. Our review of expense reimbursements and vehicle logs noted thirty-three instances where personal vehicle mileage was reimbursed although one or more pool vehicles were available. These reimbursements totaled approximately \$1,992 and \$3,377, respectively, during fiscal years 2003 and 2002, respectively. For some of these instances, prior written approval from the director was not obtained. Rather, the form was approved along with the month-end expense reimbursement form.

The OHS's state vehicle policy provides that an employee may use their personal vehicle with the director's written approval if a state vehicle is unavailable or under unusual circumstances.

WE RECOMMEND the OHS:

- A. Perform a usage review and dispose of underutilized vehicles.
- B. Enforce the agency policy regarding the use of personal vehicles, and ensure that the approval occurs prior to the personal vehicle use.

AUDITEE'S RESPONSE

- A. *All state-owned vehicles are used for official business only. One of the five vehicles assigned by the HSD is used specifically for local pick-up and delivery/special purposes. The HSD will eliminate all but one van to be used for this purpose and the Ford Crown Victoria for staff travel. If more vehicles are needed, the HSD will utilize the regular MoDOT pool vehicles.*
- B. *All reimbursement for the use of a personal vehicle is for official business only. The HSD will review its policy regarding the use of personal vehicles and will ensure that the approval to use a personal vehicle will occur prior to use.*

3. Monitoring of Federal Grant Projects
--

Project monitoring is not always performed as required by the OHS guidelines and monitoring guidelines need improvement.

The OHS administers various federal projects to provide assistance to state and local units of government, law enforcement jurisdictions, and universities to implement traffic safety countermeasures and promote highway safety. To obtain funding, these entities submit an annual application which is reviewed by the OHS for eligibility, programs offered, and funding requested. If the application is approved, a contract is awarded.

According to the OHS Administrative Guidelines for Contracts, the programs should be monitored at least once per year, during the grant period, to ensure compliance with financial and administrative requirements. Monitoring is conducted by the program specialist assigned to the project. Monitoring may be done as an on-site visit or by telephone contact. While the OHS guidelines appear to comply with federal guidelines, project monitoring was not performed for all projects as required by the agency's guidelines. A review of monitoring reports and summary reports indicated the following:

Fiscal Year	Total amount of approved projects	Amount of projects monitored	Number of projects monitored	Number of projects not monitored
2003	\$13,018,326	\$1,946,465	92	145
2002	18,368,377	6,117,463	159	148
2001	6,573,978	2,160,475	57	86

Note: The OHS was the grantee for approximately \$2,285,476, \$3,763,170, and \$2,049,300 of the total amount of approved projects for fiscal years 2003, 2002, and 2001, respectively. Of these amounts, \$25,000, \$44,000, and \$135,000 were monitored during fiscal years 2003, 2002, and 2001, respectively.

In addition, OHS does not have formal criteria for determining when the on-site or telephone monitoring method is more appropriate and reasonable. Of the projects monitored, approximately 46 percent, 63 percent, and 30 percent were monitored by telephone during fiscal years 2003, 2002, and 2001, respectively. For some projects the monitoring report did not identify the method used. A management review of the OHS completed by the National Highway Safety Traffic Administration in 2001 recommended that "rationale should be developed to determine which projects are monitored on-site and which receive phone monitoring. Some determining factors could be: dollar value of projects, experience level of project director, new or continuation project, technical nature of project, etc.". Although the OHS's response to the recommendation indicated revisions to administrative guidelines would address this issue, a review of the most current guidelines show there are still no criteria for selecting the best monitoring method.

To ensure compliance with financial and administrative requirements, projects should be monitored each year as required by the OHS's policy. Policy revisions should be made to incorporate criteria for the on-site and telephone monitoring methods. In addition, all monitoring reports need to provide complete information regarding the monitoring method used.

WE RECOMMEND the OHS monitor all projects each year, modify its policy to provide criteria for selecting the most appropriate monitoring method, and ensure that all monitoring reports provide the method used.

AUDITEE'S RESPONSE

All projects will be monitored each year. In September of 2003, the Monthly Reimbursement Voucher was revised and, with the National Highway Traffic Safety Administration's approval, now contains language that states that each approved voucher constitutes a monitoring. Our administrative guidelines have been modified and now include rationale to determine which projects are monitored on-site and which receive phone monitoring. The Highway Safety Monitoring Report has also been revised so it is now easier to determine whether monitoring was performed by telephone or on-site.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

MISSOURI DEPARTMENT OF TRANSPORTATION
OFFICE OF HIGHWAY SAFETY
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Division of Highway Safety was created in 1969 by Executive Order of the Governor and was transferred to the Department of Public Safety by the Omnibus State Reorganization Act of 1974. Effective in August 2003, by Executive Order of the Governor, the Division of Highway Safety was merged into the Missouri Department of Transportation, and became known as the Office of Highway Safety.

The Office of Highway Safety is responsible for the development and implementation of Missouri's annual comprehensive highway safety plan and programs. The office allocates federal program grant funds and provides technical assistance to state and local agencies for the improvement of highway safety in Missouri. The mission of the office is to reduce deaths, injuries, and property damage caused by traffic crashes on Missouri roadways. To accomplish its mission, the office concentrates its efforts in three areas - enforcement, education, and engineering. Highway Safety is also responsible for administering the federal Motor Carrier Safety Assistance Program. This program focuses on the development and implementation of programs to enforce rules, regulations, and orders applicable to commercial motor vehicle safety.

The director of the Office of Highway Safety is responsible for providing resources and technical information to law enforcement agencies and safety advocates throughout the state. In addition, the office provides technical expertise to the General Assembly on traffic safety legislation to help keep state government officials informed of the latest developments in the field of traffic safety.

The Office of Highway Safety is primarily funded through several federal grants including the State and Community Highway Safety Grant, Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grant, Occupant Protection Grant, Federal Highway Safety Data Improvements Incentive Grant, Safety Incentive Grants for Use of Seat Belts, Safety Incentives to Prevent Operation of Motor Vehicles by Intoxicated Persons Incentives Grants, National Motor Carrier Safety Grant, and the Office of Juvenile Justice and Delinquency Prevention Grant-Enforcing Underage Drinking Laws. Major program area categories include planning and administration, police traffic services, alcohol countermeasures, youth programs, occupant protection, traffic records, public information and education, safe communities, and engineering.

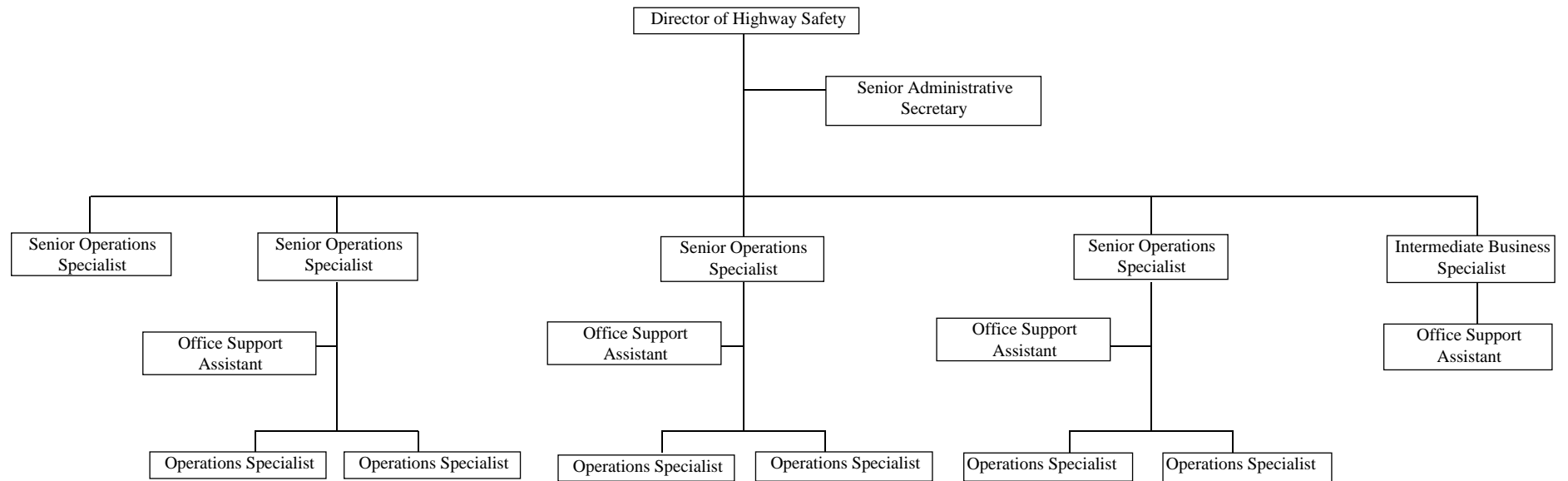
In addition to other funding sources, the Office of Highway Safety receives transfer funds from the Missouri Department of Transportation (MoDOT) according to the 1998 Transportation Equity Act for the 21st Century - Restoration Act. Under this act, transfer programs 164 and 154 were created to encourage States to enact Open Container and Repeat Intoxicated Driver laws. These funds started being transferred from MoDOT in 2001 to sanction Missouri for not having stricter DWI and open container laws and will continue until Missouri is in compliance. These funds can be used for hazardous elimination projects such as guardrail installation, pavement marking projects, or other projects which enhance the safety of motorists, but not for highway construction-related projects. The directors of the Office of Highway Safety and the Missouri Department of Transportation work together to determine the use of these funds.

The Law Enforcement Traffic Safety Advisory Council (LETSAC), initially established as the Police Traffic Services Advisory Council in 1974 by the director of Highway Safety, is an advisory council that is to provide recommendations, direction, guidance, and information/training to the law enforcement community and the Office of Highway Safety. LETSAC membership is granted to each law enforcement agency in the state and to all other supporting agencies which are directly responsible for assisting or training local and statewide law enforcement personnel.

Joyce Shaul has served as Director of the Office of Highway Safety since July 1, 1997. At June 30, 2003, the Office of Highway Safety had nineteen full-time employees. After merging into the Missouri Department of Transportation in August 2003, the Office of Highway Safety has seventeen full-time employees.

An organization chart follows.

MISSOURI DEPARTMENT OF TRANSPORTATION
OFFICE OF HIGHWAY SAFETY
ORGANIZATION CHART



Note: This chart presents the organization as of August 2003 after Highway Safety was merged into the Missouri Department of Transportation.

Appendix A

MISSOURI DEPARTMENT OF TRANSPORTATION
OFFICE OF HIGHWAY SAFETY
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30,					
	2003			2002		
	Appropriation Authority	Expenditures	Lapsed Balances *	Appropriation Authority	Expenditures	Lapsed Balances *
DEPARTMENT OF PUBLIC SAFETY - HIGHWAY SAFETY FUND						
Personal service	\$ 438,207	373,213	64,994	438,207	373,543	64,664
Expense and equipment	74,021	53,794	20,227	74,021	73,545	476
Managed by Facilities Management	2,448	1,812	636	4,260	1,812	2,448 **
National Highway Safety Act Grants	19,800,000	11,372,810	8,427,190	6,000,000	4,823,532	1,176,468
National Highway Safety Act Grants	7,152,421	0	7,152,421	10,445,394	3,292,973	7,152,421 **
Total General Revenue Fund - Federal	27,467,097	11,801,629	15,665,468	16,961,882	8,565,405	8,396,477
DEPARTMENT OF PUBLIC SAFETY FUND						
Combating Underage Drinking Problems	0	0	0	720,000	35,499	684,501
Motor Carrier Safety Assistance Program	1,350,000	985,695	364,305	1,350,000	891,232	458,768
Total Department of Public Safety Fund	1,350,000	985,695	364,305	2,070,000	926,731	1,143,269
STATE HIGHWAYS AND TRANSPORTATION DEPARTMENT FUND						
Personal service	360,279	304,545	55,734	360,279	338,379	21,900
Expense and equipment	95,899	72,345	23,554	95,899	81,673	14,226
Total State Highway Department Fund	456,178	376,890	79,288	456,178	420,052	36,126
MOTORCYCLE SAFETY TRUST FUND						
Expense and equipment	50,000	50,000	0	50,000	0	50,000
Total All Funds	\$ 29,323,275	13,214,214	16,109,061	19,538,060	9,912,188	9,625,872

* Office officials indicated the lapsed balances included the following withholdings made at the Governor's request

	June 30,	
	2003	2002
State Highways and Transportation Department Fund:		
Personal service	\$ 10,808.00	2,877.00
Expense and equipment	0	13,685.00
Total	\$ 10,808.00	16,562.00

** Biennial appropriations set up in fiscal year 2002 are re-appropriations to fiscal year 2003. After the fiscal year-end processing has been completed, the unexpended fiscal year 2002 appropriation balance for a biennial appropriation is established in fiscal year 2003. Therefore, there is no lapsed balance for a biennial appropriation at the end of fiscal year 2002.

Appendix B

MISSOURI DEPARTMENT OF TRANSPORTATION
OFFICE OF HIGHWAY SAFETY
COMPARATIVE STATEMENT OF EXPENDITURES (FROM APPROPRIATIONS)

	Year Ended June 30,	
	2003	2002
Salaries and wages	\$ 677,758	711,922
Travel:		
In-State	35,653	49,980
Out-of-State	13,407	20,258
Fuel and utilities	10,795	8,809
Supplies	474,872	422,295
Professional development	20,738	30,521
Communication services and supplies	24,035	26,817
Services:		
Professional	877,134	759,415
Housekeeping and janitorial	4,365	4,002
Maintenance and repair services	3,395	2,210
Equipment:		
Computer	14,125	26,905
Motorized	479,385	0
Office	0	2,163
Other	1,895,741	892,749
Building lease payments	3,929	7,705
Equipment rental and leases	6,844	7,274
Miscellaneous expenses	11,114	47,496
Program distributions	8,660,924	6,891,667
Total Expenditures	\$ <u>13,214,214</u>	<u>9,912,188</u>



**CITY OF STRAFFORD, MISSOURI
YEAR ENDED SEPTEMBER 30, 2003**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-53
June 29, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

June 2004

The following problems were discovered as a result of an audit conducted by our office of the City of Strafford, Missouri.

Cash receipts totaling \$2,597 that were collected by the City of Strafford Municipal Court from October 1, 2002 thru November 24, 2003, were not deposited. Cash and check amounts recorded on the municipal division's receipt slips did not agree to transmittal spreadsheets prepared by the Court Clerk, or to the actual amounts deposited. Additionally, some checks actually deposited were not recorded and were apparently substituted for the missing cash receipts, including two checks dated December 2002. In other instances, some checks deposited were not recorded on the transmittal spreadsheet and were never found recorded. These missing funds were not detected on a timely basis due to various internal control weaknesses including little or no review by someone independent of the Court Clerk, lax cash receipting procedures and no periodic reconciliations of liabilities.

Bank reconciliations were not prepared for the city's seven bank accounts. Unreconcilable differences have continually existed between the various bank account records and the general ledger accounts. Although the independent auditor's engagement letter estimated audit fees of \$5,000 for the year ended September 30, 2002; the city paid over \$20,000, primarily due to the independent auditor's performance of bank reconciliations for the twelve month period which was being audited. The City Clerk was untimely in posting city transactions. An \$80,528 expenditure for the purchase of a police department building made on November 7, 2003 was not posted to the accounting records as of February 11, 2004. Also, the Board of Aldermen did not always receive monthly financial reports, and the city has not designated a City Treasurer. As a result of these weaknesses, there is less assurance that all city monies have been accounted for properly.

Bids were not always solicited by the city in accordance with their own procurement policy. Bids were not solicited or bid documentation was not retained for items including: a touch read meter system, \$67,053; lift station relocation, \$32,704; and a comprehensive plan for future street, water and sewer, and park projects, \$22,050. City ordinance requires all expenditures greater than \$3,000 and less than \$100,000 to be authorized by the City Administrator; however, the position of City Administrator has been vacant since December 31, 2002, and city ordinances have not been updated. Additionally, the city has also spent approximately \$80,000 to implement a new meter reading system which was supposed to be in place by July 2002 which has yet to be implemented.

(over)

YELLOW SHEET

The city does not perform monthly reconciliations of total amounts billed, payments received, and amounts remaining unpaid for its utility system. In addition, daily reports of utility payments received were not always retained, and there is no independent approval of credit adjustments posted to the utility system. The city does not monitor its water usage on a monthly basis. Further, the city has not performed a formal review of the water and sewer rates since 1996.

Also included in the report are recommendations related to restricted revenues, budgets, financial statements, written contracts, board minutes, personnel matters, city ordinances, maintenance department, property records, and seized property.

All reports are available on our website: www.auditor.mo.gov

CITY OF STRAFFORD, MISSOURI

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the Honorable Mayor
and
Members of the Board of Alderman
City of Strafford, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the City of Strafford, Missouri. The city engaged McCullough, Officer, and Company, LLC., Certified Public Accountants (CPAs) to audit the city for the year ended September 30, 2003. To minimize duplication of effort, we reviewed the report and substantiating working papers of the CPA firm. The scope of our audit of the city included, but was not necessarily limited to, the year ended September 30, 2003. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review internal controls over significant management and financial functions.
3. Review compliance with certain legal provisions.

To accomplish these objectives, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents; interviewed various personnel of the city, as well as certain external parties; and tested selected transactions. Our methodology included, but was not necessarily limited to, the following:

1. We obtained an understanding of petitioner concerns and performed various procedures to determine their validity and significance.
2. We obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.
3. We obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur.

Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the city's management and was not subjected to the procedures applied in the audit of the city.

The accompanying Management Advisory Report presents our findings arising from our audit of the City of Strafford, Missouri.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

April 19, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
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In-Charge Auditor:	Ted Fugitt, CPA

MANAGEMENT ADVISORY REPORT –
STATE AUDITOR'S FINDINGS

CITY OF STRAFFORD, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Missing Funds-Municipal Court
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Cash receipts totaling \$2,597 that were collected by the City of Strafford Municipal Court from October 1, 2002 thru November 24, 2003, were not deposited.

The municipal court accepts cash, checks, and money orders for payment of fines, court costs, and bonds. The Court Clerk issues prenumbered manual one-write receipt slips for monies received (by cash or check received) and periodically transmits court monies to the City Clerk. For each transmittal, the Court Clerk prepares the deposit slip and a transmittal spreadsheet showing each individual receipt (by cash or check received) making up the deposit. The following table shows, by individual transmittal, the amount of cash receipts that were not deposited:

Transmittal date	Cash recorded on one-write	Cash recorded on transmittal spreadsheet and deposited	Unaccounted for cash
October 28, 2002	\$ 297.50	\$ 170.00	\$ 127.50
November 8, 2002	731.00	628.50	102.50
December 9, 2002	880.00	190.00	690.00
January 16, 2003	877.50	782.50	95.00
February 26, 2003	351.00	291.00	60.00
September 30, 2003	1096.50	744.00	352.50
September 30, 2003	286.00	188.50	97.50
October 27, 2003	1012.50	600.00	412.50
October 28, 2003	1079.00	946.50	132.50
November 24, 2003	723.00	645.00	78.00
November 24, 2003	507.50	58.50	449.00
Total	<u>7,841.50</u>	<u>5,244.50</u>	<u>2,597.00</u>

Cash and check amounts recorded on the one-write receipt slips did not agree to the cash and check amounts shown on the transmittal spreadsheets prepared by the Court Clerk or to amounts deposited. Additionally, some checks actually deposited were not recorded on the one-write receipt slips and were apparently substituted for the missing cash receipts. For example, two checks, (for \$185 and \$105) included in the October 27, 2003 transmittal were from the Greene County Associate Circuit Division. These checks dated in December 2002 were never found recorded on the one-write receipt slips. In other instances, some checks deposited were not recorded on the transmittal spreadsheet and were never found recorded on the one-write receipt slips. Had anyone compared the one-write receipt slips to the information recorded on the transmittal spreadsheet and applicable deposit, these discrepancies may have been detected.

These missing funds were not detected on a timely basis due to various internal control weaknesses including little or no review by someone independent of the Court Clerk.

WE RECOMMEND the Board of Aldermen take the necessary action to recover the missing funds and work with law enforcement officials regarding any criminal prosecution.

AUDITEE'S RESPONSE

The Board of Alderman indicated:

The city will cooperate fully with all law enforcement officials regarding any criminal prosecution initiated by the Greene County Prosecutor's Office. Unless the State Auditor recommends that the filing of a civil action by the city would be a prudent course of action, the city will not file such an action, and will rely upon law enforcement officials for the recovery of any money, which has been misappropriated.

AUDITOR'S COMMENT

The city may wish to consider reviewing its bond coverage as a prudent course of action.

2. Municipal Court Accounting Controls and Procedures
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Many significant problems were identified in the control procedures used by the municipal court to account for court receipts, including the lack of proper segregation of duties or an independent review of accounting records. Receipts were not always transmitted/deposited intact on a timely basis, original copies of voided receipt slips were not always retained, and checks and money orders were not restrictively endorsed until deposits were prepared. Monthly listings of open items (liabilities) were also not prepared, and the court does not file a monthly report of all cases heard with the city. Given the court processes approximately \$114,000 annually, overall controls need improvement.

- A. The duties of receiving, recording, and transmitting monies collected by the municipal court are not adequately segregated. The Court Clerk performs all of these duties. The Municipal Judge indicated that each month she signs off on each page of the Court Clerk's manual one-write receipt book, but does not compare the individual receipts recorded there to the transmittal spreadsheet. In addition, the City Clerk does not compare the method of payment recorded on the court's one-write receipt slips to the composition of receipts recorded on the transmittal spreadsheet or to the actual composition of amounts deposited.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Since this is currently an office of one employee and proper segregation of duties cannot be achieved, at a minimum, there should be a documented independent comparison of the composition of

receipt slips issued to composition of amounts transmitted and deposited. Any unusual items or discrepancies should be investigated.

- B. The court's cash receipt procedures need improvement. For example:
1. Receipts are not always transmitted/deposited intact or on a timely basis. Transmittals were usually prepared after completing a page of one-write receipts and averaged about two per month. In one example, \$7,225 transmitted to the City Clerk on November 24, 2003, included receipts dated in October 2003 and represented three pages of one-write receipts. To adequately safeguard receipts and reduce the risk of loss or misuse of funds, transmittals should be made intact daily or when accumulated receipts exceed \$100.
 2. The original copies of voided receipt slips are not always retained. To properly account for all receipts, copies of voided receipt slips should be properly defaced and maintained.
 3. Checks and money orders are not restrictively endorsed until deposits are prepared. To reduce the risk of loss or misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt.
- C. Monthly listings of open items (liabilities) had not been prepared. As a result, the municipal court could not ensure the amounts held by the city for open bonds were sufficient to cover the liabilities. In May 2004, a listing of outstanding bonds was prepared by the Court Clerk, but it did not agree to the general ledger bonds payable account maintained by the City Clerk. A monthly listing of open items is necessary to ensure accountability over open cases and to ensure monies held in trust by the city for the municipal court are sufficient to meet liabilities.
- D. The court does not file a monthly report of all cases heard with the city. Section 479.080.3, RSMo 2000, requires the Court Clerk to prepare a monthly listing of all cases heard in court, including fines and court costs collected, to be verified by the Clerk or Municipal Judge and filed with the City Clerk.

WE RECOMMEND the Board of Aldermen work with the municipal court to:

- A. Adequately segregate the duties of receiving, recording, and transmitting court receipts. At a minimum, establish a documented periodic review of municipal court records by an independent person which includes reconciling the composition of court one-write receipts to the composition of transmittals to the city.
- B.1. Transmit receipts intact daily or when accumulated receipts exceed \$100.
2. Retain all copies of voided receipt slips.

3. Restrictively endorse all checks and money orders immediately upon receipt.
- C. Prepare monthly listings of open items and reconcile the listing to the monies held in trust by the city for the municipal court.
- D. Prepare monthly reports of cases heard in court and file these with the city in accordance with state law.

AUDITEE'S RESPONSE

The Board of Alderman indicated:

A-D. The city will do all it can to implement these recommendations, recognizing it is financially unable to hire additional office staff.

3. City Accounting Controls and Procedures

The City Clerk is primarily responsible for the maintenance of the city's financial records. Many significant problems were identified in the control procedures used by the City Clerk to account for city transactions, including the lack of appropriate reconciliations and untimely posting of city transactions. In addition, the Board of Aldermen do not always receive monthly financial reports. Other controls and procedures regarding designating an employee to serve as City Treasurer, outstanding checks, and restrictively endorsing checks and money orders immediately upon receipt have not been established by the city. As a result of these weaknesses, there is less assurance that all city monies have been accounted for properly.

- A. Bank reconciliations were not prepared for the city's seven bank accounts. The City Clerk indicated that she only performs a documented bank reconciliation for the city's general checking account; however, even for this account, as of December 2003 bank reconciliations had not been prepared since August 2003. In preparation for the city's financial statement audit, the City Clerk attempted to prepare a bank reconciliation for this account for September 2003. However, her bank reconciliation did not include a complete listing of outstanding checks and the "reconciled balance" was not agreed to the corresponding cash account in the city's general ledger. A complete understanding of the city's accounting system and reconciliation process appears lacking as unreconcilable differences have continually existed between the various bank account records and the general ledger accounts (see part B. below).

In addition, the city's independent audit for the year ended September 30, 2002, reported "numerous mistakes in the accounting records including unrecorded deposits, deposits or checks recorded in the wrong fund, unrecorded payrolls, bank balances incorrect, and general ledgers out of balance".

The independent auditor's engagement letter estimated audit fees of \$5,000 for the year ended September 30, 2002; however, the amount paid to the independent auditor for services related to that audit exceeded \$20,000. According to city personnel and invoices from the independent auditor, the additional amounts paid were primarily due to the independent auditor's performance of bank reconciliations for the twelve month period which was being audited. A similar situation exists for the city's independent financial statement audit of the city's fiscal year ended September 30, 2003.

Monthly bank reconciliations and comparisons to general ledger accounts are necessary to ensure accurate accounting and financial reporting and that any errors are detected and corrected on a timely basis. Performance of monthly bank reconciliations would also reduce the city's independent audit costs.

- B. An \$80,528 expenditure for the purchase of a police department building made on November 7, 2003 was not posted to the accounting records as of February 11, 2004. Numerous other instances were also noted in which city transactions were not posted to the accounting records in a timely manner. Such errors and inaccurate record keeping went undetected because the Board of Aldermen does not consistently receive a monthly financial report. While the board does receive a monthly accounts payable listing for their approval, other city financial reports are generally received only as requested.

To ensure all disbursements are accounted for properly, to avoid overspending, and to identify errors in a timely manner, all disbursements should be recorded in the appropriate accounting records as they occur. In addition, accurate monthly financial reports help ensure that all accounting records balance, transactions have been properly recorded, and any errors or discrepancies are detected on a timely basis. Without accurate financial information, the Board of Aldermen can not make informed decisions about the city's operations.

- C. The city has not currently designated an employee to serve as City Treasurer; however, the City Clerk primarily fulfills the duties of this position which include the responsibility for maintenance of the city's financial records.

Attorney General's Opinion No. 24, 1955 to Dodds, concluded that in a fourth-class city the holding of the positions of City Clerk, City Treasurer, and City Collector, or any two of these three offices, by the same person at the same time would be incompatible. This situation does not allow the segregation of duties necessary for a proper evaluation and review of financial transactions. The current procedures jeopardize the system of independent checks and balances intended by state law.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls could be improved by

segregating duties to the extent possible. If proper segregation of duties is not feasible, the Board of Aldermen should, at a minimum, require someone having no access to cash and no record keeping responsibilities receive and review the bank statements and bank reconciliations.

- D. Checks totaling \$183 written on the general checking account have been outstanding for more than one year. Outstanding checks should periodically be reviewed to determine if the payees can be readily located and if there is a need to reissue the checks. If the payees cannot be located, the amount should be disbursed to the state's Unclaimed Property Section as required by Section 447.595, RSMo 2000.
- E. Checks and money orders received are not restrictively endorsed until the deposit is prepared. To reduce the risk of loss or misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt.

WE RECOMMEND to the Board of Aldermen:

- A. Ensure city personnel prepare monthly bank reconciliations for all city accounts.
- B. Ensure all transactions are recorded in the accounting records as they occur and that monthly financial reports are prepared for their review.
- C. Designate a city employee to serve as the City Treasurer to provide for an adequate segregation of duties or the performance of independent reconciliations and reviews of the accounting records.
- D. Ensure old outstanding checks are reissued to any payees who can be located or dispose of these monies through the applicable statutory provisions.
- E. Ensure checks and money orders are restrictively endorsed immediately upon receipt.

AUDITEE'S RESPONSE

The Board of Alderman indicated:

- A.-E. *The city is in agreement with these recommendations and the city staff have or will implement them.*

4. Utility System Controls and Procedures
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Many significant problems were identified in the control procedures used by the city related to the utility system. The city does not perform monthly reconciliations of total amounts billed, payments received, and amounts remaining unpaid. In addition, daily

reports of utility payments received were not always retained. There is also no independent approval of credit adjustments posted to the utility system, and the city does not monitor its water usage on a monthly basis. Further, the city has not performed a formal review of the water and sewer rates since 1996. As a result of these weaknesses, there is less assurance that all utility monies have been accounted for properly, water usage has been properly monitored, and that water and sewer user charges are set at the appropriate level to cover the cost of providing the related services.

The Utility Clerk is responsible for billing, collecting, and posting utility payments to the city's accounting software as well as generating monthly activity reports. The Maintenance Supervisor and his staff are responsible for reading customer meters and the meters at the city's two wells and monitoring the city's water usage.

- A. The city does not perform monthly reconciliations of total amounts billed, payments received, and amounts remaining unpaid for utility services including water, sewer, and trash. The city utilizes a computerized system to prepare bills and record payments of utility fees. Meter readings are recorded monthly by the maintenance department workers. The Utility Clerk then generates and mails the monthly utility bills, generates meter reading and billing reports, receives payments, records the payments on the system, and generates a delinquent listing. The utility system operating revenues were in excess of \$500,000 for the year ended September 30, 2002 according to the city's independent audit report.

For April 2003, we requested city personnel to perform a reconciliation of total amounts billed, payments received, and amounts remaining unpaid for utility services. City personnel were unable to complete the reconciliation because some of the daily reports of payments received had not been retained.

Monthly reconciliations are necessary to ensure that all accounting records balance, transactions have been properly recorded, and any errors or discrepancies are detected on a timely basis. Also, retention of records is necessary to ensure the validity of transactions, to provide an audit trail, and to account for all monies received.

- B. There is no independent approval of credit adjustments posted to the utility system. The Utility Clerk has the ability and authority to post credit adjustments to the computer system without obtaining independent approval. The city made multiple adjustments to sixteen different utility accounts for the month of April 2003. City personnel indicated that the primary reason for account adjustments was to correct errors made by the city.

To ensure that all credit adjustments are valid, someone independent of receipting and recording functions should review and approve all credit adjustments, and proper supporting documentation should be maintained of such adjustments.

- C. The city does not reconcile the total gallons of water billed to customers to the gallons of water pumped on a monthly basis. The Utility Clerk prepares a monthly billing report showing the number of gallons billed, and the Maintenance Supervisor records meter readings of the city's two water wells, so information is available to perform such reconciliations.

To help detect significant water loss on a timely basis and to help ensure all water usage is properly billed, the city should reconcile the total gallons of water pumped to the gallons of water billed on a monthly basis and investigate significant differences. The Public Service Commission generally recommends investigation if water usage not billed exceeds 15 percent.

- D. The city has not performed a formal review of the water and sewer rates since 1996. Water and sewer fees are user charges which should cover the cost of providing the related services, but rates should not be set at a level which results in excessive fund balances. The city should perform a detailed review of its water and sewer costs, including depreciation and debt service costs, and set rates to cover the total costs of operation.

WE RECOMMEND the Board of Aldermen:

- A. Ensure that monthly reconciliations of the amounts billed to amounts collected and delinquent accounts are performed. In addition, ensure adequate documentation to support reconciliations is retained.
- B. Require someone independent of the utility system review and approve all credit adjustments and ensure adequate documentation is retained of such adjustments.
- C. Ensure the gallons of water pumped is compared to the gallons billed on a monthly basis and investigate any significant differences.
- D. Review water and sewer rates periodically to ensure revenues are sufficient to cover all costs of providing this service, but not set at a level which results in excessive fund balances.

AUDITEE'S RESPONSE

The Board of Alderman indicated:

- A. *The city has implemented this procedure.*
- B. *The city will review this procedure, but does not deem it crucial at this time.*
- C. *The city is working on reinstating this procedure. There is a form available to the staff for this task.*

- D. *The revenue bond will be paid off July 1, 2004, and the board has addressed the need for a master sewer plan within the next budget year. The sewer system will be analyzed in order to establish a more correct sewer rate to ensure the sewer system is maintained properly for efficiency, but not over funded.*

5. Expenditures

Controls and procedures over city expenditures are in need of improvement. The city has contracted with their current independent auditor for several years without conducting a selection process, and bids were not always solicited by the city in accordance with their own procurement policy. Other controls and procedures including the proper authorization of city expenditures, the city's filing of Forms 1099 Miscellaneous with the Internal Revenue Service (IRS), and the city's procedures for entering into formal written agreements have either not been established, updated, or followed. The city has also spent approximately \$80,000 to implement a new meter reading system which was supposed to be in place by July 2002 which has yet to be implemented. Further, the city paid employee bonuses in violation of state law.

- A. The city has contracted for audit services with their current independent auditor for several years without conducting a selection process. The city paid the independent auditor more than \$20,000 for audit services for the year ended September 30, 2002. In addition, the city did not obtain an engagement letter from the independent auditor for the audit of the city's fiscal year ended September 30, 2003.

Selection processes are necessary to ensure the city is receiving the best services and rates. The process should include advertising and soliciting proposals and evaluating these proposals for technical experience, capacity and capability of performing the work within a desired time frame, past record of performance, and the firm's familiarity with the city. Information concerning the selection process should be documented and retained. In addition, the city should obtain and retain the engagement letter from the independent auditor.

- B. Although the city has an ordinance establishing a procurement policy which requires city officials to solicit bids for items or services costing more than \$3,000, bids were not solicited or bid documentation was not retained in accordance with the policy in the following instances:

<u>Item</u>	<u>Cost</u>
Touch read meter system	\$ 67,053
Lift station relocation	\$ 32,704
Comprehensive plan (formal plan for future street, water and sewer, and park projects)	\$ 22,050
TIF consulting services	\$ 18,000
Well maintenance service	\$ 4,954
Sewer pipe	\$ 4,628
Snow plow	\$ 3,416

Additionally, the city has not always documented the reason why the lowest bid was not accepted as required by city ordinance. For example, the vendor selected for services relating to the codification of city ordinances did not submit the lowest bid, and the city did not document the reason for selecting this vendor.

In addition to complying with city ordinances, competitive bidding helps ensure the city receives fair value by contracting with the lowest and best bidders. Bidding helps ensure all parties are given an equal opportunity to participate in the city's business. In addition, complete documentation should be maintained of all bids received. If other than the lowest bid is selected, the reasons should be adequately documented.

- C. City ordinance requires all expenditures greater than \$3,000 and less than \$100,000 to be authorized by the City Administrator; however, the position of City Administrator has been vacant since December 31, 2002, and city ordinances and procedures have not been updated. During our review of expenditures, we noted three purchases exceeding \$3,000 where documentation of authorization was not retained by the city. For example, authorization of video equipment for police cars totaling \$13,390, accounting software licensing and support fees totaling \$4,164, and a snow plow totaling \$3,416 was not documented or retained by the city.

The board should ensure that city ordinances address procedures that are applicable to the current personnel structure of the city for the authorization of all city expenditures. All purchases should then be approved in accordance with city policy and documentation of this approval retained.

- D. The city has no procedures in place to ensure Forms 1099 are always filed with the Internal Revenue Service (IRS) when required. As a result, the city did not file 1099s with the IRS for payments to vendors for attorney services and for relocating a pump station.

Sections 6041 through 6051 of the Internal Revenue Code require payments of \$600 or more for professional services or for services performed as a trade or business by non employees (other than corporations) be reported to the federal government on Forms 1099.

E. The city does not always enter into formal written agreements. For example:

1. The city was unable to produce documentation that a written contract existed with the consultant to whom they paid \$22,050 for services related to the development of a comprehensive plan which documented the city's future plans for street, water and sewer, and park projects.
2. City ordinance provides for the Building Inspector to receive a portion of the inspection fees charged by the city as compensation; however, the Building Inspector also bills the city for services that are not specifically outlined in the city's ordinance. The city has not entered into a written contract with the Building Inspector outlining his duties and any compensation that is not specifically addressed by ordinance.

Written contracts are necessary to document the duties and responsibilities of all parties and to prevent misunderstandings. In addition, Section 432.070, RSMo. 2000, requires all contracts of the city to be in writing.

F. The city has spent approximately \$80,000 to implement a new touch read meter system which the Maintenance Supervisor estimated would be in place by July 2002. This system is currently not in place or being utilized by the city. The city entered into a lease/purchase agreement for this system in January 2002, requiring three annual payments of \$22,351 beginning in February 2002. The city has incurred additional expenditures including software, licensing, equipment, and additional meters to implement this system. City personnel indicated that the system is not currently being used because the city is still in the process of replacing some of the old meters.

The board should review this situation and establish an implementation date. In the future, the board should also ensure a clear implementation plan exists for major expenditures to ensure city resources are being expended in a wise and prudent manner.

G. On December 16, 2002, the board approved a \$50 bonus for each city employee excluding the City Attorney and Municipal Judge. These bonuses totaled \$700. Bonuses given to employees appear to represent additional compensation for services previously rendered and, as such, are in violation of Article III, Section 39 of the Missouri Constitution and are contrary to Attorney General's Opinion No. 72, 1955 to Pray, which states, "...a government agency deriving its power and authority from the Constitution and laws of the state would be prohibited from granting extra compensation in the form of bonuses to public officers after the service has been rendered."

WE RECOMMEND the Board of Aldermen:

- A. Periodically solicit proposals for audit services.
- B. Ensure bids are solicited for all applicable purchases in accordance with city ordinances. In addition, documentation of the bidding process should be maintained including the reason for selecting other than the lowest bid as required by city ordinance.
- C. Develop procedures and update city ordinances to ensure the proper authorization of all disbursements.
- D. Ensure IRS 1099-MISC forms are prepared and submitted as required.
- E. Ensure all contracts are in writing.
- F. Review the purchase of the meter system and establish an implementation date. In the future, the board should ensure a clear implementation plan exists for major expenditures to ensure city resources are being expended in a wise and prudent manner.
- G. Discontinue the practice of granting additional compensation to employees.

AUDITEE'S RESPONSE

The Board of Alderman indicated:

- A. *The city agrees with this recommendation and will solicit bids for audit services for the coming budget year. The board will record in the minutes that a plan be implemented to solicit bids every three years.*
- B. *The city will implement this recommendation immediately.*
- C. *The city will implement this recommendation immediately.*
- D. *The city will implement this procedure.*
- E. *The city will investigate this recommendation.*
- F. *The city agrees this has been a slower process than anticipated, but the system will be completed by the end of this summer. One major problem with the system has been solving software issues.*
- G. *The city has discontinued this practice and will not implement it again.*

6.**Restricted Revenues**

- A. The city receives state motor vehicle-related revenues and deposits them into the General Fund. Article IV, Section 30 of the Missouri Constitution, requires that motor vehicle related revenues apportioned by the state of Missouri be expended for street-related purposes including policing, signing, lighting, and cleaning of roads and streets. The city has established a separate accounting for those revenues and for street expenditures; however, the city does not compare the street expenditures to the motor vehicle related revenues or maintain balances of motor vehicle related funds available.

To ensure compliance with the Missouri Constitution, the city should establish procedures to compare street expenditures to the motor vehicle related revenues and maintain balances of motor vehicle related funds available.

- B. Documentation does not exist to support the allocation of some expenditures to the city's funds. We noted the following examples:
1. The salaries and health insurance expenses of city employees are allocated to departments and funds of the city based on predetermined percentages rather than detailed records of actual time spent. Further, the allocation of health insurance expenses for city employees is not consistent with the allocation of their related salaries. For example, health insurance expenses for the City Administrator and City Clerk were only allocated to the general fund administration department while the related salaries were allocated among various city funds and departments.
 2. The cost of a snow plow for \$3,416 was allocated one-third each to the streets department, the water department, and the sewer department. The city had no documentation to support the reason for this allocation, and neither the City Clerk nor the Maintenance Supervisor could explain why this expenditure should have been paid from the water/sewer fund.

The funds of the city are established as separate accounting entities to account for specific activities of the city. Generally accepted accounting principles and various legal restrictions require revenues and expenses associated with specific activities be reflected in the fund established to account for those activities.

Reflecting revenues and expenses in the proper fund is also necessary to accurately determine the results of operations of specific activities, thus, enabling the city to establish the level of taxation and/or user charges necessary to meet all operating costs. User rates should be set to cover costs of producing and delivering the service and not to generate profits to subsidize other services provided by city government.

WE RECOMMEND the Board of Aldermen:

- A. Establish procedures to compare street expenditures to the motor vehicle related revenues and maintain balances of motor vehicle related funds available. In addition, ensure these revenues are used only for street-related purposes.
- B. Reflect revenues and expenses in the proper fund.

AUDITEE'S RESPONSE

The Board of Alderman indicated:

A&B. The city will implement these procedures.

7. Budgeting and Published Financial Statements
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The Board of Aldermen is responsible for preparing and approving a city budget which serves as a complete financial plan for the city. The city's budgets were not complete, and a budget amendment was made after expenditures had already exceeded the original budget. In addition, the city did not publish their financial statements semi-annually or in a timely manner, and the financial statements published failed to include the financial activity of the Water and Sewer Fund.

- A. City budgets did not include a budget message, actual (or estimated for the years not yet ended) revenues and expenditures for the two preceding budget years, or the beginning and the estimated ending available resources. The budget showed only anticipated revenue and expenditure activity.

Section 67.010, RSMo 2000, requires the preparation of an annual budget which shall present a complete financial plan for the ensuing budget year. A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific cost expectations for each area. A budget can also provide a means to effectively monitor actual costs by periodically comparing budgeted amounts to actual expenditures. A complete budget should include separate revenue and expenditure estimations, and include the beginning available resources and a reasonable estimate of the ending available resources. The budget should also include a budget message and comparisons of actual revenues and expenditures for the two preceding years.

- B. The Board of Aldermen approved a \$300,000 budget amendment on October 1, 2002, after the city's fiscal year had ended, to reflect unbudgeted expenditures made during the year ending September 30, 2002 related to a Community Development Block Grant. Prior to the amendment of the budget, expenditures had already exceeded the original budget. In addition, no other amendments were made prior to this date.

Amendments made after expenditures have exceeded the budget do not allow for the budget to be used as an effective management tool.

- C. The city only publishes its financial statements annually and only after receiving its independent audit. As a result, the financial statements are not published in accordance with state law or in a timely manner. For example, the financial statements for the year ended September 30, 2002 were not published until June 2003 and the financial statements for the year ended September 30, 2003 have still not been published. In addition, the published financial statements did not include the financial activity of the Water and Sewer Fund.

Section 79.160, RSMo 2000, requires the Board of Aldermen to prepare and publish financial statements within one month of the end of each six month period which include a full and detailed account of the receipts, expenditures, and indebtedness of the city. Complete, accurate, and detailed financial statements are necessary to keep the citizens informed of the financial activity and condition of the city. In addition, Section 79.165, RSMo 2000, states the city cannot legally disburse funds until the financial statements are published.

WE RECOMMEND the Board of Aldermen:

- A. Prepare budgets that contain all information as required by state law.
- B. Ensure budget amendments are made prior to incurring the actual expenditures.
- C. Publish timely semiannual financial statements which include all financial information as required by state law.

AUDITEE'S RESPONSE

The Board of Alderman indicated:

- A. *The city will re-implement this procedure to insure the city is in compliance with state statutes.*
- B. *The city anticipates this as a one-time occurrence because of the block grant.*
- C. *The city will comply with state laws and ensure statements are timely.*

In May 2003, the board discontinued maintaining minutes to document matters discussed in closed meetings. Prior to this date, it is questionable whether the city complied with the provisions of the Sunshine Law when discussing some items in closed session.

- A. The Board of Aldermen frequently held closed meetings. In May 2003, the board discontinued maintaining minutes to document matters discussed in closed meetings. As a result it is not known whether the final disposition of the board's decisions is made public. Section 610.021, RSMo 2000, requires certain matters discussed in closed session to be made public upon final disposition. In addition, closed session minutes are necessary to document and record official board decisions and actions affecting city government and the public, and to ensure compliance with the Sunshine Law. Although the Sunshine Law does not specifically require public bodies to keep minutes for closed meetings or sessions, the Attorney General's Sunshine Law booklet recommends public bodies document discussions during closed session to demonstrate, if necessary, the discussions were limited to the topics announced for the closed session. Further, the Sunshine Law requires certain decisions made during closed meetings/sessions related to legal, real estate, and personnel actions to be made public within specified timeframes. Public bodies would be in a better position to prove compliance with these provisions if they maintained minutes of closed meetings/sessions.
- B. It is questionable whether the city complied with the provisions of the Sunshine Law when discussing some items in closed session prior to May 2003. These included discussing changing the time municipal court is held from nighttime to daytime, and discussing reorganizing the maintenance supervisor's street and water departments. The board did not document how discussing these issues during closed sessions complied with state law. Section 610.022, RSMo 2000, requires that before any meeting may be closed, the question of holding the closed meeting and the reason for the closed meeting shall be voted on at an open session. In addition, this law provides that public governmental bodies shall not discuss any other business during the closed meeting that differs from the specific reasons used to justify such meeting, record, or vote. Section 610.021, RSMo 2000, also allows the board to discuss certain subjects in closed meetings including litigation; real estate transactions; bid specifications and sealed bids; personnel matters; and confidential or privileged communications with auditors. The board should restrict the discussion in closed sessions to the specific topics listed in Chapter 610 of the state statutes.

WE RECOMMEND the Board of Aldermen:

- A. Ensure minutes are prepared for all closed meetings, and the final disposition of applicable matters discussed at closed meetings is made public.

- B. Limit topics discussed in closed session to those specifically allowed by state law.

AUDITEE'S RESPONSE

The Board of Alderman indicated:

A&B. The city records closed session topics of the closed session, to insure that the meeting complies with the requirements of Chapter 610, and any votes taken during the closed session. Results of closed session votes are released within the time periods required by Chapter 610.

Section 610.022 RSMo. sets forth two methods by which a meeting may be closed. The board operates in full compliance with that statute in closing its meetings.

While there apparently were some problems with closed session meetings under a prior administration, those problems have been addressed and corrected as of May 2003. While the city agrees the State Auditor's office should review any questionable actions which may occur during the closed session, and which result in the expenditure of public funds, no such actions have taken place during this administration. Unless there is an issue relating to the expenditure of public funds, we do not believe the examination of closed session minutes is a function of any auditing process.

AUDITOR'S COMMENT

There was no evidence that the city maintained closed meeting minutes since May 2003. However, if maintained, such minutes would be subject to our review for audit purposes.

9. Personnel Policies and Procedures

The city has adopted a personnel policy manual which addresses, among other things, the city's policies for employee leave. As noted in the following two examples, the city has not always followed its own personnel policies regarding employee leave:

1. The city allowed the utility clerk to take personal leave with pay in violation of their own personnel policy. The city's personnel policy indicates that personal leave can not be used until the employee has worked for 180 days. The utility clerk was allowed to take 12 hours of personal leave with pay prior to having worked for the city 180 days. To ensure equitable treatment of all employees, the city should ensure personnel policies are followed.
2. The former City Administrator was paid vacation leave which exceeded the maximum amount allowed by the city's personnel policy. The former City Administrator terminated employment with the city December 31, 2002 and his final paycheck included 138 hours of vacation pay. The city's personnel policy indicates that a maximum of only 40 hours vacation leave can be carried over

from the previous year. Therefore, given that the maximum the City Administrator could have accrued for the current year was 60 hours, it appears the City Administrator was paid at least 38 hours in excess of the maximum allowed by city policy. There was no documentation that the City Administrator's timesheets were reviewed for accuracy and propriety or that leave balances were monitored by personnel independent of the City Administrator.

To ensure equitable treatment of all employees, the city should ensure personnel policies are followed. In addition, to ensure the propriety of all payroll expenses, procedures should exist to ensure any future city administrator's timesheets and leave records are reviewed by the board or other personnel independent of the city administrator.

WE RECOMMEND the Board of Aldermen ensure established personnel policies are followed. The board should also establish procedures to ensure any future city administrator's timesheets and leave records are reviewed by the board or other personnel independent of the city administrator.

AUDITEE'S RESPONSE

The Board of Alderman indicated the city is planning to implement this recommendation.

10. Ordinances

The city has not adopted ordinances to establish the compensation and duties of some city officials and employees. The city also has not fully complied with its own ordinance and state laws regarding the makeup of its Planning and Zoning Commission. In addition, the city has not complied with city ordinance number 376-99, which governs the fees the city charges to cover the costs to provide access to or furnish copies of public records.

- A. The city has not adopted ordinances to establish the compensation and duties of some city officials and employees. For example, no ordinance currently exists for the Court Clerk, Maintenance Supervisor, or the Chief of Police. Sections 79.270 and 79.290, RSMo 2000, require the compensation and duties of city officials and employees to be set by ordinance.
- B. The city has not fully complied with its own ordinance regarding the makeup of its Planning and Zoning Commission. The City Engineer, who is not a city resident, is serving as a voting member of the Planning and Zoning Commission; however, the city's planning and zoning commission manual, which is adopted by city ordinance, indicates that voting members must be residents of the city and any members of advisory committees will be non-voting.
- C. The city has not complied with city ordinance number 376-99, which governs the fees the city charges to cover the costs to provide access to or furnish copies of

public records. The city ordinance states that a minimum fee of \$1 per page for copies will be charged; however, the City Clerk indicated she typically charges fifteen cents per copy. In addition, the city's minimum fee of \$1 per page appears unreasonable given the typical costs of copies.

Since the ordinances represent legislation passed by the Board of Aldermen to govern the city and its residents, it is important that the city's ordinances be accurate, up-to-date, and enforced.

WE RECOMMEND the Board of Aldermen:

- A. Establish the duties and compensation of all city officials and employees by ordinance as required by statute.
- B. Ensure compliance with city ordinances relating to membership on the Planning and Zoning Commission.
- C. Review the current practice regarding public access to records and the related costs, and revise the policy as necessary.

AUDITEE'S RESPONSE

The Board of Alderman indicated:

- A. *While we believe the duties and powers of all persons associated with the city should be defined by ordinance, Section 79.290 does not require that the duties, powers or privileges of city employees be so defined. The difference between an "officer" and an "employee" should be noted.*
- B. *While the City agrees that it should revamp its zoning ordinances, it disagrees with any suggestion that these ordinances illegally, or improperly, give non-residence citizens the authority to vote on planning and zoning issues. The fact that the City's engineer is a voting member of the present Planning & Zoning Commission is due to the fact the City's corresponding ordinance has not been amended since Section 89.320 RSMo. The city will revise the current planning and zoning ordinance to allow the city engineer to serve as a voting member.*
- C. *Ordinance has been written for the board to approve to comply with this recommendation.*

11. Evidence and Seized Property Controls and Procedures

The police department maintains records and custody of evidence and seized property. During our review, we noted the following concerns relating to evidence and seized property:

- A. The police department attaches tags to evidence and seized property which identifies the item and documents the disposition of evidence and property seized; however, a complete control log of evidence and seized property is not maintained nor is an inventory periodically conducted.

A complete log of evidence and seized property should be maintained to ensure these items are adequately safeguarded. Periodically, an inventory should be taken of all the evidence and seized property and reconciled to the log.

- B. The city is holding over \$8,400 in a bank account which represents a \$7,770 seizure made by the Police Department in March 2000 plus interest that has accrued on these monies. Documentation from the County Prosecuting Attorney's Office indicated that forfeiture proceedings on this seized cash began in 2000. The city should follow up on the status of this case to determine the proper disposition of these funds.

WE RECOMMEND the Board of Aldermen:

- A. Require a complete log of all seized property be maintained. In addition, a periodic inventory should be taken and reconciled to the log.
- B. Determine the proper disposition of these seized monies.

AUDITEE'S RESPONSE

The Board of Alderman indicated:

- A. *The police department does have a list of property seized and evidence. However, the list does not cover items seized or evidence collected prior to November 2001. We will start to conduct an inventory of items prior to that date to have a complete list and keep it up to date.*
- B. *The \$8,400.00, which represented \$7,770.00 from a seizure made by the police department, has been civilly forfeited by the Greene County Prosecutors Office. The Chief of Police has made several calls to the Assistant Prosecuting Attorney in reference to this and has not gotten an answer for the disposition of the funds. He will keep trying to get an answer. Possibly if the City's Attorney was to call the Assistant Prosecuting Attorney, he would get an answer in a timely fashion.*

- A. The maintenance department does not maintain logs documenting usage and maintenance costs for its vehicles and equipment. The maintenance department maintains four pickup trucks, a dump truck, a sewer truck, a backhoe, a road grader, and a tractor.

Vehicle and equipment logs are necessary to document appropriate use and to support fuel charges. The logs should include the daily beginning and ending odometer readings or hours used as applicable, purpose of miles driven or hours used, and the operation and maintenance costs. These logs should be reviewed by a supervisor to ensure vehicles are used only for city business and help identify vehicles and equipment which should be replaced. Information on the logs should be reconciled to fuel purchases and other maintenance charges.

- B. All city employees have unlimited access to the city maintenance shop resulting in a lack of accountability over the city's assets. Additionally, given the poor controls over property records noted in MAR No. 13, the Board of Aldermen should evaluate their current policy of allowing all employees access to the maintenance shop. Upon determining which employees should be provided keys, written records of keys assigned to employees should be maintained.

WE RECOMMEND the Board of Aldermen:

- A. Ensure the maintenance department maintains logs documenting usage and maintenance costs for its vehicles and equipment. Also ensure periodic supervisory reviews of the logs are performed.
- B. Evaluate the current policy regarding employee access to the maintenance shop. Written records of keys assigned to employees should be maintained.

AUDITEE'S RESPONSE

The Board of Alderman indicated:

- A. *Sheets will be designed to record everything maintenance workers do. These sheets will include the cost of parts and the labor.*

All inventories will be tagged with an ID number and recorded on a spreadsheet on the computer.

A mileage log will be placed in each truck at the beginning of the week, and will be turned in to the Maintenance Supervisor at the end of the week. This log will record starting and ending miles for each day, date and amount of oil added, and date and amount of fuel bought.

B. The board will review employee access to the buildings.

13. Property Records

The city has not established records to account for all property owned by the city. Although the financial statements presented in the most recent CPA audit report showed \$308,434 in city assets, the city does not maintain adequate asset records of their own.

Property records should be maintained on a perpetual basis, accounting for property acquisitions and dispositions as they occur. The records should include a detailed description of the assets including the name, make and model numbers, asset identification numbers, the physical location of the assets, and the date and method of disposition of the assets. In addition, all property items should be identified with a tag or other similar device, and the city should conduct annual inventories.

WE RECOMMEND the Board of Aldermen ensure property records are maintained which include all pertinent information for each asset such as tag number, description, cost, acquisition date, location, and subsequent disposition. Additionally, the city should properly tag, number, or otherwise identify all applicable city property and conduct an annual inventory.

AUDITEE'S RESPONSE

The Board of Alderman indicated the city's inventory list is currently being updated to include the items recommended by the State Auditors.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

CITY OF STRAFFORD, MISSOURI
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The city of Strafford is located in Greene County. The city was incorporated in 1964 as a fourth class city. The population of the city in 2000 was 1,845.

The city government consists of a mayor and six-member board of aldermen. The members are elected for two-year terms. The mayor is elected for a two-year term, presides over the board of aldermen, and votes only in the case of a tie. The Mayor, Board of Aldermen, and other principal officials during the year ended September 30, 2003, are identified below. The compensation of the elected officials is established by ordinance. The Mayor and each member of the Board of Aldermen are paid \$100 and \$50, respectively, for attendance at each regular board meeting with the stipulation that no one will receive more than two such payments in any calendar month.

Elected Officials	Date of Service
Barbara L. Helvey, Mayor	April 2003 to April 2005
Alan Baker, Mayor	April 2001 to April 2003
Christopher J. Clark, Alderman (1)	April 2002 to April 2004
Bryant Doss, Alderman	March 2002 to April 2005
John Vicat, Alderman	April 2003 to April 2005
Stephen D. Ruddell, Alderman	April 2001 to April 2003
Curtis Baker, Alderman (2)	May 2003 to April 2004
Barbara L. Helvey, Alderwoman	September 1997 to April 2003
Susan Krieger, Alderwoman	April 2003 to April 2005
Jack E. Mallot, Alderman	November 2002 to April 2003
J.R. Capps, Alderman (3)	April 2002 to April 2004

Other Principal Officials	Dates of service during the year ended September 30, 2003	Compensation Paid for the Year Ended September 30, 2003
Ronnie J. Carriger, City Administrator (4)	October to December 2002	\$ 15,104
Sharon D. Mickey, City Clerk	October to September 2003	26,454
Rochelle L. Zebell, Court Clerk	October to September 2003	19,692
Sammie K. Root, Utility Clerk	September 2003	858
M. Beth Miller, Utility Clerk	August to September 2003	1,379
Kristina M. Tindall, Utility Clerk	October to June 2003	14,741
David C. McIntosh, Maintenance Supervisor	October to September 2003	27,657
Justhan Webster, Chief of Police	October to September 2003	31,480
Jim Kelly, City Attorney	April 2003 to September 2003	7,412
Andrew Brown, City Prosecuting Attorney	April 2003 to September 2003	3,787
Brian D. Malkmus, City Attorney and Prosecuting Attorney	October to April 2003	8,478
Shannon Gamble, Municipal Judge	October to September 2003	9,471

- (1) Peggy Triplett was elected alderwoman in April 2004.
- (2) Myrl "Sandy" Bowler was elected alderman in April 2004.
- (3) J.R. Capps was reelected alderman in April 2004.
- (4) Resigned on December 31, 2002. A replacement was not hired.

In addition to the officials identified above, the city employed 7 full-time employees and 1 part-time employee on September 30, 2003.

Assessed valuations and tax rates for 2003 were as follows:

ASSESSED VALUATION*

Real estate	\$ 14,903,080
Railroad and utility	829,311
Total	<u>\$ 15,732,391</u>

*Taxes are not levied on Personal Property Assessed Valuation of approximately \$4.3 million.

TAX RATES PER \$100 ASSESSED VALUATION

	Rate	Expiration Date
General Fund	\$.4086	None

The city has the following sales taxes; the rates are per \$1 of retail sales:

	Rate	Expiration Date
General	\$.0100	None
Capital improvement	.0050	2006



**PUBLIC ADMINISTRATOR
PULASKI COUNTY, MISSOURI**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-52
June 25, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

June 2004

The following report is our audit of the Public Administrator, Pulaski County, Missouri.

The Pulaski County Public Administrator contacted the State Auditor's Office and the Missouri State Highway Patrol in November 2003 concerning possible misappropriations discovered in her wards' checking accounts. Weaknesses in the internal control system and record keeping system of the Public Administrator's office allowed misappropriations of at least \$40,808 to occur during the period January 1, 2002 through November 7, 2003. These misappropriations may have been detected on a more timely basis if adequate oversight and reviews had been performed and if internal controls had been established. In addition, the Public Administrator identified additional misappropriations of at least \$1,814 made during 2000 and 2001. Information regarding these misappropriations has been shared with law enforcement authorities.

The former accounting clerk also made unauthorized transfers among various accounts of at least \$98,277, in part to attempt to conceal the various misappropriations and shortages. The accounting records indicate another \$13,675 was received but never deposited into various accounts, which may represent additional misappropriations.

Accounting and bookkeeping duties were not adequately segregated, and the Public Administrator did not perform supervisory reviews of the accounting records. Checks were not always issued in numerical sequence and several check numbers were not accounted for. Some annual settlements prepared by the Public Administrator's office were not complete or accurate, and some settlements were approved by the Probate Court without corresponding bank statements and cancelled checks being filed.

The Public Administrator's former accounting clerk has been charged with 28 counts of felony stealing.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

PUBLIC ADMINISTRATOR
PULASKI COUNTY, MISSOURI

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the Public Administrator
Pulaski County, Missouri

We have audited the Public Administrator of Pulaski County, Missouri. The scope of this audit included, but was not necessarily limited to, the period January 1, 2002 through November 7, 2003. The objectives of this audit were to:

1. Investigate irregularities in the disbursement of estate funds held by the Public Administrator.
2. Determine the extent of any funds misappropriated from the Public Administrator's estates.
3. Review certain internal controls regarding the disbursement of and accounting for estate funds.
4. Review compliance with certain legal provisions.

To accomplish these objectives, we reviewed 28 of approximately 90 estates handled by the Public Administrator. We reviewed bank statements, canceled checks, check registers, annual settlements, and other pertinent documents for each applicable estate and interviewed various personnel of the Public Administrator's office and the Associate Circuit Division (Probate Court), as well as certain external parties. Our methodology included, but was not necessarily limited to, the following:

1. We obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.
2. We obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide

reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying Management Advisory Report presents our findings arising from our audit of the Public Administrator of Pulaski County, Missouri.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

March 9, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Mark Ruether, CPA
In-Charge Auditor:	Jody Vernon, CPA

EXECUTIVE SUMMARY

PUBLIC ADMINISTRATOR
PULASKI COUNTY, MISSOURI
EXECUTIVE SUMMARY

Weaknesses in the internal control and record keeping systems of the Public Administrator's office allowed misappropriations of at least \$40,808 to occur during the period January 1, 2002 through November 7, 2003. In addition, the Public Administrator identified additional misappropriations of at least \$1,814 made during 2000 and 2001.

These misappropriations may have been detected on a more timely basis if adequate oversight and reviews had been performed and if internal controls as noted in the accompanying Management Advisory Report had been established.

Paula Long Weber serves as Pulaski County Public Administrator. Cathi Leuthen was employed as the accounting clerk of the Public Administrator's office and her duties were to receive, record, deposit, and disburse monies and reconcile the bank accounts. Ms. Leuthen's employment with the county was terminated on November 7, 2003. Information regarding these misappropriations has been shared with law enforcement authorities. In April 2004, Ms. Leuthen was charged with 28 counts of felony stealing.

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

PUBLIC ADMINISTRATOR
PULASKI COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

The Public Administrator acts as the court-appointed personal representative for wards of the Associate Circuit Division (Probate Court) and is responsible for receiving, disbursing, and accounting for the assets of those individuals. The Public Administrator is required to file annual settlements with the Probate Court for each of the wards' estates which reflect financial activity for the year. During the period January 1, 2002 through November 7, 2003, the Public Administrator had responsibility for approximately 90 wards.

The Pulaski County Public Administrator contacted the State Auditor's Office and the Missouri State Highway Patrol in November 2003 concerning possible misappropriations discovered in her wards' checking accounts. Based on this contact, the State Auditor's Office performed an audit of the Public Administrator's office. We reviewed 28 estates handled by the Public Administrator. The Public Administrator is currently reviewing all of her wards' estates in order to find any additional misappropriations, as well as to find and correct errors and omissions in the accounting records and to correct and file amended annual settlements with the Probate Court.

Following are our comments regarding the misappropriations and the related accounting controls and procedures.

1. Misappropriated Funds and Unauthorized Transactions

At least \$42,622 was disbursed from various accounts of the Public Administrator for the apparent personal benefit of the former accounting clerk. This clerk also made unauthorized transfers among various accounts of at least \$98,377, in part to attempt to conceal the various misappropriations and shortages. The accounting records indicate \$13,675 was received but never deposited into various accounts, which may represent additional misappropriations. Overdraft and other bank service fees of at least \$946 were incurred on various accounts.

- A. Between January 1, 2002 and November 7, 2003, at least 19 checks totaling \$10,160 were issued by the former accounting clerk from several of the wards' checking accounts for money order purchases. There is no documentation to indicate these money orders were issued for the benefit of the wards. In addition, at least 17 checks totaling \$30,648 were issued by the former accounting clerk to various vendors, including credit card, cellular phone, and internet companies, which apparently did not benefit the applicable wards. It appears these checks and money orders were issued to personally benefit the former accounting clerk. Additionally, the Public Administrator noted at least 4 unauthorized checks issued by the former accounting clerk during 2000 and 2001, totaling \$1,814, for similar transactions.

Information regarding these misappropriations has been shared with law enforcement authorities.

- B. During the audit period, the former accounting clerk made at least \$98,377 in unauthorized transfers among various wards' checking accounts. The Public Administrator has reviewed these transfers and indicated there were no legitimate purposes for these transfers. It appears some of these transfers were made to attempt to conceal the misappropriations noted above, in which amounts were transferred from accounts that had significant unused funds to accounts from which funds had been misappropriated.

In addition, many of these transfers were apparently made to conceal or correct other accounting errors and omissions or to cover expenses incurred by wards that did not have sufficient funds to pay for these expenses. For example, some wards should have received federal and state aid to cover various expenses; however, because of various errors, such as the Public Administrator's office not filing the necessary paperwork, some wards did not receive revenues to which they were entitled. The Public Administrator should follow up to determine if the applicable wards are entitled to receive any additional revenues.

- C. Numerous receipts were recorded in various wards' accounting records which could not be traced to specific deposits. These were recorded as receipts for sheltered workshop wages, state grant proceeds, social security income, and dividend income, as well as other miscellaneous receipts. The Public Administrator has already followed up on some of these receipts and determined that some social security checks that were recorded as received were not deposited, and according to the payor, the checks were never cashed. The Public Administrator has requested the issuance of replacement checks. She has also determined that some of the amounts recorded as sheltered workshop wages were not actually paid to the various wards, so it appears these receipts were recorded in error. As of March 9, 2004 (fieldwork completion), additional follow up is needed on at least \$13,675 of receipts recorded during the audit period to determine if these amounts were received and not deposited, were recorded in error, or represent additional shortages or misappropriations.
- D. During the audit period, overdraft and other bank fees totaling at least \$946 were charged to the various wards' checking accounts. It appears that many of these charges resulted because of the various errors, omissions, and shortages noted above. The Public Administrator should review these fees and determine if any of these amounts can be recovered and credited back to the applicable accounts.

These misappropriations, errors, and omissions were allowed to occur and not be detected for a period of time due to a lack of control procedures being in place. Management Advisory Report (MAR) No. 2 addresses the needed controls.

WE RECOMMEND the Public Administrator continue working with law enforcement authorities and the Probate Court regarding any criminal prosecution and obtain full reimbursement of the misappropriated funds. In addition, the Public Administrator should return the improperly transferred monies to the proper accounts and determine if applicable wards are entitled to receive any lost state and federal aid, follow up and take appropriate action on the recorded receipts that were not deposited, and determine if the bank charges can be recovered and returned to the applicable accounts. Finally, the Public Administrator should continue to review all of her estates to identify and correct any additional misappropriations, errors, and omissions and prepare and file corrected or amended annual settlements.

AUDITEE'S RESPONSE

All bank accounts of the estates that I am responsible for have been reconciled and in proper order. I have already returned funds to the proper accounts where funds were available per order of the Probate Judge. We are reviewing each estate as their annual settlement is due as far back as three years and amending each settlement as needed. There has already been charges filed on my previous clerk where she had to post a \$50,000 cash bond. I will continue to work with law enforcement and report any other misappropriated funds that I may find.

2. Accounting Controls and Procedures
--

Accounting duties were not adequately segregated and the Public Administrator did not prepare or document supervisory reviews. Checks were not issued in sequence, the numerical sequence was not accounted for, and numerous other errors were noted in the check registers maintained for the estates. Numerous errors and omissions were made on the annual settlements prepared by the Public Administrator's office. Some annual settlements were approved by the Probate Court even though bank statements and canceled checks were not always filed with the annual settlements prepared by the Public Administrator. The former employee responsible for handling estate funds was not bonded.

- A. During the audit period, accounting duties were not adequately segregated. All accounting duties, including receiving, recording, depositing, and disbursing monies, and reconciling the bank accounts were performed by the former accounting clerk. While the Public Administrator indicated she periodically reviewed ward files, accounting records, and bank reconciliations, she did not document these reviews, and there are no records that show the former accounting clerk was preparing accurate bank reconciliations. Since the misappropriations were discovered, the Public Administrator indicated she has been reviewing each bank reconciliation prepared by the current accounting clerk and documenting her review.

Internal controls would be improved by segregating the duties of receiving and recording monies from the duties of depositing and disbursing monies. If duties

cannot be adequately segregated, at a minimum, the Public Administrator should continue to periodically review the accounting records and bank reconciliations, compare monies received with deposits, and ensure records appear accurate. Failure to adequately segregate duties or provide a supervisory review increases the risk that errors or irregularities will not be detected in a timely manner.

A similar condition was noted in our audit of Pulaski County for the Two Years Ended December 31, 2002, issued September 30, 2003. The Public Administrator indicated she had started implementing our recommendations during 2003, subsequent to the issuance of the audit, and this helped her detect the misappropriations noted in MAR No. 1.

- B. Checks were not always issued in numerical sequence for various estates, and several check numbers were not recorded on the check registers or otherwise accounted for. In addition, there were numerous other errors and omissions on the check registers, including checks recorded as void which actually cleared the bank, check amounts recorded differently than the amounts that cleared the bank, and checks which were recorded but apparently not issued or never cleared the bank. Checks that were actually voided were not always properly defaced and retained.

To properly account for all disbursements, check information should be recorded accurately on the check registers, and checks should be issued numerically and recorded in numerical order on the check registers. In addition, voided checks should be properly defaced and retained.

- C. Some annual settlements prepared by the Public Administrator's office were not complete or accurate. Our review noted numerous check amounts, payees, and check numbers which were inaccurately reported on the annual settlements. For example, a completely different check number sequence was reported on one annual settlement than the check numbers actually used. On other settlements, some checks that were issued were not reported and some checks that were reported were apparently not issued. In addition, receipts were not always accurately reported on some settlements.

To ensure the financial activity of the estates is accurately reported to the Probate Court, all receipts and disbursements should be accurately recorded on the annual settlements.

- D. Some annual settlements were approved by the Probate Court even though corresponding bank statements and canceled checks were not filed with the court. The Probate Court's procedures require the filing of the bank statement for the last month of the settlement period along with canceled checks for the entire settlement period; however, this was not always done. The Probate Division Clerk indicated that she sends reminders to the Public Administrator when the proper bank information is not filed; however, if the bank information is never

received, the Probate Division Clerk indicates this on the annual settlement and the settlements are approved by the Probate Judge. Without receiving and comparing the bank information to the annual settlements, the Probate Court could not be assured that the ending checking account balances reported on the annual settlements were correct nor verify the accuracy of the receipts and disbursements recorded on the annual settlements.

- E. The Public Administrator is bonded as required by state law; however, her current and former accounting clerks are not bonded. As a means of safeguarding assets and reducing the risk if a misappropriation of funds would occur, all employees handling monies should be adequately bonded.

WE RECOMMEND the Public Administrator:

- A. Adequately segregate accounting duties or continue to periodically perform and document reviews of the accounting records and bank reconciliations.
- B. Issue checks numerically, account for the numerical sequence, and ensure all check amounts and information are accurately recorded in the check registers. In addition, all voided checks should be properly defaced and maintained.
- C. Prepare annual settlements which accurately report all estate receipts and disbursements.
- D. File all bank statements and canceled checks with the annual settlements. In addition, the Probate Judge should require bank statements and canceled checks be filed and compared to the annual settlements to help ensure the settlements are complete and accurate prior to approving them.
- E. Obtain bond coverage for all employees with access to assets.

AUDITEE'S RESPONSE

The Public Administrator provided the following response:

- A. *I have my assistant reconcile each bank statement as they come in and then I personally check each account and document this by initialing and dating them.*
- B. *This was a procedure my previous clerk did. This is not done now. This I also am able to control by handling all bank statements.*
- C. *I personally prepare all annual settlements and have my assistant type these reports to check for my errors. I have not filed any late settlements since this procedure was adopted.*

- D. *All canceled checks and voided checks are filed with each settlement that I prepare. In the past, we were being told checks and bank statements were lost in the mail. We now know this was not true.*
- E. *I called the County Clerk's office and was informed that the county did not have a blanket bond for county employees. I told them that this was a suggestion made by the auditors. I was then told this was not something that would be done anytime soon but would be brought to the attention of the County Commission.*

The Probate Judge submitted the following response:

- D. *I take full responsibility for the policies and procedures in my office. I believe your recommendations are appropriate and I am immediately implementing them. The attorneys, conservators, and personal representatives with cases here will be required to file all bank statements and all checks with any settlement and no excuses will be accepted.*



**REVIEW OF MISSOURI CONSOLIDATED
HEALTH CARE PLAN MANAGEMENT**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-51
June 25, 2004
www.auditor.mo.gov**

PERFORMANCE AUDIT



Office of
Missouri State Auditor
Claire McCaskill

June 2004

Missouri law requires Missouri Consolidated Health Care Plan (MCHCP) to provide healthcare benefits for eligible state and public entity employees and their dependents. During calendar year 2003, MCHCP provided group healthcare and prescription drug benefits for approximately 104,000 state members and 5,000 public entity members. Our audit showed MCHCP has taken steps to contain costs in the face of rising healthcare costs, but an examination into further cost cutting measures appears warranted.

More feedback from members could show if services are affordable, good quality

Our survey of active and retired state participants in plans offered by MCHCP shows while 63 percent of respondents rated MCHCP's management of the rising cost of healthcare as adequate, good, or excellent, 66 percent are also less or much less satisfied with MCHCP than they were five years ago. Common reasons for dissatisfaction were a lack of plan choices in some areas and increasing health care costs with no corresponding increase in pay or level of benefits. MCHCP's cost containment efforts in the past several years are similar to those used by other entities, and have helped hold down premium cost increases and produced premiums similar to other states and entities reviewed, without a substantial decrease in benefits covered. (See page 10)

MCHCP does not routinely obtain formal or measurable feedback from its members. Instead, it relies on informal feedback from members through calls to the customer service center and comments or questions heard at open enrollment meetings, etc. Lack of a formal process makes it difficult to quantify the input for use by management, and may help explain why dissatisfaction remains high even when MCHCP appears to be doing a good job at cost containment. (See page 12)

MCHCP should review its structure for potential cost savings

MCHCP services significantly fewer members per employee than other states reviewed. For example, the Kansas state employee health system services 4,392 members per employee and appears to perform services similar to what MCHCP employees handle. MCHCP services only 1,375 members per employee, a difference of more than 3,000 members per employee. (See page 15)

One explanation for the large staff is that MCHCP offers healthcare programs to public entities. At one time, MCHCP serviced 59,000 public entity members. Increasing healthcare costs for that segment resulted in a decrease in members to approximately 3,900 in 2004. While the number of MCHCP employees rose when public entity enrollment increased, those increased staffing levels did not significantly change after public entity enrollment declined. (See page 18)

(over)

YELLOW SHEET

Considering staffing levels at other states, costs savings could possibly be achieved by reducing staffing levels as appropriate and/or discontinuing offering healthcare to Missouri public entities. MCHCP could save approximately \$47,500 for every employee it reduces. MCHCP is required by statute to offer healthcare options to public entity members, so a legislative change would be needed to discontinue public entity offerings. (See page 21)

State funds are used for services to public entity members

Auditors found state funds are possibly being used to provide services to public entity members. Administrative fees paid by public entities served by MCHCP are supposed to cover the service costs of public entity members. When public enrollment was high, it appeared the administrative fees covered the costs of providing these services. However, the state has always paid the fringe benefits paid to MCHCP employees servicing public sector members, rather than having these costs reimbursed. These employee benefit costs equal approximately 28 percent of the base salary of each employee. MCHCP only estimates how much time employees spend on public entity business versus state member business and the accuracy is not documented. (See page 19)

Few other states have healthcare system run outside a state agency

In a review of 24 mid-continent states, we found only two other states had health care programs run outside a state agency. While MCHCP officials explain their organizational structure was modeled after the Missouri State Employees' Retirement System, placing MCHCP outside a state agency results in performing functions duplicated within state agencies, such as information systems, human resources, and receiving services. This arrangement might have been beneficial when MCHCP serviced a large number of public entity members, but a re-evaluation in light of the current small number of public entity members is warranted. (See page 16)

Eligibility for services should be monitored more closely

MCHCP has no process to ensure all members participating in the health care plans are actually eligible for coverage under the plans. Instead, MCHCP relies on personnel clerks within each state agency to monitor the eligibility of members. Documentation is only required in limited circumstances such as a disabled dependent over 23 years of age or covering a dependent through a court ordered divorce decree. Other states' eligibility reviews indicate more thorough checking, such as requiring marriage, birth and death certificates, may result in the discovery of ineligible members receiving services. (See page 25)

Written procedures needed to ensure contractors adhere to performance standards

MCHCP has no written procedures for monitoring contractor adherence to performance standards, which could cost the state if penalties are not paid. Contractors self-measure some standards and report to MCHCP, with MCHCP relying on the contractors to report non-compliance and apply the appropriate penalties. MCHCP does not periodically require or review documentation to support this self-measurement process. For performance standards monitored by MCHCP, the procedures used to measure performance are not documented. (See page 25)

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ABBREVIATIONS

MCHCP	Missouri Consolidated Health Care Plan
HMO	Health Maintenance Organization
HEHPIP	Highway Employees and Highway Patrol Insurance Plan
MOSERS	Missouri State Employee's Retirement System
POS	Point-of-Service Plan
PPO	Preferred Provider Organization
SAO	State Auditor's Office



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Members of the General Assembly
and
Members of the Missouri Consolidated Health Care Plan Board
and
Ron Meyer, Executive Director
Missouri Consolidated Health Care Plan

Healthcare costs have risen considerably nationwide since the late 1990's. Healthcare premium costs paid by the state, Missouri Consolidated Health Care Plan (Missouri Consolidated) members, and public entities increased significantly between 2000 and 2001, after an initial 5-year healthcare contract period ended. Missouri Consolidated has seen double digit increases nearly every year since. This increase in premiums has become a growing concern for the state and Missouri Consolidated members. This concern is especially great given the state's current budget situation and lack of cost of living raises for many state employees for the past 3 years. Because this matter is of utmost importance to Missouri and its employees, we performed an audit of Missouri Consolidated pursuant to our authority under Chapter 29, RSMo. Our objectives were to determine if 1) competitive rates are being obtained for state employees, 2) administrative costs appear reasonable, and 3) the state's health insurance plans are effectively managed.

Missouri Consolidated's rates appear to be reasonable based on two national surveys of state governments' employee health plans and in relation to a comparison study group of 5 surrounding states, 3 other Missouri governmental plans with statewide coverage, and 1 major metropolitan governmental plan. In addition, cost containment efforts are similar to steps taken by other entities to control rising healthcare costs. However, members we surveyed expressed frustration with rising premiums and co-payments and a lack of plan options in some regions. Missouri Consolidated does not routinely solicit formal or measurable feedback from members regarding potential plan design or benefit changes.

Missouri Consolidated has not performed a review of its staff size or structure. While public entity membership has decreased significantly in recent years, the number of employees has remained relatively unchanged and Missouri Consolidated services fewer members per employee than the other surrounding states in the comparison study group. Also, Missouri Consolidated's structure as a separate benefits entity is uncommon among 23 other mid-continent states. In addition, Missouri Consolidated does not ensure enrollees are eligible for healthcare coverage

and does not adequately monitor the contract performance standards of its self-funded healthcare plans by obtaining supporting documentation or documenting reviews performed.

We have included recommendations to improve the management, oversight, and operation of the Missouri Consolidated Health Care Plan.

We conducted our work in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such tests of the procedures and records as were considered appropriate under the circumstances.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is written in a cursive, flowing style.

Claire C. McCaskill
State Auditor

The following staff contributed to this report:

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INTRODUCTION

Background

Chapter 103, RSMo, requires Missouri Consolidated to provide healthcare benefits for eligible state and public entity employees and their dependents (including active employees, retirees, Consolidated Omnibus Reconciliation Act (COBRA) participants, disabled members, survivors, and vested members). A Board of Trustees, consisting of thirteen members, is responsible for the general administration and proper operation of Missouri Consolidated. The Board and its staff, along with a consulting actuary, design the benefit levels and structure of the group health care benefits program, which includes medical, prescription drug, dental, vision, and employee assistance components. The Board periodically issues Requests for Proposals to provide such benefits and, with its consultant, negotiates costs with the bidders. Missouri Consolidated also provides services to its membership such as answering general benefit and eligibility questions, serving as an intermediary between members and the contracted healthcare plans, and enrolling members.

During calendar year 2003, Missouri Consolidated provided group healthcare and prescription drug benefits for approximately 104,000 state members and 5,000 public entity members. State employee membership levels have fluctuated slightly over the years; however, public entity membership levels have decreased from a high of approximately 59,000 members in 2000.

For the purposes of obtaining group medical and prescription drug premium rates, Missouri Consolidated has segregated state members and public entity members into two pools, each with its own rates. In establishing rates, the claims experience and other characteristics of each pool as a whole is analyzed to predict expected costs rather than analyzing each member's individual data. The two pools are separated to prohibit state monies from subsidizing public entity members' healthcare expenses. Healthcare plans who bid for fully insured Health Maintenance Organization (HMO) healthcare contracts with Missouri Consolidated are required to submit bids for both public entity employees and state employees. Missouri Consolidated separates the state into eight regions for bidding purposes, and rates may vary for each region. Healthcare plans generally determine which regions to bid based on where their networks of providers are strongest.

Missouri Consolidated offers four different levels of coverage to active members. Each level of coverage for both active and retired state employees is partly subsidized by state funds, with the employee paying the remaining percentage of cost. For active and retired employees, the percentages subsidized by the state are generally based on the low cost plan in each region. For example, if there is more than one plan option in a region and an employee chooses employee-only coverage, the state will subsidize 94.5 percent of the premium cost of the low cost plan. If the low cost plan premium is \$100 per month, the state will then subsidize \$94.50 per month for all plans available in that region. An employee would then pay the remaining \$5.50 per month to enroll in the low cost plan, but would pay more per month to enroll in any other plan. Each level of coverage, the corresponding active employee state subsidy, average active employee state subsidies, and the average retiree/dependent state subsidy is shown in Table 1.

Table 1: 2003 State Subsidy Percentages of Healthcare Premiums

Level of Coverage	State Subsidy Percentage
Active employee-only	94.5
Active employee/spouse	73.5
Active employee/child(ren)	94.5
Active employee/family	78.5
Average active employee state subsidy	83
Average retiree state subsidy ¹	49

¹ The state contribution strategy for retirees is based on several factors, including length of service and date retired.

Source: Missouri Consolidated

Missouri Consolidated utilizes a combination of self-funded and fully insured plans to provide benefits. During calendar year 2003, Missouri Consolidated offered two self-funded medical plans and a self-funded prescription drug plan to state members. Under these plans, Missouri Consolidated contracted with third parties to administer the plans and process the claims; however, the state assumed the risk that the cost of paying claims incurred by members might have exceeded the amount of premiums collected. In addition, six fully insured HMOs were offered. With fully insured plans, the contracted healthcare plans assumed the related risk of paying claims incurred by members in exchange for the premiums collected. The eight medical plans provided several different healthcare options for most state members. The Co-pay Plan option is statutorily required to be offered to state employees located in counties in which HMO coverage is not available and must have benefits coverage substantially identical to HMO benefits coverage. This plan's premium costs to those individuals cannot exceed the average cost to employees for HMO coverage in counties where HMO coverage is available. There are also seven HMO plans, each offering a premium or a standard option. Members choosing the premium option pay higher monthly premium rates in exchange for lower co-payments on services used, while the standard option provides lower monthly premiums but higher service co-payments.

The most populated healthcare plan for state members during calendar year 2003 was Mercy Health Plans HMO - standard option (this plan operates under the name Premier Health Plans HMO in the southwest region of the state). This plan covered healthcare for 35 percent of total state members. It was also the least expensive plan in the regions where offered. The Co-pay Plan was the second most populated, with 17 percent of total state members. This plan was offered statewide and was the only available option to members in the northeast, southeast, and south central regions.¹

Methodology

To determine if Missouri Consolidated obtained competitive rates for state employees and whether administrative costs were reasonable, we interviewed officials responsible for developing bid specifications and obtaining healthcare contract bids and reviewed Missouri Consolidated's bidding procedures. We also performed analytical reviews of Missouri

¹ The types of healthcare plans offered to state members during calendar year 2003, the number of state members and dependents covered by each plan, and the general availability of plans across the state are described in Appendix I.

Consolidated's revenues and expenses for fiscal years 1996 through 2003. We obtained this data from Missouri Consolidated's annual reports. In addition, we acquired information from five surrounding states regarding their pooling and bidding requirements, administrative structures, services provided to members, and eligibility requirements, as well as other healthcare related information. We used this information in comparison with Missouri to analyze whether various aspects of Missouri Consolidated's duties and functions, procedures, and structure were adequate and necessary.

To establish how Missouri's 2003 medical and prescription drug monthly premiums compared to other entities and states, we obtained health insurance cost information from a comparison group consisting of five surrounding states, three other state entities or agencies within Missouri, as well as the city of Kansas City, Missouri. We acquired average monthly premium information, as well as co-payment, deductible, coinsurance percentage, and out-of-pocket maximum figures for each entity's most populated HMO and conventional healthcare plan (plans other than HMOs). We did not compare the specific benefits covered under each plan (e.g., in-patient and out-patient services, type of office visits covered, percent coverage of preventive care, etc.). We assumed certain basic services were covered to some extent by all plans. In addition, we reviewed other available healthcare literature and studies available. Due to the relatively small number of public entity members currently enrolled in Missouri Consolidated, our analysis of health insurance premiums focused on rates relative to state members only.

To determine if the state's health insurance plans were effectively managed, we reviewed the contracts related to Missouri Consolidated's self-funded and fully insured medical and prescription drug plans. We also reviewed the performance standards outlined by Missouri Consolidated in each of the self-funded contracts, as well as the basis for measurement and penalties assessed for noncompliance. We also interviewed Missouri Consolidated officials and staff responsible for managing the plans. In addition, we interviewed Missouri Consolidated officials regarding the policies and procedures put in place to monitor eligibility of both new and existing members.

To gain an understanding of state members' use of and satisfaction with Missouri Consolidated and their current healthcare plan options, we randomly selected 200 of the 45,000 active state employees and 50 of the 11,000 retired state employees enrolled through Missouri Consolidated in 2003 to survey. We received responses from 152 employees, with 147 of the employees (113 active and 34 retired) choosing to answer part or all of our survey questions. The survey form and summary responses are described in Appendix IV.

We obtained comments on a draft of this report during a meeting with the Missouri Consolidated's executive director and other officials on May 19, 2004, and in a letter dated June 1, 2004. We incorporated their comments as appropriate. We conducted our work from March 2003 to February 2004.

RESULTS AND RECOMMENDATIONS

1. Continuing to Explore Additional Cost Containment and Healthcare Plan Options Would Be Beneficial and Could Help Improve Member Satisfaction

The weighted average monthly premium cost of healthcare² for Missouri Consolidated's state members increased 159 percent between 1996 and 2003, from \$191 to \$495 per month. This increase occurred because of healthcare market trends and the end of a 5-year healthcare contract period in 2000.³ However, recent increases seen by Missouri Consolidated were not unusual or significantly different from increases seen nationwide. In addition, Missouri Consolidated's 2003 premiums were reasonable compared to many of its surrounding states, other Missouri governmental plans with statewide coverage, and a Missouri metropolitan government plan. While Missouri Consolidated has taken several steps to contain healthcare premiums, these efforts have been instituted without routinely soliciting formal or measurable feedback from Missouri Consolidated members. Although Missouri Consolidated's healthcare cost increases were not unusual from national increases for the last two years, many Missouri Consolidated members have expressed frustration in their rising premiums, lack of cost of living raises, and limited healthcare plan options.

Missouri Consolidated's 2003 premiums and recent cost containment efforts were comparable to national healthcare averages and trends

The weighted average monthly premium cost between 1996 and 2003 increased primarily as a result of Missouri Consolidated's increased medical related expenses, which rose from \$122 million to \$344 million during the same time frame.⁴ Missouri Consolidated's weighted average monthly premium cost increased 46 percent between 2000 and 2001, while the national average monthly healthcare cost for active and retired employees increased only 13 percent.⁵ As noted earlier, this occurred at the end of the 5-year contract period. Since 2001, Missouri Consolidated's weighted average monthly premium cost increases have been more in line with the national average, with a 19 percent increase in 2002 compared to a 14 percent national increase, and a 7 percent increase in 2003 compared to a 16 percent national increase.

The active employee-only monthly premium rate of Missouri Consolidated's most populated plan in 2003 averaged \$289, which is \$19 less than the active employee national average of state governments of \$308.⁶ Missouri subsidized 94.5 percent of this monthly premium cost, which

² The term "premium cost of healthcare" is defined here as active and retired state employee medical and prescription costs only, and does not include optional costs such as dental or vision. These average monthly premiums include both the state and employee shares. Average premiums for 1996 through 2003 are presented in Appendix II, Table II.1.

³ Under the 5-year contracts, healthcare contractors' yearly premium increases were capped at a rate less than the general trend for the healthcare market. In 2001, contracted healthcare plans revised premiums to catch up to market trends, and accordingly, Missouri Consolidated's healthcare premiums have seen double digit increases nearly every year since.

⁴ Missouri Consolidated's fiscal years 1996 through 2003 revenues, expenses, and changes in net assets are presented in Appendix II, Table II.2.

⁵ National average monthly healthcare cost information issued in Towers Perrin, 2004 Health Care Cost Survey.

⁶ National averages obtained from 2003 Segal State Health Benefits Survey: Medical Benefits for Employees and Retirees.

was higher than the national average of state governments of 90 percent. The active employee/family monthly premium rate of Missouri Consolidated's most populated plan in 2003 averaged \$868, which is \$100 more than the active employee/family national average of state governments of \$768. However, the state subsidized 78.5 percent of this monthly premium cost, which was essentially the same as the national average of state governments' subsidy of 78 percent. In addition, another 2003 national survey of state government employee benefits ranked Missouri Consolidated's total monthly premium for employee-only coverage in the most populated plan as 21st out of 42 responding states.⁷ This survey also ranked Missouri Consolidated 35th lowest out of 40 responding states in total monthly premium cost for family coverage in the same plan. That survey also found the percentages subsidized by the state for those two coverage levels approximated the averages of the states responding.

Based on interviews with healthcare contractors' officials and reviews of healthcare literature and studies, we determined various factors affected the rising costs of healthcare. For example, drug and medical advances, rising provider expenses and reimbursement rates, government mandates and regulations, increased demand due to an aging population, increased consumer awareness of the newest drugs and treatment options, and poor lifestyle habits. Efforts by Missouri Consolidated to contain rising costs included:

- increasing self-funding of various aspects of healthcare,
- joining a multi-state prescription drug purchasing initiative and contracting with a Pharmacy Benefits Manager,
- modifying the benefit design for pharmaceuticals to provide differing co-payments for generic, formulary, and non-formulary drugs,
- increasing co-payments and modifying the co-payment structure for medical benefits to offer standard and premium HMO plans, and
- implementing utilization and case management through contracts with HMOs.

Based on interviews with healthcare contractors' officials and other state government healthcare plans and reviewing various on-line literature, Missouri Consolidated's cost containment efforts were similar to efforts put in place by others to control rising healthcare costs. While modifying the pharmacy design benefits and the co-payment structure for medical benefits has passed additional costs to members when prescriptions were filled or services were utilized, the result has been slower growth in monthly premiums for the members. In addition, passing these additional costs to members at the time of service had been intended to encourage members to become better healthcare consumers and make more informed healthcare decisions. According to discussion in Missouri Consolidated board meeting minutes, without these modifications and the resulting shifts in member enrollment to lower premium plans, state members would likely have faced higher premium increases in recent years.

⁷ National averages obtained from Workplace Economics, Inc., 2003 State Employee Benefits Survey. Rankings based on SAO calculations.

Missouri's 2003 healthcare premiums were comparable for HMO plans, but were the highest for conventional plans in comparison group

Our analysis shows Missouri Consolidated's average 2003 HMO premium in the middle of the range of premium rates for the most populated HMO plan in our comparison group.⁸ Missouri Consolidated's most populated HMO, also the most populated plan of any type, covered 35 percent of total state members (subscribers and dependents) and 42 percent of the total HMO population. Overall, 83 percent of total state members were enrolled in one of the seven available HMO plans. As shown in Figure 1, Missouri Consolidated's average employee-only monthly premium (one entity did not offer an HMO option) equaled the group's average. Other than the highest and lowest rate, the HMO rates of the comparison group appeared to be very similar.

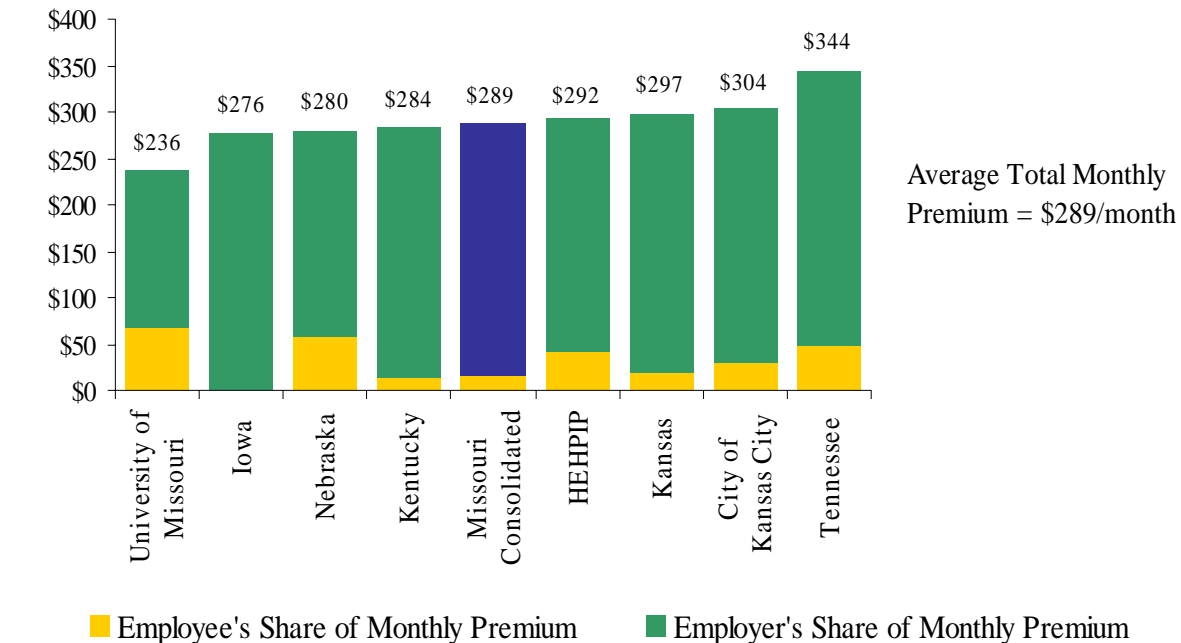
While Missouri Consolidated's 2003 HMO premium was comparable, our analysis shows the average 2003 premium for its conventional plan as the highest of all 10 entities in the comparison group. As shown in Figure 2, the employee-only monthly premium for Missouri Consolidated's only conventional plan, the second most populated plan of any type and covering 17 percent of total state members (subscribers and dependents), was significantly higher than the comparison group's average. However, Section 103.081, RSMo Cumulative Supplement 2003, requires this plan's benefits to be substantially identical to HMO benefits coverage. Therefore, Missouri Consolidated's conventional plan does not require deductibles or co-insurance for most services utilized, as most of the comparison group's conventional plans require. This difference results in less potential out-of-pocket costs to Missouri Consolidated members enrolled in its conventional plan than most of the comparison group's members.

The comparisons are presented in Figures 1 and 2.

- The figures show total monthly premiums for each state's or entity's most populated HMO and conventional plan. We did not adjust them for possible benefit design differences or the possible risk factors of the various enrolled populations.
- The figures also show both the employee's share and the employer's share of applicable monthly premiums.
- All entities in the comparison group have multiple levels of coverage (i.e., employee-only, employee/spouse, employee/child(ren), employee/family). Since all entities at least had employee-only coverage we used that rate category for analysis. In addition, 51 percent of Missouri Consolidated's active state members were enrolled in employee-only coverage. As shown in Appendix III, the rankings of family coverage premiums were substantially the same as employee-only. In addition, where premiums vary due to salary levels or region, we determined a weighted average for the most populated plans.

⁸ To analyze healthcare costs of Missouri Consolidated and its comparison group, we focused on the most populated HMO plan and conventional plan in each state or entity for the 2003 healthcare year. The comparison group consists of the states of Kansas, Kentucky, Iowa, Nebraska, and Tennessee, as well as the Missouri Highway Employee's and Highway Patrol Insurance Program (HEHPIP), the Missouri Department of Conservation, the University of Missouri, and the city of Kansas City.

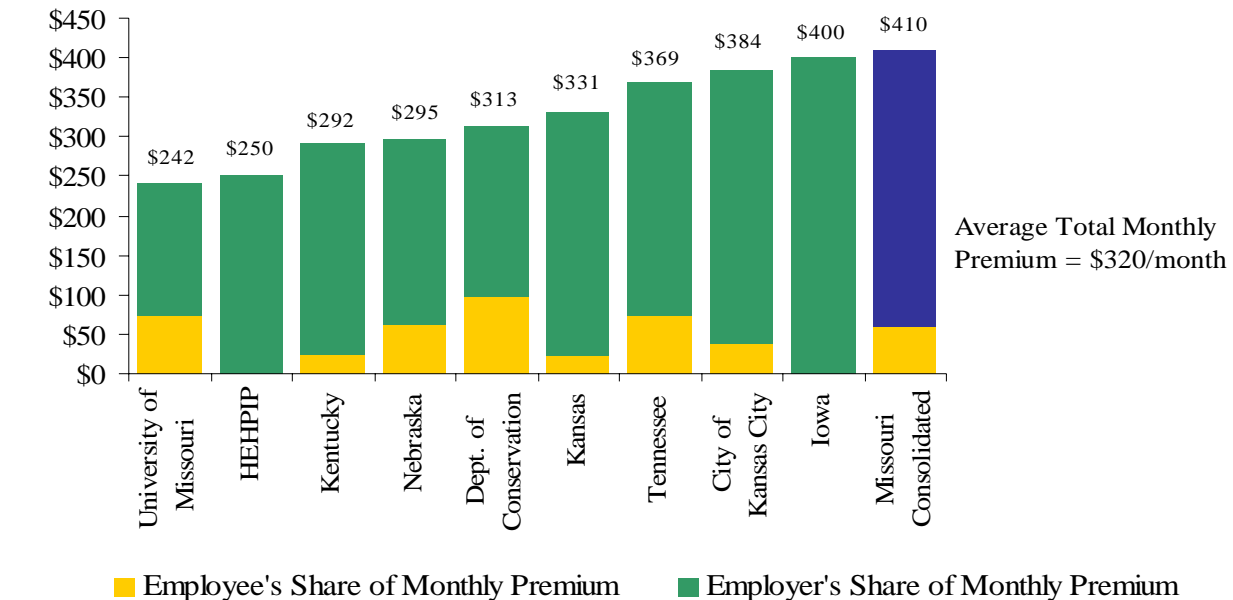
Figure 1: 2003 Monthly Premiums in HMO Plans for Employee-Only Coverage



Averages Exclude Missouri Consolidated

Source: Based on SAO analysis of information obtained from comparison group

Figure 2: 2003 Monthly Premiums in Conventional Plans for Employee-Only Coverage

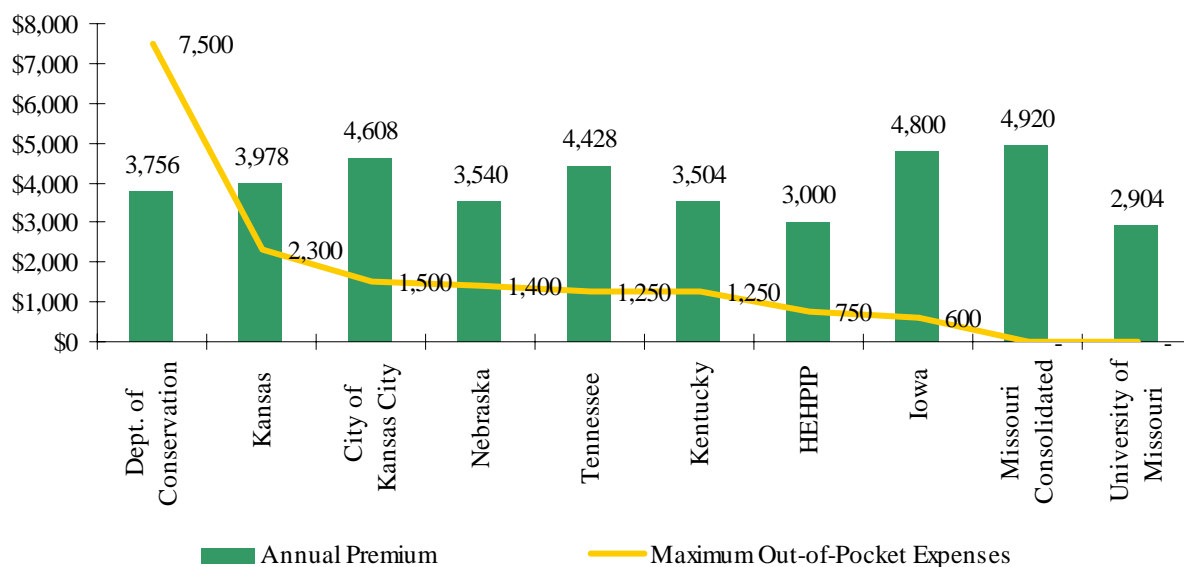


Averages Exclude Missouri Consolidated

Source: Based on SAO analysis of information obtained from comparison group

Our analysis indicates plans which pass on more financial responsibility and risk to members generally have lower premiums, which is consistent with most types of insurance. In other words, the more a member will potentially pay out-of-pocket (e.g., deductibles, coinsurance, co-payments, etc.) the lower the premiums. Our comparison of total annual premiums and maximum out-of-pocket costs indicates, as presented in Figure 3, while Missouri Consolidated's annual premiums were higher, most of the other entities and states passed on more of the financial responsibility to their members through various out-of-pocket costs. The amounts of potential out-of-pocket costs ranged widely among the plans reviewed. Through a combination of statutory requirements and policy choices, Missouri Consolidated determined not to offer a plan requiring more member out-of-pocket costs for the 2003 health plan year.

Figure 3: Comparing 2003 Annual Premiums To Maximum Out-Of-Pocket Costs In Conventional Plans for Employee-Only Coverage



Source: Based on SAO analysis of information obtained from comparison group

Appendix III contains additional analysis of conventional plans regarding out-of-pocket and maximum medical expenses.

State member healthcare survey results indicate dissatisfaction in rising premium costs and availability of plans throughout the state

Most active state employees and retirees responding to our survey rated Missouri Consolidated's performance adequate (44 percent), good (24 percent) or excellent (9 percent) in offering options to fit their needs, and most rated Missouri Consolidated's management of the rising cost of healthcare adequate (46 percent), good (15 percent) or excellent (2 percent). However, 66 percent still indicated less or much less satisfaction than 5 years ago. Common reasons cited for dissatisfaction included a lack of plan choices in many parts of the state and increasing costs for

employees through rising premiums and higher co-payments even though employees received little or no pay raises or no increase in benefits.

Responses regarding plan choices were not surprising since members in five of the eight regions of the state have limited choices in healthcare plan offerings. For members in the northeast, southeast, and south central regions only one plan (Co-pay Plan) is available, while members in the northwest and southwest regions have only two healthcare plan choices (Co-pay Plan and one HMO). Fewer choices in plans can mean fewer choices of providers or hospitals, according to a Missouri Consolidated official.

Missouri Consolidated does not restrict the number of fully insured HMO plans that can contract for healthcare services each year. As long as HMOs bidding for fully insured healthcare contracts comply with the specifications of the Request for Proposal, Missouri Consolidated has generally offered the plan as an option to members. To foster competition, Missouri Consolidated has separated the state into eight regions for bidding purposes. According to Missouri Consolidated officials and their current healthcare contractors, a regional strategy is necessary because few plans have large enough networks to allow for statewide bids. The healthcare plans bid for membership in particular regions based on the strength of their networks. This bidding strategy has resulted in more healthcare plans available to members in the central, east, and west regions of the state, where the majority of healthcare plans were strongest. However, fewer options exist in other rural parts of the state where most plans have small or no networks. We found Missouri Consolidated has no control over healthcare contractors' ability to establish networks in these areas.

Missouri Consolidated's offerings have been primarily HMO plans. The one conventional plan (Co-pay Plan) offered statewide also mimics the structure of an HMO as required by statute. A Missouri Consolidated official told us bids for a fully insured Preferred Provider Organization (PPO) plan have not been requested since 1999. The official further stated no fully insured bids were received at that time and due to this lack of response, Missouri Consolidated has not solicited bids for this type of plan since. While Missouri Consolidated has received bids for self-funded PPO plans since that time, their limited ability to fund actuarially required claims reserves of these plans and the network duplication with the Co-pay Plan has limited the offering of such plans.

Over 50 percent of survey respondents included written comments expressing concern with the rising cost of healthcare premiums, with many citing the issues of little or no employee raises or no corresponding increase in the level of benefits offered. As noted earlier, in the face of rising healthcare costs, the cost containment efforts instituted by Missouri Consolidated were similar to those used by many other entities and has helped hold premium cost increases to levels comparable to other states while causing no substantial decrease in benefits covered. The state has continued to subsidize approximately the same percentage of healthcare premiums for all state members each year.

State employees and retirees responding to our survey also indicated a reluctance to accept future changes to either plan design or benefits offered, while at the same time they believed Missouri Consolidated should focus on reducing monthly premiums and co-pay amounts. Unfortunately,

given the national trends of rising healthcare costs, it appears balancing these expectations will be very difficult. The entire state member healthcare survey and responses received are shown in Appendix IV.⁹

Missouri Consolidated has not routinely solicited formalized and measurable feedback from members regarding possible and implemented plan design or benefit changes

Missouri Consolidated's stated mission is to provide access to quality and affordable health insurance for state and local government employees; however, Missouri Consolidated does not routinely obtain formal or measurable feedback from its members to determine what the members consider "quality and affordable health insurance."

Based on information obtained through our research, discussion with healthcare insurance industry practitioners, and the comparison group, many variables can affect insurance premium rates. For example, the types of plan options offered (HMO or conventional plans), the specific medical services covered by the plan, and the amount of financial responsibility placed on the member through co-payments, deductibles, and coinsurance. In recent years, Missouri Consolidated has begun requiring or increasing co-payments for specific medical services and pharmaceuticals in its various plan offerings; however, it has not made significant changes to the specific benefits offered to members.

Missouri Consolidated hired a consultant to conduct focus groups in 2001 to determine members' perception of Missouri Consolidated, the usefulness of benefits, and members' opinion of the open enrollment process. However, members were not asked about possible changes to decrease or contain costs. Since that time, Missouri Consolidated has made some efforts to gain information from members. These efforts have come in the form of surveys included in the periodic newsletters mailed to members. The newsletters include Missouri Consolidated health information directly relayed to members. During our review of the 2003 newsletters, the only survey included regarded the confidentiality of medical information and communication materials sent to members from Missouri Consolidated.

Missouri Consolidated officials indicated they also obtain informal feedback from members through calls received at the customer service call center and through comments or questions heard at open enrollment meetings, etc. While such methods may provide useful information, the informal, unstructured nature of these communications makes it difficult to quantify the input for use by management and the board in its decision-making processes or for reporting results back to members.

Conclusions

Missouri Consolidated has taken several steps to contain the rising cost of healthcare and has managed to maintain costs relative to national averages. Eighty-three percent of Missouri Consolidated's state members were enrolled in an HMO product, with the most populated HMO plan covering 42 percent of the total HMO population. This plan's 2003 monthly premium

⁹ Questions regarding acceptance of future changes and Missouri Consolidated's focus are located in section C, questions 1 and 2.

approximated the average HMO monthly premium of Missouri Consolidated's comparison group. Seventeen percent of Missouri Consolidated's state members were enrolled in the single conventional plan offered. The 2003 monthly premium of Missouri Consolidated's conventional plan was the highest in its comparison group; however, Missouri Consolidated passes little to no additional financial responsibility to its members in the form of deductibles or co-insurance compared to most of the other entities in its comparison group.

Members are frustrated with rising healthcare premiums and lack of cost of living raises, as well as limited plan options. Missouri Consolidated has instituted various healthcare cost control measures and not restricted healthcare plans from bidding. Missouri Consolidated cannot control whether state employees receive cost of living raises to help compensate for rising costs or require healthcare plans to bid where their networks are not adequate. However, Missouri Consolidated needs to continue to develop new cost containment efforts and explore alternatives to provide more options to members in all regions of the state.

Missouri Consolidated is not routinely soliciting formal or measurable feedback from members regarding what cost containment measures members would prefer or consider in order to reduce healthcare premiums or out-of-pocket costs. In order for Missouri Consolidated to achieve its stated mission of providing access to quality and affordable health insurance, it should solicit input from its members regarding important plan design and benefit change considerations.

Recommendations

We recommend the Missouri Consolidated Health Care Plan:

- 1.1 Continue to develop new efforts to contain rising healthcare premiums and explore alternatives to offer additional healthcare plan options to members.
- 1.2 Routinely solicit and measure input from its membership regarding important plan design and benefit change considerations.

Agency Comments

The Board of Trustees and the Executive Director of the Missouri Consolidated Health Care Plan provided the following comments in a letter dated June 1, 2004:

- 1.1 *As it has in the past, MCHCP will continue to research all available options to control healthcare costs and to determine when/if further health plan options become available. This will be accomplished by continuing to meet and discuss alternatives with other public and private employers, researching pertinent literature and reports, obtaining information from various vendors, analyzing MCHCP specific data and obtaining feedback from our members. MCHCP also continues to review options for further self funded plans (specifically in the current RFP).*
- 1.2 *MCHCP has solicited and/or received feedback from its members from earlier surveys, during open enrollment meetings, personnel/payroll meetings, pre-retirement seminars,*

through the customer call center and through e-mail. In addition, focus groups have been held with state employees and just recently a survey regarding benefits and rates was completed with the public entities. These efforts have frequently resulted in responses similar to those contained in the survey conducted by the State Auditor's Office.

However, MCHCP will review its policies and procedures in regard to implementing a more formalized and documented process for receiving feedback from members. This could take the form of more routine survey responses and/or meetings with a group representing state employees. Our Customer Support department would take the lead on this project.

2. Missouri Consolidated's Administrative Structure and Costs Could Be Reduced

Missouri Consolidated's administrative costs¹⁰ have risen 51 percent in the past 7 years, from approximately \$4.8 million in 1996 to approximately \$7.2 million in 2003. Missouri Consolidated's payroll and related benefits expenses accounted for almost \$1.5 million, or 60 percent, of the increase in administrative costs between these years. The main increase in payroll and related benefits expenses occurred between 1996 and 2000, when Missouri Consolidated increased its number of employees from 71 to 80 to correspond with growing public entity enrollment. However, since that time, public entity enrollment has decreased significantly, while the number of employees has remained relatively the same. Missouri Consolidated serviced fewer members per employee than states in a comparison group and its organizational structure as a separate health benefits agency is uncommon in comparison to 23 area states. Missouri Consolidated has not performed a review of its organizational or administrative structures to determine if the organization and number of employees is necessary or most appropriate given its current state and public entity membership levels. As a result, cost savings could possibly be achieved by a combination of (1) reducing staffing levels, (2) combining Missouri Consolidated with a current state agency, and/or (3) discontinuing offering healthcare to Missouri public entities.

Missouri Consolidated could streamline its administrative structure

Missouri Consolidated services fewer members per employee than any state in our comparison group.¹¹ Missouri Consolidated has not performed a review of its administrative structure to determine if the current number of employees on staff is necessary. In addition, Missouri Consolidated operates an organizational structure as a separate benefits entity, which is fairly uncommon when compared to many other area states' healthcare programs. According to a Missouri Consolidated official, the legislature established Missouri Consolidated as a separate benefits organization to model the Missouri State Employees' Retirement System (MOSERS), which had managed healthcare benefits for state members prior to 1994. However, no review of this organizational structure has been performed to determine whether it is the most efficient and cost-effective method of administering the state's healthcare program.

As shown in Table 2.1, Missouri Consolidated's number of members serviced per employee in 2003 was the lowest of all five states in our comparison group.¹²

¹⁰ Administrative costs generally include payroll and benefits, professional services, and general state and public entity operating expenses.

¹¹ For comparative purposes, we requested information from Iowa, Kansas, Kentucky, Nebraska and Tennessee.

¹² Tennessee's number of members and employees is based on 2002 data because 2003 data was unavailable. Iowa declined to provide such data.

Table 2.1: Comparison of 2003 Members Serviced Per Employee

State	Number of Members	Number of Employees ¹	Ratio of Members Per Employee
Missouri Consolidated	108,610	79	1,375
Kansas	87,843	20	4,392
Kentucky	225,742	40	5,644
Nebraska	31,100	5	6,220
Tennessee	292,082	39	7,489

¹ The number of employees may not include functions that may be shared or contracted with state agencies, insurance companies or other intermediaries by Missouri Consolidated or the other states.

Source: Based on SAO analysis of information obtained from comparison group

Officials of Kansas' and Tennessee's state healthcare programs - the comparison states with the lowest and highest ratios of members per employee, excluding Missouri - told us their programs provide many of the same types of services to members as Missouri Consolidated. These services include determining the level of benefits, bidding and contracting with healthcare companies, and coordinating enrollment of members. Other services include the issuance of communication materials to members, accounting services, and various customer service functions. While not included in the employee numbers in the table above, Missouri Consolidated, Kansas, and Tennessee all utilize payroll and personnel staff of other agencies to varying degrees. Missouri Consolidated and Kansas utilize payroll staff of other agencies to prepare enrollment applications for new employees and verify eligibility for changes made by existing members throughout the year. Missouri Consolidated and Kansas staff then process these enrollments and changes, as well as performing all enrollment activities during the annual open enrollment period. Tennessee utilizes payroll staff of other agencies to perform all processing functions related to enrollment and eligibility. Officials from Kansas and Tennessee stated both programs are administered by a division within a state agency and governed by a board or commission. Human resource and information systems/technology services for the Kansas state healthcare program are provided/shared at the division level. Likewise, human resource services for the Tennessee state healthcare program are provided at the division level.

Missouri Consolidated's organization as a separate entity for healthcare is uncommon among area states

Given the few public entity members now served by Missouri Consolidated, the need to be a separate entity appears to be diminished. The current structure as a separate benefits entity may have been appropriate when Missouri Consolidated was serving a significant number of public entity members, since the agency was required to have a much broader focus and its goal was to keep state monies from subsidizing public entity related costs.

Missouri Consolidated was statutorily created "for the purpose of covering medical expenses of the officers, employees and retirees, the eligible dependents of officers, employees and retirees and the surviving spouses and children of deceased officers, employees and retirees of the state and participating member agencies of the state." A Missouri Consolidated official told us the reasoning behind establishing Missouri Consolidated as a separate entity which answers to an independent board was to model the organizational structure of MOSERS, due to the specialization of healthcare.

In order to determine how Missouri Consolidated's structure compares to other states, we surveyed the healthcare programs of the comparison group regarding eligible members, where each plan is located, and how each plan is governed. Table 2.2 shows the results of our survey.

Table 2.2: Comparison of the Structure of Health Benefits Programs

States	Who's eligible to participate?		Where is it located?		How is it governed?	
	State Employees	Public Entities	State Agency	Separate State Entity	Agency Head	Board or Commission
Iowa	X		X		X	
Kansas	X	X	X			X
Kentucky	X	X	X			X
Missouri Consolidated	X	X		X		X
Nebraska	X		X		X	
Tennessee	X	X	X			X

Source: Based on SAO analysis of information obtained from comparison group

Four of the six states' healthcare programs offer healthcare to public entities, and each of the four are governed by a board or commission. The two state programs that do not offer healthcare to public entities are governed by an agency head. Of the four state programs offering healthcare to public entities, Missouri Consolidated is the only program located within a separate benefits state entity.

We also found that 16 of 18 other mid-continent states' healthcare programs are located within a state agency. These states include: Arkansas, Colorado, Georgia, Illinois, Indiana, Louisiana, Minnesota, Mississippi, New Mexico, North Carolina, Ohio, South Dakota, Virginia, West Virginia, Wisconsin, and Wyoming.¹³ The other two states, Oklahoma and Alabama, are set-up as a separate benefits entity.

In a 2001 report, the Kansas Legislative Division of Post Audit reviewed the staffing and structure of the Kansas State Health Benefits Program.¹⁴ An issue reviewed during that audit was whether the structure of the Kansas State Health Benefits Program was appropriate given its responsibilities and how the structure compared to those of similar programs in other states. The Kansas audit found that although the Kansas State Health Benefits Program served both state and public entity members, the location within an existing state agency was appropriate given the high ratio of state to public entity members. The Kansas audit found states that served only or predominately state employees tended to be located within a state agency, while states such as Missouri, which served the highest percentage of public entity employees in Kansas' comparison group at the time, were located in a separate benefits agency. At the time of Kansas' audit in 2001, Missouri serviced almost 16,000 public entity members, or 13 percent of the total population of state and public entity members, whereas Kansas serviced only approximately 2,000 members, or 2 percent of its total state and public entity members.

¹³ In addition to surveying the comparison states, we searched the websites or contacted 18 other area states' healthcare programs (these states either surround Missouri or border the surrounding states) to determine whether they were located within a state agency or set up as a separate benefits entity.

¹⁴ Legislative Division of Post Audit, State of Kansas, performance audit report titled, The State Health Benefits Program, Part 2: Reviewing the Staffing and Structure of the Current Program, July 2001.

Since the time Kansas completed its audit, Missouri Consolidated's public entity membership levels have declined to approximately 3,900 members in 2004, or only 4 percent of the total population of state and public entity members. In addition, of the four states noted in Table 2.2 offering healthcare to public entities, Missouri Consolidated provided healthcare for the least number of public entity members in 2003. The Kansas audit also noted that being within an existing state agency that dealt with all state employee benefits allowed for coordinated management of all human resource programs, the sharing of staff and other resources, and provided a single point-of-contact for benefits for state employees.

A Missouri Consolidated official told us that due to the specialization of health care, being a separate entity provides the ability to better react to industry and market conditions and to achieve additional bidding opportunities. The official stated that even though following the same purchasing rules as the Office of Administration, being separate allows for quicker reaction, faster and easier negotiations, added internal expertise, and that moving to a department setting would result in lost independence and reaction to the market place. However, we believe there are potential benefits and cost savings related to such a move, particularly in light of the declining public entity membership.

Discontinuing healthcare offerings to Missouri public entities could further reduce administrative costs

Considering the decreased public entity membership levels, Missouri Consolidated has not yet assessed whether offering healthcare services to public entities is useful or cost-effective. Missouri Consolidated had more employees compared to members than comparison group states. This unfavorable comparison was due in part to failing to reduce the number of employees servicing public entities as the number of public entity members shrank. When public entity membership rose significantly between 1996 and 2000, Missouri Consolidated increased its number of employees to assume the additional administrative burden, growing from 71 to 80 employees. However, even though public entity membership levels declined significantly the past 4 years, Missouri Consolidated still employs 79 individuals, with at least 16 employees currently dedicated to public entity business. Missouri Consolidated officials stated these employees have been retained in hopes of regaining or expanding public entity business and to help implement any potential changes to be identified to make the public entity program more competitive. However, Missouri Consolidated officials provided no evidence that the steady downward trend in public entity membership will soon be reversed. Missouri Consolidated officials have not analyzed current employment levels to determine the number of employees necessary to provide services to its current membership.

Missouri Consolidated is statutorily required to offer healthcare to eligible public entities throughout Missouri, and began doing so in calendar year 1995. In order for a public entity to be eligible to participate, the healthcare plans offered through Missouri Consolidated must be made available to all eligible employees and their dependents, as well as all retirees of the public entity, if applicable. In addition, a public entity must meet other requirements regarding level of employee participation and minimum employer contribution amounts. The state does not pay any portion of the medical premium for public entity members.

Inability to provide competitive public entity premium rates resulted in a significant decline in membership levels

By 2000, Missouri Consolidated was providing services to approximately 108,000 state members and 59,000 public entity members, according to its annual reports and other enrollment data. However, by 2003, Missouri Consolidated was serving only approximately 5,000 public entity members. Public entity enrollment figures for 2004 were down further to approximately 3,900, while state enrollment figures dropped slightly to approximately 103,000.

Missouri Consolidated officials told us initial goals related to public entity membership included actively recruiting new members to quickly create a large membership pool to try to achieve better premium rates. Because of the declining public entity enrollment, the focus has shifted to both recruiting and trying to retain members. However, premium costs continue to rise for public entity members and a Missouri Consolidated official said the substantial loss of members is a primary result of those rising costs. Based on discussions with a Missouri Consolidated official and various healthcare plans that currently contract with Missouri Consolidated, these members are considered higher risk than state members due to increased health issues and lack of membership stability caused by the public entities' ability to shop for healthcare insurance through other carriers and opt into Missouri Consolidated if a better plan or price cannot be found. The officials and contractors we interviewed told us claims data shows members remaining with Missouri Consolidated tend to have more serious health issues and in many cases Missouri Consolidated is the only insurer available.

In addition, the majority of the various healthcare plans we contacted believed that mandating coverage for all public entity groups or, at the least, requiring the entities to stay with Missouri Consolidated for 3 or more years would reduce premium costs for these entities as it would provide a more stable and risk-diverse pool. Neither of these options have been adopted by Missouri Consolidated. However, in 2000, the legislature passed a statutory requirement that entities terminating coverage cannot be eligible for participation under any circumstance for 2 years after the termination date. According to a Missouri Consolidated official, this requirement was added in an effort to stabilize the public entity population, but has had limited effectiveness in controlling premium costs. While Missouri Consolidated does not require public entities electing to participate in its plans to stay beyond one year, Kansas' Health Benefits Program requires all participating entities to enroll for at least 3-year periods.

Allocations of administrative costs associated with offering healthcare to public entities have not been complete or adequately supported

While Missouri Consolidated's records show public entity administrative fee revenues adequately covered public entity related expenses most fiscal years, these amounts are skewed since applicable employee benefits are not included and other allocated salaries and general operating expenses are allocated based on a revenue income ratio or undocumented time allotment rather than actual work effort related to public entities. In addition, a running balance of public entity administrative fee revenues earned and public entity expenses paid had not been maintained, but was generated upon our request. State and state member monies were being expended to cover costs of all employee benefits, regardless of time spent on public entity related

matters. The state and state members could also be subsidizing additional salary costs for the majority of Missouri Consolidated employees whose time actually spent on public entity related matters is unknown.

Missouri Consolidated officials told us the state's expenses associated with offering healthcare to public entities have been reimbursed by administrative fees paid for by entities that receive services. Missouri Consolidated charged each public entity a monthly administrative fee per employee in addition to the monthly premium. Both the administrative fees and the premiums were paid directly to Missouri Consolidated. The premiums were passed on to the appropriate healthcare contractors, while the administrative fee was retained to pay for public entity related expenses. Administrative fee revenues and related public entity expenses reimbursed for the past 7 fiscal years are shown in Table 2.3.

Table 2.3: Public Entity Administrative Fee Revenues and Expenses

	FY 2003	FY 2002	FY 2001	FY 2000	FY 1999	FY 1998	FY 1997
Revenues	\$ 1,103,382	1,198,977	2,405,698	3,242,948	2,540,276	1,799,421	732,036
Expenses	(1,480,645)	(1,314,061)	(2,060,892)	(2,728,062)	(1,820,113)	(1,469,029)	(897,886)
Revenues over/under expenses	(377,263)	(115,084)	344,806	514,886	720,163	330,392	(165,850)
Surplus	\$ 1,252,050	1,629,313	1,744,397	1,399,591	884,705	164,542	(165,850)

¹Missouri Consolidated provided us with administrative fee revenues received for fiscal years 1995 and 1996 of \$41,191 and \$256,627, respectively. In addition, while they provided expenses for fiscal years 1995 and 1996 of \$197,739 and \$789,755, respectively, they were unable to attest to the accuracy of expenses paid during those two fiscal years.

Source: Missouri Consolidated Health Care Plan calculations

According to accounting records provided by officials, direct expenses paid from public entity administrative fees included broker commissions, staff travel and room charges for meetings held with local governments, advertising and publication costs, postage and supplies, and the salaries of 11 Missouri Consolidated employees within the Marketing and Membership Services Departments who devote their time to public entity matters. Fifty percent of the salaries of an additional 10 Customer Support communications employees were paid from public entity administrative fees. These employees conduct open enrollment, orientation, pre-retirement and payroll clerk meetings and workshops. They also function as account representatives and liaisons to the individual state agencies, participating public entities, members, and the contracted insurance providers for Missouri Consolidated. In addition, an allocated portion of the salaries of all remaining employees and other general operating expenses, such as lease and utilities, were paid from the public entity administrative fee revenues. While salary costs were included in the reimbursement, related employee benefits costs (which can be approximately 28 percent of salary) were not reimbursed.

Missouri Consolidated does not periodically monitor time spent by each employee on public entity versus state issues. Because the Customer Support communications employees provide essentially the same services to both state and public entity members, Missouri Consolidated arbitrarily allocates 50 percent of the cost of salaries for those 10 employees. However, Missouri Consolidated has no documentation to support the accuracy of this allocation method. In addition, a Missouri Consolidated official stated the allocated portion of salaries for all remaining employees was based on the assumption that the amount of time spent on public entity

related matters by these employees would ultimately average out, with some employees spending less time and some spending more time. Again, this assumption is not substantiated because Missouri Consolidated does not monitor actual time spent on state versus public entity related matters by these employees. A Missouri Consolidated official told us they based the allocation of salaries of these remaining employees and general operating expenses upon the percentage of public entity revenues into total revenues received by Missouri Consolidated during the prior year. Public entity revenues were 25 percent, 11 percent, and 7 percent of total revenues in fiscal years 2001, 2002, and 2003, respectively. State appropriations and state member revenues paid the remaining salaries of employees who were not paid 100 percent by public entity administrative fee revenues, in addition to benefits of all Missouri Consolidated employees.

Cost savings could be achieved

Missouri Consolidated could achieve cost savings by reducing its number of employees and/or relocating into a state agency setting. Our analysis shows Missouri Consolidated has, to some extent, employee functions currently provided for itself which could be shared with another department. These include functions such as data management (information systems/technology), human resources, and receiving services. While our review did not encompass a job analysis, it did note that Kansas, Tennessee, and Missouri Consolidated all provide many of the same categories of service to members. In addition, some cost savings could be achieved by discontinuing healthcare offerings to Missouri public entities.

While a service level comparable to either Kansas or Tennessee may or may not be realistic for Missouri Consolidated, based on \$3.75 million in payroll and benefit costs for 2003, our analysis shows Missouri Consolidated could save approximately \$47,500 for every employee it reduces.¹⁵ These reductions could include both individuals directly and indirectly paid by public entity related administrative fees and individuals paid with state member related funds. Such changes could also possibly reduce other administrative costs and overhead. If some of the cost savings are generated by moving to another state agency, the potential savings would likely be reduced by costs for some shared functions that would be allocated back to Missouri Consolidated.

Conclusions

Missouri Consolidated could reduce costs by streamlining its administrative structure through one, or a combination of factors. Missouri Consolidated has not performed a review of its structure to determine if the organization and number of employees is necessary or most appropriate given its current state and public entity membership levels. In addition, Missouri Consolidated's organization as a separate benefits agency is uncommon compared to most other area states reviewed. Reducing staffing levels and/or sharing some functions by relocating Missouri Consolidated into an existing state agency could reduce payroll and benefits costs. Missouri Consolidated has not analyzed whether offering healthcare to public entities is useful or cost-effective to the state. By discontinuing offering healthcare services to public entities, Missouri Consolidated could further reduce costs.

¹⁵ This cost per employee could be slightly lower based on actual number of employees throughout the year. For example, in March 2003, Missouri Consolidated employed 80 individuals, whereas, in June 2003, Missouri Consolidated employed 79 individuals. This calculation assumed 79 individuals the entire 2003 fiscal year.

Not all costs associated with providing service to public entity members were covered by public entity administrative fees and the bases used to allocate some of the costs were not related to the actual effort expended to provide the service. The result is that the state and state members may be subsidizing some of the costs of offering healthcare to public entity members.

Recommendations

We recommend the Missouri Consolidated Health Care Plan:

- 2.1 Perform an analysis of current staffing and structure based on current membership levels to determine the actual number of employees necessary to provide services to its members.
- 2.2 Ensure all costs associated with providing healthcare coverage to public entities is borne by those entities. In addition, periodically monitor the actual time spent by employees to provide public entity services and allocate indirect salaries and costs on that basis.

We recommend the General Assembly:

- 2.3 Determine whether to maintain the administration of the Missouri Consolidated Health Care Plan as a separate independent organization rather than as a benefits division within an existing state agency.
- 2.4 Determine whether to continue offering healthcare options to Missouri's public entities through Missouri Consolidated Health Care Plan.

Agency Comments and Our Evaluation

The Board of Trustees and the Executive Director of the Missouri Consolidated Health Care Plan provided the following comments in a letter dated June 1, 2004:

- 2.1 *MCHCP is concerned about the comparability of the services performed by the other states listed in Table 2.1 when compared to those provided by MCHCP. As reported in the footnote, staff utilized from other departments and/or the costs of outsourcing are not included in the data. For example:*

<u>State</u>	<u>Services</u>
<i>Kansas</i>	<ul style="list-style-type: none"> > <i>outsources COBRA administration and all direct billing</i> > <i>other agency personnel representatives are direct contacts for members</i>
<i>Kentucky</i>	<ul style="list-style-type: none"> > <i>600 state Health Insurance Coordinators (HICs) handle eligibility issues, enrollment and act as direct contacts for members</i> > <i>benefit and claims information provided by health plans</i>

- Nebraska* > *other agency personnel handle eligibility, enrollment, customer service, budget functions, information systems and management*
 > *claims issues directed to the health plans*
- Tennessee* > *over 200 Insurance Preparers are responsible for enrollment, eligibility and other coverage issues (not all are full time); health plans are next contact point*
 > *open enrollment meetings not generally held*

Auditor's Comment: The number of employees in Table 2.1 did not include shared functions such as the use of payroll and personnel staff of other agencies, which Missouri Consolidated, Kansas and Tennessee all utilize to varying degrees. While Missouri Consolidated does provide direct customer service, its member handbook directs members to first contact their agency payroll/personnel clerks with eligibility/enrollment questions and to first contact their medical plan to obtain ID cards and provider directories, or with claim, referral, or service questions or complaints. As evidence of this, our survey of state members and retirees indicated only 27 percent would contact Missouri Consolidated first if they experienced a problem with a claim. Given the large decrease in public entity members, the need for the current level of staffing is not clear.

MCHCP will review its staffing levels (currently each opening is reviewed and some staff reductions have taken place through attrition) in regard to its current membership and any future potential membership changes. The review would include an analysis of the staff required to efficiently provide all the necessary services in connection with meeting the mission and vision statements of MCHCP. The Human Resources department would take the lead on this project.

- 2.2 *Public entity costs have been included in the premiums borne by those entities. As in the past, this will be done when the public entity rates are developed in July. The Fiscal department will have responsibility for this task. It should be noted that although it has been the practice to make the public entities self-sustaining (benefit costs will now be included), there is no statutory provision to this effect. Under 103.016 all MCHCP staff are state employees.*

Also, it has been our experience that traditional "time sheets" are not very accurate in regard to actual time allocation. In developing the current methodology for determining indirect costs, our independent auditor reviewed our cost methodology and felt it to be a reasonable approach to cost allocation for our organization. However, we will research whether or not some periodic time studies might be implemented and could be used to validate the current methodology or determine if another approach may be more accurate. The Human Resources department, with assistance from the Fiscal department, would take the lead on this item.

- 2.3 *It is difficult to respond to this recommendation due to the unknown nature of any future organizational structure. However, being a separate entity has worked well. The enabling legislation established the plan in this fashion because of the special expertise*

required and the complicated nature of administering healthcare benefits. It has allowed MCHCP the flexibility to respond quickly to a marketplace that is very dynamic. Under the current Board structure, it also allows an atmosphere for independent decision making. Finally, since MCHCP is a covered entity under HIPAA, the current structure allows MCHCP direct control over maintaining the privacy and security of protected health information. MCHCP's legal structure also reduces the state's liability and the exposure of other state agencies.

- 2.4 *While the number of public entity members has decreased significantly, there are approximately 3,900 members with coverage through MCHCP. It is likely that many of them could not get coverage if it was not available through MCHCP and they could end up on Medicaid, in the high risk pool or uninsured. Rather than abandoning the program, MCHCP is trying to modify how it operates in an effort to make it more attractive and affordable for public entities. These efforts have begun with the current request for proposal (RFP). It makes several significant modifications that should help moderate the premium increases. Among other changes, this will be accomplished by eliminating most of the unknown risk assumed by the bidders and requiring the public entities to remain in the plan for a specified period, thus helping to stabilize the pool.*

3. Procedures and Controls Are Not Adequate to Ensure Effective Management of Resources

Improvements are needed in the management and oversight of member eligibility and contractors' performance standards. Missouri Consolidated does not ensure enrollees are eligible for healthcare coverage and does not adequately monitor the contract performance standards of its self-funded healthcare plans. Implementing more effective management controls and oversight could result in possible cost savings to the state and increased contractor compliance.

Procedures are needed to ensure eligibility of members

Missouri Consolidated has not established procedures ensuring ongoing eligibility of all members already enrolled or studied the feasibility of performing such an eligibility review. In addition, it does not require documentation for some qualifying events for new enrollment of spouses or dependents. Documentation is only required in special situations, such as covering a disabled dependent over age 23 or a dependent through a court ordered divorce decree. However, adding individuals to coverage for events such as marriage or birth of a child does not require documentation. Missouri Consolidated relies on personnel clerks within each state agency to monitor eligibility of members. Personnel clerks were made aware of eligibility requirements, but not how to verify eligibility. Of the comparison group, Nebraska, Kansas, and the University of Missouri require documentation for all new spouse and dependent enrollees.

Like Missouri Consolidated, Tennessee's Group Insurance Program (Tennessee) has no procedures in place to verify eligibility of all new spouse or dependent enrollees. Instead, in 2001, Tennessee performed an eligibility review comparing member information to available state databases of wage, marriage, divorce, and birth records. As reported in Tennessee's 2001 annual report, this eligibility review resulted in the termination of coverage for 500 ineligible married dependents and 100 ineligible divorced spouses. Tennessee plans to begin including a match against death records and performing eligibility reviews quarterly during 2004 to ensure ongoing eligibility of enrolled members.

Because Missouri Consolidated is not requiring supporting documentation for all qualifying events or performing periodic reviews of eligibility, the extent of possible ineligible members enrolled and the costs associated with that coverage is unknown. Eligibility review programs like Tennessee's are becoming more common, particularly among private employers and appear effective in ensuring the employer is only subsidizing valid costs.

Adequate procedures and controls are needed to monitor self-funded plans' contractors

Missouri Consolidated had not established written procedures for monitoring contractor adherence to performance standards of its self-funded plans. Missouri Consolidated also had not (1) maintained documentation of work performed to measure and reconcile some performance standards, (2) received or reviewed documentation of contractors' reported compliance, and (3) applied penalties to all unmet performance standards.

Missouri Consolidated contracted with several companies to administer its self-funded plans. The contracts included various performance standards which the contractors had to follow. Examples of performance standards included timely distribution of identification cards and provider directories to members, financial and claims payment accuracy, timeliness of claims processing, and resolution of member queries. The contracts specified the guarantee level for each standard, such as the percentage or timeframe of compliance; a basis or means for measurement of each standard, such as contractor internal claims samples, internal contractor reports, or Missouri Consolidated reports; and penalties to be assessed for noncompliance with each standard, such as \$100 per incident. Some of the performance standards were to be measured by Missouri Consolidated, while others were to be measured and reported by the contractors.

While several Missouri Consolidated staff monitored some standards, procedures had not been documented. In addition, no procedures existed to measure the standard relating to the contractors' resolution of inquiries made by Missouri Consolidated staff and members. To address staff and member questions, Missouri Consolidated staff would call and e-mail contractors' account representatives. While Missouri Consolidated officials told us they tracked the status of each contact with the account representatives to ensure they were resolved, they did not track the length of response time to measure whether the performance standard of 16 business hours had been met and whether a penalty should have been assessed.

Missouri Consolidated had not retained documentation of the procedures performed for several standards measured through logs of calls made by members to its customer service department. A Missouri Consolidated staff member said customer service call logs were scanned for calls related to several standards. If a possible non-compliance issue had been noted requiring follow-up with the healthcare contractor, the staff member highlighted the member's name on the call log and contacted the contractor representative to resolve the issue. The staff member told us the highlighted call logs or any supporting documentation related to resolving the issue had not been retained. A Missouri Consolidated official indicated documentation existed of such penalties being assessed in 1995 through 1997. However, no penalties related to these particular performance standards have been assessed since 1998. Because no documentation had been retained in recent years, we were unable to determine whether these performance standards had been adequately measured and penalties had been applied when necessary.

For most performance standards measured and self-reported by the contractors, Missouri Consolidated did not require documentation supporting the reported compliance levels. Instead, Missouri Consolidated relied on the contractors to report non-compliance and apply penalties. Several performance standards had been measured by each contractor through internal reports or internal audits and communicated to Missouri Consolidated through reports or by simply informing Missouri Consolidated of compliance or non-compliance with the standard. While one contractor had self-reported and paid penalties on two occasions, without periodically requiring and reviewing supporting documentation, Missouri Consolidated could not ensure each contractor's reported compliance figures were correct and whether a penalty should have been assessed.

Missouri Consolidated had not established penalties in contracts for two performance standards. Based on discussions with Missouri Consolidated officials and a review of the contracts, exclusion of one penalty relating to a reporting requirement had been an oversight due to language regarding the requirement occurring in two different places in the contract. For the other penalty relating to established percentages of written inquiries responded to within certain time frames, a Missouri Consolidated official said that no penalty had been established due to a belief that the contractor's system had not allowed the necessary information to be captured and reported. However, the contractor later reported the compliance information. Our review showed the standard had been reported as not being met for six months during 2003. Because no contract penalty had been established for this standard, no penalty had been assessed or collected for the non-compliance.

Conclusions

The state could be subsidizing healthcare costs for spouses and dependents of state employees that are actually ineligible for coverage through Missouri Consolidated. Requiring documentation supporting all qualifying events of spouse or dependent coverage, as well as performing a periodic eligibility review, could lower this risk.

Missouri Consolidated has little assurance that the self funded plan contractors complied with the performance standards outlined in the contracts. Creating written procedures to properly monitor contractor adherence to all performance standards, maintaining documentation of work performed to measure and reconcile each performance standard, reviewing documentation of self-reported compliance figures, and applying penalties to all performance standards are necessary to ensure proper compliance with contract requirements.

Recommendations

We recommend the Missouri Consolidated Health Care Plan:

- 3.1 Develop procedures to verify new spouse and dependent enrollees are eligible for coverage.
- 3.2 Perform a cost analysis to determine if performing a periodic eligibility review would be beneficial.
- 3.3 Develop written procedures to monitor contractors' adherence to performance standards. Procedures should include reviewing supporting documentation to contractors' self-reported figures to verify compliance.
- 3.4 Maintain supporting documentation to performance standard related issues that justified follow-up with the contractor.
- 3.5 Review current performance standard penalties to determine if penalties should be added or modified.

Agency Comments

The Board of Trustees and the Executive Director of the Missouri Consolidated Health Care Plan provided the following comments in a letter dated June 1, 2004:

- 3.1 *Currently, there are some instances that require documentation. These include court ordered coverage, adoption and continued coverage as a result of a disability. However, much of the eligibility verification is through the employee's payroll officer. We will review this policy to determine if there is a more effective and feasible procedure that could be implemented to verify dependent eligibility (marriage license, birth certificate, etc.). The Membership department will take the lead on this project.*
- 3.2 *MCHCP will research options that compare the cost versus any potential savings to the state. This would include the frequency of any such eligibility review. The lead department for this project would be Information Systems.*
- 3.3 *MCHCP currently monitors the performance standards and reviews the results with the contractors. However, no formal written procedure is in place that describes the policy. MCHCP will develop a documented policy as to how the reviews will be completed, including analysis of the supporting documentation and how any necessary follow-up will be conducted with the contractor. The Research division will take the lead with this project.*
- 3.4 *This will be part of the policy developed in reference to item 3.3.*
- 3.5 *Performance standards are reviewed each time an RFP is released. MCHCP will continue this analysis to ensure that the necessary standards are included for the type of service(s) being solicited and that the associated criteria and penalties are appropriate. This will be the responsibility of the RFP team which is under the direction of the Assistant Executive Director.*

HEALTHCARE PLAN AVAILABILITY AND ENROLLMENT FIGURES

The purpose of this appendix is to illustrate the healthcare plans available to state members in 2003, the corresponding number of state members in each plan, and additional information regarding the 2004 state member plan availability and membership levels.

Table I.1: Healthcare Plans Available to State Members in 2003

Healthcare Plan	Available Counties (in Missouri)	No. of State Members (and percentage of total)¹
First Health Co-pay Plan	115	17,931 (17)
Mercy Health Plans HMO	38	28,762 (28) – Standard 1,638 (2) – Premium
Group Health Plan HMO	16	6,743 (7) – Standard 13,679 (13) – Premium
HealthLink HMO	32	9,537 (9) – Standard 1,697 (2) – Premium
Coventry HMO	9	656 (.6) – Standard 1,432 (1) – Premium
Community Health Plan HMO	15	1,318 (1) – Standard 5,729 (6) – Premium
Humana HMO	10	1,428 (1) – Standard 5,269 (5) – Premium
Premier HMO	19	7,598 (7) – Standard 405 (.4) – Premium

¹ The number of state member participants as of May 2003

Source: Missouri Consolidated member handbook and enrollment statistics

In 2003, First Health Co-pay Plan and HealthLink HMO were offered on a self-funded basis. In calendar year 2004, the same plans are offered as in 2003 with Coventry HMO and Humana HMO changing to a self-funded basis. In addition, enrollment figures and percentages as of January 2004 are similar to the enrollment figures and percentages of calendar year 2003.

MISSOURI CONSOLIDATED PREMIUM AND FISCAL INFORMATION

The purpose of this appendix is to illustrate the weighted average monthly state employee healthcare premiums and Missouri Consolidated's revenues, expenses, and changes in net assets for fiscal years 1996 to 2003.

Table II.1: Weighted Average Monthly State Employee Healthcare Premiums¹

	2003	2002	2001	2000	1999	1998	1997	1996
Weighted average monthly premiums	\$ 495	\$ 462	\$ 388	\$ 266	\$ 211	\$ 204	\$ 194	\$ 191
Percentage change from prior year	7	19	46	26	3	5	1.6	n/a

¹ Averages include both employee and state share of active and retired state employees total monthly premiums.

Source: Missouri Consolidated analysis

APPENDIX II

Table II.2: Revenues, Expenses, and Changes in Net Assets ¹

	Year Ended June 30,							
	2003	2002	2001	2000	1999	1998	1997	1996
REVENUES:								
State/employer contributions	\$ 264,052,867	222,987,803	169,804,969	108,821,820	95,312,925	85,949,062	87,344,715	87,317,364
Member contributions	84,372,737	75,701,524	62,083,511	48,561,768	41,993,101	37,805,702	34,371,511	31,166,898
Public entity income	26,378,699	37,630,463	76,430,017	94,336,655	72,710,319	53,123,454	25,127,413	9,397,618
Investment income	668,168	968,329	2,157,472	2,125,779	2,124,487	2,805,315	2,918,054	2,890,665
Total revenues	<u>375,472,471</u>	<u>337,288,119</u>	<u>310,475,969</u>	<u>253,846,022</u>	<u>212,140,832</u>	<u>179,683,533</u>	<u>149,761,693</u>	<u>130,772,545</u>
EXPENSES:								
Medical claims, claims administration services, and capitation expense	<u>344,043,387</u>	<u>334,208,591</u>	<u>306,651,524</u>	<u>258,313,998</u>	<u>212,036,418</u>	<u>182,673,726</u>	<u>143,518,142</u>	<u>122,430,722</u>
Administrative expenses:								
Payroll and related benefits	3,753,395	3,697,765	3,590,842	3,398,416	3,144,763	2,766,029	2,412,237	2,283,319
Employee assistance program	912,175	889,080	917,299	1,013,368	796,806	729,388	707,105	347,676
Administration	1,866,567	1,616,841	1,962,420	2,094,726	2,220,348	1,713,762	1,565,321	1,421,031
Professional services	417,463	626,456	850,023	1,372,514	962,413	633,947	158,675	224,742
Depreciation	281,314	280,172	228,666	222,917	274,921	293,803	357,756	479,321
Miscellaneous	7,460	1,722	5,101	745	9,018	335	6,175	0
Total administrative expenses	<u>7,238,374</u>	<u>7,112,036</u>	<u>7,554,351</u>	<u>8,102,686</u>	<u>7,408,269</u>	<u>6,137,264</u>	<u>5,207,269</u>	<u>4,756,089</u>
Total expenses	<u>351,281,761</u>	<u>341,320,627</u>	<u>314,205,875</u>	<u>266,416,684</u>	<u>219,444,687</u>	<u>188,810,990</u>	<u>148,725,411</u>	<u>127,186,811</u>
REVENUES OVER (UNDER EXPENSES)	<u>24,190,710</u>	<u>(4,032,508)</u>	<u>(3,729,906)</u>	<u>(12,570,662)</u>	<u>(7,303,855)</u>	<u>(9,127,457)</u>	<u>1,036,282</u>	<u>3,585,734</u>
NET ASSETS (DEFICIT), BEGINNING	<u>(811,379)</u>	<u>3,221,129</u>	<u>6,951,035</u>	<u>19,521,697</u>	<u>26,825,552</u>	<u>35,953,009</u>	<u>34,916,727</u>	<u>31,330,993</u>
NET ASSETS (DEFICIT), END	<u>\$ 23,379,331</u>	<u>(811,379)</u>	<u>3,221,129</u>	<u>6,951,035</u>	<u>19,521,697</u>	<u>26,825,552</u>	<u>35,953,009</u>	<u>34,916,727</u>

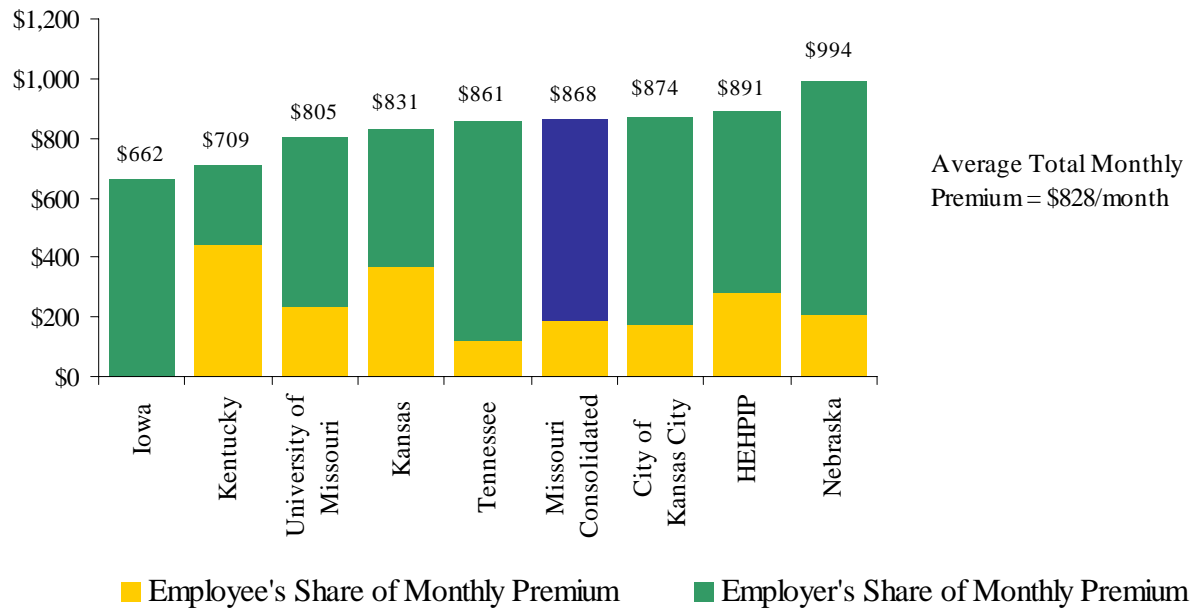
¹ Revenues and expenses are presented using the accrual basis of accounting.

Source: Missouri Consolidated Health Care Plan Annual Reports

2003 FAMILY COVERAGE AND OUT-OF-POCKET MEDICAL EXPENSES

The purpose of this appendix is to illustrate the comparison group's calendar year 2003 monthly medical premiums in HMO and conventional plans for family coverage, as well as the relation of annual medical premiums to out-of-pocket medical costs for family coverage in the comparison group's most populated conventional plans. In addition, the comparison group's out-of-pocket costs of the most populated conventional plans are further analyzed below.

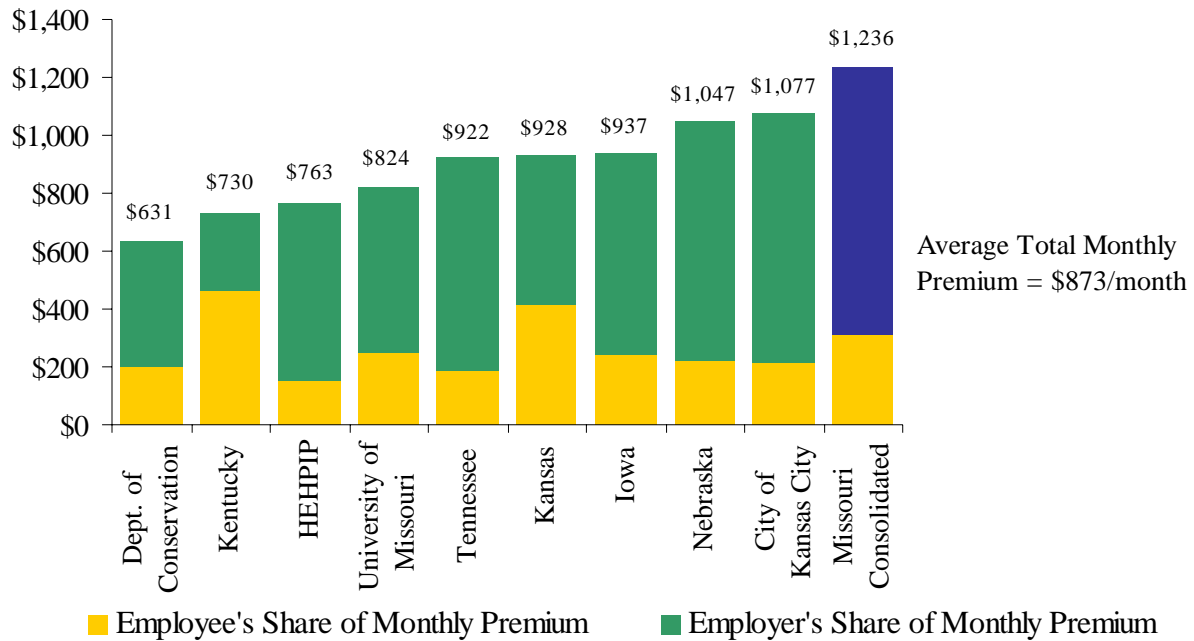
Figure III.1: 2003 Monthly Premiums in HMO Plans for Family Coverage



Averages Exclude Missouri Consolidated

Source: Based on SAO analysis of information obtained from comparison group

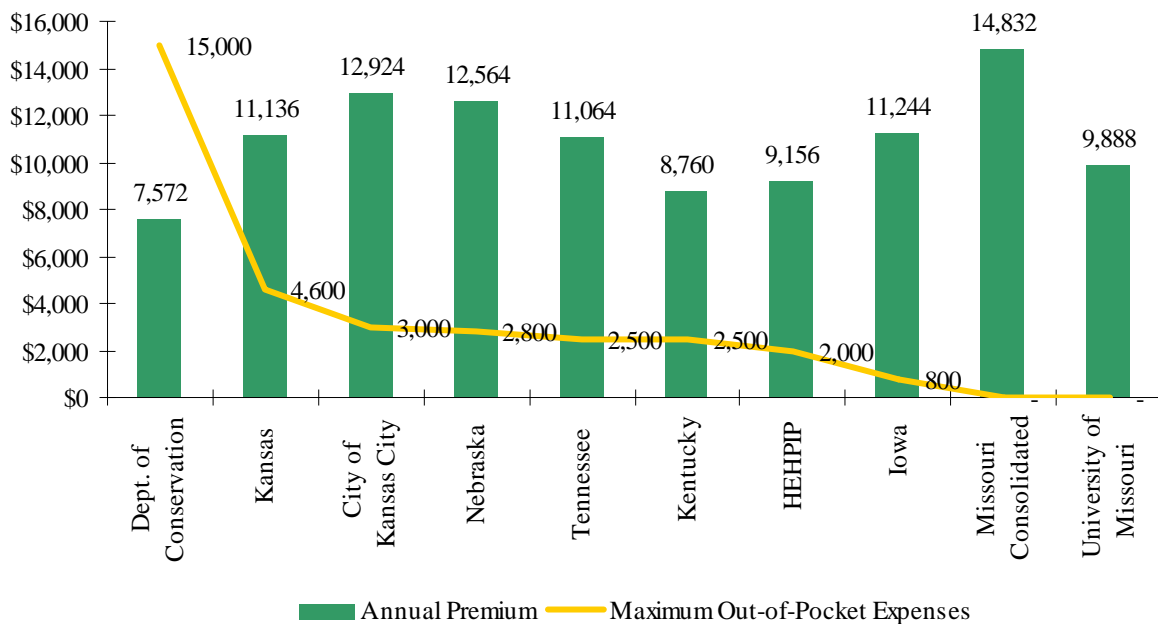
Figure III.2: 2003 Monthly Premiums in Conventional Plans for Family Coverage



Averages Exclude Missouri Consolidated

Source: Based on SAO analysis of information obtained from comparison group

Figure III.3: Comparing 2003 Annual Premiums To Maximum Out-Of-Pocket Costs In Conventional Plans for Family Coverage



Source: Based on SAO analysis of information obtained from comparison group

Table III.1 shows that Missouri Consolidated is one of two entities that do not require deductibles for members in the conventional plan, regardless of level of coverage.

Table III.1: 2003 Out-of-Pocket Medical Expenses for Conventional Plans (In-network)

	Deductible ¹		Co-insurance Percentage	Maximum Amount Payable	
	Employee Only	Family		Employee Only	Family
Conservation (PPO)	\$ 600	1,200	20%	7,500	15,000
Kansas (Indemnity)	300	600	20%	2,300	4,600
City of Kansas City (PPO)	300	600	20%	1,500	3,000
Nebraska (PPO)	400	800	20%	1,400	2,800
Tennessee (PPO)	250	625	10%	1,250	2,500
Kentucky (PPO)	250	500	20%	1,250	2,500
HEHPIP (PPO)	300	900	10%	750	2,000
Iowa (Indemnity)	300	400	20%	600	800
Missouri Consolidated (POS) ²	0	0	0%	0	0
University of Missouri (POS)	\$ 0	0	0%	0	0

¹ The deductible amount does not include prescription deductibles or mental health/substance abuse deductibles if considered a separate deductible than medical. In addition, all amounts and percentages presented are for in-network services.

² Co-insurance of 20 percent is only paid in this plan for non-routine network services such as durable medical equipment, medically necessary supplies, hearing aids, orthotics, oxygen, and prosthetics repair or replacement. Infertility services are covered at 50 percent co-insurance; however, the coinsurance amount paid does not apply to the maximum amount payable. Since the majority of state employees or their dependents would not utilize these services, and all other covered services require a co-payment, we did not include a co-insurance percentage for Missouri. The other entities and states in our comparison group applied co-insurance percentages to routine services such as doctor's visits and in-patient hospital services.

Source: Based on SAO analysis of information obtained from comparison group

Table III.2 shows in further detail how much members would pay in out-of-pocket medical expenses given varying levels of medical costs incurred. Assuming its members did not utilize less common services, Missouri Consolidated is one of two entities in which its members would incur no out-of-pocket costs, other than required co-payments, no matter what medical costs were incurred each year. Since it is impossible to estimate how often specific services might be utilized, co-payments were excluded from this analysis.¹

¹ Generally co-payments do not apply towards an out-of-pocket limit and would be difficult to estimate since they are based on how often the services are used. Therefore, we only took into consideration deductibles and coinsurance when analyzing the out-of-pocket maximums for Missouri Consolidated and the comparison group for 2003.

Table III.2: Amount Employees Will Pay in 2003 At Various Levels of Medical Costs

		Medical Costs Incurred in 1 Year			
		\$500	\$1,000	\$5,000	\$100,000
Employee Only Coverage	Conservation	500	680	1,480	7,500
	Kansas	340	440	1,240	2,300
	City of Kansas City	340	440	1,240	1,500
	Nebraska	420	520	1,320	1,400
	Kentucky	300	400	1,200	1,250
	Tennessee	275	325	725	1,250
	HEHPIP	320	370	750	750
	Iowa	340	440	600	600
	Missouri Consolidated	0	0	0	0
	University of Missouri	0	0	0	0
Family Coverage	Conservation	500	1,000	1,960	15,000
	Kansas	500	680	1,480	4,600
	City of Kansas City	500	680	1,480	3,000
	Nebraska	500	840	1,640	2,800
	Kentucky	500	600	1,400	2,500
	Tennessee	500	663	1,063	2,500
	HEHPIP	500	910	1,310	2,000
	Iowa	420	520	800	800
	Missouri Consolidated	0	0	0	0
	University of Missouri	0	0	0	0

Source: Based on SAO analysis of information obtained from comparison group

Tables III.3 and III.4 present the maximum amounts that members could potentially spend on healthcare in a conventional plan in 2003, based on information provided by members of the comparison group. This maximum amount includes the employee's share of annual premiums, the deductible that must be met, and the maximum rate of coinsurance that could be applied. Missouri Consolidated's maximum annual employee expenses were among the lowest of our comparison group for both employee-only and family coverage.

Table III.3: 2003 Employee-Only Coverage - Comparing Maximum Health Care Expenses For State Employees

	Employee Share of Annual Premium	Deductible	Maximum Rate of Co- Insurance	Maximum Annual Employee Expenses
Conservation	1,170	600	6,900	8,670
Kansas	274	300	2,000	2,574
Nebraska	743	400	1,000	2,143
Tennessee	886	250	1,000	2,136
City of Kansas City	461	300	1,200	1,961
Kentucky	271	250	1,000	1,521
University of Missouri	868	0	0	868
HEHPIP	0	300	450	750
Missouri Consolidated	719	0	0	719
Iowa	0	300	300	600

Source: Based on SAO analysis of information obtained from comparison group

Table III.4: 2003 Family Coverage - Comparing Maximum Health Care Expenses For State Employees

	Employee Share of Annual Premiums	Deductible	Maximum Rate of Co- Insurance	Maximum Annual Employee Expenses
Conservation	2,400	1,200	13,800	17,400
Kansas	4,980	600	4,000	9,580
Kentucky	5,527	500	2,000	8,027
City of Kansas City	2,584	600	2,400	5,584
Nebraska	2,639	800	2,000	5,439
Tennessee	2,212	625	1,875	4,712
HEHPIP	1,812	900	1,100	3,812
Iowa	2,915	400	400	3,715
Missouri Consolidated	3,695	0	0	3,695
University of Missouri	3,012	0	0	3,012

Source: Based on SAO analysis of information obtained from comparison group

STATE MEMBER HEALTH CARE SURVEY RESULTS

Missouri State Auditor's Office
State Health Care Survey



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Introduction

The Missouri State Auditor's Office (SAO) is conducting a review of the Missouri Consolidated Health Care Plan (Missouri Consolidated).

You have been randomly selected to complete this questionnaire due to your enrollment in Missouri Consolidated. Your response to this questionnaire will help us gain an understanding of the effectiveness of the plan and Missouri Consolidated members' ideas and opinions. We cannot develop meaningful information without your frank and honest answers to the questions.

The SAO will safeguard the privacy of your responses to this questionnaire. They will be combined with those of other respondents and will be reported only in summary form. The control number at the top is included only to aid us in our follow-up efforts.

This questionnaire should take about 10 to 15 minutes to complete.

If you have any questions concerning any part of this survey, please call Robyn Lamb or Andrea Paul of our Jefferson City Office at (573) 751-4213, or e-mail at SAOHealth@auditor.state.mo.us.

Please return the completed questionnaire in the enclosed pre-addressed envelope within 2 weeks from the time you receive it. In the event the envelope is misplaced, the return address is:

Missouri State Auditor's Office
 ATTN: Robyn Lamb
 P.O. Box 869
 Jefferson City, MO 65102

Thank you for your assistance.

A. Background Information

To help us gain an understanding of the population of Missouri Consolidated members who receive this survey, please provide the following member background information.

1. In what health care plan are you currently enrolled? N¹=139

16% First Health Co-pay Plan
4% Community Health Plan
3% Coventry Health Care of Kansas
19% Group Health Plan
13% HealthLink
9% Humana
28% Mercy Health Plan
8% Premier Health Plan

2. If enrolled in an HMO, is it the standard or premium health care plan? N=116

67% Standard
33% Premium

3. In what region are you enrolled? N=146

41% Central
27% East
11% West
1% Northeast
4% Northwest
6% Southeast
1% South Central
8% Southwest
1% Out-of-State

4. What level of coverage do you have (i.e., employee only, employee/spouse, employee/family, employee/child(ren))? N=146

54% Employee/Only
14% Employee/Spouse
23% Employee/Child(ren)
9% Employee/Family

5. If your level of coverage is employee/spouse, employee/family, or employee/child(ren), please indicate the number of individuals covered. N=67

54% 2
46% 3+

6. Are you considered an active employee or retiree? N=146

76% Active
23% Retiree
1% Disabled

7. How many years have you been/were you employed with the state? N=145

28% 1-5 years
19% 6-10 years
25% 11-20 years
28% Over 20 years

¹ N is the number of respondents for each question.

B. Level of Satisfaction with Health Plans

This section will allow us to gain an understanding of what factors affect members' choices in plan type and level of coverage. In addition, this section will allow us to gauge members' use of and satisfaction with Missouri Consolidated and their current health care plan options.

1. **Rank the following factors in order** of most important factor (1) to least important factor (7) when choosing **your current** health care plan. (Enter a number in each box.)

1 ²	2	3	
34%	13%	19%	a. Specific doctor or hospital. N=120
8%	10%	18%	b. Wide variety of health care providers. N=120
35%	29%	18%	c. Lowest cost in a monthly premium. N=119
4%	9%	19%	d. Lack of administrative restrictions (Copay Plan, Preferred Provider Organization, etc.) versus use of gatekeepers and referrals (Health Maintenance Organization). N=120
2%	3%	5%	e. Relationship established with selected health care plan. N=119
15%	35%	21%	f. Lowest out-of-pocket costs such as co-payments, deductibles, and coinsurance. N=120
7%	0%	0%	g. Other. N=45

2. If your ranking in question 1 is different from how you have historically chosen your health care plan, please indicate **your prior ranking of these factors in order** of most important factor (1) to least important factor (7). If there has been no change in order of importance, please check "no change". (Enter a number in each box.)

1 ²	2	3	
53%	5%	11%	a. Specific doctor or hospital. N=19
0%	16%	16%	b. Wide variety of health care providers. N=19
32%	26%	26%	c. Lowest cost in a monthly premium. N=19
0%	16%	11%	d. Lack of administrative restrictions (Copay Plan, Preferred Provider Organization, etc.) versus use of gatekeepers and referrals (Health Maintenance Organization). N=19
0%	11%	5%	e. Relationship established with selected health care plan. N=19
5%	21%	37%	f. Lowest out-of-pocket costs such as co-payments, deductibles, and coinsurance. N=19
33%	0%	0%	g. Other. N=6

3. Is your entire family covered by a health plan offered by Missouri Consolidated? N=143

37% Yes

63% No → If not, which of the following best describes why you chose not to enroll your spouse or children in Missouri Consolidated? (Check all reasons that apply.) N=88

- 16% Cost of monthly premiums.
- 31% Spouse/child(ren) covered under other health care plan.
- 42% Not applicable. No family.
- 7% Cost of monthly premium and other healthcare plan
- 4% Other

4. Taking everything into consideration, (i.e., co-pays, deductibles, monthly premiums, health benefits covered, types of plan offered, etc.), how satisfied or dissatisfied are you with your current health care options? N=146

- 8% Very satisfied
- 34% Satisfied
- 24% Neither satisfied nor dissatisfied
- 27% Dissatisfied
- 7% Very dissatisfied

5. In your opinion, how do you feel Missouri Consolidated performs in offering options that fit your needs (selecting number and type of plans, benefits covered, etc.)? N=145

- 9% Excellent
- 24% Good
- 44% Adequate
- 19% Poorly
- 4% Very poorly

² In order to impart which factors members feel are most important, we have presented only rankings of 1, 2, or 3.

APPENDIX IV

6. In your opinion, how do you feel Missouri Consolidated manages the rising cost in health care premiums? N=144

2% Excellent
15% Good
46% Adequate
33% Poorly
4% Very poorly

7. To what extent, if at all, has your satisfaction or dissatisfaction with Missouri Consolidated increased or decreased over the last five years? N=134 applicable to this question.

4% I am more satisfied now than I was 5 years ago.
21% I am as satisfied now as I was 5 years ago.
42% I am less satisfied now than I was 5 years ago.
24% I am much less satisfied now than I was 5 years ago.
9% No opinion.

.....
N=16 not applicable to this question due to no prior history with Missouri Consolidated.

8. To what extent, if at all, have the following Missouri Consolidated services been useful to you?

	Missouri Consolidated Service	Not aware of the service (1)	Aware of service but have not used (2)	Very useful (3)	Moderately useful (4)	Of some use (5)	Of little use (6)	Not useful at all (7)
a.	General benefit questions. N=140	3%	37%	25%	22%	12%	0%	1%
b.	Eligibility questions. N=139	4%	38%	23%	20%	12%	2%	1%
c.	Intermediary between member and health care plans (e.g., claims dispute). N=136	24%	48%	6%	7%	9%	6%	0%
d.	Open enrollment meetings/ facilitating enrollment. N=136	6%	26%	31%	18%	12%	6%	1%
e.	New employee orientation. N=132	15%	38%	14%	13%	11%	6%	3%
f.	Active employee and pre-retirement seminars. N=131	10%	43%	26%	11%	8%	1%	1%
g.	Issue communication materials to members (e.g., quarterly newsletters). N=134	5%	16%	22%	33%	16%	7%	1%
h.	MCHCP's Internet site. N=135	13%	37%	16%	18%	11%	2%	3%
i.	Member handbook. N=135	2%	7%	41%	34%	15%	1%	0%

9. How often have you contacted Missouri Consolidated in the last year? N=144

1% Once a month
14% Once a quarter
33% Once a year
45% None
7% Other

10. Did Missouri Consolidated resolve your issue(s) in a timely manner? N=73 applicable to this question

82% Yes
18% No

.....
71 not applicable to this question because have not contacted Missouri Consolidated in the last year.

11. How well did Missouri Consolidated resolve your issue(s)? N=73 applicable to this question

79% Satisfactorily
18% Neither satisfactorily nor unsatisfactorily
3% Unsatisfactorily

.....
71 not applicable to this question because have not contacted Missouri Consolidated in the last year.

12. If you experience a problem with a claim, whom would/do you contact first? N=136

27% Missouri Consolidated
33% Health Care Provider
40% Health Care Plan

C. Health Care Premiums

As the cost of health care continues to increase, the State is left with the responsibility of developing ways to contain costs. The following are some potential cost containment measures, incentives, or alternatives identified or used by other organizations. These measures are **not** necessarily planned changes to the State's health care plan which Missouri Consolidated is currently considering. Discussion of these issues is solely for the purposes of the State Auditor's Office in planning and performing our review of Missouri Consolidated.

1. To what extent, if at all, would you consider the following possible alternatives in exchange for a potential reduction in your monthly premium or out-of-pocket costs (e.g., co-pays, deductibles, coinsurance, etc.). (Check one *box in each row*.)

	Possible Alternatives	To a great extent (1)	To a moderate extent (2)	To some extent (3)	To a little extent (4)	To no extent (5)	Description of Possible Alternatives
a.	Reduced level of benefits. N=143	7%	7%	23%	17%	46%	This would include benefits such as well visits requiring a co-payment instead of covering them at 100%, reduction of optional benefits, such as chiropractic visits.
b.	Limited number of health care providers and hospitals. N=140	8%	8%	18%	23%	43%	Offer only one HMO option and one Co-pay plan, which limit the number of providers and hospitals.
c.	Consumer driven healthcare plan. N=136	7%	13%	15%	17%	48%	Employee receives an annual allotment (e.g. - \$1,000 for single coverage, \$2,000 for family). The employee may spend this on any medical expenses he/she chooses with any doctor (no gatekeepers), but expenses are paid at full cost. If there's money left over, the employee can roll over the remainder into the next year. Should expenses rise above the allotted amount, the employee must pay the remainder of his/her medical plan's deductible (e.g. - if deductible is \$1,600 for single coverage, employee would pay an additional \$600; if deductible is \$3,200 for family coverage, employee would pay an additional \$1,200); however, preventative services are generally covered by the plan at 100%. Once the deductible has been met, company coverage takes over, often a Preferred Provider Organization plan, which allows members the freedom to utilize any provider in a network of preferred providers. If a network provider is utilized, the employer could pay the expenses up to 90%, whereas there is usually a split (e.g., 70/30) for out of network provider use.
d.	Major medical plan. N=133	3%	6%	9%	12%	70%	Covers catastrophic illness only and large deductible applies. Other routine costs are paid entirely by the member.
e.	Other. N=7	29%	0%	0%	0%	71%	Please provide a description below.

APPENDIX IV

2. Considering the rising costs in healthcare benefits, please **rank in order** from most important factor (1) to least important factor (5) which health care services or cost containment efforts Missouri Consolidated should focus on.

1 ³	2	3	
31%	36%	25%	Lowering monthly premiums. N=121
22%	40%	26%	Lowering co-pay or out-of-pocket expenses. N=121
37%	15%	24%	Maintaining current benefits. N=121
8%	6%	26%	Increasing benefits. N=120
10%	10%	0%	Other. N=30

³ In order to impart which factors members feel are most important, we have presented only rankings of 1, 2, or 3.

GLOSSARY

The purpose of this appendix is to provide definitions for various technical healthcare related terms.

Co-insurance: the shared portion of payment between the medical plan and the member where each pays a percentage of covered charges (e.g., 70 percent/30 percent).

Co-payment: a set dollar amount that the covered individual must pay for specific services.

Co-pay Plan: an open access plan that provides set co-payments for network services as well as non-network benefits, similar to a Point Of Service plan.

Conventional Plan: any type of healthcare plan other than a Health Maintenance Organization, such as Point of Service Plan or Preferred Provider Organization.

Deductible: the amount of expense the member must pay before the medical plan begins to pay for covered services and supplies. This amount is not reimbursable by the medical plan.

Fully insured plan: the employer hires a medical plan contractor to assume the risk of paying claims from premium monies. All premiums are paid to the medical plan contractor and the contractor assumes the risk that medical claims for a given time period might exceed the premiums that have been collected.

Health Maintenance Organization (HMO): a healthcare system that provides a wide range of healthcare services for a specified group at a fixed periodic prepayment.

Lifetime maximum: the maximum amount payable by a medical plan during a covered member's life.

Member: any person eligible as either a subscriber or a dependent in accordance with an employee benefit plan.

Out-of-pocket maximum: the maximum amount the member must pay before the medical plan will begin to pay 100% of covered charges for the remainder of the calendar year.

Network: the group of physicians, hospitals, pharmacies, etc., contracted with a medical plan to which the plan's members have access.

Pharmacy Benefit Manager (PBM): acts as a link between the parties involved in the delivery of prescription drugs to health plan members with a drug card program. Clients use PBMs to design, implement, and manage their overall drug benefits.

Point of Service (POS) plan: a medical plan that provides network and non-network healthcare services. The member is responsible for co-payment amounts when network providers are used. If non-network providers are utilized, services are subject to a deductible and co-insurance amount.

Preferred Provider Organization (PPO): an arrangement with providers whereby discounted rates are given to plan members. Benefits are paid at a higher level when network providers are used.

Self-funded plan: the employer assumes the functions, responsibilities, and risks of an insurer. The employer maintains a separate fund that is financed with employer and employee contributions. When employees file claims for healthcare services, those claims are paid for with monies from that fund. The employer assumes the risk that medical claims for a given time period might exceed the premiums that have been collected.

Subscriber: the employee or member who elects coverage under Missouri Consolidated.

Third Party Administrator: a company contracted to administer a self-funded plan and/or process member claims.



**CITY OF CARDWELL, MISSOURI
YEAR ENDED DECEMBER 31, 2002**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-50
June 21, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

June 2004

The following problems were discovered as a result of an audit conducted by our office of the City of Cardwell, Missouri.

Some monies received were not deposited into the city's accounts. A comparison of three deposits in 2003 and 2002, showed that \$136 more was received than deposited. These differences went undetected due to numerous internal control weaknesses, little or no independent review and a lack of adequate record keeping. A petty cash fund is not maintained on an imprest basis and documentation and controls over such monies was lacking. Additionally, periodic reconciliations of total billings, payments received, credit adjustments, and delinquent amounts are not performed for the water, sewer, trash, and mosquito spraying services.

In July 2003, the Board voted to increase the trash fee from \$6.25 per home to \$6.50 for homes within the city and to \$8.00 for homes outside the city limits. The city contracts with a trash hauler to collect trash from the homes and pays the trash hauler \$6 per home. The city did not prepare a formal cost study to document the need for the increase, or identify other costs related to trash service.

In 1998, a building and the surrounding property were donated to the city. The city did not immediately obtain a deed to the building and property donated to the city, and did not solicit bids, or obtain an appraisal prior to donating city property to an individual. Board minutes signed by the city officials and the individual indicated an agreement had been made but that additional information would be included in documents. Additionally, in 2002, the Mayor signed a deed transferring city property to the individual. Except for the minutes noted above, there was no documentation indicating the board had approved the transfer of this property. Litigation was initiated concerning this property and a settlement agreement has apparently been reached.

In December 2002, the city collector, chief of police, city clerk, water commissioner, and a police officer each received a payment of \$100. The minutes indicate this was a "one time pay raise"; however, the officials monthly salary did not increase. These appear to be bonuses paid to these officials and employees. These bonuses appear to be one time pay raises and represent additional compensation for services previously rendered and are a violation of the Missouri Constitution and an Attorney General's opinion.

The city has not adequately documented the specific reasons for going into closed meetings. Additionally, improvement is needed in the organization of city ordinances.

(over)

YELLOW SHEET

The audit also includes some matters related to budgets and financial statements, expenditures, payroll, restricted revenues, fixed assets and the municipal division, which the city should consider and take appropriate corrective action.

All reports are available on our website: www.auditor.mo.gov

CITY OF CARDWELL, MISSOURI

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the Honorable Mayor
and
Members of the Board of Aldermen
City of Cardwell, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the city of Cardwell, Missouri. The city engaged Jimmy D. Wilson, Certified Public Accountant, to audit the city's financial statements for the year ended December 31, 2002. To minimize duplication of effort, we reviewed the report and substantiating working papers of the CPA firm. The scope of our audit of the city included, but was not necessarily limited to, the year ended December 31, 2002. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review internal controls over significant management and financial functions.
3. Review compliance with certain legal provisions.

To accomplish these objectives, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents; interviewed various personnel of the city, as well as certain external parties; and tested selected transactions. Our methodology included, but was not necessarily limited to, the following:

1. We obtained an understanding of petitioner concerns and performed various procedures to determine their validity and significance.
2. We obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.
3. We obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur.

Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the city's management and was not subjected to the procedures applied in the audit of the city.

The accompanying Management Advisory Report presents our findings arising from our audit of the city of Cardwell, Missouri.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

January 14, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Debra S. Lewis, CPA
In-Charge Auditor:	Carl E. Zilch, Jr.

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

CITY OF CARDWELL
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Accounting Controls and Procedures
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Some utility monies received were not deposited into the city's accounts. The city does not maintain the petty cash fund on an imprest basis, a petty cash ledger, or documentation to support the receipts and disbursements of petty cash. In addition, there is no independent oversight or segregation of duties related to the utility system or, periodic reconciliations of total billings, payments received, credit adjustments, and delinquent amounts for the water, sewer, trash, and mosquito spraying services. Also, the city did not prepare a formal cost study to document the need for an increase in trash fees.

The city of Cardwell operates a combined waterworks and sewerage system. In addition, the city bills and collects for trash and mosquito spraying services with the water and sewer. The City Clerk accepts cash, checks, and money orders for payment of these combined utilities.

- A. Some monies received were not deposited into the city's accounts. A comparison of three deposits in 2003 and 2002, showed that \$136 more was received than deposited. The City Clerk indicated she had utilized these monies to replenish the city's petty cash fund or made cash refunds to the customers; however, she could not provide documentation of this usage. These differences went undetected due to numerous internal control weaknesses, little or no independent review and a lack of adequate record keeping. As a result, there was less assurance that cash received by the city during 2003 and 2002, was accounted for properly.

Depositing monies intact helps ensure accurate accounting of utility receipts and reduces the possibility of loss or misuse of funds. To adequately safeguard funds and ensure receipts are accounted for properly, receipts should be deposited intact and the amount of cash and checks received should be reconciled to the bank deposit. Checks written for all refunds would provide better accountability over monies disbursed and reduce the risk of loss or misuse of utility monies.

- B. The city maintains a \$50 change fund which also serves as a petty cash fund for small disbursements. The city does not maintain the petty cash fund on an imprest basis. In addition, the city does not maintain a petty cash ledger, or documentation to support the receipts and disbursements of petty cash. Per city personnel, cash receipts from the city's soda machine are placed in the petty cash fund; however, there was no documentation of these amounts. The City Clerk indicated that when additional monies are needed in the petty cash fund she retains some cash receipts from the utility deposits (see MAR finding 1.C. below). There is no documentation to show the monies withheld were placed in the petty

cash fund. The City Clerk indicated that periodically the change/petty cash fund would have excess monies which she would deposit into the city's General Fund.

To ensure all receipts are appropriately handled and recorded, and disbursements are proper, the village should maintain the petty cash fund on an imprest basis, meaning the fund should be maintained at a constant predetermined balance, and the cash on hand plus the total of all paid invoices should always equal the predetermined balance. The fund should only be reimbursed by city checks equal to the amount of paid invoices, and other city receipts should not be added to the fund. In addition, the village should maintain a petty cash ledger documenting receipts, disbursements, and the balance of the petty cash fund and retain documentation to support disbursements of the fund.

- C. There is no independent oversight or segregation of duties related to the utility system. The city's utility system for 2002 received revenues of \$139,553 for water and sewer, trash, and mosquito spraying services. The City Clerk performs all functions related to preparing utility bills, receipting and recording utility payments and credit adjustments, depositing utility receipts, monitoring accounts for delinquencies, and initiating service shutoff orders. As noted above, the City Clerk indicated she used some utility cash receipts to replenish the petty cash fund. In order to ensure the utility receipt report equaled the amount to be deposited, the City Clerk indicated she made credit adjustments to some customer's accounts instead of recording their payment. The City does not require documentation to support credit adjustments nor do they require approval of these adjustments by someone independent of the utility system.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receipting and depositing monies from that of preparing bills, recording payments, and following up on delinquent accounts. If proper segregation of duties cannot be achieved, at a minimum, there should be an independent review of the reconciliations between bank deposits and recorded payments, and an independent review of and approval for credit adjustments and delinquent account follow-up.

- D. Periodic reconciliations of total billings, payments received, credit adjustments, and delinquent amounts are not performed for the water, sewer, trash, and mosquito spraying services.

Periodic reconciliations should be performed to ensure all accounting records balance, transactions have been properly recorded, and any errors or discrepancies are detected on a timely basis. Complete documentation of the reconciliations should be retained to support conclusions and any corrections made.

- E. On July 19, 2003, the Board voted to increase the trash fee from \$6.25 per home to \$6.50 for homes within the city and to \$8.00 for homes outside the city limits. The city contracts with a trash hauler to collect trash from the homes and pays the trash hauler \$6 per home. The additional monies collected are deposited to the city's General Fund. The city did not prepare a formal cost study to document the need for the increase. In addition, the city has not identified any other costs, such as administrative costs, related to the trash service.

Trash fees should not be used to pay for general operation expenses of the city. The administrative costs of providing this service should be calculated and documented and a separate accounting of trash revenues and expenses should be maintained. The city should ensure only expenses related to trash collections are made from the trash collections. In addition, the Board should periodically do a formal cost study of the trash service to ensure the fees collected are adequate to cover the cost of providing the service.

WE RECOMMEND the Board of Aldermen:

- A. Ensure monies are deposited intact and all refunds are made by check.
- B. Maintain the petty cash fund on an imprest basis and retain adequate documentation for all petty cash disbursements. In addition, a petty cash ledger should be maintained.
- C. Segregate the duties of receiving and depositing utility monies from that of preparing bills, recording payments, and following up on delinquent accounts. If proper segregation of duties cannot be achieved, at a minimum, there should be an independent review of the reconciliations between bank deposits and recorded payments, and an independent review of and approval for credit adjustments and delinquent account follow-up.
- D. Require periodic reconciliations of the amounts billed to amounts collected and delinquent accounts.
- E. Ensure only expenses related to the trash service are paid from the trash collections.

AUDITEE'S RESPONSE

A,B,
&D. *These recommendations have been implemented.*

C. *This recommendation has been partially implemented. The Board now approves all credit adjustments. We will begin having someone perform an independent review.*

E. *This recommendation will be implemented.*

The board has not adequately documented the specific reasons for going into closed meetings or its approval of bills. In addition, the city budgets and published financial statements did not include all information required by state law. Also, improvement is needed in the organization of the city ordinances.

- A. The Board of Aldermen frequently holds closed meetings. The open meeting minutes did not always document the specific reasons for closing the meeting. In addition, the closed meeting minutes indicate the board sometimes discussed items which are not allowed by the Sunshine Law. For example, in one closed meeting the Board of Aldermen discussed who would be authorized to sign checks for the city.

Section 610.022, RSMo 2000, requires that before any meeting may be closed, the question of holding the closed meeting and the reason for the closed meeting shall be voted on at an open session. In addition, this law provides that public governmental bodies shall not discuss any other business during the closed meeting that differs from the specific reasons used to justify such meeting, record, or vote. Section 610.021, RSMo 2000, allows the board to discuss certain subjects in closed meetings, including litigation, real estate transactions, bid specifications and sealed bids, personnel matters, and confidential or privileged communications with auditors. The board should restrict the discussion in closed sessions to the specific topics listed in Chapter 610 of the state statutes.

- B. The Board of Aldermen does not document its approval of bills. The Board of Aldermen receives a listing of bills at each board meeting, but the listing is not signed or attached to the official minutes. The listing of bills should be signed or initialed by the board to denote their approval, and retained with the official minutes.
- C. The city's budgets for the years 2002 and 2003 did not include comparative statements of actual or estimated receipts and disbursements for the two previous years, the beginning and projected ending cash balances for the funds budgeted, or a budget message as required by state law. Section 67.010, RSMo 2000, requires the preparation of an annual budget which shall present a complete financial plan for the ensuing budget year.

A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific cost expectations for each area. A budget can also provide a means to effectively monitor actual costs by periodically comparing budgeted amounts to actual disbursements. A complete budget should include separate receipt and disbursement estimations, and include the beginning available resources and a reasonable estimate of the ending available resources. The budget should also

include a budget message and comparisons of actual receipts and disbursements for the two preceding years.

D. Improvement is needed in the organization of the city's ordinances. The city's ordinances have not been codified, thus hindering the city's ability to locate specific ordinances. In addition, an index of all ordinances passed and rescinded by the city is not maintained which makes it difficult for the city to determine which ordinances are still active and which have been rescinded. The city does not have ordinances or were unable to locate ordinances for the following:

- An ordinance establishing the amount of interest that can be charged by the City Collector for delinquent taxes could not be located. The City Collector currently charges a two percent penalty per month for delinquent taxes paid with a maximum of eighteen percent per year.
- An ordinance establishing the assessment of late fees for delinquent utility payments, reconnection fees, and water deposit amounts could not be located. The City Clerk indicated a \$5 fee is assessed on payments not received by the due date, a \$20 fee is assessed for reconnection of water service, and \$75 is collected for the water deposit.

Section 94.000, RSMo 2000, states the board of alderman provide by ordinance for the levy and collection of all taxes, licenses, and other duties not herein enumerated, and for neglect or refusal to pay the same, shall fix such penalties as are now or may hereafter be authorized by law or ordinance. In addition, to ensure equitable treatment of all water customers, the board should establish an ordinance establishing the reconnection fee and water deposit amounts, which the city is already assessing and collecting.

Since ordinances represent legislation which has been passed by the board to govern the city and its residents, it is important that the city's ordinances be maintained in a complete and up-to-date manner. An index of all ordinances passed and rescinded by the city could help keep track of additions and changes made to the city ordinances.

E. The city did not publish semi-annual financial statements for the year ended December 31, 2002. In addition, the city's published financial statements for the year ended December 31, 2003, did not include the city's indebtedness, as required by state law.

Section 79.160, RSMo 2000, requires the Board of Aldermen to prepare and publish, semi-annually, a full and detailed account of the receipts, expenditures, and indebtedness of the city. Accurate and detailed financial statements are necessary to keep the citizens informed of the financial activity and condition of the city. In addition, Section 79.165, RSMo 2000, states the city cannot legally disburse funds until the financial statements are published.

WE RECOMMEND the Board of Aldermen:

- A. Ensure minutes document the vote to go into closed session, state the reasons for going into closed session and publicly disclose the final disposition of applicable matters discussed in closed session. In addition, the board should ensure only allowable specified subjects are discussed in closed session.
- B. Document its review and approval of bills by signing or designating a board member to sign the listing of bills and attaching the signed list to the official minutes.
- C. Ensure budget documents contain all information required by state law.
- D. Update and codify the city's ordinances, ensure a complete set of ordinances is maintained, and establish an index of all city ordinances passed and rescinded. In addition, the Board should establish ordinances regarding the assessment of late fees for delinquent utility payments and property taxes, reconnection fees, and water deposit amount.
- E. Publish semi-annual financial statements as required by state law and ensure the published financial statements provide the citizens an adequately detailed account of the financial activity and indebtedness of the city.

AUDITEE'S RESPONSE

A&E. These recommendations will be implemented.

B. This recommendation has been implemented.

C. This recommendation has been partially implemented. The information for the prior two years was not available in the past. We will ensure all of the required information is included on the budget in the future.

D. This recommendation has been partially implemented. The former City Clerk has prepared a list of all city ordinances. The Board will review these ordinances to determine which are still active. We have been trying to adopt the recommended ordinances but did not have a full Board until after the April 2004 election. We will implement this recommendation.

3.**City Property**

The city did not immediately obtain a deed when they received donated property. In addition, the city did not solicit bids, or obtain an appraisal prior to donating any property to an individual. The Mayor's subsequent transfer of this city property to the individual was questioned.

In 1998, a building and the surrounding property were donated to the city. Per the board minutes, the board voted to donate this building to an individual for use in their personal business with the stipulation that if the individual later wanted to sell the building they would donate \$3,500 to the city. The following concerns were noted regarding this property:

- A. The city did not immediately obtain a deed to the building and property donated to the city. The Dunklin County Recorder's office indicated a deed had not been recorded with their office showing the city owned this property. The records of the Dunklin County Assessor's office indicate the city did not own this property until February 2002 and that the property was transferred from the city to the individual in April 2002.

The city should immediately obtain a deed for all property purchased or received through donations to ensure their claim to the property is clearly documented.

- B. The city did not solicit bids, or obtain an appraisal prior to donating city property to an individual. Board minutes signed by city officials and the individual indicated an agreement had been made but that additional information would be included in documents. The board voted that the individual would donate \$3,500 to the city if they wished to sell the property; however, there was no documentation indicating how this amount was determined. As a result there is less assurance the price obtained for the property was reasonable or represented the fair value of the property.

The Missouri Constitution prohibits the use of public money or property to benefit any private individual, associations, or corporations except as provided in the constitution. Formal bidding procedures provide a framework for the economic management of city resources and help ensure the city receives fair value by contracting with the best bidders. In addition, formal written agreements are necessary to document each party's duties and responsibilities. Section 432.070, RSMo 2000, requires political subdivisions' contracts be in writing.

- C. In 2002, the Mayor signed a deed transferring city property to the individual. Except for the minutes noted above, there was no documentation indicating the board had approved the transfer of this property. In May 2002, the Mayor was impeached by the Board. This real estate transaction was one of the major reasons noted for his impeachment.

Good business practices require all transactions to be closely scrutinized by the board and properly authorized. Board approval to dispose of city property should be obtained and documented.

Litigation was initiated concerning this property and a settlement agreement between the parties has apparently been reached. Better documentation of the various transactions may have prevented the litigation.

WE RECOMMEND the Board of Aldermen:

- A. Ensure a clear deed is obtained for all property obtained.
- B. Obtain bids and/or appraisals for all property sold and ensure written contracts are entered into for all agreements. The Board should refrain from donating city property.
- C. Ensure approval for the disposal of city property is adequately documented.

AUDITEE'S RESPONSE

A, B,
&C. *These recommendations will be implemented.*

4. Payroll and Personnel

The city did not have ordinances establishing employee salaries and paid bonuses to some employees in 2002. In addition, timesheets are not prepared by city employees and the board failed to appoint someone to fill a vacant alderman position on the board.

- A. The city had not adopted ordinances establishing the salaries of city officials and employees as required by Section 79.270, RSMo 2000. To ensure compliance with state law and to avoid misunderstandings, the board should adopt ordinances which specify the terms of office and compensation of all city officials and employees.
- B. In December 2002, the city collector, chief of police, city clerk, water commissioner, and a police officer each received a payment of \$100. The minutes indicate this was a "one time pay raise"; however, the officials monthly salary did not increase. These one time pay raises appeared to be bonuses paid to these officials and employees.

These bonuses appear to represent additional compensation for services previously rendered and, as such are in violation of Article III, Section 39 of the Missouri Constitution and Attorney General's Opinion No. 72, 1955 to Pray,

which states, "...a government agency deriving its power and authority from the constitution and laws of the state would be prohibited from granting extra compensation in the form of bonuses to public officers after the service has been rendered."

- C. The Board of Aldermen approved a salary increase for the Police Chief during his term of office and the Police Chief received additional compensation for other duties being performed such as fire chief and dog catcher. The Police Chief was elected in April of 2003 to a two year term. Per the December 3, 2002 board minutes, the compensation for this office for the April 2003 term was established at \$600 a month for Police Chief. On April 25, 2003, the board approved an increase to \$600 a month for fire chief, and \$200 a month for dog catcher. In May 2003, the Police Chief resigned and the board appointed someone to complete the term of office. Per the board minutes, the Board voted to establish the salary of the new Police Chief at \$2,200 a month, which represents an \$800 a month increase during the term of office. The duties of the office remained the same (police chief, fire chief, and dog catcher). There were no ordinances establishing the pay rate and duties of the Police Chief.

Section 79.270, RSMo 2000, states that the salary of a municipal officer shall be established by ordinance and shall not be changed during his term of office and requires that the duties and powers of city officials be established by ordinance. In addition, the additional compensation paid to the Police Chief appears to violate Section 105.454, RSMo 2000, which states that no elected or appointed official of any political subdivision; serving in an executive capacity shall perform any service for such political subdivision for any consideration other than the compensation provided for the performance of his official duties.

- D. Timesheets are not prepared by some employees and no supervisory review is documented on timesheets that were prepared. During 2002, except for a few part time police officers, the city did not require city officials and employees to prepare timesheets. Timesheets submitted prior to 2002, did not document supervisory review. Adequate control over payroll expenditures requires documentation, such as properly completed timesheets signed by employees and approved by supervisors, to provide evidence that the appropriate amount of time is worked each month.
- E. The mayor was impeached in May 2002 and the Board appointed an alderman as mayor. However, the board did not appoint someone to fill the aldermen position. The alderman position was not filled until the April 2003 election.

According to Section 79.280, RSMo 2000, if a vacancy occurs in an elective office, the mayor and the board of aldermen are required to appoint a successor who serves until the next regular municipal election. The winning candidate at that election then serves the remainder of the unexpired term, in this instance,

until April 2004. The board of aldermen should ensure that any future vacant offices are filled in compliance with state law.

WE RECOMMEND the Board of Aldermen:

- A. Establish by ordinance the salaries and pay rates of all officials and employees.
- B. Discontinue granting one time pay increases to elected city officials and employees.
- C. Establish by ordinance the applicable terms of office for all officials and employees, and ensure changes to these officials' compensation do not occur during a term of office, in accordance with state law. In addition, the Board should document additional duties (and related compensation) assigned to the chief of police in a city ordinance.
- D. Ensure timesheets are prepared for all employees and signed by a supervisor.
- E. Ensure vacant elective offices are filled in compliance with state law.

AUDITEE'S RESPONSE

- A. *This recommendation has been partially implemented. Ordinances have been established for the Chief of Police and the City Collector. We will adopt ordinances for the other city officials and employees.*
- B&D. *These recommendations have been implemented.*
- C. *This recommendation has been partially implemented. As noted above, ordinances have been established for the Chief of Police and the City Collector. We will adopt ordinances for the other officials and employees. We will discuss the additional duties of the Police Chief with our City Attorney.*
- E. *This recommendation will be implemented.*

5. Expenditures

The city has not established a formal policy for soliciting bids. In addition, several expenditures reviewed did not appear to be a prudent use of public funds and the city did not enter into formal contracts for some services obtained.

- A. The city does not have a formal policy for soliciting bids for major purchases. As a result, the decision of whether to solicit bids/proposals for a particular purchase/service is made on an item-by-item basis. Bids were either not solicited or bid documentation was not retained in some instances, including approximately

\$4,400 for a police car, \$2,825 for utility software, \$2,700 for condensers and \$28,300 for trash service.

A formal bidding policy for major purchases based on specified dollar amounts would provide a more efficient framework for economical management of city resources and help ensure the city receives fair value by contracting with the lowest and best bidders. In addition, complete and detailed written policies and procedures for requesting professional services are necessary to provide guidance to city officials.

Competitive bidding helps ensure all parties are given an equal opportunity to participate in the city's business. Bids may be handled by telephone quotation, by written quotation, by sealed bid, or by advertised bid. Various approaches are appropriate, based on dollar amount and type of purchase. Whichever approach is used, complete documentation should be maintained of all bids received and the reasons noted why the bid was selected.

- B. Some city expenditures do not appear to be a prudent use of taxpayer money. These include \$48 for a plant for an official's family member and \$177 for a Christmas dinner for city officials, employees, and their spouses.

The city's residents place a fiduciary trust in their public officials to expend public funds in a necessary and prudent manner. The above expenses do not appear to represent a necessary and prudent use of public funds.

- C. The city has not entered into formal written contracts for trash hauling services. In 2002 the city paid approximately \$28,300 for trash hauling services.

Section 432.070, RSMo 2000, requires contracts of political subdivisions be in writing. The city should enter into written contracts for services rendered or obtained. A written contract, signed by the parties involved, should specify the services to be rendered and the manner and amount of compensation to be paid. Written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to provide protection to both parties.

WE RECOMMEND the Board of Aldermen:

- A. Establish formal policies and procedures for the selection and procurement of companies and individuals for major purchases. In addition, documentation of the bidding process should be maintained in all cases.
- B. Ensure all expenditures from city monies are a prudent use of public funds.
- C. Ensure formal written contracts are entered into for any services obtained by the city.

AUDITEE'S RESPONSE

A. *This recommendation will be implemented.*

B&C. *These recommendations have been implemented.*

6. Restricted Revenues

Documentation does not exist to support the allocation of payroll and fringe benefit expenditures to the city funds. The City Clerk's salary is split 50-50 between the General Fund and the Water and Sewer Fund and the water/street commissioner's salary is paid from the Water and Sewer Fund plus \$100 from the Street Fund. Adequate documentation is not maintained denoting how much of their time is spent on utility and street duties.

Adequate documentation to support the allocation of payroll expenditures to the city's Operating System Fund is necessary to accurately determine the results of operations of specific activities, thus enabling the city to establish user charges necessary to meet all operating costs without generating profits to subsidize other village services. In addition, Article IV, Section 30, of the Missouri Constitution, requires that motor vehicle-related receipts apportioned by the state of Missouri be used for street-related purposes, including policing, signing, lighting, and cleaning of roads and streets. To ensure compliance with the Missouri Constitution, the city should maintain documentation to support payroll costs charged to the Street Fund.

WE RECOMMEND the Board of Aldermen ensure all expenditures are properly allocated to the various funds and are supported by adequate documentation.

AUDITEE'S RESPONSE

This recommendation will be implemented.

7. Fixed Assets

Fixed asset records are in need of improvement. The city has not prepared and maintained adequate detailed property records for general fixed assets, including the cost of assets owned by the city. In addition, the date of purchase and the disposition of the assets have not been adequately documented. Currently the city has a list of items for each department of the city which simply shows a brief description of the fixed assets.

Property records for general fixed assets are necessary to ensure accountability for all items purchased and owned and for determining the proper amount of insurance coverage. To develop appropriate records and procedures for general fixed assets, the city needs to undertake a comprehensive review of all property owned by the city. Assets

should be counted, tagged for specific identification, and recorded by description and serial number in a detailed property ledger at historical cost or estimated historical cost if the original cost is not available. The city should properly record all fixed asset transactions and periodically take physical counts of its assets and compare to the detailed records to ensure the accuracy of the records.

WE RECOMMEND the Board of Aldermen maintain property records for general fixed assets that include all pertinent information for each asset, such as tag number, description, cost, acquisition date, location, and subsequent disposition. In addition, annual physical inventories should be performed.

AUDITEE'S RESPONSE

This recommendation will be implemented.

8. Municipal Division

Traffic tickets with applicable offenses involving point violations were not forwarded to the Missouri State Highway Patrol (MSHP) as required by state law. Section 302.225, RSMo 2000, requires records of any pleas or findings of guilty on traffic violations under the laws of the state, county, or municipal ordinance to be forwarded to the MSHP within ten days of the conviction date.

WE RECOMMEND the Municipal Division forward all required records of convictions on traffic offenses to the MSHP within ten days as required by state law.

AUDITEE'S RESPONSE

This recommendation has been implemented.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

CITY OF CARDWELL, MISSOURI
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The city of Cardwell is located in Dunklin County. The city was incorporated in 1895 as a fourth class city. The population of the city in 2000 was 789.

The city government consists of a mayor and four member board of aldermen. The members are elected for 2-year terms. The mayor is elected for a 2-year term, presides over the board of aldermen, and votes only in the case of a tie. The Mayor, Board of Aldermen, and other principal officials during the year ended December 31, 2002, are identified below.

Elected Officials	Period of Service	Compensation Paid for the Year Ended December 31, 2002
LaWanda McMullian, Mayor (1)	January 2002 to April 2002	\$ 615
David Bishop, Mayor (1)	April 2002 to May 2002	145
Connie Risinger, Mayor (1)	May 2002 to December 2002	100
Connie Risinger, Alderwoman (2)	January 2002 to May 2002	165
David Bishop, Alderman	January 2002 to April 2002	75
Penny Stacy, Alderwoman (3)	April 2002 to December 2002	90
Doug Kemmett, Alderman (4)	January 2002	55
Greg McGrew, Alderman (4)	April 2002 to December 2002	105
Kitty Burrier, Alderwoman (5)		195
Harvey Beasley, Chief of Police (6)		17,445
Kenneth Burns, Tax Collector		3,381
Other Principal Officials		
Belinda Kemmett, City Clerk	January 2002 to April 2002	5,521
Jackie Gillion, City Clerk	April 2002 to May 2002	1,355
Erma Branum, City Clerk (7)	May 2002 to December 2002	11,404

All city employees, including elected officials, are covered by a \$50,000 blanket bond.

- (1) Mr. Bishop was elected in April 2002. He was impeached in May 2002 and Connie Risinger was appointed to complete his term. Mr. Bishop was re-elected in April 2003.
- (2) Ms. Risinger was appointed as mayor in May 2002 to replace David Bishop. This position remained empty until Wanda Lee was elected in April 2003.
- (3) Ms. Stacy resigned in January 2004. Rebecca Hall was elected in April 2004.

- (4) Mr. Kemmitt resigned in January 2002. This position remained empty until Greg McGrew was elected in April 2002. John Bishop was elected in April 2004.
- (5) Vera Langston was elected in April 2003. Lisa Montgomery was appointed in April 2004 upon the death of Ms. Langston.
- (6) Anthony Parker was appointed in May 2003 upon the resignation of Mr. Beasley. Ervin Harper was elected in April 2004.
- (7) Brent Tippin was appointed in April 2004 upon the resignation of Ms. Branum.

In addition to the officials identified above, the city employed two full-time employees and one part-time employee on December 31, 2002.

Assessed valuations and tax rates for 2002 were as follows:

ASSESSED VALUATION

Real estate	\$	1,673,240
Personal property		815,460
Railroad and utility		449,480
Total	\$	<u>2,938,180</u>

TAX RATES PER \$100 ASSESSED VALUATION

		<u>Rate</u>
General Fund	\$	.4688
Street Repair		.1427
Street GOB		1.7322



**OFFICE OF ATTORNEY GENERAL
FOUR YEARS ENDED JUNE 30, 2003**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-49
June 17, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

June 2004

The following findings were noted as a result of an audit conducted by our office of the Office of the Attorney General.

The Office of the Attorney General (AGO) needs to improve its accounts receivable records, policies, and procedures. In July 2001, the office consolidated most of its collection efforts to recoup money owed to the state, state officers, or state agencies, including restitution for consumers from cases handled by the Consumer Protection Division. This collection effort is handled by the financial services unit (FSU). This unit collected approximately \$16 million during the four years ended June 30, 2003. In addition, the no call unit, within the Consumer Protection Division also maintains accounts receivable records for violations of the state's No Call laws. During the four years ending June 30, 2003, the no call unit collected approximately \$885,900 for the recovery of cost of investigation and/or prosecution of violations and approximately \$35,000 in civil penalties.

The FSU's manual and/or computerized database records are not always complete or accurate. Our office noted several instances where payments had not been properly recorded in the manual log and/or computerized database. In addition, the beginning receivable balance for two cases was not accurate due to mathematical errors. Also, when the unit upgraded its computerized database in March 2003, the payment histories were not included for all cases. Therefore, the unit cannot generate an accounts receivable report with current and accurate balances for each case.

Collection efforts are not always performed in a timely manner. There appeared to be little collection efforts performed on no call accounts receivable cases since November 2002. As of January 2004, there were eight cases with outstanding balances, totaling approximately \$154,000. Additionally, the FSU does not maintain a control list of all uncollectible accounts which had been written-off and office management does not review and/or approve significant accounts written-off.

The Environmental Protection Division (EPD) has not established adequate procedures to ensure the proper handling of checks received. During a cash count, on November 19, 2003, we noted twenty-four checks, totaling \$77,510, which had been received, but not recorded by the EPD. Procedures are not adequate to ensure all checks and related check information are properly recorded in the division's computerized receipts system. Also, the EPD did not always forward checks to the applicable entity in a timely manner. During a cash count, on November 19, 2003, we noted eight checks, totaling \$81,762, had been held for more than 30 days after they had been received.

(over)

YELLOW SHEET

The Governmental Affairs Division (GAD) has not established adequate procedures to ensure the number of hours billed for work performed by the division's attorneys are properly charged to the applicable professional boards.

The AGO does not require all employees to prepare time sheets to account for hours worked and leave taken during the month. Only attorneys and hourly employees prepared time sheets. Additionally, the AGO has not established procedures to track the costs per case. During the four years ended June 30, 2003, the AGO spent over \$72 million in personnel and expense and equipment costs to operate the office. The AGO routinely receives reimbursement for the cost of the investigation and/or prosecution of consumer protection, antitrust, and no call cases. However, these costs are not supported by detailed documentation. Also, the office does not track work performed by its investigators and administrative personnel. Similar conditions were noted in several prior reports.

The AGO does not maintain documentation to support the costs comparisons of commercial flights to the costs of using Office of Administration (OA) planes for out-of-state travel. During the four years ended June 30, 2003, 8 out-of-state flights and 216 in-state flights were taken in state planes at a cost totaling over \$19,000 and \$169,000, respectively. To ensure the most economical use of state resources, the office should prepare and retain documentation comparing the costs of commercial flights to the costs of using OA planes. A similar condition was also noted in the prior report.

All reports are available on our website: www.auditor.mo.gov

OFFICE OF ATTORNEY GENERAL

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OFFICE OF ATTORNEY GENERAL

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON
THE FINANCIAL STATEMENTS**

Honorable Jeremiah W. (Jay) Nixon, Attorney General
Jefferson City, MO 65102

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash and Investments of the General Revenue Fund-Federal, Court Costs Fund, Antitrust Revolving Fund, Merchandising Practices Revolving Fund, Merchandising Practices Restitution Account, Health Spa Regulatory Fund, Inmate Incarceration Reimbursement Act Revolving Fund, and Multi-State Consumer Fraud Accounts; Statement of Receipts of the General Revenue Fund-State, Workers' Compensation-Second Injury Fund, Tort Victims' Compensation Fund, Workers' Compensation Fund, Healthy Families Trust Fund, Natural Resources Protection Fund-Water Pollution Permit Fee Subaccount, and Hazardous Waste Fund; and Statement of Appropriations and Expenditures of the various funds of the Office of Attorney General as of and for the years ended June 30, 2003, 2002, 2001, and 2000. These financial statements are the responsibility of the office's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting or the state's legal budgetary basis of accounting, which are comprehensive bases of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash and investments of the General Revenue Fund-Federal, Court Costs Fund, Antitrust Revolving Fund, Merchandising Practices Revolving Fund, Merchandising Practices Restitution Account, Health Spa Regulatory Fund, Inmate Incarceration Reimbursement Act Revolving Fund, and Multi-State Consumer Fraud Accounts ; the receipts of the General Revenue Fund-State, Workers' Compensation-Second Injury Fund, Tort Victims' Compensation Fund, Workers' Compensation Fund, Healthy Families Trust Fund, Natural Resources Protection Fund-Water Pollution Permit Fee Subaccount, and Hazardous Waste Fund; and the appropriations and expenditures of the various funds of the Office of Attorney General as of and for the years ended June 30, 2003, 2002, 2001, and 2000, on the bases of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated February 6, 2004, on our consideration of the office's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying financial information listed as supplementary data in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the office's management and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.

An integral part of the office's funding comes from federal awards. Those federal awards are reported on in the State of Missouri Single Audit Report issued by the State Auditor's office. The single audit is conducted in accordance with the provisions of U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

A handwritten signature in black ink that reads "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

February 6, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Toni M. Crabtree, CPA
In-Charge Auditor:	Terrie Laswell, CPA
Audit Staff:	Christy A. Marsh
	Tsetsegsaikhan (Flower) Chadraabal



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

Honorable Jeremiah W. (Jay) Nixon, Attorney General
Jefferson City, MO 65102

We have audited the financial statements of the Office of Attorney General as of and for the years ended June 30, 2003, 2002, 2001, and 2000, and have issued our report thereon dated February 6, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of the Office of Attorney General are free of material misstatement, we performed tests of the office's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of the Office of Attorney General, we considered the office's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk

that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of the Office of Attorney General and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

February 6, 2004 (fieldwork completion date)

Financial Statements

Exhibit A-1

OFFICE OF ATTORNEY GENERAL
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH AND INVESTMENTS
 YEAR ENDED JUNE 30, 2003

	General Revenue Fund-Federal	Court Costs Fund	Antitrust Revolving Fund	Merchandising Practices Revolving Fund	Merchandising Practices Restitution Account	Health Spa Regulatory Fund	Inmate Reimbursement Act Revolving Fund	Multi-State Consumer Fraud Accounts	Total (Memorandum Only)
RECEIPTS									
Federal grants	\$ 772,983	0	0	0	0	0	0	0	772,983
Restitution	0	0	0	0	846,241	0	0	0	846,241
Inmate housing receipts	0	0	0	0	0	0	86,380	0	86,380
Penalties and awards	0	5,899	7,443	1,003,322	0	0	0	5,000,000	6,016,664
Registration fees	0	0	0	12,915	0	10,475	0	0	23,390
No call program fees	0	0	0	294,327	0	0	0	0	294,327
Recovery costs	0	0	259,550	190,221	0	0	0	0	449,771
Interest	0	0	0	0	3,019	0	0	134,800	137,819
Miscellaneous	2,815	0	774	925	0	0	0	142,101	146,615
Total Receipts	775,798	5,899	267,767	1,501,710	849,260	10,475	86,380	5,276,901	8,774,190
DISBURSEMENTS									
Personal service	557,190	0	322,563	545,660	0	0	21,650	0	1,447,063
Employee fringe benefits	163,620	0	82,016	184,033	0	0	9,032	0	438,701
Expense and equipment	28,360	167,155	54,696	1,327,170	0	0	0	599,098	2,176,479
Payments to other parties	0	0	0	0	832,358	0	0	18,428,268	19,260,626
Leasing operations	1,325	0	365	6,041	0	0	0	0	7,731
Cost allocation plan	0	579	4,631	22,752	0	41	1,063	0	29,066
State office building rent	0	0	0	0	0	0	1,710	0	1,710
State office building maintenance and repair	0	0	0	0	0	0	233	0	233
Other	3,305	0	0	0	0	0	0	0	3,305
Total Disbursements	753,800	167,734	464,271	2,085,656	832,358	41	33,688	19,027,366	23,364,914
RECEIPTS OVER (UNDER) DISBURSEMENTS	21,998	(161,835)	(196,504)	(583,946)	16,902	10,434	52,692	(13,750,465)	(14,590,724)
TRANSFERS									
Transfers from:									
General Revenue Fund-State	0	180,000	75,000	0	0	0	0	0	255,000
Merchandising Practices Restitution Account	0	0	0	63,290	0	0	0	0	63,290
Multi-State Consumer Fraud Accounts	0	0	12,606	269,600	0	0	0	0	282,206
Transfers to:									
General Revenue Fund-State	0	(12)	(133)	(647)	0	(4)	(37)	0	(833)
Merchandising Practices Revolving Fund	0	0	0	0	(63,290)	0	0	(269,600)	(332,890)
Antitrust Revolving Fund	0	0	0	0	0	0	0	(12,606)	(12,606)
Total Transfers	0	179,988	87,473	332,243	(63,290)	(4)	(37)	(282,206)	254,167
RECEIPTS OVER (UNDER) DISBURSEMENTS AND TRANSFERS	21,998	18,153	(109,031)	(251,703)	(46,388)	10,430	52,655	(14,032,671)	(14,336,557)
CASH AND INVESTMENTS, JULY 1, 2002	728	48,937	597,450	3,320,664	452,683	87,620	212,093	17,045,306	21,765,481
CASH AND INVESTMENTS, JUNE 30, 2003	\$ 22,726	67,090	488,419	3,068,961	406,295	98,050	264,748	3,012,635	7,428,924

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

OFFICE OF ATTORNEY GENERAL
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH AND INVESTMENTS
 YEAR ENDED JUNE 30, 2002

	General Revenue Fund-Federal	Court Costs Fund	Antitrust Revolving Fund	Merchandising Practices Revolving Fund	Merchandising Practices Restitution Account	Health Spa Regulatory Fund	Inmate Incarceration Reimbursement Act Revolving Fund	Multi-State Consumer Fraud Accounts	Total (Memorandum Only)
RECEIPTS									
Federal grants	\$ 755,200	0	0	0	0	0	0	0	755,200
Restitution	0	0	0	0	656,429	0	0	0	656,429
Inmate housing receipts	0	0	0	0	0	0	61,054	0	61,054
Penalties and awards	0	5,233	0	1,222,455	0	0	0	23,000,000	24,227,688
Registration fees	0	0	0	15,165	0	11,500	0	0	26,665
No call program fees	0	0	0	214,100	0	0	0	0	214,100
Recovery costs	0	0	486,892	236,909	0	0	0	0	723,801
Interest	0	0	0	0	11,040	0	0	74,130	85,170
Miscellaneous	0	1,912	0	544	0	0	0	33	2,489
Total Receipts	755,200	7,145	486,892	1,689,173	667,469	11,500	61,054	23,074,163	26,752,596
DISBURSEMENTS									
Personal service	556,725	0	225,084	592,500	0	0	21,330	0	1,395,639
Employee fringe benefits	168,364	0	60,269	199,639	0	0	8,901	0	437,173
Expense and equipment	27,881	186,527	38,318	1,018,129	0	0	314	51,173	1,322,342
Payments to other parties	0	0	0	0	534,266	0	0	7,251,246	7,785,512
Leasing operations	1,546	0	399	5,845	0	0	0	0	7,790
Cost allocation plan	0	579	4,631	22,752	0	41	1,063	0	29,066
State office building rent	0	0	0	0	0	0	1,738	0	1,738
State office building maintenance and repair	0	0	0	0	0	0	233	0	233
Total Disbursements	754,516	187,106	328,701	1,838,865	534,266	41	33,579	7,302,419	10,979,493
RECEIPTS OVER (UNDER) DISBURSEMENTS	684	(179,961)	158,191	(149,692)	133,203	11,459	27,475	15,771,744	15,773,103
TRANSFERS									
Transfers from:									
General Revenue Fund-State	0	180,000	125,000	0	0	0	0	0	305,000
Merchandising Practices Restitution Account	0	0	0	14,527	0	0	0	0	14,527
Multi-State Consumer Fraud Accounts	0	0	0	175,108	0	0	0	0	175,108
Transfers to:									
Merchandising Practices Revolving Fund	0	0	0	0	(14,527)	0	0	(175,108)	(189,635)
Total Transfers	0	180,000	125,000	189,635	(14,527)	0	0	(175,108)	305,000
RECEIPTS OVER (UNDER) DISBURSEMENTS AND TRANSFERS	684	39	283,191	39,943	118,676	11,459	27,475	15,596,636	16,078,103
CASH AND INVESTMENTS, JULY 1, 2001	44	48,898	314,259	3,280,721	334,007	76,161	184,618	1,448,670	5,687,378
CASH AND INVESTMENTS, JUNE 30, 2002	\$ 728	48,937	597,450	3,320,664	452,683	87,620	212,093	17,045,306	21,765,481

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-3

OFFICE OF ATTORNEY GENERAL
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH AND INVESTMENTS
 YEAR ENDED JUNE 30, 2001

	General Revenue Fund-Federal	Court Costs Fund	Antitrust Revolving Fund	Merchandising Practices Revolving Fund	Merchandising Practices Restitution Account	Health Spa Regulatory Fund	Inmate Incarceration Reimbursement Act Revolving Fund	Multi-State Consumer Fraud Accounts	Total (Memorandum Only)
RECEIPTS									
Federal grants	\$ 650,522	0	0	0	0	0	0	0	650,522
Restitution	0	0	0	0	494,393	0	0	0	494,393
Inmate housing receipts	0	0	0	0	0	0	71,335	0	71,335
Penalties and awards	0	11,437	5,000	313,792	0	0	0	30,016,739	30,346,968
Registration fees	0	0	0	15,030	0	6,700	0	0	21,730
No call program fees	0	0	0	17,550	0	0	0	0	17,550
Interest	0	0	0	0	34,526	0	0	256,719	291,245
Miscellaneous	0	769	0	2,228	0	0	0	0	2,997
Total Receipts	650,522	12,206	5,000	348,600	528,919	6,700	71,335	30,273,458	31,896,740
DISBURSEMENTS									
Personal service	494,062	0	321,352	437,327	0	0	21,120	0	1,273,861
Employee fringe benefits	125,357	0	83,510	133,429	0	0	8,158	0	350,454
Expense and equipment	31,722	154,692	212,621	881,395	0	0	1,987	168,164	1,450,581
Payments to other parties	0	0	0	0	1,380,518	0	0	38,677,168	40,057,686
Leasing operations	0	0	0	4,043	0	0	0	0	4,043
State office building rent	0	0	0	0	0	0	2,171	0	2,171
State office building maintenance and repair	0	0	0	0	0	0	139	0	139
Capital improvement projects	0	0	0	0	0	0	61	0	61
Total Disbursements	651,141	154,692	617,483	1,456,194	1,380,518	0	33,636	38,845,332	43,138,996
RECEIPTS OVER (UNDER) DISBURSEMENTS	(619)	(142,486)	(612,483)	(1,107,594)	(851,599)	6,700	37,699	(8,571,874)	(11,242,256)
TRANSFERS									
Transfers from:									
General Revenue Fund-State	0	180,000	125,000	0	0	0	0	0	305,000
Merchandising Practices Restitution Account	0	0	0	791,531	0	0	0	0	791,531
Multi-State Consumer Fraud Accounts	0	0	0	655,257	0	0	0	0	655,257
Transfers to:									
General Revenue Fund-State	0	(260)	0	(10,391)	0	(54)	(481)	0	(11,186)
Merchandising Practices Revolving Fund	0	0	0	0	(791,531)	0	0	(655,257)	(1,446,788)
Total Transfers	0	179,740	125,000	1,436,397	(791,531)	(54)	(481)	(655,257)	293,814
RECEIPTS OVER (UNDER) DISBURSEMENTS AND TRANSFERS	(619)	37,254	(487,483)	328,803	(1,643,130)	6,646	37,218	(9,227,131)	(10,948,442)
CASH AND INVESTMENTS, JULY 1, 2000	663	11,644	801,742	2,951,918	1,977,137	69,515	147,400	10,675,801	16,635,820
CASH AND INVESTMENTS, JUNE 30, 2001	\$ 44	48,898	314,259	3,280,721	334,007	76,161	184,618	1,448,670	5,687,378

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-4

OFFICE OF ATTORNEY GENERAL
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH AND INVESTMENTS
 YEAR ENDED JUNE 30, 2000

	General Revenue Fund-Federal	Court Costs Fund	Antitrust Revolving Fund	Merchandising Practices Revolving Fund	Merchandising Practices Restitution Account	Health Spa Regulatory Fund	Inmate Incarceration Reimbursement Act Revolving Fund	Multi-State Consumer Fraud Accounts	Total (Memorandum Only)
RECEIPTS									
Federal grants	\$ 676,212	0	0	0	0	0	0	0	676,212
Restitution	0	0	0	0	1,563,881	0	0	0	1,563,881
Inmate housing receipts	0	0	0	0	0	0	46,584	0	46,584
Penalties and awards	0	14,664	536,842	1,066,912	0	0	0	9,100,000	10,718,418
Registration fees	0	0	0	15,265	0	6,500	0	0	21,765
Interest	0	0	0	0	41,151	0	0	75,749	116,900
Miscellaneous	633	1,072	1,388	85	0	0	5,000	0	8,178
Total Receipts	676,845	15,736	538,230	1,082,262	1,605,032	6,500	51,584	9,175,749	13,151,938
DISBURSEMENTS									
Personal service	493,689	0	172,458	207,332	0	0	20,475	0	893,954
Employee fringe benefits	142,113	0	38,462	64,640	0	0	5,889	0	251,104
Expense and equipment	42,126	194,259	142,132	323,795	0	6,725	7,865	58,311	775,213
Payments to other parties	0	0	0	0	1,133,858	0	0	0	1,133,858
Total Disbursements	677,928	194,259	353,052	595,767	1,133,858	6,725	34,229	58,311	3,054,129
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,083)	(178,523)	185,178	486,495	471,174	(225)	17,355	9,117,438	10,097,809
TRANSFERS									
Transfers from:									
General Revenue Fund-State	0	180,000	125,000	0	0	0	0	0	305,000
Merchandising Practices Restitution Account	0	0	0	48,038	0	0	0	0	48,038
Transfers to:									
General Revenue Fund-State	0	(244)	(8,190)	(21,198)	0	(136)	(1,342)	0	(31,110)
Merchandising Practices Revolving Fund	0	0	0	0	(48,038)	0	0	0	(48,038)
Total Transfers	0	179,756	116,810	26,840	(48,038)	(136)	(1,342)	0	273,890
RECEIPTS OVER (UNDER) DISBURSEMENTS AND TRANSFERS	(1,083)	1,233	301,988	513,335	423,136	(361)	16,013	9,117,438	10,371,699
CASH AND INVESTMENTS, JULY 1, 1999	1,746	10,411	499,754	2,438,583	1,554,001	69,876	131,387	1,558,363	6,264,121
CASH AND INVESTMENTS, JUNE 30, 2000	\$ 663	11,644	801,742	2,951,918	1,977,137	69,515	147,400	10,675,801	16,635,820

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

OFFICE OF ATTORNEY GENERAL
COMPARATIVE STATEMENT OF RECEIPTS

	Year Ended June 30,			
	2003	2002	2001	2000
GENERAL REVENUE FUND - STATE				
Penalties and court awards	\$ 10,254	1,522,879	45,276	52,834
Recoveries	3,084	1,501,925	2,170	922
Refunds	2,553	953	1,533	3,082
Miscellaneous	3,490	10,406	7,578	1,629
Total General Revenue Fund - State	<u>\$ 19,381</u>	<u>3,036,163</u>	<u>56,557</u>	<u>58,467</u>
WORKERS' COMPENSATION - SECOND INJURY FUND				
Penalties and court awards	\$ 0	0	4,861	0
Settlements	58,333	58,333	56,244	93,982
Other interest	0	0	159,217	0
Miscellaneous	2,582	763	115	411
Total Workers' Compensation - Second Injury Fund	<u>\$ 60,915</u>	<u>59,096</u>	<u>220,437</u>	<u>94,393</u>
TORT VICTIMS' COMPENSATION FUND				
Penalties and court awards	<u>\$ 1,613</u>	<u>9,236</u>	<u>146,127</u>	<u>35,458</u>
WORKERS' COMPENSATION FUND				
Miscellaneous	<u>\$ 2,890</u>	<u>0</u>	<u>1,461</u>	<u>0</u>
HEALTHY FAMILIES TRUST FUND				
Recoveries	<u>\$ 166,895,179</u>	<u>172,679,543</u>	<u>338,230,653</u>	<u>0</u>
NATURAL RESOURCES PROTECTION FUND - WATER POLLUTION PERMIT FEE SUBACCOUNT				
Recoveries	<u>\$ 0</u>	<u>10,000</u>	<u>0</u>	<u>0</u>
HAZARDOUS WASTE FUND				
Miscellaneous	<u>\$ 0</u>	<u>240</u>	<u>0</u>	<u>0</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit C

OFFICE OF ATTORNEY GENERAL
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30,					
	2003			2002		
	Appropriations	Expenditures	Lapsed Balances **	Appropriations	Expenditures	Lapsed Balances**
GENERAL REVENUE FUND - STATE						
Personal Service	\$ 9,071,002	9,070,987	15	10,479,184	10,019,614	459,570
Medicaid Fraud Unit - Expense and Equipment	126,746	119,772	6,974	149,113	110,294	38,819
Expense and Equipment - Special Appropriation For a Specific Legal Case	63,464	0	63,464	92,247	28,783	63,464
Payment of real property leases, related services, utilities and systems furniture; and structural modifications for new FTE - Expense and Equipment	277,424	269,101	8,323	554,533	277,109	277,424
Medicaid Fraud Unit - Personal Service	161,857	97,665	64,192	193,924	77,987	115,937
Expenses related to Americans with Disabilities Act cases - Personal Service	57,077	57,077	0	57,077	50,589	6,488
Expenses related to Americans with Disabilities Act cases - Expense and Equipment	6,360	1,152	5,208	31,360	1,994	29,366
Attorney General - Personal Service/Expense and Equipment Flex	1,245,666	711,439	534,227	0	0	0
Medical Fraud Unit - Personal Service/Expense and Equipment Flex	32,067	0	32,067	0	0	0
Expense and Equipment	2,139,991	2,075,791	64,200	2,518,128	2,453,157	64,971
Participation by the State of Missouri in the National Association of Attorneys General - Expense and Equipment	39,962	37,904	2,058	39,962	39,962	0
Total General Revenue Fund - State	<u>13,221,616</u>	<u>12,440,888</u>	<u>780,728</u>	<u>14,115,528</u>	<u>13,059,489</u>	<u>1,056,039</u>
GENERAL REVENUE FUND - FEDERAL						
Domestic Violence	100,000	0	100,000	100,000	0	100,000
Payment of real property leases, related services, utilities and systems furniture; and structural modifications for new FTE - Expense and Equipment	158,105	15,416	142,689	192,572	34,467	158,105
Medicaid Fraud Unit - Personal Service	697,598	512,282	185,316	697,598	512,752	184,846
Medicaid Fraud Unit - Expense and Equipment	809,711	19,530	790,181	809,711	0	809,711
Personal Service	360,598	44,907	315,691	360,598	43,974	316,624
Expense and Equipment	485,170	0	485,170	485,170	0	485,170
Total General Revenue Fund - Federal	<u>2,611,182</u>	<u>592,135</u>	<u>2,019,047</u>	<u>2,645,649</u>	<u>591,193</u>	<u>2,054,456</u>
GAMING COMMISSION FUND						
Personal Service	95,065	95,030	35	95,065	95,057	8
Expense and Equipment	30,747	6,061	24,686	30,747	3,797	26,950
Total Gaming Commission Fund	<u>125,812</u>	<u>101,091</u>	<u>24,721</u>	<u>125,812</u>	<u>98,854</u>	<u>26,958</u>

Exhibit C

OFFICE OF ATTORNEY GENERAL
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30,					
	2003			2002		
	Appropriations	Expenditures	Lapsed Balances **	Appropriations	Expenditures	Lapsed Balances**
NATURAL RESOURCES PROTECTION FUND - WATER POLLUTION PERMIT FEE SUBACCOUNT						
Personal Service	31,942	31,942	0	31,942	31,942	0
Expense and Equipment	4,715	4,715	0	4,715	4,715	0
Total Natural Resources Protection Fund - Water Pollution Permit Fee Subaccount						
	36,657	36,657	0	36,657	36,657	0
SOLID WASTE MANAGEMENT SPECIAL REVENUE FUND						
Personal Service	31,942	31,942	0	31,942	31,942	0
Expense and Equipment	5,215	5,215	0	5,215	5,215	0
Total Solid Waste Management Special Revenue Fund						
	37,157	37,157	0	37,157	37,157	0
PETROLEUM STORAGE TANK INSURANCE FUND						
Personal Service	21,930	21,930	0	21,930	21,930	0
Total Petroleum Storage Tank Insurance Fund						
	21,930	21,930	0	21,930	21,930	0
MOTOR VEHICLE COMMISSION FUND						
Personal Service	33,392	0	33,392	33,392	0	33,392
Expense and Equipment	11,300	0	11,300	11,300	0	11,300
Total Motor Vehicle Commission Fund						
	44,692	0	44,692	44,692	0	44,692
HEALTH SPA REGULATORY FUND						
Expense and Equipment	5,000	0	5,000	5,000	0	5,000
Total Health Spa Regulatory Fund						
	5,000	0	5,000	5,000	0	5,000
NATURAL RESOURCES PROTECTION FUND - AIR POLLUTION PERMIT FEE SUBACCOUNT						
Personal Service	31,930	31,930	0	31,930	31,930	0
Expense and Equipment	4,715	4,715	0	4,715	4,715	0
Total Natural Resources Protection Fund - Air Pollution Permit Fee Subaccount						
	36,645	36,645	0	36,645	36,645	0
COURT COSTS FUND						
Expense and Equipment	187,000	167,155	19,845	187,000	187,000	0
Total Court Costs Fund						
	187,000	167,155	19,845	187,000	187,000	0
DEPARTMENT OF SOCIAL SERVICES - FEDERAL AND OTHER FUND						
Personal Service	71,240	71,227	13	0	0	0
Expense and Equipment	10,232	10,232	0	0	0	0
Total Department Of Social Service - Federal and Other Fund						
	81,472	81,459	13	0	0	0
SOIL AND WATER SALES TAX FUND						
Personal Service	10,645	10,645	0	10,645	10,635	10
Expense and Equipment	2,267	2,267	0	2,267	2,267	0
Total Soil And Water Sales Tax Fund						
	12,912	12,912	0	12,912	12,902	10
MERCHANDISING PRACTICES REVOLVING FUND						
Personal Service	592,539	545,660	46,879	592,539	592,500	39
Expense and Equipment	1,962,480	1,187,135	775,345	1,962,480	878,964	1,083,516
Payment of real property leases, related services, utilities and systems furniture; and structural modifications for new FTE - Expense and Equipment						
	139,110	139,110	0	278,220	139,110	139,110
Total Merchandise Practices Revolving Fund						
	2,694,129	1,871,905	822,224	2,833,239	1,610,574	1,222,665

Exhibit C

OFFICE OF ATTORNEY GENERAL
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30,					
	2003			2002		
	Appropriations	Expenditures	Lapsed Balances **	Appropriations	Expenditures	Lapsed Balances**
WORKERS' COMPENSATION FUND						
Personal Service	229,150	229,150	0	229,150	229,150	0
Payment of real property leases, related services, utilities and systems furniture; and structural modifications for new FTE - Expense and Equipment	93,025	93,025	0	186,050	93,025	93,025
Expense and Equipment	225,121	56,991	168,130	225,121	47,976	177,145
Total Workers' Compensation Fund	547,296	379,166	168,130	640,321	370,151	270,170
WORKERS' COMPENSATION - -SECOND INJURY FUND						
Payment of real property leases, related services, utilities and systems furniture; and structural modifications for new FTE - Expense and Equipment	95,153	95,153	0	190,306	95,153	95,153
Personal Service	1,558,924	1,558,757	167	1,518,924	1,518,919	5
Expense and Equipment	505,107	442,278	62,829	483,632	335,271	148,361
Total Workers' Compensation - Second Injury Fund	2,159,184	2,096,188	62,996	2,192,862	1,949,343	243,519
LOTTERY ENTERPRISE FUND						
Personal Service	48,383	48,374	9	48,383	48,202	181
Total Lottery Enterprise Fund	48,383	48,374	9	48,383	48,202	181
ANTITRUST REVOLVING FUND						
Personal Service	324,418	322,563	1,855	324,418	225,084	99,334
Payment of real property leases, related services, utilities and systems furniture; and structural modifications for new FTE - Expense and Equipment	9,499	9,499	0	18,998	9,499	9,499
Expense and Equipment	254,400	45,197	209,203	254,400	28,819	225,581
Total Antitrust Revolving Fund	588,317	377,259	211,058	597,816	263,402	334,414
HAZARDOUS WASTE FUND						
Personal Service	31,930	31,905	25	31,930	31,905	25
Expense and Equipment	4,715	4,715	0	4,715	4,715	0
Total Hazardous Waste Fund	36,645	36,620	25	36,645	36,620	25
SAFE DRINKING WATER FUND						
Personal Service	10,657	10,657	0	10,657	10,657	0
Expense and Equipment	2,265	2,265	0	2,265	2,265	0
Total Safe Drinking Water Fund	12,922	12,922	0	12,922	12,922	0
HAZARDOUS WASTE REMEDIAL FUND						
Personal Service	216,529	216,527	2	216,529	216,520	9
Expense and Equipment	10,165	10,165	0	10,165	10,165	0
Total Hazardous Waste Remedial Fund	226,694	226,692	2	226,694	226,685	9
INMATE INCARCERATION REIMBURSEMENT ACT REVOLVING FUND						
Expense and Equipment	11,700	0	11,700	11,700	314	11,386
Personal Service	21,905	21,650	255	21,905	21,330	575
Total Inmate Incarceration Reimbursement Act Revolving Fund	33,605	21,650	11,955	33,605	21,644	11,961

Exhibit C

OFFICE OF ATTORNEY GENERAL
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30,					
	2003			2002		
	Appropriations	Expenditures	Lapsed Balances **	Appropriations	Expenditures	Lapsed Balances**
MINED LAND RECLAMATION FUND						
Personal Service	10,645	10,593	52	10,645	10,639	6
Expense and Equipment	2,262	2,262	0	2,262	2,262	0
Total Mined Land Reclamation Fund	12,907	12,855	52	12,907	12,901	6
Total All Funds	\$ 22,782,157	18,611,660	4,170,497	23,904,376	18,634,271	5,270,105

* Biennial appropriations set up in fiscal year 2002 are re-appropriations to fiscal year 2003. After the fiscal year-end processing has been completed, the unexpended fiscal year 2002 appropriation balance for a biennial appropriation is established in fiscal year 2003. Therefore, there is no lapsed balance for a biennial appropriation at the end of fiscal year 2002.

** Office officials indicated the lapsed balances included the following withholdings made at the Governor's request:

	Year Ended June 30,	
	2003	2002
General Revenue Fund - State		
Medicaid Fraud Unit - Expense and Equipment	\$ 3,802	0
Payment of real property leases, related services, utilities and systems furniture; and structural modifications for new FTE - Expense and Equipment	0	8,323
Expenses related to Americans with Disabilities Act cases - Expense and Equipment	191	0
Expense and Equipment	64,200	0
Total	\$ 68,193	8,323

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit C

OFFICE OF ATTORNEY GENERAL
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30,					
	2001			2000		
	Appropriations	Expenditures	Lapsed Balances	Appropriations	Expenditures	Lapsed Balances
GENERAL REVENUE FUND - STATE						
Personal Service	\$ 10,093,536	9,796,327	297,209	9,526,893	9,153,906	372,987
Medicaid Fraud Unit - Expense and Equipment	149,113	131,241	17,872	149,113	117,567	31,546
Expense and Equipment - Special Appropriation For A Specific Legal Case	63,027	63,027	0	0	0	0
Payment of real property leases, related services, utilities and systems furniture; and structural modifications for new FTE - Expense and Equipment	260,578	256,218	4,360	209,840	209,840	0
Medicaid Fraud Unit - Personal Service	192,769	43,772	148,997	184,621	92,399	92,222
Expenses related to Americans with Disabilities Act cases - Personal Service	56,762	56,312	450	54,458	52,824	1,634
Expenses related to Americans with Disabilities Act cases - Expense and Equipment	31,360	3,503	27,857	31,360	14,170	17,190
Expense and Equipment	2,417,078	2,416,678	400	2,409,764	2,409,764	0
Participation by the State of Missouri in the National Association of Attorneys General - Expense and Equipment	39,962	39,962	0	39,962	39,962	0
Total General Revenue Fund - State	13,304,185	12,807,040	497,145	12,606,011	12,090,432	515,579
GENERAL REVENUE FUND - FEDERAL						
Domestic Violence	100,000	0	100,000	0	0	0
Payment of real property leases, related services, utilities and systems furniture; and structural modifications for new FTE - Expense and Equipment	94,892	37,014	57,878	89,700	41,211	48,489
Medicaid Fraud Unit - Personal Service	693,923	446,753	247,170	666,419	431,681	234,738
Medicaid Fraud Unit - Expense and Equipment	809,711	0	809,711	809,711	915	808,796
Personal Service	359,243	47,310	311,933	347,069	62,009	285,060
Expense and Equipment	485,170	0	485,170	485,170	0	485,170
Total General Revenue Fund - Federal	2,542,939	531,077	2,011,862	2,398,069	535,816	1,862,253
GAMING COMMISSION FUND						
Personal Service	94,540	94,523	17	90,701	90,701	0
Expense and Equipment	30,747	20,408	10,339	30,747	14,346	16,401
Total Gaming Commission Fund	125,287	114,931	10,356	121,448	105,047	16,401
NATURAL RESOURCES PROTECTION FUND - WATER POLLUTION PERMIT FEE SUBACCOUNT						
Personal Service	31,782	31,245	537	30,555	30,555	0
Expense and Equipment	4,715	4,715	0	4,715	4,715	0
Total Natural Resources Protection Fund - Water Pollution Permit Fee Subaccount	36,497	35,960	537	35,270	35,270	0
SOLID WASTE MANAGEMENT SPECIAL REVENUE FUND						
Personal Service	31,782	31,742	40	30,555	30,555	0
Expense and Equipment	5,215	5,215	0	5,215	5,215	0
Total Solid Waste Management Special Revenue Fund	36,997	36,957	40	35,770	35,770	0
PETROLEUM STORAGE TANK INSURANCE FUND						
Personal Service	21,825	20,753	1,072	21,000	20,410	590
Total Petroleum Storage Tank Insurance Fund	21,825	20,753	1,072	21,000	20,410	590
MOTOR VEHICLE COMMISSION FUND						
Personal Service	33,182	0	33,182	31,737	0	31,737
Expense and Equipment	11,300	0	11,300	11,300	0	11,300
Total Motor Vehicle Commission Fund	44,482	0	44,482	43,037	0	43,037
HEALTH SPA REGULATORY FUND						
Expense and Equipment	5,000	0	5,000	5,000	5,000	0
Total Health Spa Regulatory Fund	5,000	0	5,000	5,000	5,000	0

Exhibit C

OFFICE OF ATTORNEY GENERAL
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30,					
	2001			2000		
	Appropriations	Expenditures	Lapsed Balances	Appropriations	Expenditures	Lapsed Balances
NATURAL RESOURCES PROTECTION FUND - AIR POLLUTION PERMIT FEE SUBACCOUNT						
Personal Service	31,772	31,642	130	30,553	30,553	0
Expense and Equipment	4,715	4,715	0	4,715	4,715	0
Total Natural Resources Protection Fund - Air Pollution Permit Fee Subaccount	<u>36,487</u>	<u>36,357</u>	<u>130</u>	<u>35,268</u>	<u>35,268</u>	<u>0</u>
COURT COSTS FUND						
Expense and Equipment	187,000	149,701	37,299	187,000	187,000	0
Total Court Costs Fund	<u>187,000</u>	<u>149,701</u>	<u>37,299</u>	<u>187,000</u>	<u>187,000</u>	<u>0</u>
SOIL AND WATER SALES TAX FUND						
Personal Service	10,592	10,544	48	10,185	10,185	0
Expense and Equipment	2,267	2,267	0	2,267	2,267	0
Total Soil And Water Sales Tax Fund	<u>12,859</u>	<u>12,811</u>	<u>48</u>	<u>12,452</u>	<u>12,452</u>	<u>0</u>
MERCHANDISING PRACTICES REVOLVING FUND						
Personal Service	487,329	437,327	50,002	207,332	207,332	0
Expense and Equipment	763,716	763,716	0	220,780	220,780	0
Payment of real property leases, related services, utilities and systems furniture; and structural modifications for new FTE - Expense and Equipment	115,784	115,784	0	104,220	104,220	0
Total Merchandise Practices Revolving Fund	<u>1,366,829</u>	<u>1,316,827</u>	<u>50,002</u>	<u>532,332</u>	<u>532,332</u>	<u>0</u>
WORKERS' COMPENSATION FUND						
Personal Service	227,785	210,762	17,023	218,157	213,892	4,265
Payment of real property leases, related services, utilities and systems furniture; and structural modifications for new FTE - Expense and Equipment	91,719	91,707	12	91,719	91,719	0
Expense and Equipment	225,121	149,804	75,317	225,121	43,884	181,237
Total Workers' Compensation Fund	<u>544,625</u>	<u>452,273</u>	<u>92,352</u>	<u>534,997</u>	<u>349,495</u>	<u>185,502</u>
WORKERS' COMPENSATION - SECOND INJURY FUND						
Payment of real property leases, related services, utilities and systems furniture; and structural modifications for new FTE - Expense and Equipment	93,847	93,847	0	84,348	84,348	0
Personal Service	1,509,684	1,474,834	34,850	1,304,200	1,259,155	45,045
Expense and Equipment	518,232	463,922	54,310	436,832	436,633	199
Total Workers' Compensation - Second Injury Fund	<u>2,121,763</u>	<u>2,032,603</u>	<u>89,160</u>	<u>1,825,380</u>	<u>1,780,136</u>	<u>45,244</u>
LOTTERY ENTERPRISE FUND						
Personal Service	48,173	47,667	506	46,434	34,661	11,773
Total Lottery Enterprise Fund	<u>48,173</u>	<u>47,667</u>	<u>506</u>	<u>46,434</u>	<u>34,661</u>	<u>11,773</u>
ANTITRUST REVOLVING FUND						
Personal Service	322,948	321,352	1,596	197,651	172,458	25,193
Payment of real property leases, related services, utilities and systems furniture; and structural modifications for new FTE - Expense and Equipment	9,499	9,499	0	0	0	0
Expense and Equipment	254,400	164,545	89,855	251,552	143,306	108,246
Total Antitrust Revolving Fund	<u>586,847</u>	<u>495,396</u>	<u>91,451</u>	<u>449,203</u>	<u>315,764</u>	<u>133,439</u>
HAZARDOUS WASTE FUND						
Personal Service	31,772	31,438	334	30,553	30,553	0
Expense and Equipment	4,715	4,715	0	4,715	4,715	0
Total Hazardous Waste Fund	<u>36,487</u>	<u>36,153</u>	<u>334</u>	<u>35,268</u>	<u>35,268</u>	<u>0</u>
SAFE DRINKING WATER FUND						
Personal Service	10,602	10,602	0	10,187	10,187	0
Expense and Equipment	2,265	2,265	0	2,265	2,265	0
Total Safe Drinking Water Fund	<u>12,867</u>	<u>12,867</u>	<u>0</u>	<u>12,452</u>	<u>12,452</u>	<u>0</u>
HAZARDOUS WASTE REMEDIAL FUND						
Personal Service	215,634	214,608	1,026	208,023	208,023	0
Expense and Equipment	10,165	10,165	0	10,165	10,165	0
Total Hazardous Waste Remedial Fund	<u>225,799</u>	<u>224,773</u>	<u>1,026</u>	<u>218,188</u>	<u>218,188</u>	<u>0</u>

Exhibit C

OFFICE OF ATTORNEY GENERAL
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30,					
	2001			2000		
	Appropriations	Expenditures	Lapsed Balances	Appropriations	Expenditures	Lapsed Balances
INMATE INCARCERATION REIMBURSEMENT						
ACT REVOLVING FUND						
Expense and Equipment	11,700	1,987	9,713	11,700	7,865	3,835
Personal Service	21,695	21,120	575	20,475	20,475	0
Total Inmate Incarceration Reimbursement Act Revolving Fund	33,395	23,107	10,288	32,175	28,340	3,835
MINED LAND RECLAMATION FUND						
Personal Service	10,592	10,592	0	10,185	10,185	0
Expense and Equipment	2,262	2,262	0	2,262	2,262	0
Total Mined Land Reclamation Fund	12,854	12,854	0	12,447	12,447	0
Total All Funds	\$ 21,343,197	18,400,107	2,943,090	19,199,201	16,381,548	2,817,653

The accompanying Notes to the Financial Statements are an integral part of this statement.

Supplementary Data

Schedule 1

OFFICE OF ATTORNEY GENERAL
COMPARATIVE STATEMENT OF EXPENDITURES (FROM APPROPRIATIONS)

	Year Ended June 30,			
	2003	2002	2001	2000
Salaries and wages	\$ 13,692,929	13,833,257	13,391,223	12,172,698
Travel, in-state	437,581	457,180	406,511	421,896
Travel, out-of-state	114,727	138,273	219,587	211,215
Fuel and utilities	33,752	35,721	30,462	28,794
Supplies	980,370	891,090	731,923	557,156
Professional development	160,342	178,121	190,492	192,645
Communication service and supplies	605,067	209,563	322,606	392,571
Services:				
Health	0	0	0	1,867
Business	0	0	194,649	119,235
Professional	789,671	586,240	510,320	448,056
Housekeeping and janitorial	68,238	68,630	54,676	16,307
Maintenance and repair	243,639	202,675	159,737	126,593
Equipment:				
Computer	348,553	269,298	422,288	415,918
Electronic and photo	0	0	31,397	16,812
Motorized	120,423	105,166	131,717	64,111
Office	138,134	95,960	226,063	135,138
Other	96,862	102,627	0	0
Specific use	0	0	911	1,374
Property and improvements	1,347	0	38,915	2,940
Real property rentals and leases	729,740	739,020	662,364	464,967
Equipment rental and leases	6,249	6,588	6,124	20,802
Miscellaneous expenses	44,036	21,504	56,378	12,146
Rebillable expenses	0	692,692	611,762	558,310
Refunds	0	667	0	0
Total Expenditures	\$ <u>18,611,660</u>	<u>18,634,271</u>	<u>18,400,107</u>	<u>16,381,548</u>

Note: Certain classifications of expenditures changed during the four-year period, which may affect the comparability of the amounts.

The accompanying Note to the Supplementary Data is an integral part of this statement.

Schedule 2

OFFICE OF ATTORNEY GENERAL
STATEMENT OF CHANGES IN GENERAL CAPITAL ASSETS

All Funds	Furniture and Equipment	Motor Vehicles	Total
Balance, July 1, 1999	\$ 3,976,477	455,073	4,431,550
Additions	462,951	64,111	527,062
Dispositions	(500,390)	(33,620)	(534,010)
Balance, June 30, 2000	3,939,038	485,564	4,424,602
Additions	522,295	131,717	654,012
Dispositions	(1,700,780)	(104,321)	(1,805,101)
Balance, June 30, 2001	2,760,553	512,960	3,273,513
Additions	401,142	105,166	506,308
Dispositions	(196,052)	(89,156)	(285,208)
Balance, June 30, 2002	2,965,643	528,970	3,494,613
Additions	440,390	120,423	560,813
Dispositions	(357,229)	(96,225)	(453,454)
Balance, June 30, 2003	\$ 3,048,804	553,168	3,601,972

Fund of Acquisition	Balance June 30, 2003
General Revenue Fund-State	\$ 2,292,669
General Revenue Fund-Federal	70,488
Gaming Commission Fund	4,205
Motor Vehicle Commission Fund	233
Merchandising Practices	
Revolving Fund	348,911
Workers' Compensation Fund	253,355
Workers' Compensation -	
Second Injury Fund	517,374
Antitrust Revolving Fund	97,962
Department of Natural	
Resources Funds	15,050
Health Spa Regulatory Fund	1,725
Total All Funds	\$ 3,601,972

The accompanying Note to the Supplementary Data is an integral part of this statement.

Notes to the Financial Statements and Supplementary Data

OFFICE OF ATTORNEY GENERAL
NOTES TO THE FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Notes to the Financial Statements:

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present only selected data for each fund of the Office of Attorney General.

Receipts, disbursements, and changes in cash and investments are presented in Exhibit A for the General Revenue Fund-Federal, Court Costs Fund, Antitrust Revolving Fund, Merchandising Practices Revolving Fund, Merchandising Practices Restitution Account, Health Spa Regulatory Fund, Inmate Incarceration Reimbursement Act Revolving Fund, and Multi-State Consumer Fraud Accounts. Appropriations from these funds, excluding the Merchandising Practices Restitution Account and Multi-State Consumer Fraud Accounts, are expended by or for the office for restricted purposes. The Merchandising Practices Restitution Account and Multi-State Consumer Fraud Accounts are controlled entirely by the office and are not subject to appropriations.

The "Total (Memorandum Only)" column is presented as additional analytical data. Because this column does not identify the restrictions that exist by fund, it should be read only with reference to the details of each fund.

Receipts are presented in Exhibit B for the General Revenue Fund-State, Workers' Compensation-Second Injury Fund, Tort Victims' Compensation Fund, Workers' Compensation Fund, Healthy Families Trust Fund, Natural Resources Protection Fund-Water Pollution Permit Fee Subaccount, and Hazardous Waste Fund. Receipts include monies the office collects during its normal activities and remits to the funds. These amounts are not necessarily related to appropriations.

Appropriations, presented in Exhibit C, are not separate accounting entities. They do not record the assets, liabilities, and equity or other balances of the related funds but are used only to account for and control the office's expenditures from amounts appropriated by the General Assembly.

Expenditures presented for each appropriation may not reflect the total cost of the related activity. Other direct and indirect costs provided by the office and other state agencies are not allocated to the applicable fund or program.

B. Basis of Accounting

The Statements of Receipts, Disbursements, and Changes in Cash and Investments, Exhibit A, prepared on the cash basis of accounting, present amounts when they are received or disbursed.

The Statement of Receipts, Exhibit B, also prepared on the cash basis of accounting, presents amounts when received.

The Statements of Appropriations and Expenditures, Exhibit C, are presented on the state's legal budgetary basis of accounting. For years ended on or after June 30, 2001, expenditures generally consist of amounts paid by June 30, with no provision for lapse period expenditures unless the Office of Administration approves an exception. Amounts encumbered at June 30 must be either canceled or paid from the next year's appropriations.

However, the General Assembly may authorize continuous (biennial) appropriations, for which the unexpended balances at June 30 of the first year of the 2-year period are reappropriated for expenditure during the second year. Therefore, such appropriations have no lapsed balances at the end of the first year.

The cash basis of accounting and the budgetary basis of accounting differ from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Fiscal Authority and Responsibility

The office administers transactions in the funds listed below. The state treasurer as fund custodian and the Office of Administration provide administrative control over fund resources within the authority prescribed by the General Assembly, except for the Merchandising Practices Restitution Account and Multi-State Consumer Fraud Accounts which are controlled entirely by the office.

General Revenue Fund-Federal: The office administers programs financed wholly or partially by federal monies maintained in the state treasury in the Office of Attorney General's Federal Account. These federal monies may be received in advance, when related expenditures are made, or after they are made. Appropriations from this fund authorize disbursement of the office's federal monies.

Court Costs Fund: This fund was established by Section 27.080, RSMo, for the receipt of deposits and the payment of court costs incurred in any litigation in which it is the duty of the office to defend, prosecute, or appeal. The fund consists of monies transferred by the General Assembly from the state's General Revenue Fund

and refunds of any deposits or court costs. Expenditures are authorized by appropriation and balances remaining in the fund are perpetually maintained for the purpose of the fund.

Antitrust Revolving Fund: This fund was established by Section 416.081, RSMo, to pay costs incurred by the office in the investigation, prosecution, and enforcement of state and federal antitrust related laws. Transfers made by the General Assembly from the state's General Revenue Fund, 10 percent of any settlements, and all court costs recovered pursuant to litigation are deposited into this fund. Balances remaining in the fund are perpetually maintained for the purpose of the fund.

Merchandising Practices Revolving Fund: This fund was established by Section 407.140, RSMo, to pay costs incurred by the office in the investigation, prosecution, and enforcement of state merchandising practices laws, and to provide funds for consumer education and advocacy programs. Transfers made by the General Assembly from the state's General Revenue Fund, 10 percent of any court-ordered restitution, court costs recovered, and any unclaimed restitutions, are deposited into this fund. Balances remaining in the fund are perpetually maintained for the purpose of the fund.

Merchandising Practices Restitution Account: This bank account was established by the office to receive any restitution awarded by the courts for violation of state merchandising practices laws. Payments from the account provide restitution to parties who can present proof they were affected by the violations. Restitutions remaining unclaimed are transferred to the Merchandising Practices Revolving Fund.

Health Spa Regulatory Fund: This fund was established by Section 407.327, RSMo, for the receipt of health spa registration fees. Monies in the fund are to be used solely for the administration of Sections 407.235 to 407.340, RSMo, relating to the regulation of health spas.

Inmate Incarceration Reimbursement Act Revolving Fund: This fund was established by Section 217.841, RSMo. Monies deposited into this fund represent 20 percent of the reimbursements recovered for the cost of care of prisoners in a state correctional facility, and are considered investigative costs. Expenditures are authorized by appropriation and balances remaining in the fund are perpetually maintained for the purpose of the fund.

Multi-State Consumer Fraud Accounts: These bank accounts were established by the office to receive funds related to several multi-state consumer fraud cases. Some of these fund are to be distributed according to instructions from the claim administrator(s) and other funds are to be used to pay litigation expenses and costs related to certain programs.

General Revenue Fund-State: The office receives appropriations from this fund and does not maintain a proprietary interest in the fund. Appropriations from the fund are used for the basic operation of the office, including those programs and services that have no other funding source. These appropriations also may be used to initially fund, or to provide matching funds or support for, programs paid wholly or partially from other sources.

Workers' Compensation-Second Injury Fund: Appropriations from this fund authorize expenditures related to the defense of second injury cases. Monies deposited in this fund include penalties and court awards, settlements, and miscellaneous receipts.

Tort Victims' Compensation Fund: This fund was established by Section 537.675, RSMo. Monies deposited into this fund represent 50 percent of any final judgment awarding punitive damages, after the deduction of attorney's fees and expenses. Twenty-six percent of all payments received by this fund is transferred to the Legal Services for Low-Income People Fund to provide legal services to the state's low-income population. Seventy-four percent of all payments received by this fund is appropriated to the Department of Labor and Industrial Relations, Division of Workers' Compensation to assist uncompensated tort victims.

Workers' Compensation Fund: Appropriations from this fund authorize expenditures related to the defense of workers' compensation cases. Monies deposited in this fund represent proceeds from the sale of capital assets.

Healthy Families Trust Fund: This fund was established in February 2001 by the Governor's Executive Order 01-05, to account for the monies received from the tobacco settlement.

Natural Resources Protection Fund-Water Pollution Permit Fee Subaccount: Appropriations from this fund authorize disbursements for legal services related to the enforcement of water pollution laws. Monies deposited in this fund represent recovery cost.

Hazardous Waste Fund: Appropriations from this fund authorize disbursements for legal services related to hazardous waste management laws. Monies deposited in this fund represent miscellaneous receipts.

Gaming Commission Fund: Appropriations from this fund authorize disbursements for legal services related to the Missouri Gaming Commission.

Solid Waste Management Special Revenue Fund: Appropriations from this fund authorize disbursements for legal services related to the enforcement of solid waste management laws.

Petroleum Storage Tank Insurance Fund: Appropriations from this fund authorize disbursements for legal services related to the administration of this fund, which provides insurance for the owner or operator of an underground petroleum storage tank.

Motor Vehicle Commission Fund: Appropriations from this fund authorize disbursements for legal services related to the Missouri Motor Vehicle Commission.

Natural Resources Protection Fund-Air Pollution Permit Fee Subaccount: Appropriations from this fund authorize disbursements for legal services related to the enforcement of air pollution laws.

Department of Social Services-Federal and Other Fund: Appropriations from this fund authorize disbursements for legal services for the Department of Social Services related to income maintenance, general collections, and appeal cases.

Soil and Water Sales Tax Fund: Appropriations from this fund authorize disbursements for legal services related to soil and water conservation.

Lottery Enterprise Fund: Appropriations from this fund authorize disbursements for legal services related to the State Lottery Commission.

Safe Drinking Water Fund: Appropriations from this fund authorize disbursements for legal services related to the enforcement of safe drinking water laws.

Hazardous Waste Remedial Fund: Appropriations from this fund authorize disbursements for legal services related to the enforcement of hazardous waste laws.

Mined Land Reclamation Fund: Appropriations from this fund authorize disbursements for legal services related to the enforcement of land reclamation laws.

D. Employee Fringe Benefits

In addition to the social security system, employees are covered by the Missouri State Employees' Retirement System (MOSERS) (a noncontributory plan) and may participate in the state's health care, optional life insurance, cafeteria, and deferred compensation and deferred compensation incentive plans. The optional life insurance and cafeteria plans involve only employee contributions or payroll reductions. The deferred compensation plan involves employee payroll deferrals and the deferred compensation incentive plan a state contribution for each employee who participates in the deferred compensation plan and has been employed by the state for at least 1 year.

The state's required contributions for employee fringe benefits are paid from the same funds as the related payrolls. Those contributions are for MOSERS (retirement, basic life insurance, and long-term disability benefits); social security and medicare taxes; health care premiums; and the deferred compensation incentive amount.

Employee fringe benefits in the financial statements at Exhibit A are the transfers from the General Revenue Fund-Federal, Antitrust Revolving Fund, Merchandising Practices Revolving Fund, and Inmate Incarceration Reimbursement Act Revolving Fund for costs related to salaries paid from those funds. Transfers related to salaries are not appropriated by agency and thus are not presented in the financial statements at Exhibit C.

2. Cash

- A. The balances of the General Revenue Fund-Federal, Court Costs Fund, Antitrust Revolving Fund, Health Spa Regulatory Fund, and Inmate Incarceration Reimbursement Act Revolving Fund are pooled with other state funds and invested by the state treasurer.
- B. Merchandising Practices Revolving Fund: The balance of the Merchandising Practices Revolving Fund is pooled and invested by the state treasurer.

In addition, the office has two bank accounts outside the state treasury with funding provided by the Merchandising Practices Revolving Fund. These accounts are in the custody of the office. The office's deposits at June 30, 2003, 2002, 2001, and 2000, were entirely covered by federal depository insurance.

- C. Merchandising Practices Restitution Account: Amounts in the Merchandising Practices Restitution Account represent cash which is in the custody of the office. The office's deposits at June 30, 2003, 2002, 2001, and 2000, were entirely covered by federal depository insurance or by collateral securities held by the custodial bank in the office's name.
- D. Multi-State Consumer Fraud Accounts: Amounts in these accounts represent cash which is in the custody of the office. The office's deposits at June 30, 2003, 2002, 2001, and 2000, were entirely covered by federal depository insurance or by collateral securities held by the custodial bank in the office's name.

3. Article X Refunds

Article X, Sections 16 through 24 of the Missouri Constitution establishes a revenue limit for Missouri State Government. Total state revenue exceeded this limit in fiscal years 1998, 1999, and 2000, which triggered income tax refund liabilities under provisions of the Constitution. The Office of Administration calculated the proportional share of the liabilities to be allocated to each fund and transfers were made from the Court Costs Fund, Antitrust

Revolving Fund, Merchandising Practices Revolving Fund, Health Spa Regulatory Fund, and Inmate Incarceration Reimbursement Act Revolving Fund to the state's General Revenue Fund to cover the fund's share of the liabilities.

4. Leasing Operations

The Office of Administration calculated the proportional share of costs for leasing operations to be allocated to various funds based on each fund's percentage of the state's total lease expenditures in the prior year. Monthly transfers were made from the General Revenue Fund-Federal, Antitrust Revolving Fund, and Merchandising Practices Revolving Fund to the state's General Revenue Fund to cover each fund's share of the costs.

5. Cost Allocation Plan

The Office of Administration calculated the state's costs of services provided by the Office of Administration, Department of Revenue, State Auditor, State Treasurer, and retiree health care to be allocated to the various state funds based on how the various funds create work for the agencies in the pools. Transfers were made from the Court Costs Fund, Antitrust Revolving Fund, Merchandising Practices Revolving Fund, Health Spa Regulatory Fund, and Inmate Incarceration Reimbursement Act Revolving Fund to the state's General Revenue Fund to cover each fund's share of the costs.

6. State Office Building Rent/Maintenance and Repair

The Office of Administration calculated the proportional share of operating costs and maintenance, repair, and renovation costs for the office's occupancy in state-owned buildings. Monthly transfers were made from the Inmate Incarceration Reimbursement Act Revolving Fund to the state's General Revenue Fund to cover the fund's share of the costs.

7. Capital Improvement Projects

The Office of Administration calculated the proportional share of all capital improvement projects for the office's occupancy in state-owned buildings. Quarterly transfers were made from the Inmate Incarceration Reimbursement Act Revolving Fund to the state's General Revenue Fund to cover the fund's share of the costs.

8. Reconciliation of Total Disbursements to Appropriated Expenditures

Disbursements on Exhibit A reconcile to appropriated expenditures on Exhibit C as follows:

General Revenue Fund - Federal				
Year Ended June 30,				
	2003	2002	2001	2000
DISBURSEMENTS PER EXHIBIT A	\$ 753,800	754,516	651,141	677,928
Employee fringe benefits	(163,620)	(168,364)	(125,357)	(142,113)
Leasing operations	(1,325)	(1,546)	0	0
Missouri Office of Prosecution Services				
proportional share - leasing	6,585	6,587	5,495	0
Other	(3,305)	0	0	0
Lapse period expenditures:				
2000	0	0	(202)	202
1999	0	0	0	(201)
EXPENDITURES PER EXHIBIT C	\$ 592,135	591,193	531,077	535,816

Court Costs Fund				
Year Ended June 30,				
	2003	2002	2001	2000
DISBURSEMENTS PER EXHIBIT A	\$ 167,734	187,106	154,692	194,259
Cost allocation plan	(579)	(579)	0	0
Other	0	946	(946)	0
Lapse period expenditures:				
2001	0	(473)	473	0
2000	0	0	(4,218)	4,218
1999	0	0	0	(8,815)
Accounts payable, June 30:				
2000	0	0	(300)	300
1999	0	0	0	(2,962)
EXPENDITURES PER EXHIBIT C	\$ 167,155	187,000	149,701	187,000

Antitrust Revolving Fund				
Year Ended June 30,				
	2003	2002	2001	2000
DISBURSEMENTS PER EXHIBIT A	\$ 464,271	328,701	617,483	353,052
Employee fringe benefits	(82,016)	(60,269)	(83,510)	(38,462)
Leasing operations	(365)	(399)	0	0
Cost allocation plan	(4,631)	(4,631)	0	0
Lapse period expenditures:				
2000	0	0	(38,577)	38,577
1999	0	0	0	(36,515)
Accounts payable, June 30:				
1999	0	0	0	(888)
EXPENDITURES PER EXHIBIT C	\$ 377,259	263,402	495,396	315,764

Merchandising Practices Revolving Fund				
Year Ended June 30,				
	2003	2002	2001	2000
DISBURSEMENTS PER EXHIBIT A	\$ 2,085,656	1,838,865	1,456,194	595,767
Employee fringe benefits	(184,033)	(199,639)	(133,429)	(64,640)
Leasing operations	(6,041)	(5,845)	(4,043)	0
Cost allocation plan	(22,752)	(22,752)	0	0
Other	(925)	0	(387)	0
Lapse period expenditures:				
2000	0	0	(497)	497
Accounts payable, June 30:				
2000	0	0	(820)	820
Adjustments to reflect bank account activity:				
2002	0	(55)	0	0
2001	0	0	(191)	0
2000	0	0	0	(112)
EXPENDITURES PER EXHIBIT C	\$ 1,871,905	1,610,574	1,316,827	532,332

Health Spa Regulatory Fund				
Year Ended June 30,				
	2003	2002	2001	2000
DISBURSEMENTS PER EXHIBIT A	\$ 41	41	0	6,725
Cost allocation plan	(41)	(41)	0	0
Lapse period expenditures:				
1999	0	0	0	(1,725)
EXPENDITURES PER EXHIBIT C	\$ 0	0	0	5,000

Inmate Incarceration Reimbursement Act Revolving Fund				
Year Ended June 30,				
	2003	2002	2001	2000
DISBURSEMENTS PER EXHIBIT A	\$ 33,688	33,579	33,636	34,229
Employee fringe benefits	(9,032)	(8,901)	(8,158)	(5,889)
Cost allocation plan	(1,063)	(1,063)	0	0
State office building rent	(1,710)	(1,738)	(2,171)	0
State office building maintenance and repair	(233)	(233)	(139)	0
Capital improvement projects	0	0	(61)	0
EXPENDITURES PER EXHIBIT C	\$ 21,650	21,644	23,107	28,340

9. Other Collections

The Environmental Protection Division helps ensure Missouri's environmental laws are enforced. The division obtains civil penalties and recovers costs and damages pertaining to related cases. The monies collected are turned over directly to other entities such as the Department of Natural Resources and to various counties for deposit into the school fund. According to office records, the division collected and turned over approximately \$2,234,000, \$3,449,000, \$1,750,000, and \$2,131,000 in such monies to these entities during the years ended June 30, 2003, 2002, 2001, and 2000, respectively.

The office's Financial Services Unit represents state agencies in collections, bankruptcies and commercial litigation, and pursues recoveries of monies due the Office of Attorney General and other state agencies/departments, including amounts due on defaults on student loans and economic development loans; delinquent audit and lottery commission fees; penalties owed the Ethics Commission; and collections in bankruptcy court. According to office records, this unit collected and turned over approximately \$7,813,000, \$6,616,000, \$638,000, and \$914,000 to other entities during the years ended June 30, 2003, 2002, 2001, and 2000, respectively.

The No Call Unit helps ensure Missouri's no call laws, per Sections 407.1095 to 407.1110 RSMo, are enforced. The unit obtains civil penalties and recovers costs from telemarketers violating the no call laws. According to office records, this unit collected and turned over approximately \$35,000 in civil penalties to various counties during fiscal year 2002.

The Medicaid Fraud Control Unit prosecutes cases involving fraud of the state Medicaid program by health professionals, or abuse or neglect of Medicaid recipient by caregivers. According to office records, this unit collected and turned over approximately \$616,000, \$1,260,000, \$220,000, and \$745,000 to the Department of Social Services during the years ended June 30, 2003, 2002, 2001, and 2000, respectively.

The monies noted above which were received and turned over directly to other departments/entities are not included in the financial statements of the office.

Note to the Supplementary Data:

10. General Capital Assets

During fiscal year 2001, the office converted its capital asset records to the Statewide Advantage for Missouri (SAM II) System. General capital assets are recorded at cost in the general capital assets account group. General capital assets are depreciated on a straight-line basis using various useful life classifications and a salvage value of zero. Accumulated depreciation on general capital assets at June 30, 2003 was approximately \$2,855,450.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

OFFICE OF ATTORNEY GENERAL
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of the Office of Attorney General (AGO) as of and for the years ended June 30, 2003, 2002, 2001, and 2000, and have issued our report thereon dated February 6, 2004.

The following Management Advisory Report presents our findings arising from our audit of the office's financial statements. During our audit, we also identified certain management practices which we believe could be improved. Our audit was not designed to be a detailed study of every system, procedure, and transaction. Accordingly, the findings presented in the following report should not be considered all-inclusive of areas needing improvement.

1.	Accounts Receivable
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The office needs to improve its accounts receivable records, policies, and procedures. Accounts receivable records are not always accurate and complete, collection efforts need to be performed in a more timely manner, and a list of accounts written-off as uncollectible is not maintained.

In July 2001, the office consolidated most of its collection efforts to recoup money owed to the state, state officers, or state agencies, including restitution for consumers from cases handled by the Consumer Protection Division. This collection effort is handled by the financial services unit (FSU) within the Governmental Entities and Financial Services Division. Any monies received as a result of legal action taken by the unit's attorneys are recorded in both individual manual logs maintained in each case file and computerized receivable records (database). This unit collected approximately \$16 million during the four years ended June 30, 2003.

In addition, the no call unit, within the Consumer Protection Division also maintains accounts receivable records for violations of the state's No Call laws. During the four years ending June 30, 2003, the no call unit collected approximately \$885,900 for the recovery of cost of investigation and/or prosecution of violations and approximately \$35,000 in civil penalties.

Our review of the office's accounts receivable records, policies, and procedures disclosed the following concerns:

- A. The FSU's manual and/or computerized database records are not always complete or accurate. In addition, the unit cannot generate an accounts receivable report with current and accurate balances.

During our review of ten accounts receivable cases, we noted several instances where payments had not been properly recorded in the manual log and/or computerized database. In addition, the beginning receivable balance for two cases was not accurate due to mathematical errors. Also, when the unit upgraded its computerized database in March 2003, the payment histories were not included for all cases. Therefore, the unit cannot generate an accounts receivable report with current and accurate balances for each case.

To ensure all receivables are collected and that collections and disbursements are recorded to the proper case, adequate accounts receivable information should be maintained. In addition, the computerized database information should be periodically reconciled to the detailed receivable records.

According to office officials, the office made several improvements and/or modifications to the computerized database during 2003 and early 2004, including adding the payment histories on most active cases and providing for the generation of reports that reflect payments received for a designated period of time and current balances for each case. They believe the discrepancies noted occurred in the middle of these improvements/modifications.

B. Collection efforts are not always performed in a timely manner.

1. Collection efforts were not performed for several months for 15 out of 20 (75 percent) FSU accounts receivable cases reviewed. In one of these cases, no collection effort had been performed since February 2002. According to FSU personnel, the unit's dedication of its resources toward the collection of child support diverted their attention from the collection effort for the cases reviewed.
2. There appeared to be little collection efforts performed on no call accounts receivable cases since November 2002. As of January 2004, there were eight cases with outstanding balances, totaling approximately \$154,000. According to no call personnel, the unit was not able to pursue collection of outstanding balances due to lack of personnel. According to office management, in the future, the collection of amounts due on no call cases will be handled by the FSU.

To ensure all outstanding receivable balances are properly handled and collected, the AGO should establish policies and procedures to ensure collections efforts are performed in a timely manner.

C. The FSU did not maintain a control list of all uncollectible accounts which had been written-off, and office management does not review and/or approve significant accounts written-off. According to FSU personnel, uncollectible accounts are written-off with the approval of the division's management, and a memo

documenting the basis and authorization for the closure is placed in the individual case file.

To ensure adequate controls over uncollectible accounts, a control list of accounts written-off should be maintained, and office management should review and/or approve significant accounts written-off.

WE RECOMMEND the AGO:

- A. Establish policies and procedures to ensure accounts receivable records are accurate and complete. In addition, the office should perform periodic reconciliations of the detailed receivable records and the computerized database.
- B. Establish procedures to ensure collections are pursued in a timely manner.
- C. Maintain a list of accounts written-off as uncollectible. Office management should review and/or approve significant accounts written-off.

AUDITEE'S RESPONSE

- A. *As indicated in your report, the Financial Services Division ("FSD") has grown tremendously over the past four years. With the ongoing success of our collection efforts, other state agencies have referred large volumes of collection cases to our office. This often occurs at the recommendation of the Auditor's Office. These agencies include the National Guard, Veterans Commission, Department of Social Services and many others. The AGO has now received the necessary resources and has been in the process of implementing a financial services database that will allow the generation of relevant reports and entry of data. The database system will allow for the recording of information, including current balances and reporting. As discussed in the report, the AGO has been in the process of transitioning its records system from a hard copy database to this new system. Transition to the automated database has been more challenging with the increase in the number of clients and cases. When fully implemented, this new system should address those matters raised in the audit.*

The AGO agrees with the recommendation to perform a periodic reconciliation of the receivable record with the computer database and will implement a policy.

- B. *It is important to note that the cases referred to the FSD are the hardest to collect on. The AGO must consider the amount owed, the difficulty in collecting and the large volume of work to be performed in this area. During the audit, your office reviewed 60 files, of which only 20 had a remaining balance. It is inaccurate to assume that all these cases were not reviewed or acted upon according to AGO policies. For example, with the volume of work, we must prioritize cases. Often, cases with a low chance of collectibility are reviewed on an annual basis only.*

With the implementation of the new database, the FSD has the capability to perform searches and prepare reports on numerous topics, including aging of accounts receivables and rechecking of payments. The office will use this system to generate reports for certain time periods (monthly/quarterly) to ensure payment and collection efforts are pursued in a consistent manner.

The statements made on child support were taken out of context. Due to our success in collecting debt for the state, our office was asked to assist the state in the collection of back due child support. Your office is aware of the magnitude of this problem. Our office took this on without hesitation. Over the years, the state has not adequately addressed the need to collect its debts in a manner that ensures the most money is collected. Obviously, the more resources devoted to collection efforts results in more cases being handled and more money coming in.

As indicated in the audit, No Call receivables will move to the FSD for collection as collection work from other areas of the office have been consolidated in recent years for collection efforts. The No Call collection cases will be prioritized in a manner consistent with the other collection cases. This will allow the office to put to use the much requested and now available database.

- C. *The AGO already has a process in place to close cases as uncollectible. First, the AGO has not written off any significant debt. Second, this process requires review by the Chief Counsel and the Deputy Chief of Staff. Often, the Deputy Attorney General is copied on the decision item. If the Deputy Chief of Staff or Deputy Attorney General determine that the amount at issue is significant enough to require the attention of the Attorney General, the matter is brought to his attention for final review. The AGO will implement an ongoing list of uncollectible cases.*

2. Internal Control Records, Policies, and Procedures

Receipting duties are not centralized in the fiscal unit. In addition, the office needs to improve its handling of checks received from violators of the state's environmental laws. Also, the hours billed for work performed for various professional boards were not always accurate, all employees are not required to prepare time sheets, and the costs per case are not tracked.

- A. Receipts are not initially received and recorded by the office's fiscal unit. Instead, the various divisions receive the funds related to their cases, including restitution, penalties and awards, registration and program fees, recovery costs, and miscellaneous refunds. Each division processes the funds received and either forwards the funds to other entities or to the fiscal unit for deposit into the appropriate state fund, or in one of the office's bank accounts maintained outside the state treasury.

Depending on the type of receipt, receipts may be processed by the divisions and forwarded the same day or in some cases several months after funds are received. In addition, the divisions do not always record receipts when received and checks, payable to the office, are not restrictively endorsed by the divisions. During a cash count, on November 19, 2003, we noted twenty-four checks, totaling \$77,510, which had been received, but not recorded by the Environmental Protection Division (EPD). Once the fiscal unit receives the funds, checks are immediately endorsed and the receipts are deposited.

To adequately safeguard receipts and reduce the risk of loss or misuse of funds, the fiscal unit should initially receive and record all monies received by the office. Then, the unit should notify the applicable division of the amount(s) received.

- B. The EPD has not established adequate procedures to ensure the proper handling of checks received.

The EPD represents the Department of Natural Resources (DNR), including its constituent boards and commissions. Division attorneys take legal action to stop pollution and penalize polluters through fines, civil penalties, and, in the most serious cases, incarceration. The division also pursues recoveries of DNR response costs and natural resource damages. Funds received by the division are forwarded to the applicable state or local governmental entity.

Our review of the division's handling of these checks noted the following concerns:

1. Procedures are not adequate to ensure all checks and related check information are properly recorded in the division's computerized receipts system. During our review of the receipts log for the four years ended June 30, 2003, we noted 39 instances where checks, totaling approximately \$218,000, were recorded twice.

To provide assurance that all receipts are properly recorded and forwarded to the applicable entity, the division should establish procedures to ensure all receipts are properly recorded.

2. The EPD did not always forward checks to the applicable entity in a timely manner. During a cash count, on November 19, 2003, we noted eight checks, totaling \$81,762, had been held for more than 30 days after they had been received. One of these checks, for \$9,000, was received in March 1999. According to division officials, checks are not forwarded to the applicable entity until there is final resolution by all parties.

To adequately safeguard receipts and reduce the risk of loss or misuse of funds, the office should deposit checks when received. Once a final resolution has been reached, the office could issue a check to the applicable entity.

3. A return receipt was not always obtained for checks forwarded to other entities. For 2 of 25 (8 percent) EPD cases reviewed, a return receipt was not in the case file. After we had brought the missing return receipts to their attention, division personnel obtained the return receipt from the applicable entity for one of these cases.

To provide assurance that checks are properly handled, the office should ensure a return receipt is obtained and retained for all checks forwarded to other entities.

- C. The Governmental Affairs Division (GAD) has not established adequate procedures to ensure the number of hours billed for work performed by the division's attorneys are properly charged to the applicable professional boards.

Division attorneys serve as general counsel for more than 30 professional licensing boards, and a monthly bill is submitted to the various professional boards for the attorneys' time. Based upon the monthly bill, the Division of Professional Registration transfers funds of the various boards to the General Revenue Fund-State for the work performed. The divisions' attorneys fill out monthly time records which identify the client and the hours worked each day, and this information is entered by division secretaries into the office's computerized time system.

A review of 23 of 296 professional board billings in fiscal year 2003 disclosed that 18 (78 percent) billings were not correct. For example, the total hours billed for one board was 20.80 hours less than the actual hours worked, while the total hours billed for another board was 15.60 hours more than the actual hours worked. These incorrect billings appeared to be due to errors in entering the timesheets into the computerized time system. Overall, for the billings reviewed, the division failed to bill for a total of 34.50 hours. As a result, the General Revenue Fund-State was under-reimbursed \$2,100 (34.50 hours x \$60.87 an hour).

According to division management, although the time system reports are reviewed prior to submitting the bill to the professional boards, there is no reconciliation of the attorney's time records to the monthly billing. To help ensure the hours billed are properly charged to the professional boards, the office should establish procedures to reconcile the timesheets to the billing records.

- D. The AGO does not require all employees to prepare time sheets to account for hours worked and leave taken during the month. Only attorneys and hourly employees prepared time sheets. For those employees who do not prepare time sheets, daily

attendance records are prepared by the various receptionists, who record which employees are in when they take attendance. The daily attendance records are based on observations of the receptionists at a particular time each day. Employees not present when attendance is taken are marked as taking leave. The employees are responsible for submitting leave slips to the fiscal office, where leave taken is posted to the accumulated leave records.

Monthly time sheets should be required for all employees to adequately account for all time worked and leave taken. Time sheets are necessary to document hours actually worked, substantiate payroll expenditures and the allocation of payroll expenditures to the various funds, and to provide the office with a method to monitor hours worked. To support payroll expenditures, the office should require all employees prepare detailed time sheets.

- E. The AGO has not established procedures to track the costs per case. During the four years ended June 30, 2003, the AGO spent over \$72 million in personal service and expense and equipment costs to operate the office. Also, additional outside legal costs were paid from the State Legal Expense Fund and were not included in these amounts.

The AGO routinely receives reimbursement for the cost of the investigation and/or prosecution of consumer protection, antitrust, and no call cases. However, these costs are not supported by detail documentation.

Office personnel indicated that the amounts assessed against no call violators are determined on a case-by-case basis and are approved by the court. In addition, although attorneys in the Consumer Protection Division prepare monthly time records which identify the hours worked each day, cases worked on, and nature of the work for reimbursable cases, this information is not maintained for non-reimbursable cases. Also, the office does not track work performed by its investigators and administrative personnel.

Although many times the actual reimbursement is a negotiated amount in these cases, it appears the office should know the actual costs incurred to arrive at a reasonable settlement.

A system which charges costs and time to the various cases, as well as administrative functions, would support the appropriate recovery of investigation and/or prosecution costs. By not tracking the costs per case, the office has little assurance that its current reimbursements are a reflection of the true costs.

Conditions similar to parts D. and E. were reported in several prior reports.

WE RECOMMEND the AGO:

- A. Establish procedures whereby all monies are initially received by the fiscal unit. The fiscal unit should then notify the appropriate division of the receipt.
- B.1. Establish procedures to ensure all receipts are properly recorded.
 - 2. Establish procedures to ensure all checks are deposited when received. Once a final resolution has been reached, the office could issue a check to the appropriate entity, if applicable.
 - 3. Establish procedures to ensure return receipts are obtained and retained for all checks forwarded to other entities.
- C. Establish procedures to ensure attorney time records are reconciled to the computerized time system. In addition, the office should bill the applicable professional boards for any under-reported hours.
- D. Require the applicable employees to prepare monthly time sheets that document actual hours worked and leave taken, and submit these to their supervisor and the fiscal office for review and approval.
- E. Develop a system which accumulates costs per case.

AUDITEE'S RESPONSE

- A. *The AGO began the process of centrally locating its receivables by moving the Consumer and Work Comp Fraud receivables into the FSD. In addition, the AGO has now received the resources and has been developing a financial services database. This database will ensure the accuracy of information entered in the system, the generation of numerous reports, and the ability to track payments in cases. With the database going online, the Environmental Protection Division (EPD) and No Call receivables will be moved into the FSD. This will ensure that receivables established are processed by a different body. The FSD will notify the appropriate division upon receipt of a payment. Additionally, the new database will allow lawyers to review the payment ledger from their desktop.*
- B. *You do not suggest that any moneys have been lost due to the system currently used by the AGO, rather you suggest that a centralized safeguard system would ensure against any such loss. As indicated above, the AGO is centralizing all check receipt duties into the FSD. Appropriate procedures are currently in place in FSD to ensure receipt recording and return of receipts.*

You suggest that all checks be deposited upon receipt by the AGO. As you acknowledge, the AGO has pursued the creation of an account that will allow for the timely depositing of checks. This has been approved by the Legislature and the AGO will implement.

- C. *The AGO has implemented a policy to reconcile the hard copy of the time record with the computer system. As indicated in our initial response, the 34.50 hours identified in your report reflect less than 1% of the total hours billed. Nevertheless, the AGO will address the issue with the applicable boards.*
- D. *The AGO requires employees who are not attorneys and not employed on an hourly basis to document leave taken by preparing leave slips. Those employees also count on leave slips for extra hours worked for purposes of compensatory time. The accuracy of these leave slips is assured by third-party independent documentation of daily attendance. In addition, the attendance records are reconciled to ensure leave slips are submitted. The Auditor has suggested that these employees maintain monthly time sheets. While monthly time sheets are used by other offices, the Auditor could not point to a state personnel policy that requires their use. The AGO believes its process of documenting attendance provides adequate safeguards and allows us to identify attendance problems more accurately.*
- E. *The AGO has implemented a system that tracks the costs of cases where reimbursement for costs of investigation and/or prosecution is available. The AGO will review its process and include support and investigator personnel in its tracking system. The AGO continues to believe that tracking costs per case in cases where reimbursement is not available would be tremendously burdensome and would provide little or no useful information.*

3. Plane Flights

The AGO does not maintain documentation to support the costs comparisons of commercial flights to the costs of using Office of Administration (OA) planes for out-of-state travel. According to office officials, it is office policy to conduct a cost comparison between commercial flights and flight services; however, the comparison is not documented.

The AGO routinely flies to various in-state and sometimes out-of-state locations using the flight services of the OA. During the four years ended June 30, 2003, 8 out-of-state flights and 216 in-state flights were taken in state planes at a cost totaling over \$19,000 and \$169,000, respectively. The Attorney General and generally several of his staff flew to out-of-state locations such as Washington, D.C.; Dallas, Texas; Detroit, Michigan; Atlanta, Georgia; and Chicago, Illinois for litigation proceedings, hearings, and meetings.

To ensure the most economical use of state resources, the office should prepare and retain documentation comparing the costs of commercial flights to the costs of using OA planes. This information should be retained with the flight information. If the higher cost alternative is chosen, the circumstances and justification for the decision should be documented.

A similar condition was noted in the prior report.

WE AGAIN RECOMMEND the AGO ensure a comparison of the costs of commercial flights to the costs of using OA planes for out-of-state travel is documented and retained.

AUDITEE'S RESPONSE

The AGO conducts a cost comparison between commercial flights and the flight services of the Office of Administration. The commercial flights in most of the instances noted would have required an overnight stay for the return trip the following day. Thus, the comparison included personnel time, hotel costs, meals, incidental expenses, and the lost work time associated with the overnight stay rather than a same day return utilizing the flight services of the Office of Administration.

This report is intended for the information and use of the management of the Office of Attorney General and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

Follow-Up on Prior Audit Findings

OFFICE OF ATTORNEY GENERAL
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by the Office of Attorney General on findings in the Management Advisory Report (MAR) of our prior audit report issued for the four years ended June 30, 1999. The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the office should consider implementing those recommendations.

1. Professional Services

- A. Formal written contracts were rarely prepared for contracted legal and other professional services. Instead, the AGO generally used an engagement letter to document such arrangements. However, the AGO was not able to produce an engagement letter for some services. In addition, if there was an engagement letter, it did not always address all pertinent issues. Also, the letters did not always address the types of expenses that would be reimbursed and documentation which needed to be submitted for other professional and technical services.
- B. The AGO did not maintain documentation regarding the reasons for hiring outside legal counsel for particular cases or the method of selecting these attorneys.
- C. The AGO did not establish procedures to track the costs per case.

Recommendation:

The AGO:

- A. Ensure all legal and other professional services are supported by written agreements signed by both parties. The invoices should be reviewed for compliance with the written agreements and office policies.
- B. Document the rationale for hiring outside legal counsel and the method of selecting the attorney for the applicable case.
- C. Develop a system which accumulates costs per case.

Status:

- A. Implemented.
- B. Partially implemented. We noted improvement in the documentation supporting the rationale of hiring outside legal counsel. However, case files did not contain documentation supporting the method of selecting an attorney for an applicable case, when outside legal counsel was retained. AGO management believes the specific

rationale behind hiring attorneys in an individual case is work product and is privileged information. Although not repeated in the current MAR, our recommendation remains as stated above.

C. Not implemented. See MAR finding number 2.

2. Accounts Receivable

- A. Receipt duties were not segregated from the establishment of the receivable. Restitution payments, assessed by the courts for violations of merchandising practices laws, were received by the assistant attorneys general who also set up the payment plans and established the receivable amounts. The fiscal office was not notified of restitutions due until the first payment was received.
- B. The AGO's procedures for monitoring restitutions receivable were not adequate. The payment information was maintained in a file separate from the receivable records. In addition, the receivable balance was monitored on a case-by-case basis by the assistant attorney general assigned the case.

Recommendation:

The AGO:

- A. Establish procedures whereby all monies are initially received by the fiscal office rather than the assistant attorneys general. The fiscal office should then notify the appropriate assistant attorney general of the receipt.
- B. Maintain a restitution control account summarizing accounts receivable and perform periodic reconciliations between the control account and the detailed records.

Status:

- A. Not implemented. See MAR finding number 2.
- B. Partially implemented. Effective July 2001, all restitution payments are collected by the Financial Services Unit. Although a control account has been established, periodic reconciliations between the control account and the detailed records are not performed. See MAR finding number 1.

3. Personnel Records and Policies

- A.1. The AGO did not require some employees (those who were not hourly employees or attorneys) to prepare time sheets to account for all hours worked and leave taken during the month.

2. Although attorneys prepared a weekly time record which identified the hours worked each day, these records did not identify the case the attorney worked on or the nature of the work performed. The information from these time records was entered into the office's computerized time system, which accumulated information about the total hours worked by individual attorneys by the various divisions. However, this system appeared to provide little useful information while expending both employee and computer time.
- B. A written personnel policy was not established. Also, the office did not have written job descriptions for its employees.

Recommendation:

The AGO:

- A. Require the applicable employees to prepare monthly time sheets that document actual hours worked and leave taken, and submit these to their supervisor and the fiscal office for review and approval. In addition, the AGO should implement a timekeeping system which supports hours worked and work performed, and use this data to monitor performance and costs.
- B. Adopt a written personnel policy and job descriptions.

Status:

- A. Not implemented. See MAR finding number 2.
- B. Not implemented. Although not repeated in the current MAR, our recommendation remains as stated above.

4. Plane Flights

The AGO did not ensure the cost of commercial flights was compared to the cost of using the Office of Administration (OA) planes for out-of-state air travel.

Recommendation:

The AGO ensure a comparison of the costs of commercial flights to the costs of using OA planes for out-of-state flights is documented and retained.

Status:

Not implemented. See MAR finding number 3.

5. Fixed Assets

- A. A physical inventory was not performed annually as required by state regulations.
- B. When a physical inventory was performed, the inventory was performed by the fiscal officer, the individual who was also responsible for the record keeping of these assets.
- C. The adjustments to the inventory records were not reviewed and/or approved by management.
- D. Some computer equipment purchased with federal funds for the Medicaid Fraud Control Unit (MFCU) was used by AGO employees in other sections.

Recommendation:

The AGO:

- A. Conduct an annual physical inventory of general fixed assets and reconcile the physical inventory to the fixed asset records.
- B. Ensure an individual independent of the record keeping function performs the physical inventory.
- C. Ensure the adjustments to the fixed asset records are reviewed and approved by management.
- D. Ensure the equipment purchased with federal funds for the MFCU is not used for any purpose other than investigating and prosecuting Medicaid fraud.

Status:

Implemented.

6. Bank Accounts

- A. Some of the monies deposited into bank accounts outside the state treasury appeared to be state funds, and it appeared the AGO did not have statutory authority to maintain state funds outside the state treasury.
- B. The AGO did not have a formal written depository contract with the bank where the accounts outside the state treasury were maintained.

Recommendation:

The AGO:

- A. Review the monies currently being held by the AGO outside the state treasury and take action to turn any state monies over to the STO, unless legislative authority is obtained allowing these monies to be maintained outside the state treasury.
- B. Enter into a written depositary agreement with the bank where the office's accounts are maintained.

Status:

- A. Not implemented. The office has continued to maintain funds outside the state treasury. However, office officials indicated that the office, in February 2004, submitted proposed legislation to the general assembly to create a trust fund within the state treasury to handle funds which are held for reimbursement to particular individuals or groups. Although not repeated in the current report, our recommendation remains as stated above.
- B. Implemented.

STATISTICAL SECTION

History, Organization, and
Statistical Information

OFFICE OF ATTORNEY GENERAL HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Office of Attorney General was created in 1806, when Missouri was still a territory. The Missouri Constitution of 1820 provided for an appointed attorney general. It remained an appointed position until 1865, when a new constitution provided for an attorney general elected by the people.

The Attorney General's office is located in Jefferson City. There are branch offices in Kansas City, St. Louis, Springfield, and Cape Girardeau.

The office is organized into eight divisions: Litigation, Criminal, Consumer Protection, Governmental Affairs, Governmental Entities and Financial Services, Labor, Environmental Protection, and Public Safety. Each division is headed by a chief counsel who is responsible for the operations of the division.

Litigation Division: This division is responsible for representing all state agencies, officers and employees in civil litigation matters in state and federal courts. Cases include damage claims that implicate the Legal Expense Fund, construction and contract cases, civil rights cases, malpractice claims, class actions, personnel matters, and constitutional law issues. The attorneys in this division also advise the other divisions in matters involving litigation.

Criminal Division: This division represents the state in every felony case appealed to the Supreme Court of Missouri and Missouri Court of Appeals. The attorneys in this division also defend the state in all habeas corpus actions filed by prison inmates in state and federal court.

Consumer Protection Division: The division handles fraud investigations and litigation. Attorneys in this division represent Missouri consumers as a group in cases of consumer fraud, securities fraud, and antitrust matters. Also, these attorneys are active in discovering businesses that commit merchandising practices fraud in connection with the sale and advertising of products or services. This division includes an investigative staff that assists attorneys in investigations involving violations of the state's Merchandising Practices Act. The No Call program, to reduce telemarketing calls, is also under this division.

Governmental Affairs Division: The division represents many of the state's regulatory and licensing agencies, including the Board of Registration for Healing Arts, the Department of Mental Health, and the Department of Health and Senior Services. The attorneys in this division are also responsible for enforcing the state ethics and campaign finance laws, and for addressing questions about the state's open meeting and records law, commonly known as the Sunshine Law.

Governmental Entities and Financial Services Division: The division represents state agencies in collections, bankruptcies and commercial litigation, and provides legal advice and services to a variety of state officials and offices. Clients include the governor and other statewide elected officials, the Office of Administration and various state departments. Division attorneys also defend constitutional challenges to state laws and ballot issues and enforce compliance with state

laws by trusts, foundations and nonprofit corporations. Additionally, the attorneys in this division provide legal assistance to the Department of Social Services by enforcing child support laws and collecting child support in arrears.

Labor Division: This division provides general counsel and litigation services for the Missouri Department of Labor and Industrial Relations and its officers and agencies. The division also represents the state in prevailing wage disputes, crime victims' claims, and workers' compensation cases of state employees, including claims involving the Second Injury Fund.

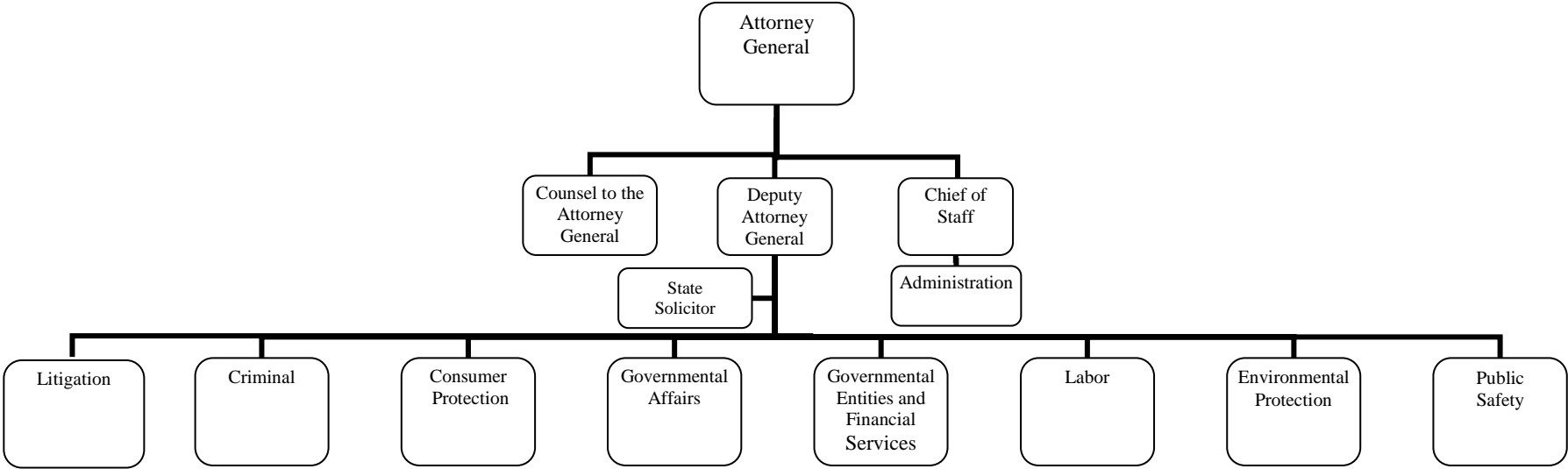
Environmental Protection Division: This division represents the Department of Natural Resources (DNR) including its constituent boards and commissions that regulate the use of Missouri's air, land and waters. Enforcement litigation is filed primarily in state courts to seek preliminary and permanent injunctive relief to assure compliance with state environment laws. The division also pursues civil penalties and recovers DNR response costs and natural resource damages.

Public Safety Division: The Public Safety Division handles criminal prosecutions at the trial level. The Special Prosecution Unit assists local prosecuting attorneys in serious or difficult trials, including homicide cases and grand jury proceedings. The Meth Prosecution Unit specializes in handling criminal cases involving the manufacture, sale or possession of methamphetamine. The Workers' Compensation Fraud Unit prosecutes fraud or misconduct involving workers' compensation, and the Medicaid Fraud Control Unit prosecutes cases involving fraud of the state Medicaid program by health professionals, or abuse or neglect of Medicaid recipients by caregivers. The High Technology and Computer Crime Unit assists local law enforcement with investigations and prosecutions of computer and Internet crime cases. In addition, attorneys in the division also enforce the sexual violent predator law, investigate alleged misconduct by public officials, and serve as legal counsel for the Department of Public Safety, Highway Patrol, Water Patrol, and other state law enforcement agencies, and represent those agencies in all civil litigation in which they are a party.

On January 11, 1993, Jeremiah W. (Jay) Nixon was inaugurated as the state's fortieth Attorney General. He was reelected in November 1996 and 2000, and his present term will expire in January 2005.

At June 30, 2003, the Office of Attorney General employed approximately 335 full-time and 9 part-time employees. An organization chart follows:

OFFICE OF ATTORNEY GENERAL
ORGANIZATION CHART
JUNE 30, 2003





**DEPARTMENT OF PUBLIC SAFETY
MISSOURI VETERANS COMMISSION
WARRENSBURG VETERANS' HOME**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-48
June 15, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of
Missouri State Auditor
Claire McCaskill

June 2004

The following problems were discovered as a result of an audit conducted by our office of the Department of Public Safety, Missouri Veterans Commission, Warrensburg Veterans' Home.

The Warrensburg Veterans' Home Assistance League is a not-for-profit organization which raises private funds to benefit residents of the Warrensburg Veterans' Home. Donations, as well as canteen and vending machine proceeds, are used for this purpose. A review of purchases noted some expenditures did not appear to benefit the residents. During 2002 and 2003, \$10,233 was spent for costs related to volunteer banquets and staff recognition awards, including \$4,675 for employee recognition and retention and \$5,459 for two volunteer banquets.

Residents, employees, and visitors may all purchase items from the vending machines owned and operated by an independent vendor. The facility receives commissions from the vendor and deposits these into a separate fund within the Fund. These monies are used for employee recognition awards, flowers for staff members, the annual staff picnic, and the annual employee Christmas party. As a result, these expenditures do not appear to benefit the residents. Recent audits of other homes noted that vending machine profits at those homes are deposited in the Assistance League accounts to be used for the benefit of the residents. To ensure consistency with other homes operating in the state, vending commissions should be used for the benefit of the residents.

Some state paid employees at the facility spend a portion of their workweek performing job duties for the Assistance League. Allowing state paid employees to perform duties associated with the Assistance League appears to be a violation of the Missouri Constitution, which prohibits state agencies from making donations to not-for-profit corporations.

The audit also included recommendations to the Assistance League regarding the petty cash fund.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

DEPARTMENT OF PUBLIC SAFETY
MISSOURI VETERANS COMMISSION
WARRENSBURG VETERANS' HOME

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Charles R. Jackson, Director
Department of Public Safety
and
Missouri Veterans Commission
and
Stan Smith, Administrator
Warrensburg Veterans' Home
Warrensburg, MO 64093

We have audited the Department of Public Safety, Missouri Veterans Commission, Warrensburg Veterans' Home. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2003 and 2002. The objectives of this audit were to:

1. Review internal controls over significant management and financial functions.
2. Review compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and operations.

Our methodology to accomplish these objectives included reviewing minutes of meetings, written policies, financial records, and other pertinent documents; interviewing various personnel of the facility, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. We also performed tests of certain controls to obtain evidence regarding the effectiveness of their design and operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed

and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the facility's management and was not subjected to the procedures applied in the audit of the facility.

The accompanying Management Advisory Report presents our findings arising from our audit of the Department of Public Safety, Missouri Veterans Commission, Warrensburg Veterans' Home.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

March 18, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	John Luetkemeyer, CPA
In-Charge Auditor:	Heather M. Thompson
Audit Staff:	Jennifer Martin

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

DEPARTMENT OF PUBLIC SAFETY
MISSOURI VETERANS COMMISSION
WARRENSBURG VETERANS' HOME
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Assistance League Fund
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The Warrensburg Veterans' Home Assistance League is a not-for-profit organization which raises private funds to benefit residents of the Warrensburg Veterans' Home. Donations, as well as canteen and vending machine proceeds, are used for this purpose. The Assistance League is governed by a board of directors. As provided for in the Assistance League by-laws, the Treasurer is the custodian of the league assets, and has the authority to make purchases related to canteen operations or for donor specified purposes. The Treasurer shall see that an accounting system is maintained in such a manner as to give a true and accurate accounting of the financial transactions of the league, report such transactions promptly to the Board of Directors, ensure expenditures are made to the best possible advantage of the league, and to ensure that all accounts payable are presented promptly for payment. In addition, the Treasurer shall maintain and make available for audit a record of receipts and disbursements. While the Treasurer is a volunteer and not a state employee, the Accountant and Director of Volunteer Services at the facility also perform some services for the Assistance League. These services include collecting donations, maintaining the petty cash fund, and scheduling volunteers to work in the canteen. Because of the fiscal and managerial responsibilities that state employees have assumed for the Assistance League, we reviewed the League's records and procedures and noted some areas where improvements are needed.

- A. The Assistance League purchases items to sell through the canteen, coordinates and pays for events and activities for residents, and purchases items for common areas located in the facility. The Assistance League's by-laws provide that expenditures from the league assets should provide for the social well-being of the veterans residing in the Warrensburg Veterans' Home.

A review of purchases noted some expenditures did not appear to benefit the residents. During 2002 and 2003, \$10,233 was spent for costs related to volunteer banquets and staff recognition awards, including \$4,675 for employee recognition and retention and \$5,459 for two volunteer banquets.

- B. Residents, employees, and visitors may all purchase items from the vending machines owned and operated by an independent vendor. The facility receives commissions from the vendor and deposits these into a separate fund within the Assistance League account known as the Employee Recognition and Retention Fund. The fund received approximately \$1,305 and \$1,096 from the vending machine commissions for the years ended June 30, 2003 and 2002, respectively. These monies are used for employee recognition awards, flowers for staff

members, the annual staff picnic, and the annual employee Christmas party. As a result, these expenditures do not appear to benefit the residents.

In addition, during our review of vending machine commissions, we noted the facility did not receive commission checks for two months during the year ended June 30, 2003. Although the contract with the independent vendor requires an invoice documenting the time period covered and how the commission amount was determined; the facility does not currently receive these invoices.

Recent audits of other homes (including Mt. Vernon, St. Louis, and St. James) noted that vending machine profits at those homes are deposited in the Assistance League accounts to be used for the benefit of the residents. To ensure consistency with other homes operating in the state, vending commissions should be used for the benefit of the residents. In addition, to maximize revenues and ensure compliance with the contract, the home should ensure procedures are in place to monitor vending machine profits so discrepancies between amounts owed and amounts received can be investigated and resolved in a timely manner.

- C. The Assistance League's by-laws provide that the custodians of the assets should make every reasonable effort to ensure the wishes of the donor are complied with and should notify the donor if those wishes cannot be accommodated. Our review of accounting procedures noted separate funds were not established to account for donations until March 2003. At that time fund balances were retroactively calculated, however bank reconciliations have never been performed. Currently, total fund balances of the Assistance League exceed the reconciled bank balance by \$1,198.

Monthly bank reconciliations are necessary to ensure accounting records are in agreement with bank records and to ensure errors are detected and corrected in a timely manner. In addition, it is imperative that facility personnel research noted differences and make the appropriate adjustments in the financial records. Ignoring these errors could allow misuse or theft of monies to go undetected.

- D. The facility does not have a written policy for use of the funds from the Assistance League petty cash fund. The fund is maintained by the Accountant and the Director of Volunteer Services at the facility to provide cash for items including resident outings, stamps, and employee recognition and retention awards. The petty cash fund is not maintained on an imprest basis. The Accountant indicated that the fund varies from approximately \$50 to \$250 and is only replenished when the balance is low. The Assistance League Treasurer prepares and signs the checks to replenish the petty cash fund.

The facility maintains a petty cash ledger to document receipts and disbursements from the fund. Disbursements from the petty cash fund totaled \$2,164 and \$1,712 for the years ended June 30, 2003 and 2002, respectively. The Accountant indicated employees sign out the petty cash funds and document the amount and

purpose of the funds. However, this is not performed on a consistent basis. The Accountant also indicated she periodically reconciled the petty cash ledger to the amount of petty cash on hand. During our review of disbursements from the petty cash fund, we noted some withdrawals had not been signed out by the employee using the funds and other withdrawals were not recorded on the petty cash ledger.

To ensure all disbursements are proper, the facility should maintain the petty cash on an imprest basis and retain all documentation to support the disbursements of the fund. In addition, the facility should update the petty cash ledger on a timely basis, which would assist in the monthly reconciliation of the petty cash fund.

- E. As discussed above, some state paid employees at the facility spend a portion of their workweek performing job duties for the Assistance League. One state paid employee estimated approximately 242 hours annually is spent performing various duties for the not-for-profit organization, including collecting all donations received at the Veterans' Home, scheduling volunteers to work in the not-for-profit's canteen, and providing tours of the Veterans' Home to outside organizations that contribute to the not-for-profit entity. In addition, another state paid employee estimated that she spent about 128 hours annually performing accounting functions related to the not-for-profit organization.

The salary of each employee varies but the estimated annual cost associated with the duties performed by employees to accomplish their Assistance League duties is approximately \$5,510, excluding any fringe benefit costs.

Allowing state paid employees to perform duties associated with the Assistance League appears to be a violation of Article III, Section 38 and 39 of the Missouri Constitution, which prohibits state agencies from making donations to not-for-profit corporations.

WE RECOMMEND:

- A&B. The Assistance League ensure that all disbursements benefit the residents. In addition, the facility should determine a more appropriate funding source for expenditures such as volunteer banquets and employee recognition and retention awards. The facility should also ensure procedures are in place to monitor vending machine commissions due to the home and investigate and resolve commissions not received on a timely basis.
- C. The Assistance League prepare monthly bank reconciliations for the Assistance League Account. In addition, the Assistance League should ensure all errors and discrepancies noted during preparation of the reconciliations are investigated and corrected in a timely manner.
- D. The Warrensburg Veterans' Home establish a written policy for the Assistance League petty cash fund, maintain the fund on an imprest basis, and retain

adequate documentation for all petty cash disbursements. In addition, the petty cash ledger should be updated timely and reconciled on a monthly basis.

- E. The Warrensburg Veterans' Home establish procedures to track the time state paid employees spend performing Assistance League job duties and recoup the cost associated with these duties from the Assistance League. These funds should be deposited into the Missouri Veterans' Home Fund.

AUDITEE'S RESPONSE

A&B. The West Central Missouri Veterans Assistance League (VAL) maintains that funding utilized by the VAL to support volunteer and employee recognition events are appropriate and consistent VAL objectives. The VAL formally endorsed supporting volunteer and employee recognition activities as essential parts of its overall goals. Record of these endorsements are found in VAL meeting minutes made available to the audit team and occurred during properly held VAL meetings in October 2000 and January 2002. The VAL is considering bylaw changes to ensure no confusion exists as to the organization's support of these two objectives as essential to the organization's primary goal of benefiting the quality of life of the veterans living at the Warrensburg Veterans' Home.

During the 2002 and 2003 audit periods, members of the greater Warrensburg community volunteered over 7,497 and 11,900 hours, respectively, in service to veterans living within the Home. The facility employed approximately 150 staff during this period. The source of funds for volunteer recognition events came from either in kind donations by community businesses or undesignated gifts from donors. The source of funds for employee recognition events is derived from vending machines utilized by employees in the facility, fundraising activities conducted by employees for this purpose or unsolicited donations specifically designated for employee recognition purposes.

The Home and VAL have created new procedures for monitoring vending commissions from its machines. These procedures will allow for timely reconciliation of all commission funds owed to the VAL from vending machine sales. During the audit, two months vending commissions were not received by the VAL. These commissions amounted to approximately \$70 in earned commissions. The vending company has been contacted and is providing reimbursement for this amount to the VAL.

- C. *Reporting by the VAL Treasurer, of its bank balance and other financial assets is made to the VAL Board at its quarterly meetings. The VAL accepts the recommendation to review the current fund balances to the reconciled bank balance for a possible discrepancy. The VAL Treasurer will re-verify current fund balances to the reconciled bank balance and report the findings to the VAL at its July 2004 meeting.*
- D. *The VAL accepts this recommendation and effective May 1, 2004, established a written policy for use of VAL petty cash. A written policy has also been established for maintaining the fund on an imprest basis, retaining adequate documentation, and reconciling it on a timely basis.*

E. *Because of the nature of the duties of the Supervisor of Volunteer Services, it is difficult to distinguish between time spent on activities that benefit the Assistance League versus activities that benefit only the home. The State of Missouri, Office of Administration, Division of Personnel, job description for the Supervisor of Volunteer Services provides examples of work for this position, including, but not limited to, the following:*

- 1. Confers with department heads with regard to specific needs for volunteers,*
- 2. Plans and conducts recruitment campaigns to stimulate interest in the program and attract suitable candidates; interprets program philosophy and objectives to lay organizations and professional groups,*
- 3. Interviews applicants to determine aptitudes, interests, abilities, skills, and other qualifications; classifies applicants according to qualifications, time available for duty, and other characteristics,*
- 4. Plans, develops and coordinates an information and public relations program to acquaint the community and organizations in the community with facility and agency program objectives and accomplishments,*
- 5. Conducts tours of the facility for interested individuals and groups and interprets programs and services provided,*
- 6. Receives requests for volunteer services and makes referrals of available volunteers to department heads on the basis of qualifications,*
- 7. Arranges periodic reassignment of volunteers to sustain interest and to utilize abilities; meets with volunteers to discuss individual problems that relate to their assignment,*
- 8. Compiles and maintains records of placements and working hours, prepares reports on activities and performance of volunteers, and*
- 9. Develops and maintains working relationships with community organizations and the news media.*

The Supervisor of Volunteer Services conducts tours of the Warrensburg Veterans' Home to interested individuals and organizations. These individuals or organizations could have a number of reasons for requesting a tour. They may have a family member who is interested in applying to the home to be a resident. They could also have a community interest in the home, which could result in volunteer hours for the home. In fiscal years 2002 and 2003, the number of volunteer hours provided to the Warrensburg Veterans Home was 7,497 and 11,900, respectively, which was a direct benefit to the residents of the home. Also, the Missouri Veterans Commission administers the Veterans Trust Fund, a state fund that accepts donations. The tours could also result in increased contributions to this state fund.

Volunteers staff the canteen located in the veterans' home. Having the facility personnel maintain the canteen's inventory ensures continuity in the personnel who account for this important function.

Finally, Section 42.007.5(5), RSMo., states the Missouri Veterans Commission shall "Arrange for and accept through such mutual arrangements as may be made, the volunteer services, equipment, facilities, properties, supplies, funds and personnel of all federal, welfare, civic and service organizations, and other organized groups and individuals which are in furtherance of the purposes of Section 42.002 to 42.140."

Regarding the accounting functions related to the not-for-profit organization, the Home is working toward discontinuing the accounting services of the VAL.

2. Expenditures

The receipt of goods or services is not always indicated on the invoice prior to an expenditure being approved for payment. Six of 27 (approximately 22 percent) invoices tested did not indicate if goods or services were received. In addition, state sales tax totaling approximately \$100 was paid on two of 52 (approximately 4 percent) invoices tested. Since the Warrensburg Veterans' Home is a state entity, it is exempt from paying state sales taxes.

Proper review and documentation of the receipt of goods or services is necessary to ensure the facility actually received the items or services. Additionally, paying sales tax on state purchases is not proper and violates the state's sales tax exemption letter.

WE RECOMMEND the facility ensure the receipt of goods or services is indicated on invoices prior to being approved for payment. We also recommend the facility discontinue paying state sales taxes on purchases.

AUDITEE'S RESPONSE

The facility accepts these recommendations and has established a policy to ensure that staff making purchases on behalf of the Home do not include state sales tax. The Home Accountant also performed a review of invoices for the period beginning March 2004 and found 100% compliance with this policy. The Home implemented procedures in 2003 to ensure that invoices are only paid with proper documentation of receipt and approval. The Auditor's finding for this item was primarily related to purchases made in 2002. The facility will only pay for goods and services with proper proof of receipt and not pay state sales tax on purchases.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

DEPARTMENT OF PUBLIC SAFETY
MISSOURI VETERANS COMMISSION
WARRENSBURG VETERANS' HOME
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The Warrensburg Veterans' Home is a 200-bed nursing home care facility, providing care to Missouri veterans who are unable to support or adequately care for themselves. The facility was completed in May 2000, with the first residents being admitted in September 2000. Residents of the facility are provided room, board, medication, therapy, personal care, and recreational and religious activities. The cost is shared by the resident, based on ability to pay, the Federal Veterans' Administration, and the state's General Revenue Fund.

The Warrensburg Veterans' Home Assistance League, a not-for-profit corporation, was formed 6 years prior to the opening of the facility to receive donations to be spent for the benefit of all residents. The Assistance League also funds the canteen operations.

The Missouri Veterans Commission operates seven homes for veterans of the state. The homes are located in St. James, Mount Vernon, Mexico, Cape Girardeau, Cameron, Warrensburg, and St. Louis. Members of the Missouri Veterans Commission, as of June 30, 2003, include:

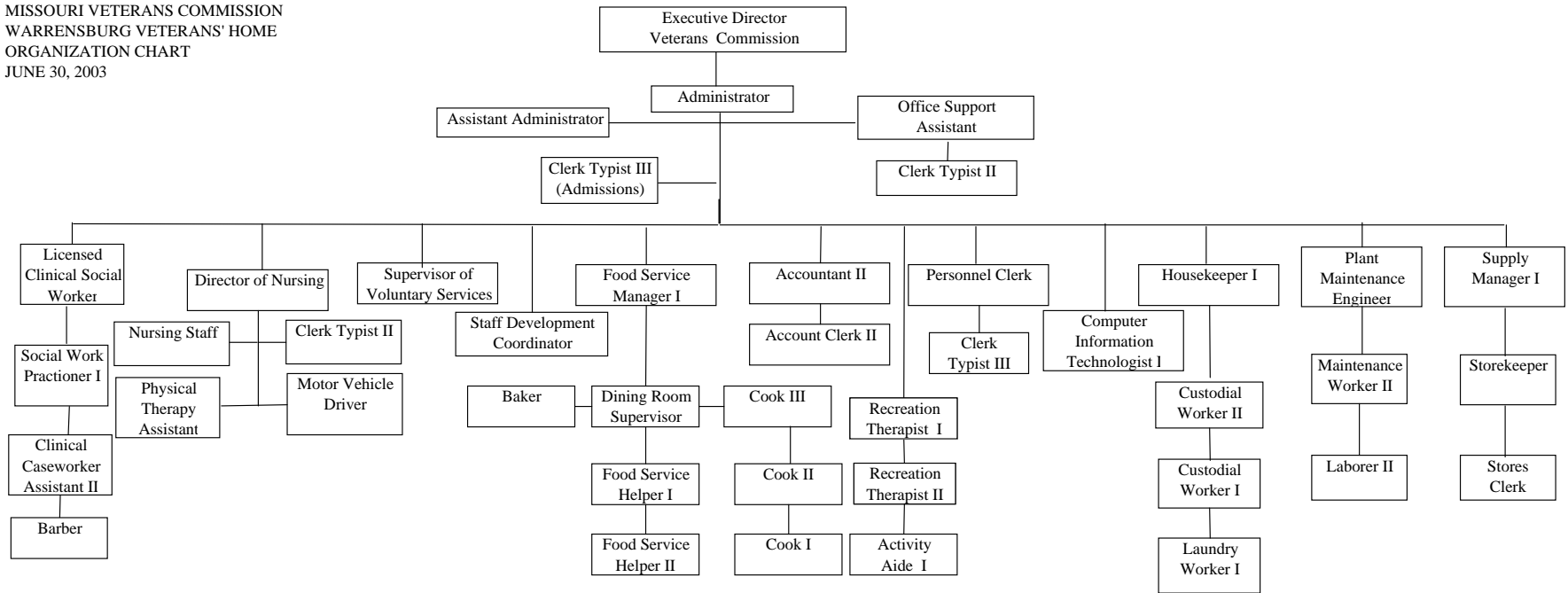
<u>Members</u>	<u>Term Expires</u>
Carl H. Niewoehner, Chairman	November 2, 1997*
Donald Gralike, Vice-Chairman	November 2, 2003*
Carson Ross	November 2, 2004
Bernadette Miller	December 11, 2004
Emmett Fairfax	November 2, 2005

* Term has expired. Member continues to serve until successor is appointed.

As of June 30, 2003, the Warrensburg Veterans' Home employed 191 full-time employees. These employees were assigned to various administrative and service sections. Stan Smith assumed the position of Administrator on September 1, 2000, and currently serves in that capacity.

An organization chart and statistical data follow:

DEPARTMENT OF PUBLIC SAFETY
MISSOURI VETERANS COMMISSION
WARRENSBURG VETERANS' HOME
ORGANIZATION CHART
JUNE 30, 2003



DEPARTMENT OF PUBLIC SAFETY
MISSOURI VETERANS COMMISSION
WARRENSBURG VETERANS' HOME
STATISTICAL DATA

	Year Ended June 30,	
	<u>2003</u>	<u>2002</u>
RESIDENTS	177	129
OCCUPANCY		
Total number of beds	200	150 *
Average daily census	145	120
Bed occupancy percentage	73%	80%
RESIDENT COST		
Total resident costs	\$ 7,909,896 **	6,794,962 **
Total resident days	<u>52,778</u>	<u>43,652</u>
Average Daily Resident Cost	\$ <u><u>150</u></u>	<u><u>156</u></u>

* An additional 50 bed wing was subsequently opened in October 2002.

** These cost amounts include employee fringe benefits, whereas the salary and wage expenditure amounts on Appendix A do not. In addition, these amounts do not include property and improvement expenditures, whereas Appendix A does include these expenditure amounts.

Appendix A

DEPARTMENT OF PUBLIC SAFETY
MISSOURI VETERANS COMMISSION
WARRENSBURG VETERANS' HOME
COMPARATIVE STATEMENT OF EXPENDITURES (BY BUDGET OBJECT)

	Year Ended June 30,	
	2003	2002
Salaries and wages	\$ 4,613,336	3,940,940
Travel:		
In-State	28,982	15,373
Out-of-State	239	1,145
Fuel and utilities	312,402	315,520
Supplies	1,043,253	892,781
Professional development	140,662	22,441
Communication services and supplies	39,759	30,989
Services:		
Professional	96,195	114,571
Housekeeping and janitorial	25,170	18,247
Maintenance and repair	54,169	43,681
Equipment:		
Computer	4,070	4,495
Motorized	457	8,438
Office	32,009	7,873
Other	35,950	55,375
Property and improvements	970,170	2,147,711
Building lease payments	172	1,425
Equipment rental and leases	30,273	48,391
Miscellaneous expenses	2,578	2,724
Total Expenditures	\$ <u>7,429,846</u>	<u>7,672,120</u>

Appendix B

DEPARTMENT OF PUBLIC SAFETY
MISSOURI VETERANS COMMISSION
WARRENSBURG VETERANS' HOME
MISSOURI VETERANS' HOME FUND
COMPARATIVE STATEMENT OF RECEIPTS

		Year Ended June 30,	
		2003	2002
Payments from Veterans	\$	2,427,398	1,867,789
Veterans Administration Per Diem		2,934,909	2,128,684
Other		25,651	36,829
Total Receipts	\$	<u>5,387,958</u>	<u>4,033,301</u>

Appendix C

DEPARTMENT OF PUBLIC SAFETY
MISSOURI VETERANS COMMISSION
WARRENSBURG VETERANS' HOME
AUXILIARY FUNDS
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH AND CASH EQUIVALENTS

	Year Ended June 30,			
	2003		2002	
	Residents Fund	Assistance League Fund	Residents Fund	Assistance League Fund
RECEIPTS				
Residents' deposits	\$ 258,857	0	683,149	0
Donations/sales from canteen	0	36,285	0	27,917
Total Receipts	258,857	36,285	683,149	27,917
DISBURSEMENTS				
Residents' withdraws	249,250	0	669,321	0
Benefit of residents/cost of goods sold	0	24,087	0	18,711
Total Disbursements	249,250	24,087	669,321	18,711
RECEIPTS OVER (UNDER) DISBURSEMENTS	9,607	12,198	13,828	9,206
CASH AND CASH EQUIVALENTS, JULY 1	29,823	13,505	15,995	4,299
CASH AND CASH EQUIVALENTS, JUNE 30	\$ 39,430	25,703	29,823	13,505



**REVIEW OF THE
ST. LOUIS PUBLIC SCHOOL DISTRICT**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-47
June 14, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office of
Missouri State Auditor
Claire McCaskill

June 2004

This audit is the second of two reports related to the St. Louis Public School District's financial viability. The first report issued in February 2004 reviewed the factors causing the district's financial hardship and budget projections. This report's 11 findings focus on the internal controls over management and financial functions, the factors that may have led to the declining financial condition, and the impact on the district of various cost reduction strategies.

The district's financial condition remains poor

The district's declining financial condition resulted from a combination of declining state revenues and a lack of significant reductions in expenditures. In both fiscal years 2002 and 2003, the district's expenditures exceeded revenues, leaving the district with a \$12.3 million deficit at the end of fiscal year 2003. From 2003 to 2004, district officials reduced expenditures by \$41.4 million; however, expenditures are still projected to exceed revenues, leaving the district with a \$38.6 million deficit at June 30, 2004. If additional cuts are not made, the district is projecting a \$54.6 million deficit for fiscal year 2005. While both the 2003 and 2004 deficit budgets were not in compliance with state law, the state will not sanction the district as long as the district is improving its financial condition. (See pages 5 through 7)

District's non-instructional costs were higher than the peer average

The district expended 30 percent more per student on non-instructional costs - such as transportation, food services, and warehouse operations - than the average of nine peer districts of comparable size. Auditors found such costs could have been reduced sooner. (See pages 6 and 7)

District had 17 more public school buildings than the peer group average

Total district enrollment has steadily declined over the past 15 years by 12 percent, but auditors found no evidence district officials evaluated school building needs. Shortly after the current Board and administration took over, they closed 16 schools. The resulting school closures saved an estimated \$14.5 million, while classroom sizes remained within state standards. Even after the consolidation, 6 of the 26 schools that received students from a closed school had occupancy levels below 70 percent. Additional and ongoing analysis by the School Board is necessary to ensure the efficient use of school facilities. (See pages 7 through 9)

(over)

YELLOW SHEET

District needs a policy requiring competitive bids for service contracts

The district does not have a policy requiring competitive requests for professional services. Auditors found several examples in which competitive requests had not been sought, or the district did not have adequate documentation to support the selection process. In addition, the district did not always include appropriate criteria to provide a means to monitor the contractor's performance. (See pages 9 through 13)

Inefficient bus routes cost millions, despite available resources to modify routes

District officials were not using bus routing software – available to districts for at least 10 years and owned by the St. Louis School District since 2002. An anticipated \$5.6 million in cost savings in fiscal year 2004 is anticipated by using the software, which increased efficiency and reduced the number of buses needed. In addition, the district has started to enforce the provisions of the transportation service contracts and should continue to improve this oversight. (See pages 17 and 18)

Poor inventory tracking caused excessive overstocking in worn down warehouses

In the fall of 2003, the district contracted for warehouse services and expects to pay approximately \$400,000 less than previously paid. The inadequate, manual-tracking systems in the former warehouse system resulted in significant overstocking including \$5.4 million in unused textbooks, expired janitorial supplies, and large quantities of chemicals. The district should continue improving the tracking procedures. (See pages 18 through 21)

Salaries paid to top district administrators are higher than the peer district average

The salaries of top administrators do not appear reasonable. For example, the Chief Operations Officer's \$200,000 salary is 75 percent higher than the peer district average. In addition, should the district pay its new superintendent the average salary based on a compensation study they used, that salary will rank in the top four in the nation. (See page 25 through 28)

Inventories of fixed assets are not performed and records are not maintained

The district does not have adequate controls and procedures for property items valued at \$51 million. Surplus property along with some unneeded vehicles should be inventoried and either placed into operation or disposed of. In addition, the district should consider obtaining independent appraisals for the real estate property it is trying to sell. (See pages 28 through 31)

Other recommendations

The audit also includes recommendations related to budgets, board meeting minutes, and cell phone and travel expense policies. In addition, the district should consider establishing an internal audit function. When making cuts and trying to balance the budget, the need for an internal auditor is even greater.

All audit reports are available on our website: www.auditor.mo.gov

REVIEW OF THE
ST. LOUIS PUBLIC SCHOOL DISTRICT
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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Board of Education of St. Louis Public School District
801 Locust Street
St. Louis, Missouri

The State Auditor was requested by the Honorable Bob Holden, Governor, under Section 26.060, RSMo 2000, to audit the St. Louis Public School District. The district had engaged Rubin, Brown, Gornstein and Company, LLP, Certified Public Accountants (CPA), to audit the district's financial statements for the year ended June 30, 2003. To minimize duplication of effort, we reviewed the report and substantiating working papers of the CPA firm. The scope of our audit of the district included, but was not necessarily limited to, the year ended June 30, 2003. The objectives of this audit were to:

1. Review internal controls over significant management and financial functions and review compliance with certain legal provisions.
2. Identify any factors that may have led to the district's declining financial condition in the general operating funds.
3. Review cost reduction strategies and assess their impact on the district.

To accomplish these objectives, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents; interviewed various personnel of the district, as well as certain external parties; observed district facilities; obtained comparative data from external sources; and tested selected transactions. Our methodology included, but was not necessarily limited to, the following:

1. We obtained an understanding of the financial accounting system and financial statements.
2. We obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

3. We obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.
4. We reviewed various aspects of district operations including, but not limited to; the board office, school closing criteria and methodology, the award and execution of significant consultant and outsourced operations contracts, district inventories and transportation department operations.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the district's management and its audited financial report and was not subjected to the procedures applied in the audit of the district.

The accompanying Management Advisory Report presents our findings arising from our audit of the district.

An additional report, No. 2004-09, *St. Louis Public School District Review of Financial Condition and Projections*, was issued on February 2, 2004.



Claire McCaskill
State Auditor

March 26, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA	
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	Kenneth M. Allman	Darrick Fulton, CPA
	A. Ash	

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

REVIEW OF THE
ST. LOUIS PUBLIC SCHOOL DISTRICT
MANAGEMENT ADVISORY REPORT

1.	Financial Condition
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Despite the reductions made to the general operating budget in the current year, the district's financial condition remains poor. As discussed in our previous audit report No. 2004-09, *St. Louis Public School District Review of Financial Condition and Projections*, general operating fund expenditures exceeded revenues by \$13.5 million and \$49.4 million in fiscal years 2002 and 2003, respectively, resulting in an unrestricted general operating funds balance of negative \$12.3 million at the end of fiscal year 2003. As detailed in our prior report, the district's declining financial condition has resulted from a combination of declining state revenues and a lack of significant reductions in expenditures. As a result of the district's financial condition, the Department of Elementary and Secondary Education (DESE) designated the district to be "financially stressed" for fiscal year 2004, which requires the district to take action to correct its financial difficulties.

The following table depicts actual fiscal year 2003 financial information, as well as the revised 2004 budget information and 2005 budget projections (dollars are shown in millions):

	2003 Actual	2004 Revised Budget ¹	2005 Status Quo Projection ²
Beginning Balance	\$ 39.7	(12.3)	(38.6)
Revenues	356.3	338.0	332.1
Expenditures	(405.7)	(364.3)	(348.1)
Adjustment for Inventory Balance ³	(2.6)	NA	NA
Ending Balance	\$ (12.3)	(38.6)	(54.6)

The \$41.4 million net reduction in expenditures from 2003 to 2004 has resulted from numerous actions taken by current district management including closing 16 schools, contracting for many non-instructional services including maintenance, warehousing, and food service, reducing the number of administrative positions, and revising bus routes. However, even after these reductions, expenditures are still projected to outpace revenues by approximately \$26 million in fiscal year 2004, resulting in an expected ending general operating funds balance of negative \$38.6 million.

The current board and administration have received permission to borrow desegregation funds of up to \$49.5 million to cover any negative balance at the end of fiscal year 2004.

¹ As approved by the Board in February 2004.

² As presented to the Board in January 2004.

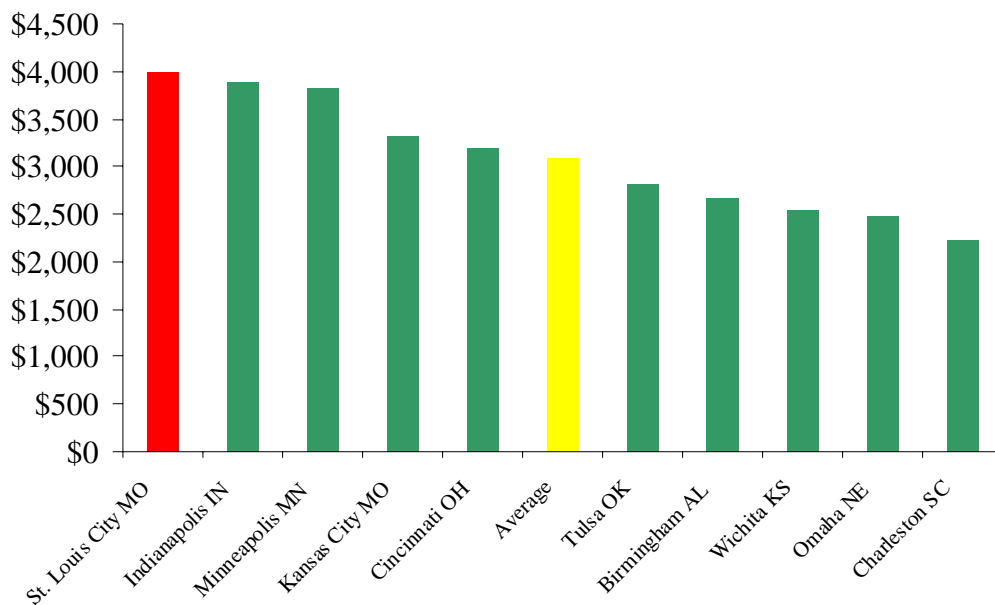
³ Adjustment for inventory balance at year end to show the ending unrestricted operating funds balance only.

Per court agreement, this loan is to be repaid in six annual installments, with a minimum annual payment of \$7 million, and is interest free.

For fiscal year 2005, with no additional cuts, the district is currently predicting expenditures will exceed revenues by approximately \$16 million; not including the first required \$7 million payment to replenish the desegregation fund. The result is a \$23 million deficit for fiscal year 2005. Since the desegregation monies will not be available in 2005 for general operating purposes, the district has no option but to eliminate this deficit. In March 2004, the Board began discussions on how to close this budget gap; however, even if the \$23 million deficit is eliminated, the district will still have a general operating fund balance of negative \$31.6 million as a result of the outstanding desegregation fund loan.

Data was obtained to determine how district spending compared to other districts of similar size and type. We obtained comparative data from the National Center for Education Statistics for nine peer districts which were selected based on enrollment levels (ranging from 38,000 to 48,000 students), classification (central city/urban), and general geographic area (midwest/south). The districts selected were: Birmingham, Alabama; Charleston, South Carolina; Cincinnati, Ohio; Indianapolis, Indiana; Kansas City, Missouri; Minneapolis, Minnesota; Omaha, Nebraska; Tulsa, Oklahoma; and Wichita, Kansas. The data obtained was for fiscal year 2002 and, therefore, does not reflect any current year reductions. According to the peer data, the district expended \$8,507 in total operating costs per student,⁴ or 16 percent more than the peer average. This higher spending per student was caused, in part, by the higher spending by the district on non-instructional expenses. According to the peer data, the district expended 30 percent more per student on non-instructional costs than the peer average. Non-instructional costs of the peer group are depicted in the following graph:

Non-Instructional Spending per Student



⁴ Total operating costs excluding capital expenditures and debt (\$374,042,000) divided by total enrollment (43,969).

Non-instructional expenses are those expenses not directly related to the classroom, such as administration and operations. As discussed further in this report, there are several areas in which non-instructional expenditures could have been reduced sooner to help improve the district's financial position. These areas include transportation (see Management Advisory Report (MAR) 5), food service (see MAR 3(D)), and warehouse operations (see MAR 6).

WE RECOMMEND the School Board continue to take appropriate action to ensure the long-term stability of the district's financial condition and ensure the district will be able to meet its obligation to repay borrowed desegregation funds.

AUDITEE'S RESPONSE

We concur with the recommendation and have worked this past year and will continue to work toward that goal with an extensive set of plans and programs to bring expenses in line with revenues for the 2005 academic year. These plans and programs have been and will continue to be public records.

A comprehensive program of options to accomplish additional expense reductions was developed during the past several months for the Board, community, and employees to discuss and give feedback. These options included reductions in personnel levels through attrition, coupled with possible other reductions in force, and modifications in benefit costs. A hiring and salary freeze is in place and the possibility of reductions in salaries was considered. Possible reductions in programs outside the core K-12 curriculum were considered also.

The Board has approved a voluntary retirement incentive program that would encourage employees eligible for retirement to retire at the end of this school year as a means of supplementing normal personnel attrition. The success of this program will dictate to some extent the need to pursue other expense reduction programs in an effort to balance expenses and revenues for the 2005 General Operating Budget.

2. School Closing Analysis and Planning Procedures

Prior administrations have failed to adequately monitor enrollment and demographic data to reexamine the district's school facility needs. Even with declining enrollment, there is no evidence the district was reviewing and evaluating school building needs. Total district enrollment has steadily declined over the past 15 years a total of 12 percent. More specifically, enrollment in the northern portion of the district has decreased 40 percent while enrollment in the southern portion of the city has increased 42 percent. Despite these significant changes in enrollment patterns, district planning personnel indicated the district *added* a net of seven schools over this time period and only one of those net schools was constructed in the southern portion of the district.

Data obtained from a peer group of nine other school districts similar to St. Louis (see MAR 1) indicates that the number of school buildings in operation in St. Louis (prior to the closures in the summer of 2003) was 17 more than the peer group average.

The current Board and administration took action to close 16 schools immediately prior to the 2003-2004 school year, with the anticipated savings from the closures estimated to be at least \$14.5 million. The number of district school buildings before and after school consolidation, by region, is as follows:

Region	2002-2003	2003-2004	Difference
	School Year	School Year	
North	55	43	(12)
Central	18	15	(3)
South	36	35	(1)
Total	109	93	(16)

The consulting firm that performed the school closing analysis used a standard methodology and criteria, similar to analyses performed by them in other districts. The evaluation criteria were:

- Schools with a high percentage of unused classroom space (70 percent occupancy or less).
- Space available in nearby school buildings.
- Buildings that accommodate 300 students or less.
- Schools not constrained by the desegregation settlement order.
- No planned housing starts in the vicinity of the school.
- Low educational performance, as measured by test scores.
- Buildings that have not been renovated.
- Older buildings with high maintenance costs.
- Buildings that are due for expensive maintenance or renovation within the next two years.

Based on our review, the stated methodology and criteria were consistently applied and the resulting school closures resulted in classroom sizes remaining within state standards.

Additional analysis is necessary to ensure school facilities are used in an efficient manner. Even after the consolidation, 6 of the 26 schools that received students from the closed schools had occupancy levels below 70 percent, the preferred occupancy level as defined in the closing criteria. With predictions of declining enrollments, continuing financial difficulties, the impact of charter school enrollment, and the possibility of an influx of students returning to the district due to the end of the desegregation agreement, additional and ongoing analysis by the School Board is necessary to ensure the efficient use of school facilities.

See MAR 9 for discussion regarding the sale of closed school property.

WE RECOMMEND the School Board perform ongoing enrollment and demographic trend analyses to ensure efficient use of school facilities.

AUDITEE'S RESPONSE

We concur with the findings and recommendations.

The Board will continue to analyze facilities needs using the same methodology as used in July of 2003.

3. Contracting Issues

The district does not have a policy requiring competitive requests for proposals for professional services. Some contracts did not have adequate documentation to support the selection process and some contracts provided little or no monitoring criteria to allow for the evaluation of the services provided. In addition, the food services contract should be monitored to ensure financial expectations are met and past losses are not repeated.

A. There were no requests for proposals for several service contracts.

- Alternative education services totaling approximately \$2.7 million per year for fiscal years 2002, 2003, and 2004 were contracted for without requesting proposals.
- Labor negotiation and human resource consulting services totaling \$510,000 were contracted for in August 2003 without requesting proposals.
- Purchasing coordination services to provide an on-line supply ordering system totaling \$125,000 were contracted for in October 2003 without requesting proposals.
- Accounting and consulting services to review the management team's financial projections in the amount of \$33,600 (160 hours of work at \$210 per hour) were contracted for in August 2003 without requesting proposals.
- Two separate educational consulting services contracts, one for \$78,750 and the other for \$150,000, for programs intended to help improve test scores and motivation were entered into in August 2002 and October 2002, respectively, without requesting proposals.
- A contract for employee health benefit management and administration services estimated to cost \$4.3 million annually was awarded in November 2003 without proposals being requested. This contract provides for online benefit enrollment and customer service as well as benefit management

services. Services include contract negotiations, monitoring of benefits usage, and implementation of programs to reduce future claims and costs.

See MAR 8 for additional concerns regarding benefits.

A formal written policy requiring competitive requests for proposals for all service contracts is necessary. While professional services may not be subject to standard bidding procedures or required by state law, it is good business practice to solicit proposals for such services and select the best proposal based on cost, experience, the type of service to be provided, and any other relevant factors.

B. The district did not maintain adequate documentation of the selection process for some contracts or did not adequately evaluate some contract proposals.

- District management services to be completed during fiscal year 2004 up to \$4.5 million plus expenses of up to \$330,000 and performance audit services in the amount of \$500,000 plus expenses were contracted for in the same contract in July 2003. The performance audit aspect of the contract was later increased by the Board to \$920,000 due to an increase in the scope of work, including consulting on outsourcing services. Although there was some evidence that the district used a selection process, the process was not adequately documented. The district received ten responses to its nationally advertised request for proposals for these services from firms with various experience levels and backgrounds. Eventually, the selection committee decided on one management firm and another firm was selected to complete the performance audit and consulting work. Due to potential overlaps in the services to be provided, the district combined the management services and performance audit services into one contract. Even though the request for proposals had evaluation criteria, the manner in which the selection committee narrowed the field for both services and made their final selection was not documented. With no documentation of how the proposals were evaluated, there is no justification of why these firms were selected over the other firms.

See additional comments regarding the reasonableness of expenses charged under this contract at MAR 7.

- Bond underwriting services of \$897,000 were contracted for in April 2003. The district did not advertise for proposals outside the city of St. Louis, only advertised in two local papers with limited circulation, and received only two proposals with one of them being \$200,000 higher than the other. The district presented reasons for the selection of the higher bidder; however, the selection process used did not include cost as part of the evaluation criteria. District personnel indicated cost was not originally a criteria because the issuance costs were going to be paid through a state program. However, the state funding did not materialize and the district will be liable for the full cost of these services.

- Supply warehouse services, including inventory receiving, delivery, and tracking services, were outsourced at an annual cost of approximately \$400,000 in August 2003. These services were not formally advertised, but according to the consultant involved in the process, they "let it be known" that the district was in the market for such services. The consultant indicated they received proposals from three vendors and, because the winning proposal was adequate and much cheaper than the other proposals, a formal evaluation process was not completed. However, without formally requesting proposals and establishing the work required, there is no way to ensure proposals are comparable in services proposed. A lower cost could indicate less service. We were unable to determine if the proposals were for comparable services because the district could not locate the documentation of the proposals received.

See additional concerns regarding the warehouse operations at MAR 6.

- The selection process for payroll processing and time tracking services was completed during fiscal year 2004. Although requests for proposals were not formally advertised, several vendors made presentations and were interviewed by district personnel. It was not clear how the final vendor was selected because written proposals and evaluations could not be located. At the time of our review, contract terms had not been finalized, but these services are expected to cost approximately \$600,000 annually.
- Computer consulting and training services of \$69,439 were contracted for in November 2002. These services were for the implementation of the district's financial accounting software. District personnel in the technology section indicated that several proposals were received for these services; however, no documentation of such proposals could be located. Purchasing section personnel indicated the district did not advertise for proposals.

To ensure the district is selecting the best service provider at the best cost, the selection criteria must include cost and the selection process must be fully documented.

- C. The district did not always include monitoring criteria and/or monitor service contracts effectively. Some contracts had monitoring criteria which were vague or non-existent.
- The contracts for alternative education services, mentioned in part A, contain no performance assurances or measurement criteria to ensure the district is getting quality services. These contracts are in their third and final year and have yet to be formally evaluated. District officials indicated that they have plans to evaluate the programs but have not found the time to do so.

- The \$150,000 educational consulting contract, mentioned in part A, contains minimal performance criteria. This contract was to provide services to five middle schools with stated objectives of improving student motivation and increasing academic achievement. While the teachers participating in this program completed an evaluation form for the program, it does not appear that any formal assessment was performed to determine the effectiveness of the program.

By not including clearly defined expectations and methods for measuring contract results, and periodically evaluating the results, the district does not know if the services received are meeting their needs. Service contracts should provide that the contractor deliver clearly defined results that can be measured and used to hold the contractor accountable for quality and reliable services.

- D. Food service operations have operated at a loss for several years. According to the district's audited financial statements, food service expenditures have exceeded revenues by approximately \$6 million from fiscal year 2001 to fiscal year 2003. Even though expenditures remained relatively constant over that time period, revenues were not enough to cover the costs, due in part to the low participation rate of students in the meal program. This rate for high school students is currently 25 to 30 percent. Revised budget projections anticipate expenditures will exceed revenues by approximately \$1.8 million in fiscal year 2004, as well. Deficits of the Food Service Fund must be subsidized by the general operating funds, which has added to the financial difficulties of the district.

In an attempt to improve efficiency, food service operations were outsourced in March 2004. The food service contractor has guaranteed the Food Service Fund will generate surpluses of \$1.4 and \$1.6 million in fiscal years 2005 and 2006, respectively, through increased participation and upgraded facilities. The contractor believes they can increase participation and serve one million more meals each year. While no problems in the process used to award the food service contract were noted, the district should monitor this contract closely to ensure contract conditions are met and guarantees are received.

WE RECOMMEND the School Board:

- A. Adopt a policy which requires competitive requests for proposals for the purchase of services.
- B. Maintain documentation detailing all proposals received, the selection criteria used, and the reason for selecting the final proposal. Cost should be a criteria in all selections.
- C. Ensure service contracts include appropriate criteria which provide a means to monitor the contractor's performance.

- D. Continue to monitor the food service contract to ensure contract conditions are met and guarantees are received.

AUDITEE'S RESPONSE

- A. *State statutes do not require competitive requests for proposals for the purchase of services.*
- B. *St. Louis Public Schools (SLPS) agrees that it is important to maintain documentation detailing all proposals received, selection criteria, and reasons for selection of a particular firm. Cost should be one of the criteria in all selections but not necessarily the only criteria. Quality of service, experience and other factors should also be considered. Board procedures will be developed and adopted by September 2004 to assure standardization of the recommendation.*
- C. *All major service contracts will include measures or metrics to monitor performance of the contractors. Major contracts constitute, Buildings and Grounds (Sodexo), Food Service (Aramark), Transportation (Laidlaw), and Health Benefit Management (Mercer). Performance metrics are in place for Sodexo and others will be in place by September 30, 2004. In the next twelve months the Board will craft and adopt a policy that establishes requirements whereby major contracts are assessed quantitatively and qualitatively.*
- D. *The food service contract will be monitored monthly to ensure contract conditions are met and guarantees are received.*

AUDITOR'S COMMENT

- A. Although not required by state law, soliciting proposals for professional services and selecting the best proposal based on cost, experience, and any other relevant factors, is a sound business practice.

4. Budgeting and Financial Management
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Previous boards did not get the information needed to adequately monitor the budget and the district's financial position. In addition, significant audit adjustments were needed at year end due to the inaccuracy of the district's financial information, original budgets

approved by the prior Board contained unreasonable estimates and required significant revision, and the district budgeted deficit balances. The prior administration did not adequately monitor and project cash balances of district funds.

- A. Budgetary procedures were not sufficient to provide board members with the information needed to adequately monitor the budget and the district's financial position prior to fiscal year 2004, as discussed in our previous audit report No. 2004-09, *St. Louis Public School District Review of Financial Condition and Projections*. In addition, the Board did not adequately review proposed budget amendments. Financial information, including budget amendments, presented to the Board by the district administration did not include the effects of the amendments on the operating funds ending balance. The amendments did not always contain information adequate enough to explain the reason the increase was necessary. There is no documentation that indicates the Board received monthly updates on the status of the general operating funds balance or reserve. In addition, no comparison was made of budget to actual revenue numbers. Without such information, the financial status of the district and the magnitude of the financial crisis could not be appropriately assessed.

During fiscal year 2003, the Board approved approximately \$12 million in additional appropriations through budget amendments without adequate information giving the reasons for the increases and the impact of the increases on the district's financial position. It is the responsibility of the Board to ensure they are being provided the appropriate level of information to allow them to monitor the overall financial picture of the district.

During fiscal year 2004, the Board has been provided more timely financial information and projections. This information should allow the Board to monitor the financial position of the district and plan future budget adjustments.

- B. Inaccuracies in financial information provided to external auditors, such as unrecorded accounts payable, resulted in significant audit adjustments to the fiscal year 2003 and 2002 financial statements at year end. These audit adjustments, when made, resulted in actual expenditures exceeding budgeted expenditures in fiscal years 2002 and 2003, as follows:

Fiscal Year	Adjusted Budget	Actual Expenditures	Expenditures over Adjusted Budget
2002	\$ 387,764,473	390,937,116	3,172,643
2003	401,871,462	405,763,152	3,891,690

Section 67.080, RSMo 2000, provides that no expenditure of public monies shall be made unless it is authorized in the budget. However, the effectiveness of the budgeting tool is minimized when the financial information used is not accurate. Ensuring the accuracy of financial information throughout the year would

minimize the need for such adjustments and would allow the Board and district administrators to more accurately monitor district operations.

- C. The original fiscal year 2003 budget approved by the Board contained unreasonable estimates which were not based on historical information and required significant revision. Several of the amendments were for items that were not unforeseen circumstances and the stated purpose of many of these amendments was to "restore prior year's budget". Because these additional appropriations were approved early in fiscal year 2003, they appear to be a result of inadequately planned cuts to the original fiscal year 2003 budget. For example, budgets for heating and electric costs were reduced from prior year levels when there was no apparent basis for doing so. As a result, the Board approved \$1.6 million in additional appropriations to pay utility bills. Also, approximately \$2.7 million in additional appropriations were necessary to budget for alternative education contracts; however, these contracts existed in the prior year and should have been included in the original budget.

A complete and well planned budget serves as a useful management tool by providing management with an effective means to monitor specific cost expectations. An incomplete budget hampers management's ability to accurately monitor costs.

- D. The district's current budget projects a deficit general operating funds balance at June 30, 2004. In addition, in fiscal year 2003, although a deficit was not originally budgeted, the year end general operating funds balance was negative \$12.3 million. Section 67.010 (2), RSMo, requires all political subdivisions to have a balanced budget. However, it will require some time for the district to recover from its current financial situation and reasonably balance its budget to achieve statutory compliance. As noted in MAR 1, the district's projected budget for fiscal year 2005 also results in a negative operating funds balance. Per DESE, as long as the district continues to make progress towards improving their financial condition, no sanctions will be prescribed against the school district for having a negative operating funds balance. The district must continue to make the necessary changes to ensure a balanced budget in future years.
- E. The district administration did not adequately monitor and project cash balances of district funds. As discussed in our previous audit report No. 2004-09, *St. Louis Public School District Review of Financial Condition and Projections*, the prior administration was not aware that general operating fund cash balances fell below zero during fiscal year 2003. The district maintains a pooled or combined bank account which includes several funds including the general operating funds, desegregation, federal, and other restricted funds. In December, when the general operating funds were negative, the other funds with positive balances covered the negative cash amount. The current administration has implemented processes to actively monitor and project cash balances. This allows the district to more effectively manage and plan its cash needs.

WE RECOMMEND the School Board:

- A. Ensure they continue to receive adequate financial information to allow them to appropriately monitor the district's financial condition and approve budget amendments only after reviewing information that explains the reason for the amendment and the effect of the amendment on the district's financial position.
- B. Ensure district financial information is more accurately prepared to minimize year end audit adjustments.
- C. Thoroughly develop budgets to ensure additional appropriations are only necessary for unforeseen circumstances.
- D. Continue to work towards balancing the budget.
- E. Continue to monitor and project the district's cash balances on an ongoing basis.

AUDITEE'S RESPONSE

We concur with the recommendations.

During the 2004 fiscal year a set of major improvements has been implemented with respect to financial tracking, analysis, and reporting of actual financial results compared to budgeted results on a monthly basis. This includes a series of detailed reports which track the General Operating Budget performance relative to budget by revenue and expense class as well as by functional area. These reports are used by the administration to track expenses on a monthly basis relative to budget. These same reports are used to forecast the balance of the year and to determine steps to be taken to remain on budget. These reports are provided to district management on a monthly basis for review and follow up.

A cash flow forecasting and tracking system was also implemented which provides for a rolling 13 week forecast of current and expected cash positions. This system is currently being enhanced to provide longer-term full year cash forecasting capability to provide adequate monitoring of liquidity in order to plan in advance for future needs.

Both of these reports are summarized and presented to the Board on a monthly basis showing a comparison of budget to actual, forecasting full year expected financial performance, and analyzing any major variances to budget. In addition to these reports, a five year financial forecast is being developed to provide a more comprehensive longer term view of the financial status of the district.

Deficiencies and weaknesses were noted regarding the district's transportation operations including the failure to efficiently plan bus routes in the past and the lack of adequate monitoring of performance aspects of the bus vendors' contracts.

The district paid three bus contractors a total of \$28.5 million in fiscal year 2003, and has budgeted to spend approximately \$22.9 million in fiscal year 2004, for to and from school bus services.

- A. Prior district administrators did not use available resources to efficiently plan bus routes. The district is anticipating cost savings of \$5.6 million on contracted transportation in fiscal year 2004 compared to fiscal year 2003. District administrators indicated that a portion of this savings can be attributed to more strict adherence to board transportation policies; however, the majority of the savings will be due to the implementation of bus routing software immediately prior to the 2003-2004 school year which increased efficiency in the bus routes. The number of buses in daily operation was reduced from 568 in 2003 to 427 in 2004. DESE transportation personnel indicated that routing software has been available for approximately 10 years. While this software had been purchased during fiscal year 2002, it had not been placed in operation by the district and, until fiscal year 2004, the district manually mapped bus routes and bus stops. District transportation personnel offered no explanation as to why such software had not been implemented sooner. The new software also includes features to enable the district to ensure compliance with state rules and safety regulations regarding the length of time a student is on a bus, the number of students on a bus, the location of bus stops, and the routes students must walk to get to bus stops.
- B. The district did not adequately monitor the performance aspects of the primary bus transportation vendor contracts. While these contracts contained stipulations for the vendors to ensure contract performance, equipment maintenance, and driver certifications, the district produced no documentation showing how it actively monitored for such compliance. A lack of monitoring can lead to substantial non-compliance and a lack of adequate service.

The district is in the process of restructuring the primary bus transportation contracts in an effort to improve the quality of services received. The proposed transportation contracts are more specific in terms of damages the contractors must pay in the event of contract non-compliance such as late arrivals, safety violations and driver certifications. To help enforce these contract stipulations, the district created a field supervisor position during fiscal year 2004. The proposed contract will also require contractors to make specific safety upgrades to their equipment within specified time periods, such as digital video cameras and global positioning system transmitters. The district believes these improvements should help ensure it receives improved transportation services.

WE RECOMMEND the School Board:

- A. Continue to improve efficiency in routing buses under contracted transportation.
- B. Improve its oversight of transportation contractors to ensure compliance with agreed upon contracts.

AUDITEE'S RESPONSE

- A. *We agree with the auditor's recommendation to continue to improve efficiency in routing buses under contracted transportation.*
- B. *The district is moving to a single source for transportation outsourced services. This will allow for:*
 - *Only one party to manage instead of multiple.*
 - *Quicker response for any instance since the focus will be on one contractor.*
 - *More centralized control of the operations.*
 - *Less confusion regarding which company causes any concern.*
 - *Easier accounting of service.*
 - *More control over excess time and activities.*
 - *Better communication regarding changes of routes or times.*
 - *Consistency in billing, management, and response.*
 - *Consistency in company policy.*

6. Warehouse Operations and Inventory Tracking

Prior to fiscal year 2004, the district maintained two warehouses and rented space at a third storage facility. The warehouses maintained by the district were of poor quality and the systems in place to track and locate supply inventories were not adequate. In addition, a cumulative inventory of textbooks was not maintained. In the fall of 2003, the district contracted for warehouse services. As a result, one of the district's two warehouses is currently for sale and the district no longer rents space at the third facility. Instead, all inventory is stored at the contracted services' warehouse. The other district owned warehouse is currently being used to store surplus property.

The district expended approximately \$838,000 on warehouse operations in fiscal year 2003, and in fiscal year 2004, the district expects to pay for contracted warehouse services of approximately \$400,000. As of December 31, 2003, total inventories in the warehouse were valued at \$7.8 million.

- A. Inventories were tracked using a manual process where personnel at district headquarters updated the inventory records based on manual communications from the warehouse. This manual process combined with a lack of physical inventories being conducted, led to the district's external auditors noting

"significant discrepancies" between physical counts and inventory records. The poor condition of the warehouses, such as broken elevators and unclearly marked items, combined with the inaccuracies in the inventory records, resulted in the district not being able to adequately and timely deliver supplies to the schools. Maintaining an accurate inventory is also essential to an efficient purchasing and procurement process.

In an effort to address the weaknesses noted above, the district outsourced warehouse operations early in fiscal year 2004 to a professional warehousing company. The outsourced warehouse uses a perpetual inventory system where the inventory records are immediately updated when an item is placed into, or taken out of, inventory. The district is also in the process of refining their supply ordering and procurement process to allow orders from the schools to be made electronically to the district procurement office and on to the warehouse.

- B. Due to the district's inadequate tracking system, inventory levels were not adequately monitored for reasonableness, resulting in significant overstocking of some inventory items. For example, as of December 31, 2003, the district maintained a textbook inventory in the warehouse valued at \$5.4 million. These are extra books that have never been used and are not needed for immediate use in the schools. During our visit to the warehouse, we observed various other overstocked items, such as janitorial supplies. According to the district's Chief Operating Officer, many of the janitorial supplies on hand cannot be used because they are past their expiration dates and must be taken out of inventory. We also observed several other supply items in inventory that appeared to be overstocked, such as 21 heavy pipe wrenches (over a one year supply) and a total of 160,000 sheets of 18X24 green construction paper (approximately a year's supply). In addition, we noted dangerous chemicals including 108 bottles of sulphuric acid and 117 bottles of hydrochloric acid. According to contracted warehouse and Department of Natural Resources personnel, such chemicals should not be warehoused, especially in such high quantities.

The overstocking of inventory is an inefficient use of district funds. In addition, many businesses can now deliver supplies as needed, eliminating the need to warehouse supplies in any quantity. Money spent on unnecessary inventory could be used to fund other aspects of district operations. Overstocked inventory also takes up unnecessary warehouse space, which must be taken into account now that the district's contracted warehouse costs are based on square footage of space used.

- C. The district did not maintain a cumulative inventory of unused textbooks. While the district had approximately \$5.4 million in new unused textbooks recorded in inventory in the warehouse as of December 31, 2003, an unknown amount of additional textbook inventories existed at the school level due to each school's use of "textbook banks" where surplus textbooks were kept. These books are extras that the school has received from the warehouse but does not need for classroom

use at this time. Inventories are not maintained of each school's "textbook bank" or of the books in use. In March 2004, the district performed a count of all textbooks located at the schools and determined that between the schools and the warehouse, the district had over 693,000 books valued at approximately \$15.5 million. By not maintaining a cumulative textbook inventory, the district has no way of ensuring all textbooks on hand are being used prior to ordering new ones.

WE RECOMMEND the School Board:

- A. Continue to improve inventory tracking procedures to ensure accurate inventory records. Physical inventories should be conducted periodically.
- B. Monitor inventory levels and reduce inventory to reasonable levels of usage.
- C. Prepare and maintain a cumulative textbook inventory to ensure efficient use of textbooks.

AUDITEE'S RESPONSE

- A. *The district will continue to improve its inventory procedures and logistics policies.*
- B. *It is agreed that money spent on inventory that is ultimately not used is a missed opportunity to direct that capital to the needs of schools. SLPS is focused on reducing inventory across all channels including textbooks. For example, the district no longer purchases janitorial supplies, which was one of our aged inventory items. Instead Sodexo, our Buildings and Grounds contractor, now sources these items. SLPS is also investigating if some of this inventory can be resold or restocked to further reduce our present inventories.*
- C. *Following the report by the Council of Great City Schools on textbook deficiencies, SLPS launched a textbook project to inventory textbooks and identify requirements for the next school year. Past practices have been inconsistent and resulted in the significant over ordering of textbooks in some cases and in other cases some students potentially not having the needed textbook for their classes. As an example, it was a regular practice in the past to order approximately 10 percent overages each year for textbooks. This practice has resulted in significant inventory that is not used. This present warehouse inventory of unused textbooks is estimated at \$5.4 million. The textbook project has the following goals and objectives:*

PURPOSE:

- 1. *The Textbook Inventory/Procurement Project Team will conduct a detailed, physical inventory of all textual material currently being utilized by SLPS. (Last year SLPS expended approximately \$9.8 million on textual materials. This year SLPS has a maximum of \$3.7 million to satisfy our needs).*

2. *The Textbook Inventory/Procurement Project Team will conduct a detailed, review of the 2,600 titles of the textual material catalogue and reduce the number of titles to 800 (via identification of obsolete or discontinued titles).*
3. *The Textbook Inventory/Procurement Project Team will ensure that required textbooks and instructional materials will be provided to students by the first day of school without ordering excess inventory.*

DELIVERABLES:

- *Assessment of textbooks in stock at schools.*
- *Assessment of textbooks in Madison Warehouse.*
- *Develop a process for scanning in bar codes of textbooks.*
- *Develop a process for redistribution of textbooks among schools.*
- *Develop a process for ordering textbooks.*
- *Develop a process for distributing newly ordered and refurbished textbooks to schools.*
- *Develop a process for ongoing textbook management (textbook operations manual) throughout the District.*

7.

Administrative Expenditures

The Board failed to adequately ensure management services expenses stayed within limits specified in the original contract, cellular phone usage was not adequately monitored, and travel expense reimbursement policies and procedures were not adequate.

- A. The Board did not effectively monitor and limit travel and lodging expenses incurred by the management team. The original contract for management services contained a travel and lodging expense limit of \$330,000, with fees limited to \$4.5 million. However, in April 2004, at the request of the management team, the Board voted to eliminate the original travel expense limit, as long as total expenses and fees did not exceed the original combined contract amount of \$4.8 million. Through April 2004, the management team had accrued \$3.8 million in fees (approximately 11,400 hours) or 84 percent of the maximum and had billed the district for approximately \$341,000 in travel expenses. There is no documentation explaining why travel expenses are exceeding the maximum limit while it would appear such expenses should closely correlate to the fee expense.

While the overall travel expense limit was eliminated, the contract does specify that the management team is to be paid a \$50 per diem for meals and no more than \$125 per night for lodging which is in accordance with the district's informal travel policy for board members (see part C below). The contract also specifies that the management team will only be reimbursed for "the lowest rate ticket available for a direct flight" for airline tickets, taking into consideration the

necessary flexibility to perform their duties. However, by eliminating the limit on travel expenses, the Board limited its assurance that overall travel expenses incurred were reasonable and eliminated the management team's responsibility to contain their travel costs. While expenses were approximately within these specific contractual limits, it appears the management team could have done more to ensure it stayed within the original limit. For example:

- Members of the management team traveled to and from their homes on a weekly basis, incurring additional travel expenses charged to the district.
- The members of the management team rented furnished suites at a local hotel at a cost of \$1,900 per month for all the team members except for the Acting Superintendent who had a suite costing \$2,400 per month. Although these monthly rates compute to less than the \$125 nightly rate set by the contract, it is not evident why the Acting Superintendent needed a more expensive suite.
- An invoice submitted for reimbursement by the management team in the amount of \$5,050 for legal services for the preparation of their consulting contract with the district was submitted as an expense for reimbursement. The management team's contract with the district does not specifically identify legal costs as a reimbursable expense.

Travel expenses should correlate to actual time spent and fees charged. The district should expect contractors to not exceed original contract limits set without adequate explanations.

- B. The district does not have a formal written policy for cellular phones and pagers, including a restriction against personal use, and did not adequately monitor the phones in operation. During the year ended June 30, 2003, the district utilized five vendors and incurred costs of approximately \$141,000 for monthly services and equipment purchases for cellular phones, two-way radios, and pagers. The district entered into multiple contracts, many with the same vendor, to provide cellular phone and pager services. District officials did not know the number of cellular phones in use and did not have procedures to track to whom individual phones had been issued. The phones and pagers were issued primarily to various district departments, buildings, and personnel, but in most instances it could not be determined who actually used the equipment during the billing period.

Our review of cellular phone invoices noted the following problems:

- The invoices only provide detail of the calls requiring a roaming charge making it impossible to review for personal usage.
- Of the 79 phones included on one billing, 23 were used for less than 100 minutes each during the period and another 15 had no usage for the month (on a 600 minute plan). The total cost for these 38 phones for the billing period

was approximately \$1,550. Calling plans should be reviewed to ensure they fit the usage needed.

- Four individual phone charges exceeded \$100 each, with the largest amount being \$456 for a phone assigned to Dunbar Elementary School, which used a total of 2,347 airtime minutes, or an average of 78 minutes per day during the billing period, including 659 night and weekend minutes. Phone usage should be reviewed to ensure all calls are business related.

It appears that overall phone costs could be reduced by using the district's wired phones rather than cellular phones when possible. The Board should develop policies and procedures for cellular phone and pager usage. Usage of cellular phones and pagers should be monitored to ensure it is necessary and for district business only. The current district administration has taken steps to address these weaknesses by reassessing the necessity of each phone issued and consolidating cellular phone and pager service under one vendor.

- C. The district does not adequately monitor travel expenditures and does not have an adequate policy regarding reimbursable travel expenditures. The district expended approximately \$1 million for employee travel from all funds during fiscal year 2003. In addition to paying expenses through a reimbursement policy, the district also currently uses a travel advance process in which the employee receives prior approval for a trip and is given an advance prior to their departure. Upon returning, the employee is to submit all receipts documenting their actual expenses incurred. Any unused advance is to be returned to the district, or if expenses are incurred in excess of the advance, the employee is reimbursed. The district's policy, which was last amended in 1998, allows a \$30 per diem meal allowance and a maximum reimbursable room rate of \$125 per night. District personnel indicated that the meal per diem for Board members is informally set at \$50; however, this is not documented in the policy.

A review of nine travel advancements noted the following concerns:

- Expenses are not always claimed on a standard form and were, therefore, inconsistently documented. There was very little documentation to indicate the purpose or benefit of the trips.
- On four of the nine advances reviewed, the individual failed to provide any documentation to support actual expenses. One instance involved a Board member who was advanced \$1,362 to attend a conference. The fiscal control section did not adequately follow up with these individuals.
- Daily meals were reimbursed at actual costs instead of the stated \$30 per diem rate, contrary to district policy. Actual meal costs incurred exceeded the per diem rate on at least one day on all five of the travel reimbursements that

submitted documentation. One board member reimbursement included an average of \$56 in meals claimed per day.

- On seven of nine travel advances/reimbursements reviewed, hotel accommodations exceeded the \$125 per night allowance with two of these instances involving Board members who paid \$176 and \$215 per night.

The use of travel advances creates administrative problems due to the time requirements to follow-up with individuals who have not turned in their documentation. The use of a travel reimbursement policy, in which major travel expenses (such as hotel, airfare and conference registration fees) are paid directly by the district and meal expenses are capped at a set amount and are reimbursed upon submission of an expense claim, would provide for better controls. Requiring travel expenses to be reported on a standard reimbursement form stating the purpose of the travel would allow for easier review of expenses and would help ensure expenses incurred are reasonable and for school district business. Maximum amounts allowable for reimbursement should be established based on the location of the travel and the reasonable costs at that location.

WE RECOMMEND the School Board:

- A. Include and follow strict limits on expenses to be allowed on any future contracts. Any changes in contract limits should be adequately explained.
- B. Establish a policy for cellular phone and pager use stating the individuals authorized to be assigned a phone or pager and the allowable use of the phones and pagers. All billings should be reviewed for reasonableness and the Board should ensure cell phones are used only for district business.
- C. Establish a comprehensive written travel policy outlining the types of expenses allowed, maximum amounts, and documentation, approval, and review requirements. The Board should consider eliminating the use of advances. Travel expenses should be reviewed to ensure policy requirements are met and that only necessary and reasonable charges are paid by the district.

AUDITEE'S RESPONSE

- A. *The Management Team's original contract was for \$4,804,300, which was comprised of an estimated \$4,474,300 of fees and \$330,000 of out of pocket expenses. Both the fee and expense amounts in the Management Team's contract were estimates based on the scope of work known at the time of the Management Team contract in May 2003. In April 2004, the Board approved a removal of the separate fee and expense caps on the Management Team's contract, while keeping the total cap of \$4,804,300 intact, leaving the total cost to the District unchanged.*

On June 3, 2003, the Management Team's scope of work significantly changed as a result of the prior Administration's reporting of the District's severe financial crisis. Despite this change in scope of work, the Management Team expects to charge the District significantly less than its contracted amount of \$4,804,300. The Management Team expects its cost to be under budget as a result of: (a) aggressively monitoring Management Team staffing levels and maximizing use of existing employee resources within the district (The Management Team utilized only two full-time employees for the last 2.5 months of its contract); (b) using discount airlines where possible; and (c) keeping nightly lodging expenses below its contracted allowance.

Every member of the management team abided by the contracted nightly rate of \$125 for lodging expenses. Although the Acting Superintendent's monthly apartment rent was more than other team members' rent, he was often required to stay weekends in St Louis as a result of his role on the engagement. Therefore, his nightly lodging expense was comparable, if not even less, than other team members, and certainly, it had no material impact on the total cost of the Management Team's contract.

With respect to the issue of the \$5,050 of legal expenses billed to the district by Alvarez & Marsal (A&M), the auditors determined it to be a non-reimbursable expense. The standard A&M contract requires the client to pay legal fees associated with the client's engagement letter. The final contract did not contain this clause. A&M did bill this amount, and were reimbursed. Upon discovering that this was not a reimbursable amount, the district and A&M agreed to reverse this charge and to account it against the hold back amount which is owed to A&M by the district.

- B. The State Auditor recommends, and the district agrees, that the district should have a policy for cell phones and pagers. Effective May 2004, the district adopted a communication device policy, defining approved users of communication devices and moving asset management and expense incurral under a centralized umbrella. Ultimately, the new district policy seeks to ensure the safety of its children, minimize costs and streamline communications.*
- C. The State Auditor recommends, and the district agrees, that the district should update the travel policy and should consider modifying the use of expenditure advances. The district intends to review and update this policy prior to the end of the calendar year.*

8. Personnel Issues

Several issues were identified regarding personnel matters including excessive administrative salaries and increasing health benefit costs.

- A. Current salaries of top district administrators are compared to peer school district averages in the following table:

Position	District Salary	Peer Average Salary	Percent Higher
Superintendent	\$264,700 ⁵	163,000	62%
Chief Operations Officer	200,000 ⁶	114,000	75%
Chief Financial Officer	175,000	112,000	56%

In addition to the above salaries, in fiscal year 2004 the district created two Deputy Superintendent positions at \$140,000 each per year. The school district is using data from a compensation study to assist in determining a salary for the new superintendent. The average salary based on this data would rank the superintendent in the top four highest paid in the nation. The district supports the salaries paid to the Chief Operations Officer and Chief Financial Officer with an additional survey, prepared by a human resource consulting firm, of major city education institutions which indicates the salaries paid at the district are in the lower 25th percentile of the national average. The survey results do not appear reasonable since it uses much larger cities, such as Atlanta, San Francisco and New York City, as the basis for its average salaries. Given the current financial condition of the district and comparisons to peer districts, the salaries being paid to these officials do not appear reasonable.

- B. The district's cost of employee health coverage increased 32 percent from \$21.7 million in fiscal year 2001 to \$28.7 million in 2003. In fiscal year 2003, the district employees had the choice of three different health insurance plans, which cost the district between \$373 and \$492 per month per employee. In fiscal year 2004, as a result of joining a group comprised of several other school districts, the district was able to obtain health insurance coverage from a single provider for a lower cost of \$350 per month, per employee, resulting in an estimated savings of \$4 million.

The district has always paid 100 percent of the cost of single coverage health insurance for each employee and required employees to pay the entire cost of family coverage. Due to increasing healthcare costs and the financial position of the district, the administration requested the human resource consultant perform a survey of St. Louis area school districts to compare their benefits to others. The survey indicated employees in other districts are required to contribute an average of 20 percent toward their single coverage insurance but have a portion of family coverage paid by the employer. According to district administrators, requiring a 20 percent contribution (\$70 per month, per employee) for single coverage and

⁵ Average of top nine salaries paid to superintendents from compensation study. Additional incentives/bonuses could also be paid. The prior superintendent was paid \$183,180 for fiscal year 2003.

⁶ The Chief Operations Officer's base salary is \$200,000 annually, plus \$30,000 in possible incentives.

picking up a portion of family coverage would generate an additional \$3 million to be used for district operations.

WE RECOMMEND the School Board:

- A. Perform additional analysis regarding the salaries of its top administrators and ensure such salaries are reasonable.
- B. Continue evaluating options regarding health insurance costs.

AUDITEE'S RESPONSE

- A. *Below is a salary survey prepared in the district using data from the Council of Great City Schools. This information confirms the following:*

Any compensation offer to a new Superintendent for the Saint Louis Public Schools will, of course, be dependent on the candidate's experience, skills, capabilities and fit with the specific requirements of the District. In order to attract an acceptable candidate, it is expected that a total compensation package will have to be competitive with comparable urban school districts like Cleveland, Houston, Fort Worth and Dallas, as shown in the survey material. It is clear that there is a trend in salary escalation for the role of an urban superintendent.

The other positions of Chief Operations Officer and Chief Financial Officer were arrived at using competitive data from the broader public sector, as well as current data from other school districts, since the strategy was to upgrade the skill sets needed for the district and for that reason those new positions were created.

COMPENSATION STUDY - SUPERINTENDENT SEARCH

Data from the Great City Schools indicates the following:

- *In 2003, some 56 percent of Great City Schools superintendents were White; 33 percent were Black; and 10 percent were Hispanic. In 1997 by contrast, 37 percent of Great City Schools Superintendents were White; 47 percent were Black and 16 percent were Hispanic.*
- *As these statistics indicate, the pool of African-American candidates has declined by about 30 percent in six (6) years.*
- *The current average tenure of Great City Schools' superintendents is less than three (3) years while the average tenure of the prior group of superintendents was 4 ¾ years. This data suggests that in order to attract and retain a superior candidate for the St. Louis Public Schools, a compensation package needs to be designed in which base pay will be comparable with the best paying urban districts in the*

country, along with a benefits package that is focused on retaining a candidate for the long term.

The current Great City Schools salary data indicates that of the sixty-two (62) urban districts reporting, twenty-one (21) of those have a base salary of at least \$200,000 annually. Of those twenty-one (21) districts, nine (9) of those have a base of over \$235,000 annually, and in that group of nine (9), six of those range in base pay from \$250,000 to \$325,000. Additionally, in those urban districts, bonus pay ranges from \$4,500 to \$100,000.

TOP NINE

Austin	\$236,900
Oakland	\$239,400
Detroit	\$244,800
New York City	\$250,000
Los Angeles	\$250,000
Houston	\$258,000
Cleveland	\$278,000
Fort Worth	\$300,000
Dallas	\$325,000

TOP SIX

New York City	\$250,000
Los Angeles	\$250,000
Houston	\$258,000
Cleveland	\$278,000
Fort Worth	\$300,000
Dallas	\$325,000

- B. *The audit report noted that healthcare cost increased 32% in the last three years in the district. With medical/healthcare inflation currently forecasted to be 12 to 14% over the next three-year period, those past increases, while on the high end, are following general trends nationally. The cost burden of the district is higher than peers because there is no cost for single coverage and the long-term plan will be to shift to a more standard employee cost-sharing model.*

AUDITOR'S COMMENT

- A. The school districts mentioned in this study are not comparable in size to the St. Louis Public School District. The top six districts listed in the study are all significantly larger than St. Louis. The smallest of these schools had approximately 72,000 students, while St. Louis has a total average daily attendance of approximately 39,000 students.

The district's limited approach on its superintendent selection process has caused them to not have a full-time superintendent for the start of fiscal year 2005. The district has appointed an interim superintendent to fill the position.

9. Fixed Assets and Surplus Property

According to the district's independent audit report, movable fixed assets were valued at \$51 million at June 30, 2003. The district does not maintain adequate fixed asset records

and inventories of district property, including surplus property, are not performed. The usage of district owned vehicles has not been evaluated.

- A. The detailed records of the property owned by the district have not been adequately maintained. Fixed asset additions and deletions have not been recorded in the fixed asset records in fiscal year 2004. In addition, although teachers conduct annual physical inventories of the property located in their classrooms, some property in the custody of the administrative and support staff is not inventoried. Also, the district does not reconcile the physical inventories to the fixed asset list.

Property records should be maintained on a perpetual basis, accounting for acquisitions and dispositions as they occur. Complete and accurate property records are necessary to secure better internal control over district property, provide a basis for determining proper insurance coverage, and provide assurance to the public that assets purchased with school monies are being fully utilized by the district. Physical inventories are necessary to ensure the property records are accurate, identify any unreconciled additions, detect theft, and identify any obsolete inventory.

- B. The district currently maintains excessive amounts of surplus property, such as classroom furniture and computer equipment, in its warehouse and at the schools. No inventory listing of surplus property is maintained. We observed the following:

- Property in the 16 closed schools was allowed to be removed by personnel at other schools before an inventory could be taken. The property was relocated to various other locations without any record of what went where.
- Several rooms of the old warehouse contained desks and bookcases piled to the ceiling in an unorganized manner. The old warehouse also contained a significant amount of computer equipment, some usable and some obsolete.
- In excess of 30 pianos in various states of repair were stored in a warehouse.

Since surplus fixed assets are not inventoried, the district has not determined the total value and location of these assets. By keeping an inventory of these items and making all of the schools aware of the surplus property items available, the district can help to ensure any school in need of such property can have access to it. Any unused or obsolete equipment should be disposed of properly.

- C. The district currently maintains numerous vehicles which may no longer be needed for district operations. Many of these vehicles became expendable as a result of the outsourcing of various district operations. For example, the district maintains a total of 32 vans, pickup trucks, and delivery trucks at the buildings and grounds garage, many of which may no longer be necessary due to the

outsourcing of warehouse operations. The district maintains no usage logs for these vehicles and has not performed an assessment to determine the level of usage of these and other vehicles. Allowing unused vehicles to remain in inventory results in unnecessary costs to the district. In addition, the disposal of these vehicles could be used to generate additional funding.

- D. The district maintains ownership of a significant number of unused buildings. Prior to fiscal year 2004, the district did not maintain an official listing of properties for sale and did not actively attempt to sell its surplus real estate. Without an adequate planning function in place, as outlined in MAR 2, the district could not adequately assess the necessity of many of these buildings. During fiscal year 2004, the district established a listing of properties available for sale which included a total of 39 properties with a combined asking price of \$24 million⁷. The list includes 4 vacant lots, 5 office buildings, a greenhouse, 2 houses, 2 warehouses and 25 school buildings. Only one of the 16 recently closed schools (Waring) is included, while the remaining 15 are being evaluated to determine their potential for future use. By allowing many of these buildings to remain unused in the past and to deteriorate, the district will not receive maximum value for the properties.

While no independent appraisals have been performed on any of the district properties listed for sale, the real estate agent did market appraisals and assigned the asking prices to the properties. As of April 19, 2004, the district had sold 6 of the 39 properties on the list at a value of approximately \$2.2 million and had received offers on another 12 properties with a total value of approximately \$2 million. In addition, three properties, including one of the warehouses, have been removed from the for sale list.

The Waring School was valued by the real estate agent at \$1 million and sold for \$1.25 million to the higher of two bids in a public bid process. While the district did not obtain an independent appraisal for the Waring property, the buyer obtained two appraisals that valued the property at \$1.175 million and \$1.21 million.

Obtaining independent appraisals, especially for more marketable properties, would ensure the value assigned is reasonable and represents the fair value of the property.

WE RECOMMEND the School Board:

- A. Maintain property records for all fixed assets and require annual physical inventories of all fixed assets.
- B. Maintain an inventory of surplus property and make a list of surplus property available to the schools. Any unusable items should be disposed of properly.

⁷ Includes the main administrative building with an asking price of \$10,000,000.

- C. Make a determination of its fleet usage and needs and dispose of any unneeded vehicles in inventory.
- D. Continue efforts to identify any unnecessary surplus properties and attempt to dispose of them. The Board should consider obtaining an independent real estate appraisal on any marketable surplus real estate prior to putting the property up for sale to ensure the district receives the maximum value for the property.

AUDITEE'S RESPONSE

We agree with the recommendations.

- A. *Existing records were out-of-date and incomplete. As a result of staff reductions, the property records for fixed assets have not been brought up to date to reflect the significant changes that have taken place in terms of closed facilities, recognition of obsolete inventory and unneeded assets and the overall down-sizing of the District.*
- B. *An inventory of usable surplus property and equipment is being compiled and will be made available to the schools once it is completed. It is estimated that this will be complete **September 2004**.*

Inventory and equipment from closed facilities (both those recently closed and those on the market for sale) are now being reviewed for usefulness and equipment considered obsolete or unusable is being disposed of.

The district is also reviewing procedures necessary to implement physical inventories at all major sites.

- C. *A review of the fleet is being conducted and any unneeded vehicles will be disposed of by **August 2004**.*
- D. *We continue to market the surplus properties in an effort to raise additional cash for the district. In the initial efforts to market the first 39 surplus properties, it was felt that it was adequate to use market comparable comparisons to set prices for the properties to be sold, rather than accepting the delays and costs of obtaining formal appraisals for the buildings. In the case of the Waring School, the price set in this way was close to the formal appraisal carried out by the ultimate buyer.*

10.	Board Minutes, Meetings, and Policies
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The School Board was not preparing meeting minutes with an adequate level of detail and these minutes were sometimes not prepared and approved in a timely manner. Several problems were also noted regarding the Board's closed meetings and related minutes.

- A. The minutes of the open public meetings did not adequately or clearly document all items discussed or decisions made by the Board. For example, minutes documented the fact that the fiscal year 2003 and 2004 budgets had been approved and included the budget figures, but contained no documentation of discussions related to the development of the budget. In addition, the fiscal year 2003 management letter from the district's independent auditor noted that minutes from recent school board meetings were not prepared, approved, and made available for review in a timely manner.

The minutes are the only official record of the action of the board. Care should be taken to ensure the minutes are complete and document discussions and specific intentions or reasons behind board decisions. Inadequate or unclear minutes can lead to subsequent confusion as to the board's intentions and possible incorrect interpretation of the board's actions by the general public or other outside entities.

- B. The School Board did not always document how some items discussed in closed session complied with state law. Section 610.021, RSMo 2000, allows matters to be discussed in closed session only if they relate to certain specified subjects. Those subjects that would appear to be most applicable to the school board include matters related to pending or possible litigation, real estate transactions, and personnel actions involving specific employees.

Closed session meeting minutes documented discussions on topics related to budgetary and financial condition matters which do not appear to be allowable topics. To ensure compliance with the state law, care should be taken to ensure only matters specifically authorized by law are discussed in closed session.

- C. The School Board did not always document the roll call vote to open a closed session meeting as required by 610.022, RSMo 2000, nor did they always document the roll call of a vote taken during closed session as required by 610.015, RSMo 2000. Additionally, minutes were not prepared for some closed session meetings and, in cases where minutes were prepared, the Board President did not approve them.

Although state law does not require public bodies to record minutes of closed meetings/sessions, state law puts the burden on public bodies to demonstrate compliance with all Sunshine Law provisions.

- D. District policies and regulations concerning cash operations, records, and controls at the school level have not been updated and effectively communicated to the building administrators. Although the district's internal reviews of cash reference several policies in this area, the current district manual, including the one posted on the district's website, does not include these policies. Properly communicated policies and procedures provide a framework for their effective implementation.

WE RECOMMEND the School Board:

- A. Ensure minutes from all meetings of the board provide adequate and clear details of the issues discussed.
- B. Ensure only matters specifically authorized by law are discussed in closed session.
- C. Ensure closed session board minutes are signed by the Board President, that minutes are maintained for all closed meetings, and that roll call votes are taken and documented for opening closed session meetings, as well as for votes made during closed session.
- D. Ensure policies and procedures manuals are kept up to date and such policies are communicated to the applicable personnel responsible for implementation and monitoring.

AUDITEE'S RESPONSE

The Board of Education has restructured the Board Office. New personnel have been assigned to the office to ensure proper record keeping and efficient day-to-day operations in the Board Office. The staff has familiarized themselves with the relevant statutes and bylaws governing the school board.

- A. *The Board and staff are preparing formalized guidelines for the preparation of minutes. These guidelines will be presented to the Board for approval. The minutes are now prepared and presented to the Board for approval prior to the subsequent monthly meeting.*
- B. *The Board Office personnel have developed and implemented a plan of consultation and review of all items being considered for the closed session agenda. All items placed on the closed session agenda are reviewed and approved by a board attorney. The specific subsection of the §610.021 RSMo 2000 that applies is identified and a recommendation is made to the Board President who makes the final determination. Only items which meet the exception set forth in §610.021 RSMo 2000 are allowed. The new formalized guidelines for minutes will require that the rationale for items considered in closed session be included in the record.*
- C. *The Board is currently in compliance with §610.022 RSMo 2000, which requires that all business conducted in closed and open session be recorded by a roll call vote. The roll call votes are recorded on a standardized roll call vote form. Executive session minutes are prepared by the Board staff, reviewed and signed by the Board President. The Board demonstrates Sunshine Law compliance in its closed session meetings by reporting to the public any actions taken within the 72 hours.*

- D. *The Board is in the process of establishing a Policy and Regulations Committee that will engage in a comprehensive revision of the existing Policies and Regulations in order to create continuity in the context of the new organizational structure, which has been created in the district. The Committee will make recommendations to the Board for approval. The newly adopted policies will be communicated to the staff at the Board Office and School levels through publication and department meetings.*

11. Internal Audit

The district does not have an internal audit section or position. Internal audits can be a valuable management tool by identifying ineffective or inefficient operations and ensuring that established policies and procedures are followed. A district of this size and complexity should consider an independent internal audit function to ensure compliance with operating regulations and to provide assurances that maximum use of resources is being made. A properly functioning internal audit section could have helped in discovering and resolving several of the areas commented on in this report including school planning, food service, contract management, budgeting, transportation, warehouse operations, fixed asset management, and travel policies and expenses. An internal audit section could also audit and monitor compliance with new service contracts.

The district has performed a limited number of cash reviews in the past; however, the number of these reviews has been reduced in recent years. Past reviews have noted several control deficiencies in the school level cash functions that need to be followed up to ensure the monies are used for their intended purposes.

The need for an internal audit function was also noted by the district's independent audit report.

WE RECOMMEND the School Board consider establishing an internal audit section.

AUDITEE'S RESPONSE

The District has reinstituted an internal audit function through the Fiscal Control Department conducting audits at the school level in terms of cash receipt, control and deposit and record-keeping. A regularly scheduled set of school audits will be conducted, with follow up reporting and required corrections where identified.

In view of further personnel reductions that are anticipated as a part of the cost reductions necessary to bring overall expenses into line with revenues, the plan is not to expand the current level of internal audits. The revised financial reporting, that was discussed in Section 4, should provide greater visibility and analysis to many of the areas referred to in this report that led to the unanticipated financial shortfalls and surprises in the 2003 fiscal year.

**3222 Hawthorne Blvd.
St. Louis, MO 63104
May 23, 2004**

**Honorable Claire McCaskill
1015 Locust, Suite 510
St. Louis, MO 63101**

Dear Honorable McCaskill:

Again I appreciate the opportunity to respond to a draft of your report. I am told that your examination is being called a performance audit. It would be helpful if you were to define what a performance audit is and is not.

My first concern is the scope of your examination of the food service operation. After a long history of an efficient and effective department, you only examined the last two lean budget years. It is not uncommon for school systems to subsidize lunch programs. Student lunch programs were never intended as a profit maker. The change to a private company has meant the loss of many local jobs without any assurance that the quality will be maintained.

The second concern is the mystery around records and reports that can not be found. The best example is transportation where annual public reports were made to the board of education, but no record can be found. Action was taken on the reports including the reassignment of routes.

The research department headed by Dr. Ron Mertz evaluated a number of programs including the motivational program that you mentioned in your report. A simple telephone call to Dr. Mertz could have cleared up the matter.

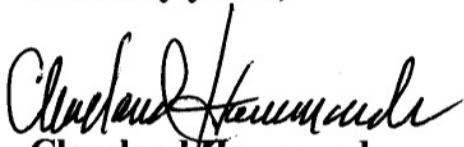
Your chart and comments comparing spending in St. Louis and other cities did not follow good research procedures. No effort was made to make sure the definitions were the same. There was no explanation of instruction and what that category contained. What purpose did it serve but to strengthen the myth about waste in the system?

No attempt was made to capture the full cost of administration including all of the consultants hired during the current year. Did all of the contracts have goals and how were they measured?

In summary, the deficit was caused by state cuts, the disputed desegregation funds, cost of the charter schools and cost of the teachers' contract. We thought we would only have to cover the cost of the teachers' contract with our reserve as a worse case scenario. No one anywhere had predicted the state and national budget crisis. Part of the system's budget balance came because of good economic times, but a significant part of it was gained through good management. The firm was not hired because of the deficit. They were contracted before the board or anyone else knew of the extent of the problem. I maintain that the board got what information that was available.

You faced a difficult challenge trying to judge the operation of a large complex organization in a year. You have made a good start, however, the impact of many of the recent changes cannot be known yet.

Sincerely yours,


Cleveland Hammonds

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

REVIEW OF THE ST LOUIS PUBLIC SCHOOL DISTRICT HISTORY AND ORGANIZATION

The St. Louis Public School District encompasses the entire city of St. Louis, Missouri, approximately 61 square miles, and serves a population of approximately 339,000 citizens. With a total average daily attendance of approximately 39,000 students in school year 2002-2003 and total budgeted general operating expenditures historically exceeding \$380 million per year, the district operates as the largest public school system in the State of Missouri. As of June 30, 2003, the district employed approximately 6,570 individuals, including approximately 4,100 full-time teachers and certified personnel.

Prior to the 2003-2004 school year the district operated 109 schools as follows: four regular high schools (9-12), five magnet high schools, fifteen regular middle schools (6-8), seven magnet middle schools, fifty-seven regular elementary schools (K-5), fifteen magnet elementary schools, two alternative high schools, one alternative middle school, and three special schools. In the summer of 2003, the district closed a total of 16 schools; twelve regular elementary schools, one magnet elementary school, one regular middle school, one alternative high school and the alternative middle school. The district now operates a total of 93 schools.

The St. Louis Public School District has been classified under the Missouri School Improvement Program (MSIP) as "Provisionally Accredited" by the Missouri Department of Elementary and Secondary Education (DESE). A provisionally accredited district has not met enough of the MSIP standards and indicators to be accredited but has shown some improvement over time. In addition, the St. Louis Public School District has been classified as "financially stressed." Section 161.520, RSMo 2000, considers a district to be "financially stressed" if the year end operating funds balance is less than three percent of expenditures or is negative.

An elected board acts as the policy-making body for the district's operations. The board's seven members serve 3-year terms without compensation. Four new members were elected to the board in April 2003, while two of the remaining three members have served since 2001 and one has served since April 1997. Members of the board during the year ended June 30, 2003, were:

Name and Position	Term
Darnetta Clinkscale, President	April 2003 to April 2007
William R. Purdy, President	April 1991 to April 2003
Ronald L. Jackson, Vice President	April 2003 to April 2007
Harold M. Brewster, Vice President	April 1997 to April 2003
Dr. Amy L. Hilgemann, Secretary	April 2001 to April 2005
Robert Archibald, Member	April 2003 to April 2007
Paulette McKinney, Secretary	April 1999 to April 2003
William C. Haas, Member	April 1997 to April 2005
Rochell Moore, Member (1)	April 2001 to April 2005
Vincent C. Schoemehl, Jr., Member	April 2003 to April 2006
Marlene E. Davis, Member	April 1997 to April 2003

- (1) Removed from the Board in May 2004. Veronica O'Brien was appointed to the position in May 2004.

The district's other principal officials during the year ended June 30, 2003, are identified below. The compensation of these officials was established by the school board.

<u>Central Administration 2002-03</u>	<u>Annual Compensation</u>
Dr. Cleveland Hammonds, Jr. Superintendent (2)	\$ 183,180
Mulegheta Teferi, Chief Academic Officer (3)	110,000
Chester Edmonds, Executive Assistant – Operations (4)	105,000
Dr. Charlene Jones, Assistant Superintendent over MSIP	91,302
Ida Woolfolk, Assistant to Superintendent for Community Outreach (5)	79,567
David Flieg, Executive Assistant for Administration	86,005
Dr. Charles L. Hutchins, Senior Advisor, Evaluation, Research and Assessment	101,623
George Byron, Treasurer (4)	81,149
Dori Freelain, Fiscal Control Officer (4)	86,945
Wayne Fisher, Building Commissioner (6)	95,000
Charles Pineau, Director of Human Resources	85,000
Linda Riekes, Development Officer	71,056
Charles McCrary, Director of Security	81,075
Mayde Henson, Lead Initiative Project Director (7)	100,000

- (2) Retired June 30, 2003.
- (3) Reassigned as principal of Gateway Middle School August 4, 2003.
- (4) Resigned August 14, 2003.

- (5) Retired September 1, 2003.
- (6) Terminated January 31, 2004.
- (7) Contracted employee. This contract was not renewed for 2004.

In January 2003, the Prior Superintendent, Dr. Cleveland Hammonds, announced his retirement effective at the end of fiscal year 2003. After the April 2003 election, the new Board voted in May 2003 to hire a management services firm (management team), Alvarez and Marsal, to take over district operations starting in July 2003. In addition, the district hired a performance audit firm or consultant, McConnell, Jones, Lanier, and Murphy, LLP (MJLM). During the 2003-2004 fiscal year, many changes occurred in the organization of district management as well as in management personnel. The organizational charts for fiscal years 2003 and 2004 included in the following pages show the changes in the organizational structure of the district.

The principal officials and their revised titles as of March 31, 2004, are listed below.

<u>Central Administration 2003-04</u>	<u>Annual Compensation</u>
William V. Roberti, Acting Superintendent	(8)
Manuel Silva, Chief Operating Officer/ Building Commissioner (9)	\$200,000
Harry Rich, Chief Financial Officer (10)	175,000
Floyd Crues, Deputy Superintendent, Middle and Secondary Schools, Alternative and Special Education (11)	140,000
David Flieg, Deputy Superintendent, Elementary Schools and Title I (11)	140,000
Dr. Charles L. Hutchins, Assistant Superintendent, Research, Accountability, Assessment and Development	110,000
Dr. Charlene Jones, Assistant Superintendent, Institutional Relations	91,302
Charles McCrary, Director of Security	81,075

- (8) Contracted member of the Alvarez & Marsal management team since June 2003, billed per contract at a rate of \$425 per hour (2,194 hours through April 2004.) In June 2004, Floyd Crues was appointed interim superintendent until a permanent superintendent can be hired.
- (9) Hired December 3, 2003. Karen Marsal, contracted member of Alvarez & Marsal management team, was the Interim Chief Operating Officer from June 2003 until Mr. Silva's hire. Mr. Silva's compensation package includes an additional \$30,000 in incentives for completing certain job tasks. Ms. Marsal was billed per contract at a rate of \$325 per hour (1,907 hours through April 2004.)

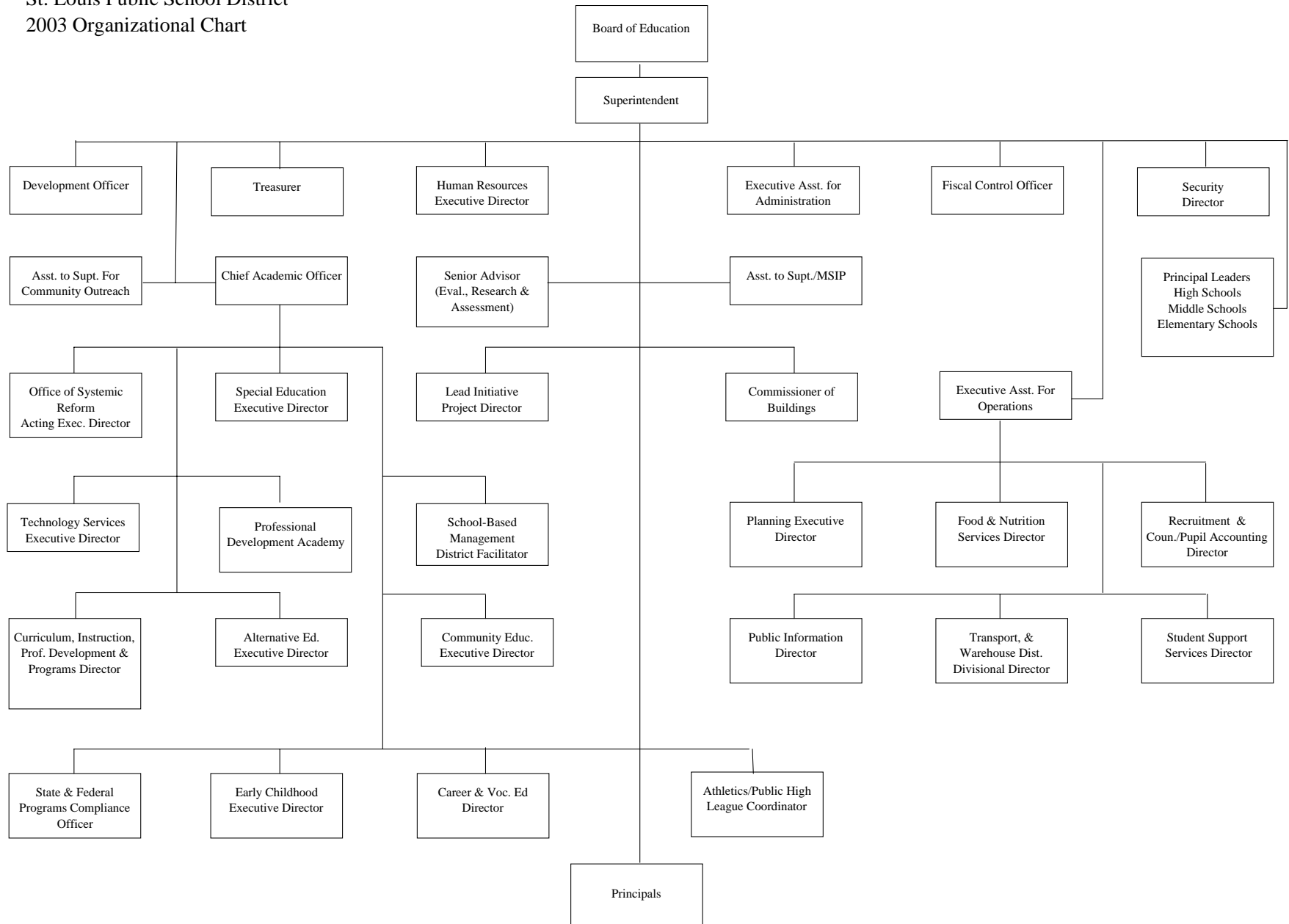
(10) Hired November 5, 2003. Sajan George, contracted member of Alvarez & Marsal management team, was the Interim Chief Financial Officer from June 2003 until Mr. Rich's hire. Mr. George was billed per contract at a rate of \$375 per hour (1,954 hours through April 2004.)

(11) Promoted to position in November 2003.

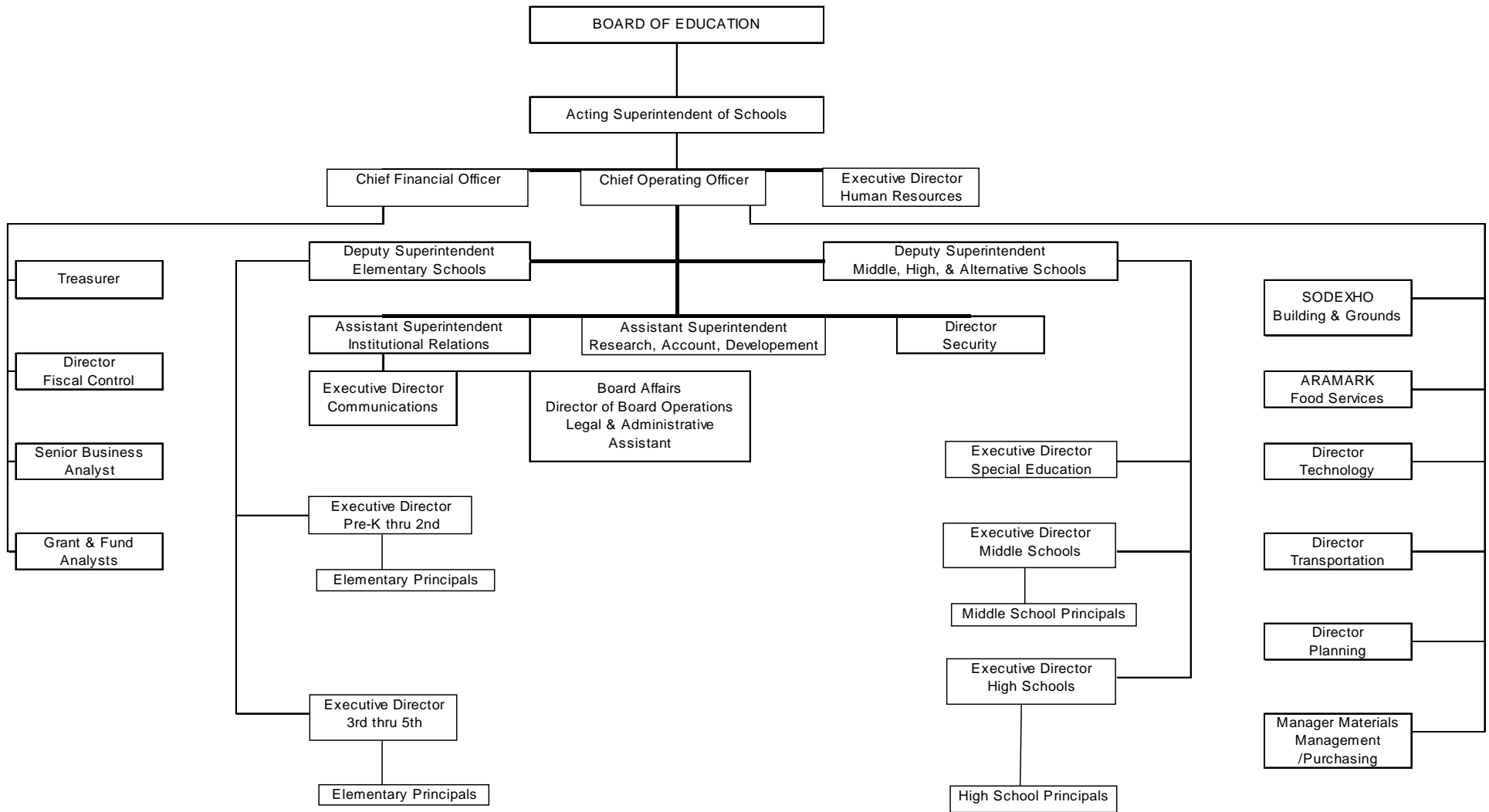
Assessed valuations and tax rates for 2003 and 2002 were as follows:

	2003	2002
Assessed valuation	\$ <u>3,332,578,940</u>	<u>3,161,745,493</u>
Tax rates:		
Incidental	\$ 3.640	3.750
Debt service	<u>.550</u>	<u>.550</u>
Total	\$ <u>4.190</u>	<u>4.300</u>

St. Louis Public School District
2003 Organizational Chart



St. Louis Public School District
2004 Organizational Chart





**CITY OF MEXICO, MISSOURI
YEAR ENDED SEPTEMBER 30, 2003**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-46
June 10, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

June 2004

The following problems were discovered as a result of an audit conducted by our office of the City of Mexico, Missouri.

The employment contract between the city and the former city manager was prepared and signed in 1988 when the former city manager began employment and was not periodically updated. Changes in benefits provided to the former city manager were not always recorded in the council minutes or otherwise documented as approved by the council; including increasing the former city manager's annual administration leave, making city contributions to his deferred compensation account, and changing the hourly rate for vacation and sick leave payouts.

The city council provided vacation and sick leave buyback benefits to the former city manager; however, these benefits are not normally provided to other city employees. Leave buyback is payment for accumulated leave time which has not been used by the employee. While the city council adopted specific policies for leave buybacks for the former city manager, some buybacks were made for more than the amount approved by policy without documented council approval. The city council should review the practice of providing leave buyback benefits to ensure it is a reasonable and prudent use of city funds. In addition, council approval should be clearly documented for the payment of such benefits.

The city did not report the taxable benefits associated with the city vehicle provided to the former city manager. From 1995 to 2002, the city provided a vehicle which was used for business and personal use. No mileage logs were maintained of the actual usage during this time period.

Both the current and former city managers authorized the reclassification of an employee into a new pay group without approval of the city council. Because the city council approved the pay scales and pay group classifications for city employees, it appears questionable for the former and current city manager to approve changes in individual employees' pay group classifications without council approval.

The city council did not adequately document the reasons for hiring the current city manager nor how his salary was determined. The city council indicated several resumes were reviewed and the council unanimously voted to hire the current city manager. In addition, while the council had some discussions on setting the salary, no documentation was provided on how the council determined the approved salary amount.

(over)

YELLOW SHEET

The city did not document how some items discussed in closed session complied with state law. The results of votes taken in closed session are not always made public in a timely manner as required by state law. In addition, votes were not documented for some decisions made in closed session.

The city paid approximately \$3,300 during the year ended September 30, 2003, for a membership at a local country club for the economic development director to meet with businesses that are considering locating in the city. While the city normally listed the names of individuals who received meals at the country club, no documentation was prepared to indicate which businesses these individuals represented or to otherwise indicate how these expenditures could enhance economic development for the city.

The city does not have a policy requiring city council approval for travel expenses incurred by the city manager. The former city manager apparently approved travel authorization forms for trips he made. In addition, the former city manager was reimbursed \$1,057 for expenditures charged to his personal credit card for which the purpose was not documented. Additionally, this payment was made directly to the credit card company rather than the former city manager.

The city council voted to purchase and finish construction on an industrial building without adequately documenting the estimated economic benefit to the city. During 2002, the city paid approximately \$400,000 to acquire and \$625,000 to complete this building. Additionally, the city council voted to enter into an agreement to complete construction on the building prior to acquiring ownership of the property. Although, the council had the intent to purchase the building at the time the construction contract was approved, the purchase should have been concluded first to avoid potential problems.

A member of the city council voted to purchase the industrial building with apparent knowledge that his employer intended to lease the facility. When the vote was made to acquire the building, the councilman employed by the potential lessor of the building did not abstain from the vote. Personal interests in business matters of the city create the appearance of conflicts of interest, and to avoid the appearance of conflicts of interest, council members should not participate in decisions that may effect related parties.

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CITY OF MEXICO, MISSOURI

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the members of the City Council
City of Mexico, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the City of Mexico, Missouri. The city engaged Williams Keepers LLC, Certified Public Accountants (CPAs), to audit the city's financial statements for the year ended September 30, 2003. To minimize duplication of effort, we reviewed the report and substantiating working papers of the CPA firm. The scope of our audit of the city included, but was not necessarily limited to, the year ended September 30, 2003. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review internal controls over significant management and financial functions.
3. Review compliance with certain legal provisions.

To accomplish these objectives, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents; interviewed various personnel of the city, as well as certain external parties; and tested selected transactions. Our methodology included, but was not necessarily limited to, the following:

1. We obtained an understanding of petitioner concerns and performed various procedures to determine their validity and significance.
2. We obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.
3. We obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide

reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the city's management and was not subjected to the procedures applied in the audit of the city.

The accompanying Management Advisory Report presents our findings arising from our audit of the City of Mexico, Missouri.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

December 31, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Mark Ruether, CPA
In-Charge Auditor:	Marty Beck

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

CITY OF MEXICO, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1. Compensation and Personnel Matters
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Several concerns were noted regarding the compensation and benefits paid to the former city manager. The city council had an employment contract with the former city manager but did not periodically update it. The city council did not always document its approval of increases in compensation and benefits provided to the former city manager. In addition, both the current and former city managers authorized raises for an employee by reclassifying her position within the city's pay ranges without obtaining city council approval. The city did not adequately document the reasons for hiring the current city manager.

- A. The city council entered into an employment contract with the former city manager when he began employment in 1988. From then until he resigned in 2002, changes occurred in the salary, benefits, and responsibilities of the former city manager, but the employment contract was not periodically updated and signed by both parties. Some of these changes were documented in the minutes as approved by the city council and some were not (see Part B). To avoid misunderstandings, the city should update the employment contract when compensation changes are approved.
- B. Changes in benefits provided to the former city manager were not always recorded in the council minutes or otherwise documented as approved by the council, as follows:
- Increasing his annual administrative leave days from 5 to 10.
 - Making city contributions to his deferred compensation account.
 - Changing the way his hourly rate was calculated for determining vacation and sick leave payouts.

The June 25, 2001 closed meeting minutes indicated the council voted to "assist with future deferred comp retirement plan contributions" but did not specify the amount to be contributed. Weekly contributions were made and the city contributed approximately \$11,000 annually to his deferred compensation account.

The change in the calculated hourly rate for leave payouts occurred when the city bought back some vacation and sick leave from the former city manager in January 2002. This increase was \$5.28 per hour, and hand-printed wording on the calculation sheet indicated, "Per Dan (Parrot, former City Manager) contract renegotiated to include hourly rate plus deferred comp." No discussion or approval of this change could be located in the council minutes. The total amount

paid in leave buybacks and payment for unused leave upon termination during 2002 was \$29,696 (58 days vacation and 20 days sick leave), and of this amount, \$3,295 resulted from the increase in the hourly rate. Without documented approval of changes to the benefits, it cannot be determined who authorized these changes or when they took affect.

- C. As noted in Part B. above, the city provided vacation and sick leave buyback benefits to the former city manager; however, these benefits are not normally provided to other city employees. Leave buyback is payment for accumulated leave time which has not been used by the employee. In accordance with city policy, the former city manager earned 24 days of vacation (based on years of service) and 12 days sick leave per year, along with the 10 days of administrative leave per year approved by the city council. In 1994, the city council approved a policy to allow the annual buyback of up to 10 days of vacation leave for the city manager. In 1997, the council approved a policy to allow the annual buyback of up to 12 days of sick leave for the city manager at 50 percent of the value, which was changed to 100 percent of the value in 2001.

In January 1999, the former city manager was paid for 17 days of unused vacation leave, seven more than the policy allowed. This additional seven days buyback totaled \$2,233. No documentation of city council approval could be located for the additional seven days payout. In January 2000, the former city manager requested and the city council approved the payment of 19 days of unused vacation leave and 45 days of unused sick leave. However, the 45 days of sick leave was paid out at 100 percent instead of 50 percent which was the policy in place at that time. This buy back of 64 total days for 2000 cost the city \$21,030. (Note that these amounts were in addition to the payments noted in Part B. above.)

The city council should review the practice of providing leave buyback benefits to ensure it is a reasonable and prudent use of city funds. In addition, council approval should be clearly documented for the payment of such benefits.

- D. The city did not report the taxable benefits associated with the city vehicle provided to the former city manager. From 1995 to 2002, the city provided a vehicle which was used for business and personal use. No mileage logs were maintained of the actual usage during this time period.

Internal Revenue Service (IRS) Code reporting guidelines indicate personal commuting mileage is a fringe benefit that should be reported on the individual's W-2 form. Clearly marked police and fire vehicles are exempt from these guidelines, as well as unmarked law enforcement vehicles if their use is officially authorized. However, for non-exempt vehicles, IRS guidelines require the full value of the provided vehicle to be reported on the employee's W-2 form if the employer does not require the submission of detailed logs which distinguish between business and personal (commuting) usage. Because procedures have not

been established to ensure the IRS regulations are followed, the city may be subject to penalties and/or fines for failure to report all taxable benefits.

- E. Both the current and former city managers authorized the reclassification of an employee into a new pay group without approval of the city council. Section 78.570, RSMo 2000, states that, "The council shall also provide for all offices and positions in addition to those herein specified, which may become necessary for the proper carrying on of the work of the city, and shall fix the salary and compensation of all officers and employees of the city not herein provided for." The council approves a classified pay schedule which places each employment position into one of seven pay groups, each of which has an approved pay range. The city council has given the city manager authority to approve pay raises to employees within the pay ranges approved by the city council for each group of employees.

In August 2002, the former city manager approved an \$1,100 annual pay raise for his administrative assistant, which was within the range approved by the city council. However, 11 days later and just prior to the former city manager leaving city employment, he authorized that his administrative assistant's position be reclassified from pay group III to pay group IV, and provided an additional raise of \$1,900 annually. The current city manager authorized this same employee to be reclassified from pay group IV to pay group V in June 2003, and provided a raise of \$1,000 annually.

Because state law provides for the city council to set the salaries of all employees, and because the city council approves the pay scales and pay group classifications for city employees, it appears questionable for the former and current city manager to approve changes in individual employees' pay group classifications without council approval. The pay groups are designed to put a cap on the salaries of employees within each pay group as determined by the council.

- F. The city council did not adequately document the reasons for hiring the current city manager. The council developed qualifications for the position and advertised this notice in the larger metropolitan newspapers in the state as well as other municipal trade publications. The city council indicated several resumes were received and the council unanimously voted to hire the current city manager. Although the current city manager did not meet the minimum education requirement advertised for the position, the mayor and one councilman indicated he was hired because of his extensive experience with working for the city for many years; however, these reasons were not formally documented or publicly disclosed.

In addition, the city did not adequately document how the salary of the city manager was determined. Council minutes from the August 26, 2002 closed session include discussions on various methods to set the salary. These methods included obtaining a survey of salaries paid by other cities or setting the salary

five percent higher than the next highest paid city employee; however, no follow up to these discussions was documented. The employment contract with the current city manager dated October 22, 2002, set his annual salary at \$85,671. While the city council approved this amount, there is no documentation to indicate how they determined the actual salary.

WE RECOMMEND the City Council:

- A. Update the contract with the city manager to reflect changes in salary, benefits, and responsibilities, and ensure it is signed by both parties.
- B. Ensure that benefit changes offered to the city manager or any other employee are approved and documented by the council.
- C. Ensure all employee benefit payments are in accordance with city policy, and council approval for any benefits paid in excess of city policy should be clearly documented. In addition, the council should review and determine if vacation/sick leave buybacks are a reasonable and prudent use of city funds.
- D. Comply with IRS guidelines for reporting fringe benefits related to commuting with city-owned vehicles, and consult with the IRS and amend the former city manager's W-2 forms as necessary.
- E. Ensure prior approval is documented for the reclassification of employees to new pay groups.
- F. Ensure adequate documentation is provided noting the reasons for hiring all employees, and ensure salary computations for all employees are adequately documented.

AUDITEE'S RESPONSE

A&B. The Council acknowledges that there was some lack of documentation.

- C. As stated in the audit report, the former city manager was paid for 17 days of unused vacation in January 1999. The former city manager reported to the payroll department that he had received approval for payment for the 17 days of unused vacation along with the previously approved and documented buyback of up to 12 days sick leave at 50 percent of value. The payroll department is unable to provide any additional documentation other than the processing of the request itself and tax withholding notes from the former city manager.*

In January 2000, as stated in the audit report, the former city manager requested and received approval for the payment of 19 days of unused vacation and 45 days of unused sick leave. The buyback in 2000 of vacation days and sick days was processed in accordance with the signed documentation provided. The documentation clearly stated

the buyback of 45 days sick leave and 19 days vacation and the action was processed accordingly. The documentation provided reason that the previous policy was replaced with a more current action.

- D. We will consult with the IRS and the city's CPA firm to determine what action is necessary.*
- E. Our city attorney has currently reviewed this matter and provided an opinion which concludes that the current and former city managers acted within their authority. We believe this comment should be deleted. The promotions were made because of additional duties due to reorganization, including additional wastewater and airport duties (reports, grants, acquisitions, etc.).*
- F. The reasons for hiring and a public discussion were part of the Council meeting on October 28, 2002. We believe this decision is a Council decision and not a participatory process by the public. The salary paid to the current city manger was the same salary that was being paid to him as the interim city manager. The car allowance was \$100 higher than his previous allowance as public works director.*

AUDITOR'S COMMENT

- C. The city did not clearly document why the 2000 sick leave buyback was paid at 100 percent of value instead of 50 percent, which was the approved policy at the time of this buyback.
- E. While the April 6, 2004 legal opinion concluded these were promotions and within the city manager's authority, there was no documentation of any additional duties given to the administrative assistant. In addition, it would appear that any changes to the council-approved pay ranges should be approved by the City Council.

2. Closed Meetings

The city council discussed issues in closed session which may not be allowable and did not make votes taken in closed session available to the public in a timely manner.

- A. The city did not document how some items discussed in closed session complied with state law. Section 610.021, RSMo Cumulative Supp. 2002, allows matters to be discussed in closed session only if they relate to certain specified subjects. Those subjects that would appear to be most applicable to the City Council include matters related to pending or possible litigation, real estate transactions, and personnel actions involving specific employees.

Some closed session meeting minutes included discussions on matters which may not comply with state law, including the possible closure of a business located in

the city, negotiation of a franchise agreement, possible city purchase of a service organization, and various economic development prospects.

City officials indicated that at times planned discussions can lead to other issues which are related. To ensure compliance with the state law, care should be taken to ensure only matters specifically authorized by law are discussed and documented in closed session.

- B. The results of votes taken in closed session are not always made public in a timely manner as required by state law. The council's normal procedures are to not disclose votes taken in closed session until the minutes are approved at a subsequent closed session council meeting. For example, council minutes from November 10, 2003 indicate that a citizen asked if there were any votes taken in the last closed session (October 27, 2003) for which a council member replied the applicable minutes were not yet approved. It appears there had been a vote taken on a personnel matter in that closed session. In addition, votes were not documented for some decisions made in closed session. Two occasions were noted where council approval was documented by the wording "consensus of the council."

Section 610.021, RSMo Cumulative Supp. 2002, generally requires the results of votes taken in closed session be made available to the public within seventy-two hours of the close of the meeting. The city council should adopt procedures to ensure decisions made in closed session are done by vote of the council and are publicly disclosed in accordance with state law.

WE RECOMMEND the City Council:

- A. Ensure only matters specifically authorized by law are discussed in closed session.
- B. Ensure that the votes are taken and documented for decisions made in closed session and the results of applicable votes are made public within the amount of time specified by state law.

AUDITEE'S RESPONSE

A&B. Procedures have been changed to ensure that only matters authorized by state law are discussed in closed sessions. The one incident of not making public an action in a timely manner was because of confusion on the part of Council on whether minutes had to be approved before release. A system for timely approval of minutes has been adopted.

3.**Expenditures**

The city did not provide adequate detail of the benefits for expenditures at the local country club and does not have a policy requiring council approval for travel expenses incurred by the city manager. In addition, supporting documentation for some reimbursable expenses to the former city manager was not maintained.

- A. The city pays for a membership at a local country club for the economic development director. During the year ended September 30, 2003, the city spent approximately \$3,300 for membership dues and meals at the country club. City officials indicated the purpose of these expenditures was to provide the economic development director a place to meet with businesses that are considering to locate in the city. While the economic development director normally listed the names of individuals who received meals at the country club, no documentation was prepared to indicate which businesses these individuals represented or otherwise document how these expenditures could enhance economic development for the city. Such documentation is necessary to ensure these expenditures represent a prudent use of city funds.
- B. The city does not have a policy requiring city council approval for travel expenses incurred by the city manager. City policy requires employees to complete a standard travel authorization form which includes estimates of the trip costs which is approved by the employees' supervisor, the administrative services director, and the city manager. The former city manager apparently approved travel authorization forms for trips he made. For example, he approved the travel authorization form for his trip to New York City in June 2002. It does not appear appropriate for the city manager to approve travel expenses that he incurs. Therefore, the city should adopt a policy which requires city council approval on travel authorization forms for travel expenses incurred by the city manager.
- C. The former city manager was reimbursed for expenditures charged to his personal credit card for which the purpose was not adequately documented. The city reimbursed \$1,057 in costs claimed by the former city manager, and payment was made directly to the credit card company rather than to the former city manager. Part of this amount (\$647) was for airfare and restaurant charges for an out-of-state trip. There was no documentation maintained regarding the purpose of this trip, although city officials indicated it was related to economic development activities for the city. The remaining amount of \$410 was to a restaurant in Jefferson City. City officials indicated that this was for a Missouri Municipal League legislative dinner attended by the former city manager and an unknown number of city council members.

The purpose should be adequately documented for all expenditures, and reimbursement for expenditures incurred by employees on their personal credit cards should be paid directly to the employee and not to the credit card company.

WE RECOMMEND the City Council:

- A. Require documentation of all meetings and other expenditures incurred at the local country club to show how these expenditures could enhance economic development for the city.
- B. Develop a policy to ensure travel authorizations for the city manager are reviewed and approved.
- C. Ensure reimbursement of expenses incurred on city employees' personal credit cards is paid to the employee and not to the credit card company, and ensure the purpose is adequately documented.

AUDITEE'S RESPONSE

- A. *The expense documentation turned in by the economic development director reflects the participation in meetings at the country club. We have implemented a more detailed procedure for documentation of those meetings.*
- B. *We have changed the procedure for approval of out-of-state travel authorization for the city manager. In-state travel is handled through expense claims, not travel authorization.*
- C. *We now require supporting documentation for all expenditures and do not pay employee credit cards directly.*

4. Industrial Building Project

The city purchased property for an industrial building without documenting the economic impact of the purchase. The city entered into a construction contract to enhance the marketability of the property prior to the city's acquisition of the property. In addition, a city council member who is employed by the proposed lessor of the building did not abstain from the council's vote to purchase the property.

- A. During 2002, the city paid approximately \$400,000 to acquire a partially completed industrial building located in the city and \$625,000 to complete construction of the building. Construction of the building was done by a not-for-profit corporation funded by a state economic development loan, and the owners had been trying to sell the building because of difficulty in attracting businesses to the building. City officials indicated it was their belief that the city could more easily attract a business to locate in the building if the city purchased it and completed the construction. The city would then lease the building to a company willing to locate there. The city has entered into a lease agreement with a company, and the current agreement will allow the city to recoup its total purchase and construction costs during the term of the lease. However, the city did not estimate or document the potential economic benefit of this agreement.

Such documentation should have included potential businesses interested in using the building, the estimated number of jobs to be created, estimated financing arrangements, and other information related to the potential economic impact to the city. Given the large amount of taxpayers' money spent on this project, it is important for the city to document the estimated benefits before engaging in such a project.

- B. The city council voted to enter into an agreement to complete construction on the building prior to acquiring ownership of the property. The July 18th, 2002 council minutes document a vote to authorize the city manager to enter into a construction contract for the completion of an industrial building. The contract was executed on July 25, 2002, one week before the official council vote to acquire the building and finish it (August 1, 2002 meeting). Based on documentation from the abstract company, it appears that the property actually changed hands on August 15, 2002. Although the council had the intent to purchase the building at the time the construction contract was approved, the purchase should have been concluded first to avoid potential problems.
- C. A member of the city council voted to purchase the industrial building with apparent knowledge that his employer intended to lease the facility. Council minutes prior to the council vote to acquire the building indicate that a local company planned to lease the building from the city after it was completed. When the vote was made to acquire the building, the councilman employed by the potential lessor of the building did not abstain from the vote. City officials indicated that the councilman is not in a position with the company to influence decisions such as the rental of the building. However, personal interests in business matters of the city create the appearance of conflicts of interest. To avoid the appearance of conflicts of interest, council members should not participate in decisions that may effect related parties.

WE RECOMMEND the City Council in the future:

- A. Document the estimated potential economic benefit to the city prior to spending taxpayer money on major economic development projects.
- B. Refrain from approving construction contracts on property prior to the city actually owning the property.
- C. Ensure that the members abstain from voting on issues where a potential conflict of interest may exist.

AUDITEE'S RESPONSE

A&B. The industrial building referred to was built in 1997 through a State of Missouri Department of Economic Development Interim Financing Program for speculative

buildings. The city had participated in this program before which resulted in the relocation of a company to Mexico with a current employment of over 300 people. The program is funded by state funds that have been committed to other projects that will not need the funding for a period of time. The state uses this "float" money secured by a letter of credit to fund these "spec" building projects. The state requirement of the loan is that the "spec" building be owned by a not-for-profit entity other than the city. Our first building was owned by the Mexico Industrial Development Authority. Consolidated Electric Cooperative (CEC) agreed to own this spec building and guarantee the letter of credit to repay the loan in order to promote economic development. When the property became occupied, CEC stood to gain an electric customer.

The state loan was for a 30-month period at 1 percent interest after which time the letter of credit paid the state loan back and CEC arranged substitute financing for the building. The marketing of the building was done by the city and resulted in attracting a company which subsequently built another facility and subsequently expanded that facility. After 5 years, it became apparent that the spec building, which was constructed as a shell with no floor or doors, electrical or heating, would be much more marketable if it were equipped with doors, heating, and a floor. During this time, expansion of the Mexico Memorial Airport resulted in the acquisition of an aviation easement over part of the building for \$347,000. The original building and land had cost \$750,000, so the easement reduced the CEC investment in the building to around \$400,000.

Because we had numerous inquiries about renting part or all of the spec building, we were pretty confident that the building could be rented during the year for enough time to offset the debt service. We only needed to rent it 60 percent of the time to make this work. Because of the increased potential for a permanent employer by having a finished building and the fairly minimal risk to the city, we decided to proceed with the project. Had it not been finished, we would not have been able to attract the current occupant of the building. This company had considered locating to another city, but that city did not have a suitable building available and would have to build one.

The Council, we think, made a good decision with a small amount of risk that has resulted in 100 new jobs and the attendant positive effect on the Mexico economy.

- C. *The allegations that a councilman had knowledge that his employer intended to lease the building when he voted to purchase the building is apparently based on some discussions that his employer was mentioned in council minutes as a potential renter. His employer was mentioned by city staff, but was only one of 3 or 4 potential renters. We knew that his employer had periodically leased space in Columbia and thought they might be a potential tenant. There was an ethics complaint filed and an investigation by the Missouri Ethics Commission, which concluded there was no substance to this allegation. We would request that this comment be deleted.*

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

CITY OF MEXICO, MISSOURI
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The City of Mexico is located in Audrain County. The city was incorporated in 1857 and is currently a third-class city with the city manager form of government. The population of the city in 2000 was 11,320.

The city government consists of a five-member council. The members are elected for 3-year terms. The members annually elect one of its members as mayor who presides over the city council meetings. Each member of the city council receives a framed one-dollar bill annually to show appreciation for their service. The City Council and other principal officials during the year ended September 30, 2003, are identified below.

Elected Officials	Term	Compensation Paid for the Year Ended September 30, 2003
Richard Buffington, Mayor		\$ 0
Donald Magnus, Councilman		0
Linda Reed, Councilwoman		0
Virginia Robertson, Councilwoman		0
Dan Botts, Councilman	April 14, 2003 to September 30, 2003	0
Byron Jahn, Councilman	October 1, 2002 to April 14, 2003	0
 <u>Other Principal Officials</u>		
Tanna Parish, City Manager (1)		91,954
Roger Haynes, Administrative Services Director		73,973
David Boone, Economic Development Director		62,504
Charles Miller, Public Safety Director		63,853
Gene Williams, Public Works Director		54,406
Lou Leonatti, City Attorney		(2)

(1) Compensation includes a monthly car allowance of \$350 and vacation leave buyback of \$2,083.

(2) The law firm of Leonatti and Baker receives a monthly payment of \$2,755 for Lou Leonatti to serve as city attorney. The firm also bills for additional services. For the year ended September 30, 2003, the city paid Leonatti and Baker \$33,227 for legal services.

In addition to the officials identified above, the city employed 88 full-time employees and 16 part-time employees on September 30, 2003.

Assessed valuation and tax rate information for tax years 2003 and 2002 are as follows:

ASSESSED VALUATION	2003	2002
Real estate	\$ 77,508,759	77,001,232
Personal property	25,746,132	28,019,403
Railroad and utility	11,170,708	10,772,510
Total	<u>\$ 114,425,599</u>	<u>115,793,145</u>

TAX RATES PER \$100 ASSESSED VALUATION

	2003	2002
General Fund	\$ 0.3879	0.3814
Parks and recreation	0.1886	0.1855
Health	0.1886	0.1855

The city has the following sales taxes; the rates are per \$1 of retail sales:

	Rate	Expiration Date
General	\$ 0.010	None
Capital improvement	0.005	6/30/2010



**GENERAL ASSEMBLY
AND SUPPORTING FUNCTIONS**

HOUSE OF REPRESENTATIVES

FOUR YEARS ENDED JUNE 30, 2003

**From The Office Of State Auditor
Claire McCaskill**

Report No. 2004-45

June 3, 2004

www.auditor.mo.gov

AUDIT REPORT



Office Of
Missouri State Auditor
Claire McCaskill

June 2004

The following report is our review of the General Assembly and Supporting Functions - House of Representatives.

The Missouri State Auditor's Office has a constitutional responsibility to audit the General Assembly and periodically conducts audits of the House of Representatives.

In February 2003, the House Committee on Administration and Accounts unanimously passed a resolution authorizing the Chief Clerk to solicit bids for financial and compliance, economy and efficiency, and performance audit services for the period July 1, 1999 to December 31, 2002. The House subsequently issued a request for proposals (RFP) for these audit services and in May 2003 accepted a proposal from a private auditing firm. According to House officials, this audit was ordered because of the change in House leadership which occurred in January 2003.

Notice of the RFP's issuance was not widely distributed. The Chief Clerk indicated the RFP was advertised on the House website and several auditing firms were directly notified of the RFP. However, that official did not maintain documentation of which firms were contacted. Of the two auditing firms that submitted proposals in March 2003, neither proposal met the requirements of the RFP in certain respects. For example, neither proposal initially received specifically included economy and efficiency objectives and one of the proposals did not submit a firm, fixed price, both requirements of the RFP. Despite this, the House entered into further negotiations with both firms for the audit services. The proposal ultimately accepted did not include specific economy and efficiency objectives/procedures and the audit fee agreed to was based on a cost range rather than a firm, fixed price.

The House was billed the total costs of the audit, \$56,035, in June 2003, at the conclusion of fieldwork. Even though the RFP specified that payment of the audit costs would not be due until after completion of the final audit report, the House had a check cut in late June 2003 and released it to the auditing firm in September 2003, prior to the delivery of the final audit report in November 2003. The audit invoice did not detail the hours worked or rates charged to the House for the audit, and the House paid this invoice without requiring additional documentation supporting the amount billed.

The costs incurred for this audit were not necessary. In March 2003, our office offered to work with the House leadership to address their audit needs and reduce audit costs; however, no request was made to our office for these audit services.

(over)

YELLOW SHEET

Various concerns were noted regarding House personnel policies and related matters.

The House does not require its employees to work a minimum of 40 hours per week as is required of employees of most other state agencies. The minimum number of work hours per month is calculated by multiplying seven times the number of working days in the month. As a result, House employees are only required to work a 35-hour work week. Additionally, House policy provides that its employees earn ten hours of annual leave benefits per month during the first five years of service. After five years, the employees earn annual leave at a rate of fourteen hours per month. This policy provides annual leave benefits that are more generous than what is allowed to most other state employees and results in increased costs to the state.

A past House policy allowed employees to earn 16 hours of sick leave per month, rather than the 10 hours per month earned by most state employees and authorized by law. In June 1994, the House revised its sick leave policy, reducing the amount of sick leave earned by its employees to 10 hours per month. However, the House has continued to certify excess accumulated sick leave balances for terminating employees who earned sick leave at the higher rate prior to the 1994 policy change. Unused accumulated sick leave is counted as creditable service by the state employee retirement system. This situation has resulted in the payment of retirement benefits to some retired employees in excess of amounts authorized by state law. A similar condition was reported in a previous audit of the House.

The House provides compensatory time benefits to most full-time administrative staff, including employees in professional and high level administrative and supervisory positions. Employees in comparable positions at most other state agencies are not provided these benefits. At June 30, 2003, approximately 3,165 hours of unused compensatory time had been earned by director level staff or staff in high level administrative and supervisory positions. House policy states that unused compensatory time earned will not be paid and will be lost if not used by the employee by December 31 of each year; however, in January 2002, the House implemented a shared leave policy which allows unused compensatory time to be donated to a pool for future use by any House employee who meets the shared leave policy usage criteria. It appears any compensatory time lost by high level employees at the end of a calendar year was donated to the shared leave pool and represents a future potential liability and cost to the state.

The House allows the sale of specified used office equipment (computers, printers, scanners, etc.) to departing representatives at amounts significantly below the original cost. A similar practice had been discontinued at the time of the last audit; however, this practice was resumed based on a policy change approved in April 2002. During the year ended June 30, 2003, the House sold fixed asset items with an original acquisition cost of \$219,849 to outgoing House members for \$15,873. The auditors recommended the House consider disposing of all used or surplus property items through State Surplus Property.

The audit also includes some matters related to the House's lack of a written procurement policy, some expenditures, and fixed asset records and procedures, which the House should consider and take appropriate corrective action.

GENERAL ASSEMBLY AND SUPPORTING FUNCTIONS
HOUSE OF REPRESENTATIVES

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Members of the House of Representatives
Jefferson City, MO 65102

We have audited the House of Representatives (the House). The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2003, 2002, 2001, and 2000. The objectives of this audit were to:

1. Review internal controls over significant management and financial functions.
2. Evaluate the efficiency and effectiveness of certain management practices, policies, and operations.
3. Review certain expenditures made by the House.
4. Determine the extent to which audit recommendations included in our prior audit were implemented.

Our methodology to accomplish these objectives included reviewing minutes of meetings, written policies, financial records, and other pertinent documents, interviewing various personnel of the House, and testing selected transactions. In addition, the firm of Mayer Hoffmann McCann P.C., Certified Public Accountants (CPAs) had been engaged to perform a financial audit of the House for the period from July 1, 2002 through December 31, 2002, and the years ended June 30, 2002, 2001, and 2000. To minimize any duplication of effort, we reviewed the reports and substantiating working papers of this CPA firm.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. We also performed tests of certain controls to obtain evidence regarding the effectiveness of their design and operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and

performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the House's management and was not subjected to the procedures applied in the audit of the House.

The accompanying Management Advisory Report presents our findings arising from our audit of the House of Representatives.

A handwritten signature in black ink that reads "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

December 31, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Gregory A. Slinkard, CPA, CIA
In-Charge Auditor:	Gayle A. Garrison
Audit Staff:	Nicki E. Russell, CPA
	Malcolm N. Nyatanga

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

GENERAL ASSEMBLY AND SUPPORTING FUNCTIONS
HOUSE OF REPRESENTATIVES
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Procurement of Audit Services
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In February 2003, the House Committee on Administration and Accounts unanimously passed a resolution authorizing the Chief Clerk to solicit bids for financial and compliance, economy and efficiency, and performance audit services for the period from July 1, 1999 to December 31, 2002. Shortly thereafter, the House issued a request for proposals (RFP) for these audit services. The House subsequently accepted a proposal from a private auditing firm in May 2003. According to House officials, this audit was ordered because of the change in House leadership which occurred in January 2003. A review of the House's procurement of these services and the subsequent handling of this contract disclosed the following concerns:

- A. Notice of the RFP's issuance was not widely distributed. The Chief Clerk indicated the RFP was advertised on the House web site and several auditing firms were directly notified of the RFP. However, that official did not maintain documentation of which firms were contacted.

To help ensure an adequate competitive procurement situation is created and ensure all interested parties are given an opportunity to participate, the House should ensure the notices of any RFPs or other large purchases are widely distributed. In addition, adequate documentation of any firms/vendors contacted should be maintained.

- B. Two auditing firms submitted proposals in March 2003. In comparing the proposals to the RFP, we noted neither proposal met the requirements of the RFP in certain respects. For example, the RFP required the audit to include economy and efficiency objectives as well as financial and compliance objectives. In addition, the RFP required the contractor to be paid based on a firm, fixed total price. However, neither proposal initially received specifically included economy and efficiency objectives, and one of the proposals did not submit a firm, fixed bid price, but a cost range depending on the number of hours charged to the audit by the professional staff.

Although neither proposal was fully responsive to the requirements of the RFP, the House entered into subsequent negotiations with both firms to obtain revised services and at a lower cost. To obtain audit services at a lower cost, in these negotiations the House requested revised bids for agreed upon procedures which excluded financial audit services for some of the House appropriations and included expanded testing of certain financial transactions and compliance with House policies. The proposal ultimately accepted still did not include specific

economy and efficiency objectives/procedures and the audit fee agreed to was based on a cost range rather than a firm, fixed price.

To ensure purchasing decisions are based on bids/proposals which contain comparable services and pricing structures, the House should require any bids/proposals received to be fully responsive to RFP requirements.

- C. The Chief Clerk and Chairman of the Committee on Administration and Accounts evaluated the proposals considered, and prepared and signed a bid tabulation form which was used in selecting the firm awarded the audit contract. The bid tabulation form documented three criteria in which the bid evaluation was based; however, there was no documentation explaining how the specific point values were determined for the proposals considered.

Adequate documentation supporting the evaluation of bids/proposals should be prepared and maintained to provide assurance the purchase was handled properly and the bid/proposal selected was the lowest and best.

- D. The payment of the audit costs was not in accordance with the requirements of the RFP and the House did not require adequate documentation to support the amount billed.

The House was billed the total costs of the audit, \$56,035, in June 2003, at the conclusion of fieldwork. Even though the RFP specified that payment of the audit costs would not be due until after completion of the final audit report, the House had a check cut in late June 2003 and released it to the auditing firm in September 2003, prior to the delivery of the final audit report. The final audit report was not completed and submitted to the House until November 2003. In addition, as discussed above, the firm awarded the audit contract agreed to provide the services within a cost range (\$50,900 to \$61,170) based on the hours charged to the audit by its professional staff. The audit bill represented the mid-point of the range and the invoice did not detail the hours worked or rates charged to the House for the audit. The House paid this invoice without requiring additional documentation supporting the amount billed.

The House should ensure payment for services is made in accordance with the RFP and/or after the services have been completed. In addition, adequate documentation should be required to support the amounts billed.

It should be noted the costs incurred for this audit were not necessary. The Missouri State Auditor's Office has a constitutional responsibility to audit the General Assembly and periodically conducts audits of the House. In March 2003, we offered to work with the House leadership to meet their needs and reduce audit costs; however, no request was made to our office for these audit services.

WE RECOMMEND the House of Representatives ensure the procurement and subsequent handling of auditing and other professional services contracts are administered in an appropriate manner. This would include ensuring:

- A. The notice of an RFP's issuance is widely distributed to the extent practical. In addition, adequate documentation of any firms/vendors contacted should be maintained.
- B. Proposals considered for selection meet the requirements or specifications included in the RFP.
- C. Adequate documentation is maintained explaining how the specific point values or other determinations are made in evaluating the proposals being considered.
- D. Payment for services is made in accordance with the RFP and/or after the services have been completed. In addition, adequate documentation should be required to support the amounts billed.

AUDITEE'S RESPONSE

- A. *The House of Representatives believed obtaining an independent audit was necessary and appropriate. The House made the independent auditing firm's report and all work papers available to the State Auditor's Office, which resulted in significant time- and cost-savings to the state in that the Auditor's Office could rely upon the work already performed by the independent auditing firm, which they did. This was also not the first time the House has solicited an independent audit. In 1997, the General Assembly solicited proposals from independent auditing firms to conduct an audit of itself.*

The RFP notice was advertised on the House website, and accounting firms from different regions of the state were personally contacted. The RFP was, therefore, widely advertised in the most cost-efficient, practical manner possible. This advertising effort yielded twice as many responses as a recent RFP for auditing services advertised by the Office of Administration on behalf of the General Assembly.

- B. *The House of Representatives felt both proposals were responsive to its RFP. Instead of eliminating one proposal or the other on a technicality, the House achieved a better result by continued negotiations with both firms for more service at minimum cost.*
- C. *The bid evaluation form was used to award a contract to one of the two proposals submitted based on cost, experience and expertise, and MBE/WBE status. The point value allotted to each firm was determined relative and in comparison to the other firm. Thus, an elaborate point value system was viewed as unnecessary.*
- D. *Although printed copies of the final audit report were not received until early November 2003, payment for the audit services was made in accordance with the RFP and after the audit report had been presented by the auditing firm in September 2003.*

AUDITOR'S COMMENT

- A. Despite House management's response to the contrary, we stand by our position that the audit services procured by the House were not necessary, and did not result in cost savings.
- C. We are not suggesting that an elaborate point system be developed, but that adequate documentation be maintained to support or explain how specific point values are determined in evaluating proposals.

2. Personnel Matters

Attorney General's Opinion No. 46, 1980 to Bradford, concluded legislative employees are exempt from the requirements of Section 36.350, RSMo 2000, regarding hours of work, sick and annual leave accruals, and other personnel matters. However, our review of House personnel policies and other related matters disclosed the following concerns:

- A. The House does not require its employees to work a minimum of 40 hours per week as is required of employees of most other state agencies. The House handbook defines the standard workweek for House employees as a five-day week, but specifies that flexibility is allowed in employees' work schedules provided the employee meets the minimum hours required for the month. The minimum number of hours is not defined in the handbook; however, based on discussions with Human Resources staff and reviews of employee timesheets, the minimum number of work hours per month is calculated by multiplying seven times the number of working days in the month. As a result, House employees are only required to work a 35-hour work week.

Pay for other state employees is generally based on an eight hour day/forty hour week. It appears inequitable for employees of the House to be required to work fewer hours per week than is required of most other state employees.

- B. House policy provides that its employees earn ten hours of annual leave benefits per month during the first five years of service. After five years, the employees earn annual leave at a rate of fourteen hours per month. This policy provides annual leave benefits that are more generous than what is allowed to most other state employees. Most state employees earn ten hours of annual leave benefits per month during the first ten years of service, with that rate increasing to twelve hours per month after ten years of service. Those employees earn annual leave at a rate of fourteen hours per month only after fifteen years of state service.

There appears to be no basis for the House to provide annual leave benefits to its employees that are more generous than those provided to most other state employees. In addition, the additional annual leave benefits provided to House employees results in increased costs to the state.

- C. The House is certifying excessive accumulated sick leave balances to the state retirement system for many of its employees when they retire from state employment. A similar condition was reported in a previous audit of the House (three years ended June 30, 1993), and we had recommended the House certify accumulated sick leave balances to the retirement system in accordance with state law.

The excess sick leave balances exist due to a past House policy which allowed employees to earn 16 hours of sick leave per month, rather than the 10 hours per month earned by most state employees. In June 1994, the House revised its sick leave policy, reducing the amount of sick leave earned by its employees to 10 hours per month. However, the House did not adjust recorded employee sick leave balances to reduce the balances by the amount of sick leave earned at the higher rate, and it has continued to certify excess accumulated sick leave balances for terminating employees who earned sick leave at the higher rate prior to the 1994 policy change.

Unused accumulated sick leave is counted as creditable service by the state employee retirement system. Section 104.601, RSMo 2003 Cumulative Supplement, states that for the purpose of computing years of creditable service, the rate of accrual of sick leave shall be no greater than ten hours per month.

During the four years ended June 30, 2003, the House certified sick leave balances of twenty five retiring employees to the state retirement system. Twenty three of these employees worked for the House prior to June 1994. As a result, the balances certified for these employees included some sick leave accrued at the 16 hour per month rate in effect prior to June 1994. We noted the balances certified for two of the retiring employees exceeded the statutory maximum that could have been earned by these employees during their state employment (at the rate of 10 hours per month) by a total of 764 hours. Despite this, these excessive balances were used by the state retirement system to calculate creditable service and retirement benefit payments.

This situation has resulted in the House certifying excessive accumulated sick leave balances to the state retirement system and the payment of retirement benefits to some retired employees in excess of amounts authorized by state law.

- D. The House provides compensatory time benefits to most full-time administrative staff, including employees in professional and high level administrative and supervisory positions. House policy specifies that full-time House employees, with the exception of legislator assistants, are eligible for compensatory time when an employee has worked hours in excess of eight times the number of working days in a month. Any compensatory time is earned at straight-time. Although director level and other top administrative and supervisory personnel at the House are allowed to earn and accrue compensatory time benefits, employees

in comparable positions at most other state agencies are not provided these benefits.

At June 30, 2003, the House employees had accumulated approximately 8,400 hours of unused compensatory time. Approximately 38 percent of these hours, or 3,165 hours, had been earned by director level staff or staff in high level administrative and supervisory positions. In addition, these high level employees accounted for 33 percent of total hours earned and 18 percent of total hours used during the year ended June 30, 2003.

House policy states that unused compensatory time earned will not be paid and will be lost if not used by the employee by December 31 of each year. It appears a substantial amount of the compensatory time earned by high level employees is not used and is lost due to this policy. However, it should be noted the House implemented a shared leave policy in January 2002 which allows unused compensatory time to be donated to a pool for future use by any House employee who meets the shared leave policy usage criteria. It appears any compensatory time lost by high level employees at the end of a calendar year (since the shared leave program was implemented) was donated to the shared leave pool and represents a future potential liability and cost to the state.

The state's SAM II System has time and leave tracking capabilities. The House may want to consider using these subsystems to help address the applicable conditions reported above.

WE RECOMMEND the House of Representatives:

- A. Require its employees work 40 hours per week as is required of most other state employees.
- B. Reduce the annual leave benefits provided to its employees to an amount equal to those provided to most other state employees. The House should consider using the SAM II system's leave tracking capabilities to help address this recommendation.
- C. Ensure the accumulated sick leave balances certified to the state retirement system for retiring employees is reported on a 10-hour per month accrual basis as required by law. This will require the accumulated sick leave balances to be adjusted for any sick leave earned at the 16-hour per month rate. The House should consider using the SAM II system's leave tracking capabilities to help address the applicable part(s) of this recommendation.
- D. Review its current compensatory time policy and consider restricting the amount of compensatory time benefits earned by professional and high level administrative or supervisory employees.

AUDITEE'S RESPONSE

- A. *For years, the House of Representatives has allowed its hours of work policy to be flexible in not requiring a strict, 40-hour workweek due to the unique workload demands of the legislative session on its employees. Since compensatory time is not awarded to many House employees, a lower hourly workweek requirement allows employees to offset some of the extra hours worked during the session in the interim. Nevertheless, the House Administration and Accounts Committee will take this policy up for reconsideration in light of this recommendation.*
- B. *For years, the House of Representatives has allowed its employees to accrue annual leave at the higher state rate with less years of state service due to the nature of session-driven work and the high staff turnover caused by 2-year election cycles. The House Administration and Accounts Committee will take the employee annual leave accrual policy up for reconsideration in light of this recommendation.*
- C. *Section 104.601 states that "the employing agency shall not certify unused sick leave unless such unused sick leave could have been used by the member for sickness or injury." The House has not certified more unused sick leave for its retiring employees than they could have used for sickness or injury under House policy.*
- The House of Representatives does not calculate the amount of state retirement benefits for former employees. The House simply certifies unused sick leave to the Missouri State Employees' Retirement System in the amount earned by its employees according to House policy. Prior to 1994, House policy allowed for the accrual of 16 hours of sick leave per month for its employees. Since that time, the House has limited sick leave accrual to ten hours per month, but it continues to honor employee sick leave accrued under its prior policy.*
- D. *The House Administration and Accounts Committee will take the employee compensatory time policy up for reconsideration in light of this recommendation.*

AUDITOR'S COMMENT

- C. We have discussed this matter with retirement system officials and will provide a copy of the audit report to that agency for its review and consideration.

3. Expenditures

- A. The House manages its own purchasing functions. Section 34.010, RSMo 2000, exempts legislative departments from the procurement and bidding requirements which apply to most state agencies. However, the House has not established a written procurement policy to ensure purchases are made in accordance with management's intentions and the economical use of state resources.

In addition, while it appears the House generally attempts to procure items competitively through bidding or obtaining quotes, adequate documentation is not always maintained of the bids received or the efforts made at competitive procurement. For example, during fiscal year 2001 the House purchased 120 laptop computers for \$214,800 to replace those in the House chamber. We were told these computers were purchased through competitive procedures, including internet shopping. However, there was no documentation maintained to support the procurement process. In another example, the House procured a computer system maintenance contract totaling \$8,500. The documentation for this procurement was an internal memo stating that the vendor selected was the only local vendor and the vendor's hourly rate was less than the statewide contract vendor. However, the House did not document which vendors were contacted regarding this purchase, the vendors' price quotes, or a reference to the statewide contract number that was used as a comparison.

Formal procurement and bidding procedures for major purchases provide a framework for economical management of state resources and help ensure fair value is received by contracting with bidders offering the best service and quality for the lowest cost. Competitive bidding also helps ensure all parties are given an equal opportunity to participate in House business.

A written procurement policy would clarify the House's intentions and provide employees with purchasing guidelines to follow. Various bidding approaches are appropriate, based on dollar amount and type of purchase. Whichever approach is used, complete documentation of the procurement process should be maintained, including all bids received and reasons noted why a bid was selected.

- B. Procedures do not appear adequate to ensure disbursements are made in accordance with predetermined contract terms. In fiscal year 2003, we noted the House ordered and paid for a large quantity of paper at a cost of \$20,769. According to the payment documentation, the cost of the paper was \$19.96 per 1,000 sheets; however, the bid documentation related to this contract indicated the vendor had agreed to provide paper at a cost of \$10.30 per 1,000 sheets. When we brought this matter to the attention of House officials, they could not explain this discrepancy. According to those officials, the vendor was subsequently contacted and has agreed to reimburse approximately \$9,600 to the House for the amount of the overcharge.

Care should be taken to ensure any payments made for goods or services are in accordance with the terms of the contract or bid award.

- C. We noted some expenditures involving services contracts in which the purchasing documents did not adequately specify the services being provided or where the purchasing documents were not prepared on a timely basis. In fiscal year 2001, the House procured computer programming services totaling \$5,600 from a statewide contract vendor; however, the purchasing documents did not specify the

services to be provided nor was a copy of the statewide contract retained. In addition, we noted the House subsequently procured additional computer programming services from the same vendor; however, the invoice for these services was dated ten days prior to the issuance of the purchase order.

Purchasing documents should clearly specify the services to be provided and be prepared prior to the delivery of the services.

WE RECOMMEND the House of Representatives:

- A. Develop a written procurement policy detailing bidding requirements. In addition, complete documentation of the procurement process should be maintained.
- B. Ensure payments made for goods or services are in accordance with the terms of the contract or bid award.
- C. Ensure purchasing documents clearly specify the services to be provided. In addition, the House should ensure the purchasing documents are prepared prior to the delivery of the services.

AUDITEE'S RESPONSE

- A. *The House of Representatives has improved its competitive bidding procurement practice and documentation of purchases. The House agrees with this recommendation and will review and adopt a written procurement policy.*
- B. *The House of Representatives agrees with this recommendation and will continue to monitor and improve its payment system.*
- C. *The House of Representatives has improved its purchasing documentation and agrees with this recommendation.*

4. Fixed Assets

According to the House fixed asset records, the House owned approximately \$5 million in furniture and equipment items at June 30, 2003. Our review of the House's fixed asset records and procedures indicated the following:

- A. Fixed asset duties are not adequately segregated. The property control clerk performs the receiving, recording, and physical inventory counts of fixed asset items. To ensure fixed asset records are accurate and to safeguard assets from theft or misuse, physical inventory counts should be performed by someone independent of the custodial and record keeping functions.

- B. Changes in the beginning and ending balances on the property records provided by the House do not reconcile to reports of additions and deletions. We attempted to perform this reconciliation for the four years of the audit period; however, we were not able to produce a balanced reconciliation. House officials could not explain these differences; however, they believed problems with conversion to a new fixed asset recordkeeping system contributed to the differences.

Year-end fixed asset balances should be periodically reconciled, accounting for all additions and dispositions, to ensure fixed asset records are accurate and fixed asset transactions have been accounted for properly.

- C. Additions to the fixed asset records are not periodically reconciled to the appropriate expenditure object codes. Reconciliations of fixed asset additions and expenditures are necessary to ensure property items purchased are properly recorded and controlled.
- D. The House allows the sale of some assets to departing representatives at amounts significantly below the original cost. A similar condition was reported in a previous audit of the House (three years ended June 30, 1993), and we had recommended the House consider turning all used/surplus property items over to State Surplus Property. This recommendation had been implemented at the time of the last audit; however, this practice was resumed pursuant a policy change approved in April 2002.

According to current House policy, outgoing representatives may purchase specified equipment which was used in their offices (including computers, printers, scanners, palm pilots, copiers, and facsimile machines) that are at least three years old. Returning representatives and other House staff are not allowed to purchase equipment. We were told the sale prices represent fair market value, and are established by policy and approved by committee prior to offering the items for sale to the outgoing representatives. During the year ended June 30, 2003, the House sold fixed asset items with an original acquisition cost of \$219,849 to outgoing House members for \$15,873.

We continue to believe the House of Representatives should consider disposing of all used or surplus property through State Surplus Property. This procedure would allow the items to be used by other government agencies or, if sold, would provide more assurance that fair value is obtained and all parties are given an equal opportunity to acquire these assets.

The state's SAM II System has fixed asset accounting capabilities. The House should consider using this subsystem to help address the applicable conditions reported above.

WE RECOMMEND the House of Representatives:

- A. Ensure an individual who is independent of the fixed asset custodial and record keeping functions performs the physical inventory.
- B. Periodically reconcile changes in the beginning and ending fixed asset balances to reports of additions and deletions. The House should consider using the SAM II system's fixed asset accounting capabilities to help address this recommendation.
- C. Reconcile additions in the fixed asset records to appropriate expenditure object codes on a periodic basis. The House should consider using the SAM II system's fixed asset accounting capabilities to help address this recommendation.
- D. Consider disposing of all used or surplus property items through State Surplus Property.

AUDITEE'S RESPONSE

- A. *The House of Representatives goes above and beyond the normal state agency practice with regard to fixed asset tracking by tracking equipment with a value over \$250 and by performing fixed asset inventories three times each year. At least one of these inventories is currently completed by staff independent from the House Inventory Specialist. The House is considering ways to perform all inventories by independent staff without hiring additional employees to perform such inventories.*
- B. *The House of Representatives is currently undergoing a full reconciliation of beginning and ending fixed asset balances to reports of additions and deletions. The House will periodically perform such reconciliations and does utilize the SAMII system to do so.*
- C. *The House of Representatives agrees with this recommendation and will continue to improve the periodic additions reconciliation process.*
- D. *The House of Representatives currently utilizes State Surplus Property for the disposal of almost all of its property. In 2002, the House Accounts Committee changed House policy to allow non-returning House members to purchase electronic equipment that is 3-years-old or older in an effort to recoup more money for the state than can be recouped by State Surplus Property. The House Administration and Accounts Committee will take this policy up for reconsideration in light of this recommendation.*

FOLLOW-UP ON PRIOR AUDIT FINDINGS

GENERAL ASSEMBLY AND SUPPORTING FUNCTIONS
HOUSE OF REPRESENTATIVES
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by the House of Representatives on findings in the Management Advisory Report (MAR) of our prior audit report issued for the three years ended June 30, 1999. Although the unimplemented recommendations are not repeated, the House of Representatives should consider implementing the recommendations.

1. Personnel Matters

- A. The House had established a policy requiring central staff employees to be evaluated periodically. However, the House had not conducted performance appraisals for its employees in accordance with this policy.
- B. The House did not have a policy regarding the employment and supervision of related parties. The audit disclosed a House employee directly supervised two close relatives.

Recommendation:

- A. Ensure written employee performance appraisals are prepared in accordance with House policy.
- B. Establish and adopt a written related party policy which restricts related employees from directly supervising each other and/or working with financial operations.

Status:

- A. Partially implemented. The House administration does not currently have a written policy regarding the preparation of employee performance appraisals and central staff employees were not formally appraised during much of the current audit period. However, beginning in calendar year 2003 most of these House employees were evaluated at least once during that year. Although not reported in the current MAR, the House should prepare a written policy requiring periodic performance appraisals of central staff employees.
- B. Partially implemented. During the fall of 2003, the House administration contracted for custodial services which eliminated the positions which had involved the direct supervision of relatives. Current House policy prohibits House staff from hiring related employees. However, a policy adopted by the House administration committee in April 2000 prohibiting the supervision of relatives has not been incorporated into the published House policy manual. Although not reported in the current MAR, the House should incorporate the

April 2000 policy prohibiting the supervision of relatives into the published House policy manual.

2. Expense Reimbursements

Expense reimbursements made to some representatives included certain items which may not have complied with House policy. The House's policy was not specific as to what could be reimbursed under incidental or miscellaneous expenses and did not limit the number or amount of additional memberships and subscriptions that would be reimbursed to a representative.

Recommendation:

The House of Representatives review its expense account reimbursement policy regarding incidental or miscellaneous expenses and consider revising the policy to clarify what expenses will or will not be reimbursed. While reviewing the policy, the House should consider revising the policy to limit the number or dollar amount of memberships and subscriptions that will be reimbursed to a representative.

Status:

Implemented.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

GENERAL ASSEMBLY AND SUPPORTING FUNCTIONS
HOUSE OF REPRESENTATIVES
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

Legislative power in Missouri is vested by Article III, Section 1 of the 1945 Constitution in the General Assembly, more commonly known as the legislature. The legislature is composed of the Senate and the House of Representatives.

The House of Representatives consists of 163 members elected for two-year terms at each general election. A member generally may serve up to eight years as a representative based upon re-election. The House of Representatives convenes annually on the first Wednesday following the first Monday in January and adjourns on May 30 with no consideration of bills after 6:00 p.m. on the first Friday after the second Monday in May.

Each representative must be at least twenty-four years of age, a qualified voter of the state for two years, and of the district he/she represents for one year. The speaker of the House of Representatives is the presiding officer.

Representatives received salaries as follows:

<u>Positions</u>	<u>Year Ended June 30,</u>			
	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Speaker of the house	\$ 33,851	33,851	33,746	33,036
Speaker pro tem and floor leaders	32,851	32,851	32,746	32,036
All remaining representatives	31,351	31,351	31,246	30,536

Representatives were authorized to receive per diems and mileage reimbursement as follows:

<u>Effective Dates</u>	<u>Per Diem</u>	<u>Mileage Rate</u>
July 1, 1999 - June 30, 2001	\$68.00	
July 1, 2001 - June 30, 2002	72.00	
July 1, 2002 - June 30, 2003	75.20	
July 1, 1999 - June 30, 2000		\$0.280
July 1, 2000 - June 30, 2001		0.295
July 1, 2001 - June 30, 2002		0.315
July 1, 2002 - June 30, 2003		0.335

Members do not receive per diems or statutory mileage allowances during technical sessions; however, mileage expenses are reimbursed from the House of Representatives' contingency funds. Each member is also credited with \$800 a month (Effective July 1, 2002; previously \$1,000 a month) to cover the cost of office supplies, district staff

salaries, postage, mileage incurred and not paid for by statute, and other incidental expenses.

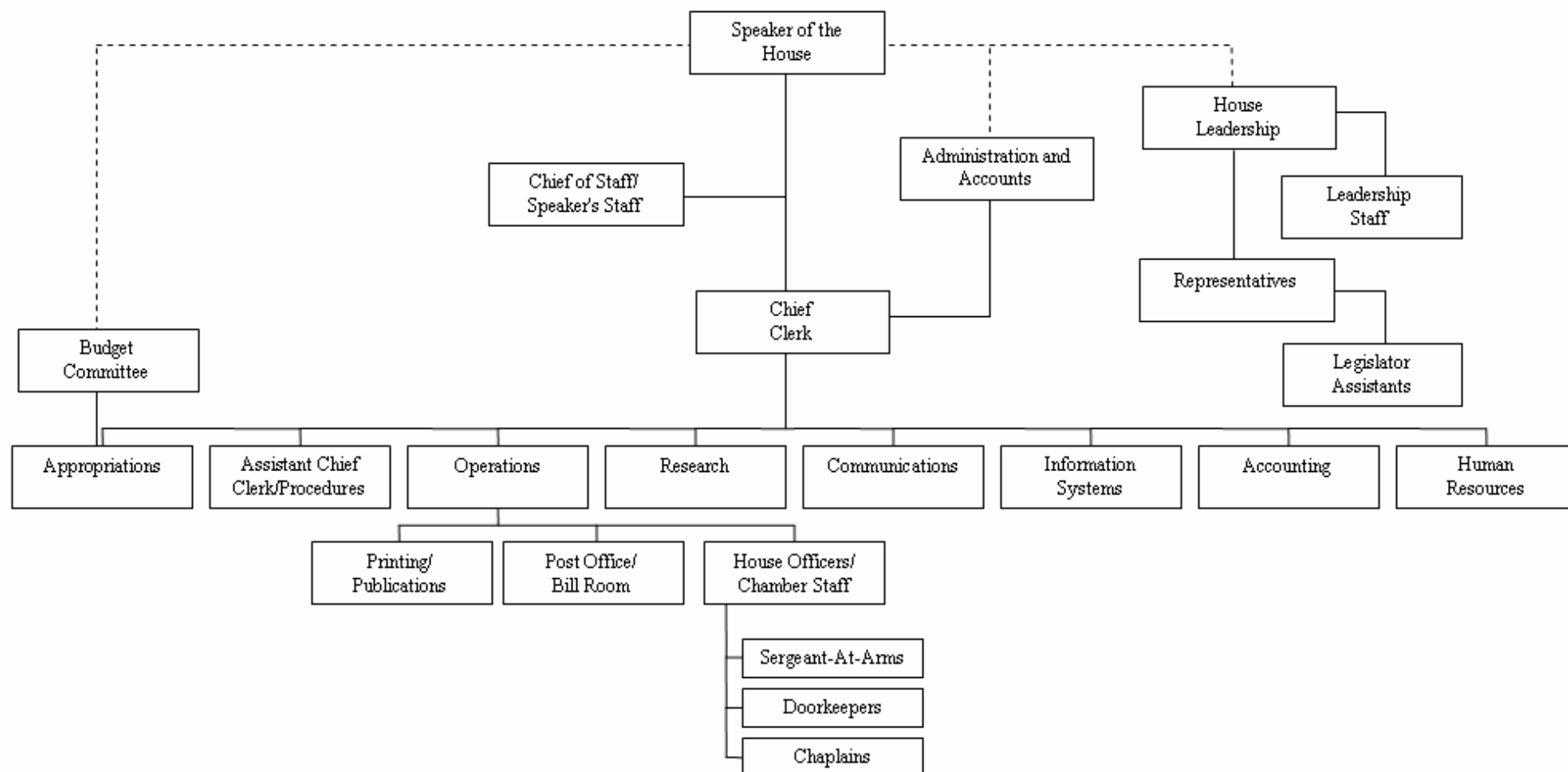
In 1973, the General Assembly was authorized full-time staffing as a result of a 1970 constitutional amendment creating annual legislative sessions.

In 1975, the positions of chief clerk and house administrator were merged into one position, which is currently filled by a full-time chief clerk. The House of Representatives is organized into eight divisions consisting of: appropriations, information systems, accounting, research, human resources, communications, operations, and assistant chief clerk/procedures.

The House of Representatives has approximately 137 full-time employees, 159 legislative assistants, and 54 part-time and session employees.

An organization chart follows.

GENERAL ASSEMBLY AND SUPPORTING FUNCTIONS
HOUSE OF REPRESENTATIVES
ORGANIZATION CHART
JUNE 30, 2003



Appendix A

GENERAL ASSEMBLY AND SUPPORTING FUNCTIONS
HOUSE OF REPRESENTATIVES
HOUSE OF REPRESENTATIVES REVOLVING FUND
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH AND INVESTMENTS

	Year Ended June 30,			
	2003	2002	2001	2000
RECEIPTS				
Sales and service revenues	\$ 46,831	36,872	22,809	40,244
Refunds and reimbursements	0	0	0	2,518
Miscellaneous	0	0	850	1,121
Total Receipts	46,831	36,872	23,659	43,883
DISBURSEMENTS				
Expense and equipment	23,720	23,493	27,982	45,393
Total Disbursements	23,720	23,493	27,982	45,393
RECEIPTS OVER (UNDER) DISBURSEMENTS	23,111	13,379	(4,323)	(1,510)
TRANSFERS				
Transfers to General Revenue Fund - State	255	239	260	5,387
Total Transfers	255	239	260	5,387
RECEIPTS OVER (UNDER) DISBURSEMENTS AND TRANSFERS	22,856	13,140	(4,583)	(6,897)
CASH AND INVESTMENTS, JULY 1	13,221	81	4,664	11,561
CASH AND INVESTMENTS, JUNE 30	\$ 36,077	13,221	81	4,664

Appendix B

GENERAL ASSEMBLY AND SUPPORTING FUNCTIONS
HOUSE OF REPRESENTATIVES
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
YEAR ENDED JUNE 30, 2003

	Appropriation		Lapsed
	Authority	Expenditures	Balances *
GENERAL REVENUE FUND-STATE			
Representatives' expense vouchers	\$ 1,564,800	1,435,124	129,676
Leadership aides and secretaries	5,402,364	4,936,936	465,428
House research staff	974,189	891,883	82,306
Legislative committee operating expense	90,000	87,300	2,700
House staff	1,000,000	0	1,000,000
House staff	5,259,738	4,533,541	726,197
House appropriations staff	415,357	370,100	45,257
Representatives' salaries	5,117,283	5,035,914	81,369
Representatives' mileage	342,660	333,838	8,822
Representatives' per diem	1,083,950	931,978	151,972
Total General Revenue Fund-State	21,250,341	18,556,614	2,693,727
HOUSE OF REPRESENTATIVES REVOLVING FUND			
House Revolving Fund	45,000	23,720	21,280
Total All Funds	\$ 21,295,341	18,580,334	2,715,007

* The lapsed balances included the following withholdings made at the Governor's request:

General Revenue Fund-State:

Representatives' expense vouchers	\$ 46,944
Leadership aides and secretaries	412,071
House research staff	29,226
Legislative committee operating expense	2,700
House staff	407,792
House appropriations staff	12,461
Representatives' mileage	8,651
Representatives' per diem	32,519
Total	\$ 952,364

Appendix C

GENERAL ASSEMBLY AND SUPPORTING FUNCTIONS
HOUSE OF REPRESENTATIVES
COMPARATIVE STATEMENT OF EXPENDITURES (FROM APPROPRIATIONS)

	Year Ended June 30,			
	2003	2002	2001	2000
Salaries and wages	\$ 13,503,923	13,660,572	13,540,766	12,853,459
Travel	1,637,861	1,680,280	1,558,929	1,531,926
Communication services and supplies	443,377	515,455	484,351	543,256
Other supplies	1,064,430	1,059,305	1,139,718	1,039,727
Professional development	52,542	94,153	83,016	79,831
Professional services	1,045,788	967,217	1,038,296	1,025,893
Equipment	607,541	328,021	731,469	420,727
Property and improvements	57,961	13,331	30,100	32,943
Building and equipment leases	59,116	33,673	28,232	25,288
Miscellaneous	107,795	86,022	69,609	67,676
Total Expenditures	\$ <u>18,580,334</u>	<u>18,438,029</u>	<u>18,704,486</u>	<u>17,620,726</u>



**GENERAL ASSEMBLY
AND SUPPORTING FUNCTIONS**

SENATE

FOUR YEARS ENDED JUNE 30, 2003

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-44
June 3, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

June 2004

The following report is our review of the General Assembly and Supporting Functions - Senate.

In early 2003, eligible Senate employees were offered a retirement incentive which provided that if an employee agreed to retire on or before June 30, 2003, the Senate would pay the difference between what that individual would pay in health insurance premiums as an active employee and what a retired employee would pay for the same insurance. This benefit would continue until the individual turned sixty-five. Four Senate employees decided to accept this offer and retire. The Senate Administrator developed the plan as a cost-savings measure and initially projected a net cost savings of \$62,000 and \$86,000 in the years ended June 30, 2004 and 2005, respectively.

Although the Senate will realize some cost savings as a result of this plan, it does not appear the Senate had legal authority to offer this plan to its employees. The employees of the Senate participate in the same retirement and health care plans that cover the majority of other state employees. The authority for providing retirement and health care benefits and related incentives for state employee is codified in the statutes. Since the Senate is bound by these statutes, this retirement incentive plan was not properly authorized by law.

In the 2003 legislative session, legislation was passed and signed into law that offered a retirement incentive to all eligible state employees retiring between February 1, 2003, and September 1, 2003. This approved retirement incentive limits the health insurance subsidy to only five years, or until the employee becomes Medicare-eligible. Therefore, the Senate will not be required to pay any health insurance subsidies from its appropriations for the four employees during the first five years of their retirement. However, the Senate will be obligated to continue paying health insurance subsidies for these employees after the initial five years until the employees turn sixty-five years of age. This will result in the Senate paying additional subsidies for these four employees for periods ranging from one to ten years. We estimate the Senate will pay over \$76,000 in additional health insurance subsidies for these employees from its appropriations in years subsequent to the initial five-year period.

Offering a retirement incentive to its employees that was not made available to other state workers raises questions of inequity. In addition, this action has committed Senate officials to pay these subsidies from future Senate appropriations.

The Senate has two groups of employees, Senate support staff and senators' personal staff. The Senate does not have written job descriptions to document the responsibilities and

(over)

YELLOW SHEET

qualifications for many Senate support staff employment positions. Neither the Senate support staff nor the senators' personal staff prepare time sheets reporting hours worked and leave taken. Additionally, the Senate has no personnel policy for senators' personal staff and has no centralized record of leave earned and taken by these employees.

During the audit period, the Senate did not maintain leave records for the Senate Administrator or the Secretary of the Senate. It was noted that when the former Senate Administrator resigned in February 2002, he requested he be paid for 336 hours of accumulated annual leave (the maximum allowable) and that over 3,700 hours of accumulated sick leave be reported on his behalf to the retirement system to be used in calculating his service credits. Because of the lack of leave records kept by the Senate, the auditors were unable to determine whether these accumulated leave balances were accurate and whether the related payment and amount of sick leave reported to the retirement system were appropriate.

Leave records for some support staff are not submitted to the Senate human resources officer in a timely manner. In addition, 22 Senate employees had leave balances exceeding the maximum allowed by a total of 2,036 hours. As a result, the Senate was not in compliance with its policy regarding accumulated annual leave limits. Similar conditions were noted in our prior report.

Also as noted in previous audits, during the four years ended June 30, 2003, the Senate sold fixed assets to senators, their staff, or other parties for approximately \$30,000. The original acquisition cost of the items sold totaled at least \$85,000, though this amount is understated because cost information was not readily available for some items sold. The audit reported that a three-year old Senate vehicle acquired for \$26,000 was sold to a senator for \$13,000. The Senate could provide no documentation of how the sales price was determined. In another instance, one outgoing senator was allowed to purchase three computers even though this number exceeded the amount allowed by existing policy.

Although changes have been made to reduce and limit the extent of such property sales, the auditors again recommended all used or surplus property be disposed of through State Surplus Property. It was further recommended that if any used property items are sold through the Senate Administrator's office, the sales should be properly documented and comply with existing policy.

The audit also includes some matters related to the Senate's lack of a written procurement policy and fixed asset records and procedures, which the Senate should consider and take appropriate corrective action.

Senate officials agreed to implement several of the auditor's recommendations.

All reports are available on our website: www.auditor.mo.gov

GENERAL ASSEMBLY AND SUPPORTING FUNCTIONS
SENATE

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GENERAL ASSEMBLY AND SUPPORTING FUNCTIONS
SENATE

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON
THE FINANCIAL STATEMENTS**

Members of the Senate
Jefferson City, MO 65102

We have audited the accompanying Statement of Receipts, Disbursements, and Changes in Cash and Investments of the Senate Revolving Fund, and Statement of Appropriations and Expenditures of the various funds of the Senate as of and for the years ended June 30, 2003, 2002, 2001, and 2000. These financial statements are the responsibility of the Senate's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting or the state's legal budgetary basis of accounting, which are comprehensive bases of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash and investments of the Senate Revolving Fund and the appropriations and expenditures of the various funds of the Senate as of and for the years ended June 30, 2003, 2002, 2001, and 2000, on the bases of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated October 31, 2003, on our consideration of the Senate's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying financial information listed as supplementary data in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the Senate's management and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

October 31, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Gregory A. Slinkard, CPA, CIA
In-Charge Auditor:	John Lieser, CPA
Audit Staff:	Turan Hirji, CPA
	Malcolm Nyatanga



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

Members of the Senate
Jefferson City, MO 65102

We have audited the financial statements of the Senate as of and for the years ended June 30, 2003, 2002, 2001, and 2000, and have issued our report thereon dated October 31, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of the Senate are free of material misstatement, we performed tests of the Senate's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of noncompliance which is described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of the Senate, we considered the Senate's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of

the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of the Senate and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

October 31, 2003 (fieldwork completion date)

Financial Statements

Exhibit A

GENERAL ASSEMBLY AND SUPPORTING FUNCTIONS
SENATE
SENATE REVOLVING FUND
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH
AND INVESTMENTS

		Year Ended June 30,			
		2003	2002	2001	2000
RECEIPTS					
Sales	\$	16,641	16,469	26,362	9,206
Refunds and reimbursements		2,213	7,252	4,213	438
Miscellaneous		2,737	1,393	7,879	2,472
Total Receipts		<u>21,591</u>	<u>25,114</u>	<u>38,454</u>	<u>12,116</u>
DISBURSEMENTS					
Transfers to General Revenue Fund -					
State (Note 3)		245	51,731	154	30,176
Expense and equipment		82	0	0	0
Total Disbursements		<u>327</u>	<u>51,731</u>	<u>154</u>	<u>30,176</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS		<u>21,264</u>	<u>(26,617)</u>	<u>38,300</u>	<u>(18,060)</u>
CASH AND INVESTMENTS, JULY 1		<u>29,877</u>	<u>56,494</u>	<u>18,194</u>	<u>36,254</u>
CASH AND INVESTMENTS, JUNE 30	\$	<u><u>51,141</u></u>	<u><u>29,877</u></u>	<u><u>56,494</u></u>	<u><u>18,194</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

GENERAL ASSEMBLY AND SUPPORTING FUNCTIONS
SENATE
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30,					
	2003			2002		
	Appropriation Authority	Expenditures	Lapsed Balances *	Appropriation Authority	Expenditures	Lapsed Balances *
GENERAL REVENUE FUND - STATE						
Senate contingent expenses	\$ 9,172,920	8,308,452	864,468	10,010,954	8,418,901	1,592,053
Salaries of members	1,071,448	1,038,394	33,054	1,071,448	1,044,867	26,581
Members' mileage	56,435	56,435	0	56,435	53,866	2,569
Members' per diems	226,100	193,785	32,315	226,100	183,640	42,460
General Assembly:						
Joint contingent expenses						
Personal service	22,404	22,403	1	63,558	59,784	3,774
Expense and equipment	77,596	30,134	47,462	374,132	265,027	109,105
Legislators' dues for professional organizations and other general expenses	284,403	283,579	824	284,403	283,579	824
Joint Committee on Gaming and Wagering	51,820	51,806	14	51,820	42,635	9,185
Joint Committee on Administrative Rules	119,707	81,986	37,721	119,707	88,308	31,399
Joint Committee on Public Employee Retirement	155,000	132,198	22,802	213,987	151,360	62,627
Joint Committee on Capital Improvements and Lease Oversight	118,964	116,929	2,035	118,964	110,341	8,623
Total General Revenue Fund - State	11,356,797	10,316,101	1,040,696	12,591,508	10,702,308	1,889,200
SENATE REVOLVING FUND						
Contingent expenses	40,000	82	39,918	40,000	0	40,000
Total All Funds	\$ 11,396,797	10,316,183	1,080,614	12,631,508	10,702,308	1,929,200

* The lapsed balances include the following withholdings made at the Governor's request:

	Year Ended June 30,	
	2003	2002
Senate contingent expenses	\$ 775,188	1,201,972
Salaries of members	32,143	12,861
Members' mileage	0	2,158
Members' per diems	6,783	40,698
General Assembly:		
Joint contingent expense and equipment	2,328	67,344
Legislators' dues for professional organizations and other general expenses	824	824
Joint Committee on Gaming	0	7,328
Joint Committee on Administrative Rules	3,591	21,547
Joint Committee on Public Employee Retirement	4,650	38,518
Joint Committee on Capital Improvements and Lease Oversight	0	6,414
Total	\$ 825,507	1,399,664

Exhibit B

GENERAL ASSEMBLY AND SUPPORTING FUNCTIONS
SENATE
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30					
	2001			2000		
	Appropriation Authority	Expenditures	Lapsed Balances	Appropriation Authority	Expenditures	Lapsed Balances
GENERAL REVENUE FUND - STATE						
Senate contingent expenses	\$ 10,036,433	8,705,520	1,330,913	9,782,460	8,423,469	1,358,991
Salaries of members	1,067,878	1,046,231	21,647	1,043,738	1,036,528	7,210
Members' mileage	56,435	50,033	6,402	56,435	48,190	8,245
Members' per diems	226,100	169,932	56,168	226,100	165,906	60,194
General Assembly:						
Joint contingent expenses						
Personal service	63,138	61,073	2,065	60,312	0	60,312
Expense and equipment	459,532	133,219	326,313	374,132	104,866	269,266
Southern legislative conference	248,530	14,460	234,070	355,909	107,379	248,530 **
Legislators' dues for professional organizations and other general expenses	281,238	277,740	3,498	272,704	267,502	5,202
Joint Committee on Gaming and Wagering	51,610	44,618	6,992	50,000	3,408	46,592
Joint Committee on Administrative Rules	119,287	91,621	27,666	115,948	83,936	32,012
Joint Committee on Public Employee Retirement	213,147	140,804	72,343	206,601	113,169	93,432
Joint Committee on Capital Improvements and Lease Oversight	118,544	112,558	5,986	115,003	108,167	6,836
Total General Revenue Fund - State	12,941,872	10,847,809	2,094,063	12,659,342	10,462,520	2,196,822
SENATE REVOLVING FUND						
Contingent expenses	40,000	0	40,000	40,000	0	40,000
Total All Funds	\$ 12,981,872	10,847,809	2,134,063	12,699,342	10,462,520	2,236,822

** Biennial appropriations set up in fiscal year 2000 are re-appropriations to fiscal year 2001. After the fiscal year-end processing has been completed, the unexpended fiscal year 2000 appropriation balance for a biennial appropriation is established in fiscal year 2001. Therefore, there is no lapsed balance for a biennial appropriation at the end of fiscal year 2000.

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

GENERAL ASSEMBLY AND SUPPORTING FUNCTIONS
SENATE
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present only selected data for each fund of the Senate.

Receipts, disbursements, and changes in cash and investments are presented in Exhibit A for the Senate Revolving Fund. Appropriations from this fund are expended by or for the Senate for restricted purposes.

Appropriations, presented in Exhibit B, are not separate accounting entities. They do not record the assets, liabilities, and equity or other balances of the related funds but are used only to account for and control the Senate's expenditures from amounts appropriated by the General Assembly.

Expenditures presented for each appropriation may not reflect the total cost of the related activity. Other direct and indirect costs provided by the Senate and other state agencies are not allocated to the applicable fund or program.

B. Basis of Accounting

The Statement of Receipts, Disbursements, and Changes in Cash and Investments, Exhibit A, prepared on the cash basis of accounting, presents amounts when they are received or disbursed.

The Statement of Appropriations and Expenditures, Exhibit B, is presented on the state's legal budgetary basis of accounting. For years ended on or after June 30, 2001, expenditures generally consist of amounts paid by June 30, with no provision for lapse period expenditures unless the Office of Administration approves an exception. Amounts encumbered at June 30 must be either canceled or paid from the next year's appropriations.

However, the General Assembly may authorize continuous (biennial) appropriations, for which the unexpended balances at June 30 of the first year of the 2-year period are reappropriated for expenditure during the second year. Therefore, such appropriations have no lapsed balances at the end of the first year.

The cash basis of accounting and the budgetary basis of accounting differ from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and

measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

General capital assets, which are recorded as expenditures when acquired, are capitalized at cost. The Senate's recorded balance of general capital assets at June 30, 2003, totaled \$2,402,743.

C. Fiscal Authority and Responsibility

The Senate administers transactions in the funds listed below. The state treasurer as fund custodian and the Office of Administration provide administrative control over fund resources within the authority prescribed by the General Assembly.

Senate Revolving Fund: This fund was established by Section 21.235, RSMo 2000, to receive funds paid or transferred to the Senate for printing, duplicating, postage, computer services, surplus property sales, refunds from vendors, personal reimbursements, or any other goods or services for which a fee is charged. Expenditures are authorized by appropriation and by the Senate Administration Committee. The unexpended balance exceeding \$5,000 at the end of the biennium is transferred to the General Revenue Fund-State.

General Revenue Fund-State: The Senate receives appropriations from this fund and does not maintain a proprietary interest in the fund. Appropriations from the fund are used for the basic operation of the Senate, including those programs and services that have no other funding source. These appropriations also may be used to initially fund, or to provide matching funds or support for, programs paid wholly or partially from other sources.

D. Employee Fringe Benefits

In addition to the social security system, employees are covered by the Missouri State Employees' Retirement System (MOSERS) (a noncontributory plan) and may participate in the state's health care, optional life insurance, cafeteria, and deferred compensation and deferred compensation incentive plans. The optional life insurance and cafeteria plans involve only employee contributions or payroll reductions. The deferred compensation plan involves employee payroll deferrals and the deferred compensation incentive plan a state contribution for each employee who participates in the deferred compensation plan and has been employed by the state for at least 1 year.

The state's required contributions for employee fringe benefits are paid from the same funds as the related payrolls. Those contributions are for MOSERS (retirement, basic life insurance, and long-term disability benefits); social security and medicare taxes; health care premiums; and the deferred compensation incentive amount.

Transfers related to salaries are not appropriated by agency and thus are not presented in the financial statement at Exhibit B.

2. Cash

The balance of the Senate Revolving Fund is pooled with other state funds and invested by the state treasurer.

3. Transfers to General Revenue Fund-State

In accordance with Section 21.235, RSMo 2000, the unexpended balance of the Senate Revolving Fund not exceeding \$5,000 is exempt from the provisions of Section 33.080, RSMo 2000. That statute states the state treasurer will make a biennial transfer of unexpended funds to the state's General Revenue Fund. The amounts presented for the years ended June 30, 2002 and 2000, represent the excess balance over \$5,000. The amounts presented for the years ended June 30, 2003 and 2001, represent adjustments made to correct previous transfers.

4. Reconciliation of Total Disbursements to Appropriated Expenditures

Disbursements on Exhibit A reconcile to appropriated expenditures of the Senate Revolving Fund on Exhibit B as follows:

		Year Ended June 30,			
		2003	2002	2001	2000
DISBURSEMENTS PER EXHIBIT A	\$	327	51,731	154	30,176
Transfers		245	51,731	154	30,176
EXPENDITURES PER EXHIBIT B	\$	82	0	0	0

Supplementary Data

Schedule

GENERAL ASSEMBLY AND SUPPORTING FUNCTIONS

SENATE

COMPARATIVE STATEMENT OF EXPENDITURES (FROM APPROPRIATIONS)

		Year Ended June 30,				
		2003	2002	2001	2000	1999
Salaries and wages	\$	8,505,850	8,461,311	8,474,164	8,052,004	7,683,434
Travel, in-state		353,193	353,918	301,082	321,406	305,489
Travel, out-of-state		28,034	57,308	72,331	59,539	62,458
Fuel and utilities		2,018	1,920	1,971	1,734	1,786
Supplies		495,407	591,686	619,147	724,422	706,726
Professional development		307,576	317,760	302,510	298,675	281,562
Communication service and supplies		198,533	223,995	193,213	246,111	185,381
Services:						
Business and professional		60,916	97,546	145,373	99,248	129,519
Housekeeping and janitorial		1,118	3,927	3,946	3,302	0
Maintenance and repair		87,206	199,506	163,704	173,387	164,629
Computer equipment		81,140	139,309	324,411	262,795	442,832
Motor vehicle purchases		0	0	23,749	0	26,500
Office equipment		29,044	56,485	38,285	61,114	219,641
Other equipment		34,596	84,382	60,082	31,540	60,411
Property and improvements		31,965	4,689	21,806	25,953	28,626
Building lease payments		65,577	64,148	67,306	70,639	65,614
Equipment rental and leases		7,450	11,222	14,040	10,804	10,408
Miscellaneous expenses		26,560	33,196	20,689	19,847	20,727
Total	\$	<u>10,316,183</u>	<u>10,702,308</u>	<u>10,847,809</u>	<u>10,462,520</u>	<u>10,395,743</u>

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

GENERAL ASSEMBLY AND SUPPORTING FUNCTIONS
SENATE
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of the Senate as of and for the years ended June 30, 2003, 2002, 2001, and 2000, and have issued our report thereon dated October 31, 2003.

The following Management Advisory Report presents our findings arising from our audit of the Senate's financial statements. During our audit, we also identified certain management practices which we believe could be improved. Our audit was not designed to be a detailed study of every system, procedure, and transaction. Accordingly, the findings presented in the following report should not be considered all-inclusive of areas needing improvement.

1. Retirement Incentive

In early 2003, the Senate Administrator offered a retirement incentive to Senate employees who were eligible to retire. This incentive provided that if an employee agreed to retire on or before June 30, 2003, the Senate would pay the difference between what that individual would pay in health insurance premiums as an active employee and what a retired employee would pay for health insurance premiums. The offer provided that this benefit would continue until the individual turned sixty-five, the age a person becomes eligible for Medicare coverage. It was anticipated the cost of this retirement incentive would be paid from the Senate's discretionary appropriations. The incentive offer also provided the employee would have the opportunity to work for the Senate in the 2004 legislative session up to a maximum of 999 hours during that year. Four Senate employees subsequently accepted the offer in March and April 2003 and retired at various dates shortly thereafter. A formal signed agreement was entered into with each of these employees when they agreed to accept the offer.

According to the Senate Administrator, he developed the plan as a cost savings measure and it was approved by the Senate Administration Committee in December 2002. The Senate Administrator indicated he had initially projected a net cost savings (salary costs less the cost of the incentive) of \$62,000 and \$86,000 in the years ended June 30, 2004 and 2005, respectively. During our initial discussions with the Senate Administrator, he indicated he developed the plan believing the Senate Administration Committee had broad authority in administering the financial affairs of the Senate and he indicated he consulted with Senate legal staff prior to the plan being offered to the employees.

Although it appears the Senate will realize some cost savings as a result of this plan, it does not appear the Senate had legal authority to offer this plan to its employees. The employees of the Senate participate in the Missouri State Employees' Retirement System and the Missouri Consolidated Health Care Plan, the same employee benefit plans that cover the majority of other state employees. The authority for providing retirement benefits and related

incentives as well as health insurance benefits for state employees is codified in the statutes. Since the Senate is bound by these statutes, it appears this retirement incentive plan was not properly authorized by law.

After we questioned this matter, Senate legal staff prepared a memorandum which indicated there are no statutory provisions specifically prohibiting the Senate from offering this plan. They also asserted the Administration Committee had the authority to offer the plan to its employees because it has been charged with the responsibility of controlling all financial obligations and business affairs of the Senate. However, Senate legal staff provided no express statutory authority to support the action that was taken.

In the 2003 legislative session, the General Assembly passed, and the Governor subsequently signed into law, legislation (Senate Bill 248) that offered a retirement incentive to all eligible state employees retiring between February 1, 2003, and September 1, 2003. This incentive was similar to the plan offered to the Senate employees, except the retirement incentive under this new legislation limits the health insurance subsidy to only five years or until the employee becomes Medicare-eligible, whichever occurs first.

The four Senate employees who accepted the Senate's retirement incentive were also eligible for the retirement incentive offered to state employees under the new legislation. Therefore, the Senate will not be required to pay any health insurance subsidies from its appropriations for these four employees during the first five years of their retirement. However, because the Senate's plan was not limited to five years, the Senate will be obligated to continue paying health insurance subsidies for these employees after the initial five years until the employees turn sixty-five years of age. This will result in the Senate paying additional subsidies (beyond the initial five-year period) for these four employees for periods ranging from one to ten years. We estimate the Senate will pay over \$76,000 in additional health insurance subsidies for these employees from its appropriations in years subsequent to the initial five-year period (based on current subsidy levels).

Besides the lack of statutory authority in implementing this plan, offering a retirement incentive to its employees that was not made available to other state workers raises questions of inequity. In addition, this action has effectively committed Senate officials to pay these subsidies from future Senate appropriations. The Senate should refrain from taking similar actions in the future without express statutory authority. The Senate may want to consider requesting an opinion from the Attorney General regarding the Senate Administration Committee's authority in offering retirement incentives or other similar matters.

WE RECOMMEND the Senate refrain from offering retirement incentives to its employees beyond those offered all state employees as provided in the statutes.

AUDITEE'S RESPONSE

In light of the state's economic situation, numerous alternatives have been considered in an ongoing effort to lower costs. The retirement incentive was seen as an innovative opportunity to permanently reduce payroll while enabling us to utilize the experience of long-time employees during session---the time they are most needed.

2.

Personnel Matters

The Senate has two groups of employees. Senate support staff work for the Senate overall. Research analysts, print shop employees, accounting staff, and maintenance employees are examples of Senate support staff. Senators' personal staff work exclusively for a senator. Attorneys and secretaries are examples of senators' personal staff. We noted the following concerns in our review of the Senate's personnel policies and related records:

- A. The Senate does not have written job descriptions to document the responsibilities and qualifications for many Senate support staff employment positions. In addition, we noted written performance appraisals are not prepared periodically to evaluate the performance of many support staff employees.

Job descriptions are necessary to ensure individuals are aware of their duties and responsibilities and are qualified for the position for which they are hired. In addition, job descriptions can be used as objective criteria in the evaluation of potential employees. Written performance appraisals can lead to improvement in employee performance, and may be used to evaluate employees for salary increases, promotions, and other personnel actions.

- B. Neither the Senate support staff nor the senators' personal staff prepare time sheets reporting hours worked and leave taken. Only hourly support staff employees prepare time sheets documenting actual hours worked. Proper control over payroll requires documentation, such as time sheets, signed by the employees and approved by their supervisors, to provide evidence of the time worked and leave taken each pay period.
- C. The Senate has no personnel policy for senators' personal staff and has no centralized record of leave earned and taken by these employees. Each senator is responsible for maintaining leave records for their employees. Upon termination or at other times throughout the year, each senator decides what amount, if any, of annual leave or overtime to pay their personal staff. During our review, we noted several extra payments to senators' personal staff for accumulated leave or overtime. The only documentation provided to the Senate authorizing the extra compensation was a letter from the senator.

A written personnel policy for personal staff employees is necessary to provide assurance employees are treated equitably and to prevent misunderstandings. In addition, without centralized records, the Senate cannot ensure that employees' annual leave, sick leave, and compensatory time balances are accurate. Centralized leave records also aid in determining final compensation for employees leaving Senate employment.

D. Senate support staff are required to maintain records of leave and compensatory time earned, accumulated, and used. These records are submitted to the human resources officer who posts them to the employee's accumulated leave records. During our review of these records, we noted the following concerns:

- 1) During the audit period, the Senate did not maintain leave records for the Senate Administrator or the Secretary of the Senate. After we inquired about these records, the Secretary of the Senate provided her personal leave records to the human resource officer and formal leave records have now been established for this official. Without leave records for all employees, the Senate cannot adequately monitor leave taken and determine the accuracy of accumulated leave balances.

In December 2001, the former Senate Administrator submitted his resignation effective February 1, 2002. In his resignation letter, he requested he be paid for 336 hours of accumulated annual leave (the maximum allowable). The former Senate Administrator was subsequently paid \$14,694 related to this request. In addition, he indicated he was authorizing Senate staff to report 3,721 hours of accumulated sick leave on his behalf to the retirement system. This provided the former Senate Administrator an additional 22 months in service credits, resulting in higher retirement benefits.

Because the Senate maintained no leave records for this employee, we were unable to determine whether these accumulated leave balances were accurate and whether the related payment and amount of sick leave reported to the retirement system were appropriate.

- 2) Leave records for some support staff are not submitted to the Senate human resources officer in a timely manner (i.e. monthly). We initially noted that about 40 employees had not submitted leave records for 2002 to the human resources officer. Subsequently, leave records for most of these employees were filed with the human resources officer.
- 3) The Senate has established a leave policy whereby employees are not allowed to accumulate annual leave in excess of the maximum amount that can be earned in two years, and does not allow for carryover from month to month of more than that amount. However, at June 30, 2003, a number of support staff employees had accumulated annual leave that exceeded the maximum

allowed by that policy. At that date, we noted 22 employees with leave exceeding the limit by a total of 2,036 hours. For one employee, the annual leave balance exceeded the limit by 479 hours.

As a result, the Senate is not in compliance with its policy regarding the accumulated annual leave limits. Allowing the accumulated leave limits to be exceeded could result in additional costs to the state.

During fieldwork, Senate officials told us its employees had been notified to reduce their annual leave balances to the maximum allowed by policy by December 31, 2003. They were advised any excess leave would be lost effective that date.

Complete and accurate accumulated leave records, updated timely, allow for leave balances to be adequately monitored to ensure employees are not accumulating leave in excess of the maximum balance allowed. In addition, such leave records provide support for the amount of accumulated leave to be paid to an employee upon termination.

The state's SAM II System has time and leave tracking capabilities. The Senate should consider using these subsystems to help address the applicable conditions reported above.

Similar conditions were also noted in our prior report.

WE AGAIN RECOMMEND the Senate:

- A. Prepare written job descriptions that establish the responsibilities and qualifications for all support staff positions. In addition, written performance appraisals should be prepared for each support staff employee on a periodic basis.
- B. Require all employees prepare and submit time sheets of actual hours worked and leave taken.
- C. Establish a written personnel policy for senators' personal staff. In addition, the payroll records for all Senate employees should be centralized, with personal staff required to submit leave records. The Senate should consider using the SAM II system's leave tracking capabilities to help address the applicable part(s) of this recommendation.
- D. Ensure all employees submit leave records on a timely basis and maintain complete and accurate accumulated leave records. In addition, leave balances should be monitored to ensure the established leave policies are being followed. The Senate should consider using the SAM II system's leave tracking capabilities to help address the applicable part(s) of this recommendation.

AUDITEE'S RESPONSE

- A. *We recognize the importance of identifying the qualifications and skills necessary to fulfill the responsibilities of a particular job. This information is necessary to ensure the employees have a clear understanding of what is expected of them while allowing the development of appropriate performance measures to aid in employee evaluations.*

As discussed with your audit staff, the Senate has been making significant changes relative to these issues. During the most recent interim, updated information with regard to the duties and responsibilities of individual employees was compiled from support staff for the purpose of identifying the qualifications and skills needed in the performance of their respective jobs. The results will be utilized in the development of formal job descriptions and appropriate performance appraisal criteria. It is our intent to continue this work during the upcoming interim with the anticipated completion of the project by no later than the end of calendar year 2004.

- B&D. *The timing and length of legislative sessions do not allow most employees to use annual leave or compensatory time earned during that period. In response to this ongoing problem, all support staff employees were notified that they could exceed the maximum allowable accumulated leave limits throughout the year with any excess to be liquidated as of December 31 of each calendar year. Effective December 31, 2003, any individual leave balances in excess of the maximum allowable accumulated leave limits were written off.*

During the time your staff was completing field-work, a few of our departments were testing an employee time management program. The time management program requires the input of hours worked for each employee. The same program is also being utilized for tracking leave. After a limited test period, the new program went live January 1, 2004, and is currently being used by all Senate support staff.

- C. *Traditionally, senators do their own staffing. During new senators orientation, the accrual rates allowed Senate support staff are provided as information to each senator's office. Senators establish the working hours, duties, salary and leave for their personal staff. Therefore, we have not felt it expedient to maintain records for this group of employees.*

The only "extra" payments currently allowed to senators' personal staff are for accrued vacation paid upon termination or transfer. All such payments are documented with a letter from the senator authorizing the payment and attesting to its validity with the understanding that supporting documentation is available upon request.

3. Lack of Procurement Policy

The Senate manages its own purchasing functions. Section 34.010, RSMo 2000, exempts legislative departments from the procurement and bidding requirements which apply to most state agencies. While it appears the purchases reviewed were generally handled in an appropriate manner, the Senate has not established a written procurement policy.

Formal bidding procedures for major purchases provide a framework for economical management of state resources and help ensure fair value is received by contracting with bidders offering the best service and quality for the lowest cost. A written bid policy would clarify the Senate's intentions and provide employees with a policy to follow.

This condition was also noted in our prior report.

WE AGAIN RECOMMEND the Senate develop a written procurement policy detailing bid requirements.

AUDITEE'S RESPONSE

Although exempt from state purchasing and procurement laws, we take our procurement responsibility seriously. Though we are satisfied that our purchasing and procurement procedures are more than adequate with regard to the economical use of state resources, we concur to formalize our purchasing procedures with a written procurement policy by July 1, 2004.

4. Fixed Asset Records and Procedures

According to the fixed asset records, the Senate owned approximately \$2.4 million in furniture and equipment items at June 30, 2003. Our review of the records and controls over these fixed asset items disclosed the following concerns:

- A. The disposition of fixed asset items has not been recorded in the records on a timely basis. In addition, items that could not be located during the annual physical inventories have not been written off in a timely manner.

During the year ended June 30, 2002, the Senate deleted over 900 property items, with acquisition costs totaling about \$865,000, from its fixed asset records. In following up on this matter, Senate officials indicated many of these items had been surplus, traded-in, or disposed of in some other manner and not properly deleted from the fixed asset records. In addition, it appears many of these items had been missing for an extended period of time, but they were not deleted from the records on a timely basis. We noted that nearly all of the property items deleted from the records had not been located since at least fiscal year 1999, and about 50 of these items had not been located for 10 years or more.

To ensure the fixed asset records are up-to-date and fixed assets are properly accounted for, the disposition of fixed assets should be promptly recorded. In addition, any fixed assets not located during physical inventories should be deleted from the records after a reasonable period of time.

- B. Fixed asset duties are not adequately segregated. The property control clerk who maintains the fixed asset records also performs the physical inventories. To ensure fixed assets records are accurate and to safeguard assets from theft or misuse, physical inventories should be performed by someone independent of the custodial and recordkeeping functions.
- C. Additions to the fixed asset records are not periodically reconciled to the appropriate expenditure object codes. Reconciliations of fixed asset additions and expenditures are necessary to ensure property items purchased are properly recorded and controlled.
- D. Documentation was not maintained reconciling year-end fixed asset balances, accounting for all additions and dispositions in the interim. We attempted to do this for the four years of the audit period; however, we noted a difference of \$58,000. Senate officials could not explain this difference; however, they believed problems with the conversion to a new fixed asset recordkeeping system contributed to this difference.

Year-end fixed asset balances should be periodically reconciled, accounting for all additions and dispositions, to ensure fixed asset records are accurate and fixed assets transactions have been accounted for properly.

The state's SAM II System has fixed asset accounting capabilities. The Senate should consider using this subsystem to help address the applicable conditions reported above.

WE RECOMMEND the Senate:

- A. Record the disposition of fixed asset items promptly in the fixed asset records. In addition, any fixed assets not located during physical inventories should be should be deleted from the records after a reasonable period of time.
- B. Require an individual independent of the fixed assets custodial or recordkeeping function perform the physical inventory.
- C. Reconcile additions to the fixed asset records to the appropriate expenditure object codes on a periodic basis. The Senate should consider using the SAM II system's fixed asset accounting capabilities to help address this recommendation.

- D. Maintain documentation reconciling year-end fixed asset balances, accounting for additions and dispositions in the interim. The Senate should consider using the SAM II system's fixed asset accounting capabilities to help address this recommendation.

AUDITEE'S RESPONSE

- A. *Recently the House and Senate jointly purchased a property control system utilizing bar code tracking of fixed assets. During the transition to the new tracking system, new property tags and identification numbers were assigned to all fixed assets. Admittedly, a number of items had remained on the old property control records even after they had not been located in at least one inventory. We agree to formalize a policy detailing how and when dispositions should be recorded when items are not located in the annual physical inventory.*
- B. *During the annual physical inventory, the property control clerk typically participates in the actual inventory while directing the activities of a few other employees. We recognize the lack of segregation of the property control clerk's duties is not ideal and are looking at ways to improve any perceived or potential lack of control.*
- C&D. *During the transfer of information from the former system to the new system, some of the old data was irretrievably lost and could not be recreated. Until this conversion took place, we have typically not had a problem reconciling our year-end fixed asset balance with the acquisitions and dispositions made throughout the year. Effective immediately we concur to maintain documentation reconciling year-end fixed asset balances with the acquisitions and dispositions made throughout the year.*

5. Sale of Surplus Property

While the Senate disposes of much of its surplus property through State Surplus Property, it also allows the sale of used property items (primarily office furniture and equipment) through the Senate Administrator's office. During the four years ended June 30, 2003, the Senate sold fixed assets to senators, their staff, or other parties for approximately \$30,000. The original acquisition cost of the items sold totaled at least \$85,000, though this amount is understated because cost information was not readily available for some items sold. Previous audits have questioned this practice, citing the lack of a policy in valuing items for sale and recommending the Senate dispose of all surplus property through State Surplus Property.

Since the last audit, the Senate Administration Committee has adopted policies regarding the sale of used furniture and equipment items, including a provision that no sitting senator be allowed to purchase used property items. In August 2002, the Administration Committee revised the policies by defining the surplus property which may be sold to outgoing senators, the approval required, and some guidelines on how the sales price is to be determined. Although these actions represent improvements and have resulted in a reduction in the number of items sold by the Senate, we noted the following concerns during our review:

- A. In February 2001, the previous Senate Administrator authorized the sale of a three-year old Senate automobile with an acquisition cost of \$26,000 to a senator for \$13,000. The vehicle had been assigned to that senator during his tenure as a Senate officer, and it was sold to him when he stepped down from that position. The Senate could provide no documentation of how the sales price was determined and there was no mention of the sale in the Administration Committee meeting minutes.
- B. Some sales of used property to senators subsequent to August 2002 did not comply with the revised policies of the Administration Committee. For example, we noted one outgoing senator purchased three computers when the sale of only one computer (desktop or laptop) is allowed by policy, unless authorized by the Administration Committee. The sale of only one of the two additional computers sold to this outgoing senator was authorized in the Administration Committee meeting minutes.
- C. The Senate Administrator does not maintain written documentation authorizing the sale of used property items or supporting his determination of the sales price. Current Senate policies require the Senate Administrator to determine the sales price based on salvage value or, for computers the greater of ten percent of the purchase price or current depreciated book value plus ten percent.

Written documentation should be maintained authorizing sales of used property items. Also, considering the Senate Administrator is allowed some discretion in pricing decisions, documentation should be maintained supporting how sales prices are determined.

We continue to believe the Senate should consider disposing of all used or surplus property items through State Surplus Property. However, if the Senate is going to continue to allow used property items to be sold through the Senate Administrator's office, written documentation should be maintained authorizing the sales and supporting how the sales prices are determined. In addition, any sales should comply with existing Senate policies and approval should be properly documented in the Administration Committee minutes, if applicable.

WE AGAIN RECOMMEND the Senate consider disposing of all used or surplus property items through State Surplus Property. If any used property items are sold through the Senate Administrator's office, the sales should be properly documented and comply with existing Senate policies. This should include documentation authorizing any sale and supporting how the sale price is determined. Also, any necessary Administration Committee approval should be documented in the committee's minutes.

AUDITEE'S RESPONSE

- A. *The automobile sales price was determined based on telephone inquiries made of several sources including: State Surplus Property where we asked for an approximation of what similar vehicles had been bringing at state auctions; a couple of retail automobile dealers where we asked for the average trade-in value of the vehicle; and, a local financial institution which provided further documentation as to the accuracy of the range of values being used.*
- B. *In the computer sales cited, per policy the first sale was approved by the Administrator. An exception to allow the sale of a second computer to the same senator was subsequently approved by the Administration Committee. The third transaction appears to have been a misunderstanding. A month or two after the initial computer sales had been approved, the senator asked the Administrator about buying the laptop computer from his office. The Administrator thought he was referring to the one approved by the Administration Committee and told him it had already been approved. In actuality, the senator was referring to a second laptop which had been used by his office, thus the third sale.*
- C. *The Senate presently utilizes State Surplus Property for a number of dispositions and will continue to do so. On any future dispositions of property through the Senate Administrator's office, we agree to supplement our present documentation with internal memoranda explicitly authorizing the sale and specifying how the sales price was determined.*

This report is intended for the information and use of the management of the Senate and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

Follow-Up on Prior Audit Findings

GENERAL ASSEMBLY AND SUPPORTING FUNCTIONS
SENATE
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by the Senate on findings in the Management Advisory Report (MAR) of our prior audit report issued for the three years ended June 30, 1999.

The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the Senate should consider implementing those recommendations.

1. Personnel Policies

- A. There were no written job descriptions for many support staff positions and written performance appraisals were not prepared periodically for many support staff employees.
- B. The Senate's personnel policy did not address how the use of leave should be requested, approved, and documented, and support staff were not required to prepare time sheets documenting hours worked and/or leave taken.
- C. There was no personnel policy for senators' personal staff and no centralized record of leave earned and taken by personal staff.

Recommendation:

The Senate:

- A. Prepare written job descriptions that establish the responsibilities and qualifications for all support staff positions. In addition, written performance appraisals should be prepared for each support staff employee on a periodic basis.
- B. Revise the personnel policy for support staff to provide guidance as to how the use of leave should be requested, approved, and documented (i.e. leave slips). In addition, support staff should be required to prepare monthly time sheets documenting hours worked and/or leave taken.
- C. Establish a written personnel policy for senators' personal staff. In addition, the payroll records for all Senate employees should be centralized, with personal staff required to submit time sheets or leave slips.

Status:

- A-C. Not implemented. See MAR No. 2.

2. Payroll Records and Procedures

- A. Payroll duties were not adequately segregated.
- B. Personnel files did not contain all employee authorizations of withholdings and deductions or signed payroll transaction records.
- C.1. Leave records were not maintained for the several management employees, including the Senate Administrator.
 - 2. Leave records for many support staff were not submitted timely to the payroll clerk.
 - 3. A number of support staff employees had accumulated leave balances exceeding the maximum allowed.
 - 4. Several employees were allowed to accrue negative balances for annual leave, sick leave, and/or compensatory leave.

Recommendation:

The Senate:

- A. Adequately segregate duties related to the payroll function. At a minimum, an adequate independent review of the duties performed by the payroll clerk should be performed on a periodic basis.
- B. Maintain complete personnel files, including employee authorization of withholdings and deductions and a record of all authorized payroll transaction records.
- C. Ensure all employees submit leave records on a timely basis and maintain complete and accurate accumulated leave records. In addition, leave balances should be monitored to ensure the established leave policies are being followed.

Status:

- A. Partially implemented. The payroll functions are still not adequately segregated and the Senate human resources officer continues to handle most of the payroll duties. However, some independent reviews of her duties are periodically performed and staff in the Accounting Department perform monthly reconciliations of payroll reports. Although not repeated in the current MAR, the Senate should continue to review how it can better segregate duties related to the payroll function.
- B. Partially implemented. We noted a few instances where W-4 forms could not be located; however, it appears improvement has been made in maintaining more complete personnel files. Although not repeated in the current MAR, our recommendation remains as stated above.
- C. Not implemented. We again noted and reported some similar problems in the current audit. See MAR No. 2. We also noted one instance during the audit period where an employee was allowed to accrue a significant negative sick leave balance;

however, the employee's negative leave balance had been substantially reduced by June 30, 2003. Although not repeated in the current MAR, the Senate should not allow employees to accrue negative leave balances.

3. Expenditures

- A. A written procurement policy had not been established.
- B. No controls had been established to ensure postage stamps purchased and distributed to senators were used properly, and no record of any unused stamps turned in by senators was maintained.
- C. The Senate print shop printed calendars for distribution by senators. The cost of materials to produce the calendars during fiscal years 1997 to 1999 was estimated at about \$21,750.

Recommendation:

The Senate:

- A. Develop a written procurement policy detailing bid requirements.
- B. Use the postage machine whenever possible and the use of postage stamps should be kept to a minimum. In addition, the Senate should maintain a log documenting the number of stamps returned by senators when they leave office.
- C. Discontinue the printing of calendars at state expense.

Status:

- A. Not implemented. See MAR No. 3.
- B. Partially implemented. The Senate continues to purchase and distribute postage stamps to senators; however, stamp purchases have decreased significantly in recent years. In fiscal year 2002, the Senate discontinued passing resolutions authorizing the purchase and delivery of stamps to senators. While the Senate still provides rolls of stamps to senators upon request, the cost of the stamps is charged against the senators' allowances. These changes have resulted in expenditures for stamps dropping from a total of \$81,500 during fiscal years 2000 and 2001 to a total of \$8,000 during fiscal years 2002 and 2003.

While the controls over postage stamps is no longer a significant issue, the Senate still does not account for the return of any unused stamps when a senator leaves office. Although not repeated in the current MAR, the Senate should require senators to return any unused stamps when leaving office and maintain a record documenting these returns.

- C. Not implemented. The Senate print shop still prints calendars for distribution by senators; however, fewer calendars have been printed in recent years due to policy changes, resulting in reduced costs. The Senate has established a policy limiting the

number of calendars each senator may request and now assesses a \$1 charge per calendar ordered (the estimated production cost) against the senators' allowances. These changes have resulted in a reduction in the number of calendars printed from about 21,000 in fiscal year 2000 to 12,500 in fiscal year 2003. Although not repeated in the current MAR, we continue to believe the benefits associated with producing these calendars may not justify the cost and the Senate should consider discontinuing the printing of these items.

4. Sale of Surplus Property

The Senate allowed the sale of surplus property to senators, senators' staff, and outside parties. The Senate had not established a policy on how to value those items for sale.

Recommendation:

The Senate consider turning all used assets being disposed of over to State Surplus Property.

Status:

Not implemented. The Senate continues to sell used or surplus property items; however, some improvements have been made. See MAR No. 5.

STATISTICAL SECTION

History, Organization, and
Statistical Information

GENERAL ASSEMBLY AND SUPPORTING FUNCTIONS
SENATE
HISTORY, ORGANIZATION AND STATISTICAL INFORMATION

Legislative power in Missouri is vested by Article III, Section 1 of the 1945 Constitution in the General Assembly, more commonly known as the legislature, composed of the Senate and the House of Representatives.

The Senate consists of thirty-four members who are elected for four-year terms. Senators from odd-numbered districts are elected in Presidential election years. Senators from even-numbered districts are chosen in the "off-year" elections. Each senator must be at least thirty years of age, a qualified voter of the state for three years, and of the district he represents for one year. The lieutenant governor is president and presiding officer of the Senate. In his absence, the president pro tem, who is elected by the Senate members, presides. The Senate convenes annually on the first Wednesday following the first Monday in January and adjourns on May 30 with no consideration of bills after 6:00 p.m. on the first Friday after the second Monday in May.

Senate leadership positions are classified as either leadership or committee chairman. Senators in leadership positions include the president pro tem and the majority and minority floor leaders. Senators occupying the positions of assistant minority floor leader, vice-chairman of the Appropriations Committee, and ranking minority member of the Appropriations Committee receive the same allowance as a committee chairman position. In addition to their normal clerical hires, the president pro tem, majority floor leader, minority floor leader, senior member of each party, and chairman of the Appropriations Committee are allowed to hire an administrative assistant. The president pro tem is authorized to hire a secretary for his administrative assistant.

Senators received salaries as follows:

<u>Positions</u>	<u>Year Ended June 30,</u>			
	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
President pro tem	\$ 33,851	33,851	33,746	33,036
Floor leaders	32,851	32,851	32,746	32,036
All remaining senators	31,351	31,351	31,246	30,536

Senators were authorized per diems and mileage reimbursement as follows:

<u>Effective Dates</u>	<u>Per Diem</u>	<u>Mileage Rate</u>
July 1, 1999-December 31, 1999	\$68.80	
January 1, 2000-September 30, 2001	68.00	
October 1, 2001-September 30, 2002	72.00	
October 1, 2002-June 30, 2003	75.20	
July1, 1999-June 30, 2000		\$0.280
July1, 2000-June 30, 2001		0.295
July1, 2001-June 30, 2002		0.315
July1, 2002-June 30, 2003		0.335

Each senator is paid a per diem each day the senator is in attendance at the legislative session. In addition, senators are reimbursed for each mile traveled when commuting to and from Jefferson City for each week the legislature is in session.

Senators receive various annual allowances to be utilized in the performance of their official duties. These allowances are established by the Administration Committee and are subject to the limitations imposed by the appropriation authorizing these expenditures. Maximum allowances have been set by category of expense with the provision that total expenditures for each senator do not exceed the maximum total allowance. In addition, with approval of the Administration Committee, senators may spend over the maximum allowance by category or in total and carry unused allowances not exceeding 20 percent of the total allowance to subsequent years. The annual allowances for the year ended December 31, 2003, were as follows:

<u>Allowance</u>	<u>Leadership Positions</u>	<u>Committee Chairman Positions</u>	<u>All Remaining Senators</u>
Maximum allowance by category:			
Personal service	\$ 110,575	99,886	91,915
District office	7,200	7,200	7,200
Postage	27,500	27,500	27,500
Travel	4,800	4,800	4,800
Office expense	2,000	2,000	2,000
Maximum Total Allowance	\$ 152,075	141,386	133,415

The personal service allowance is used to pay the salaries of the senators' capitol and district staff. Expenses to maintain a district office, such as rent, telephone charges, and answering services are charged against the district office allowance. The postage allowance is primarily used to pay the cost of mailing newsletters. In addition, various senators received by Senate resolution postage stamps totaling \$52,528 and \$28,976 during the fiscal years ended June 30 2001 and 2000, respectively. Beginning in December 2001, the Senate stopped distributing stamps to senators by resolution and any postage stamp usage by senators was charged to the senators' postage allowances. Travel expenses incurred in connection with the duties of a state senator are reimbursable from the travel allowance and each senator is allowed to make office purchases of \$2,000 per year without being cleared through the Administration Committee. Each senator has a credit card for telephone calls regarding Senate business when not at their capitol office.

The Senate determines its own rules and procedures and rules may not be dispensed without at least one day's notice and only by a vote of at least a majority of the Senate. However, a rule may be suspended for a special purpose by a vote of two-thirds majority of the members. This suspension shall remain only until the Senate proceeds to the consideration of business other than that for which the rule was suspended. The Senate is required to keep a daily journal (or record) of its proceedings. At the end of the session, the journals are bound by the Office of the Secretary of State.

The Senate receives appropriations for various commissions and committees as follows:

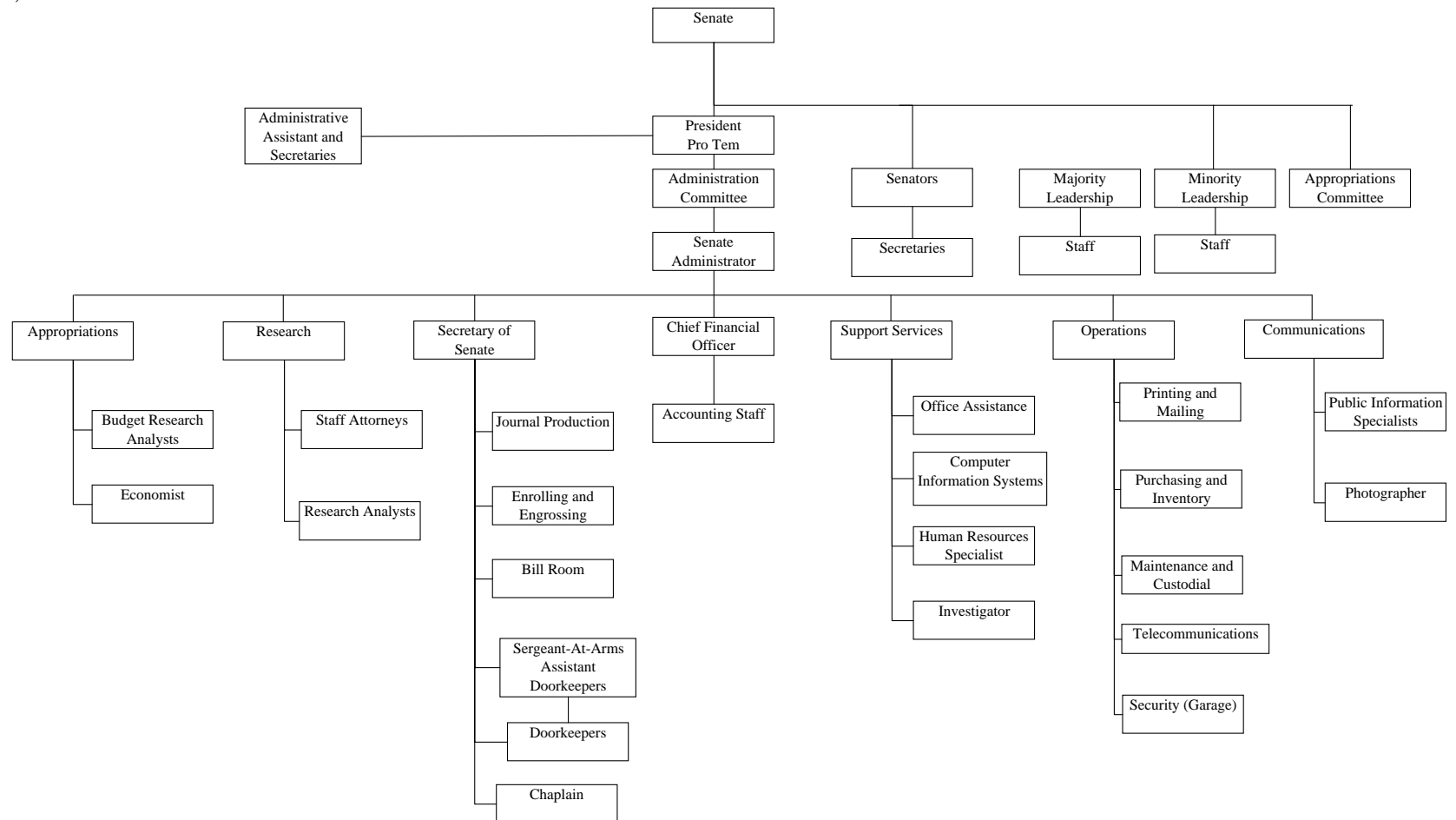
- A. The Joint Committee on Administrative Rules (JCAR) was created by Section 536.037, RSMo Cumulative Supp.1999. This committee is composed of five members each from the House of Representatives and Senate. The members are appointed by the president pro tem of the Senate and speaker of the House of Representatives for the respective bodies. The function of the JCAR is to review all rules promulgated by state agencies, except rules promulgated by the Public Service Commission and the Labor and Industrial Labor Relations Commissions.
- B. The Joint Committee on Public Employee Retirement (JCPER) was created by Section 21.553, RSMo 1994. The committee is composed of six members each from the House of Representatives and the Senate. The members are appointed by the president pro tem of the Senate and speaker of the House of Representatives for the respective bodies. The function of the JCPER is to make a continuing study and analysis of all state and local government retirement systems, devise a standard reporting system for public employee retirement systems, determine the need for changes in statutory law, and make recommendations necessary to provide adequate retirement benefits to state and local government employees.
- C. The Joint Committee on Capital Improvements and Lease Oversight (JCCILO) was created by Concurrent Resolution No. 8 of the 84th General Assembly. The committee is composed of five members each from the House of Representatives and Senate. The members are appointed by the president pro tem of the Senate and speaker of the House of Representatives for the respective bodies. The function of the JCCILO is to review the design intent, scope, bids, contracts, and other pertinent information on capital improvement projects that may affect current capital spending and the development of future capital and/or operating appropriations.
- D. The Joint Committee on Gaming and Wagering (JCGW) was created by Section 313.001, RSMo 2000. The committee is composed of five members each from the House of Representatives and the Senate. The members are appointed by the president pro tem of the Senate and the speaker of the House of Representatives for the respective bodies. The function of the JCGW is to review all state authorized gaming and wagering activities including proposed constitutional and statutory changes or other pertinent information that may affect the integrity of these activities.

Five members of the Senate are appointed by the president pro tem to serve on the Administration Committee. This committee has sole control of all financial obligations and business affairs of the Senate. The committee employs an administrator. The administrator has general supervisory capacity over employees who prepare the Senate budget, maintain the accounting records, acquire equipment and supplies, control inventory, maintain the physical plant, prepare the payroll, coordinate renovation projects, pay bills, and provide objective, nonpartisan research to all members of the Senate.

The Senate has 34 senators and approximately 195 full-time employees.

An organization chart follows.

GENERAL ASSEMBLY AND SUPPORTING FUNCTIONS
SENATE
ORGANIZATION CHART
JUNE 30, 2003





**MARION COUNTY, MISSOURI
TWO YEARS ENDED DECEMBER 31, 2002**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-43
June 1, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

June 2004

IMPORTANT: The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Marion, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also provide a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and it does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Marion County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The county charged the Emergency Management Performance Grant for equipment hours that were not used and for three and one-half hours for one employee on a day he was not working, resulting in questioned costs of \$1,739.
- The annual budgets overestimated disbursements for various county funds and formal budgets were not prepared for some county funds. A written request for budgets was prepared by the County Clerk's office and transmitted to all county officials; however, some officials chose not to submit budgets in accordance with the request. In addition the county's annual published financial statement did not include the financial activity for some county funds.
- The county does not adequately track or report the federal assistance on the schedule of expenditures of federal awards (SEFA).
- Timecards are not always signed by employees or their supervisors, timesheets for Sheriff's department employees are not submitted to the County Clerk, and compensatory time is accumulated at time and one half when 40 hours were not worked during the week.
- The Sheriff's Jail Inmate Fund is not reconciled to the individual inmate account balances and commissary profits, and inventory records of commissary items are not maintained. The Sheriff's Department does not issue receipt

(over)

YELLOW SHEET

slips for some monies received, indicate the method of payment on some receipt slips, or maintain the petty cash fund on an imprest basis.

- The Associate Circuit Division – Division II (Hannibal) does not transmit/deposit garnishment and civil receipts intact on a timely basis and the method of payment is not always indicated on their receipt slips. In addition, the Associate Division has not established procedures to routinely follow up on outstanding checks.
- The Associate Circuit Division's – Division I (Palmyra) balance in the bond account included cash bond receipts totaling more than \$7,700 which have been held in excess of one year. In addition, receipts were not deposited on a timely basis, the method of payment was not always indicated on their receipt slips, and checks and money orders received were not restrictively endorsed immediately upon receipt.
- The Circuit Clerk – Division II (Hannibal) does not have adequate procedures to monitor and ensure monies in her various bank accounts are sufficiently collateralized. In addition, listings of liabilities (open items) were not prepared for the fee account and the Circuit Clerk has not established procedures to routinely follow up on outstanding checks.
- Actual disbursements exceeded the budgeted amounts in the Health Center Fund and the county's annual published financial statements did not include the financial activity for the Health Center. In addition, the Health Center does not have a formal emergency contingency plan for the computer systems, and has not formally negotiated arrangements for backup facilities in the event of a disaster.
- The E-911 Board has not established procedures to routinely follow up on outstanding checks and has no formal policies and procedures for general fixed assets. In addition, credit card receipts are not reconciled to the monthly credit card bill, and the Board awarded some employee bonuses. Also, the E-911 Board did not publish annual financial statements.

Also included in the audit are recommendations related to vehicle logs, and computer controls. The audit also suggests improvements to the procedures of the Assessor, the Sheriff, the Prosecuting Attorney, the Circuit Clerk – Division I (Palmyra), the County Clerk, the Collector, the Probate Division – District II (Hannibal), the Probate Division – District I (Palmyra), the Highway Department, and the Ex-Officio Recorder.

All reports are available on our website: www.auditor.mo.gov

MARION COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Marion County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Marion County, Missouri, as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Marion County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2002 and 2001, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated July 21, 2003, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Marion County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

July 21, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Debra S. Lewis, CPA
Audit Staff:	Monique Williams, CPA
	Carl E. Zilch, Jr.



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission
and
Officeholders of Marion County, Missouri

We have audited the financial statements of various funds of Marion County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated July 21, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of various funds of Marion County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Marion County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce

to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Marion County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

July 21, 2003 (fieldwork completion date)

Financial Statements

Exhibit A

MARION COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 191,884	3,578,679	3,351,598	418,965
Special Road and Bridge	53,294	1,492,226	1,409,683	135,837
Assessment	39,139	239,403	278,212	330
Law Enforcement Training	9,296	8,356	10,394	7,258
Prosecuting Attorney Training	679	1,349	1,764	264
Prosecuting Attorney Delinquent Tax	8,341	7,586	10,700	5,227
Capital Improvements	200,309	1,625,052	935,411	889,950
Veterans Road	1,620,037	697,068	658,118	1,658,987
Recorders Preservation	40,780	16,893	1,147	56,526
Drug Enforcement	228	8,559	8,559	228
L.E.P.C.	27,246	11,012	3,478	34,780
Election Services	3,920	2,733	4,096	2,557
Recorders Technology	3,288	7,568	1,138	9,718
Sheriff's Civil Fees	0	30,186	5,030	25,156
Health Center	689,162	1,572,948	1,523,301	738,809
Emergency Telephone Service (E-911)	268,667	487,972	465,066	291,573
Circuit Clerk - District I Interest	17,237	1,219	17	18,439
Circuit Clerk - District II Interest	41,582	2,614	2,421	41,775
Associate Circuit Division - District I Interest	2,917	942	0	3,859
Associate Circuit Division - District II Interest	4,589	522	15	5,096
Probate Division - District II Interest	1,597	15	169	1,443
Law Library	1,831	6,688	8,351	168
Juvenile Justice Center	3,586	143,741	133,611	13,716
Domestic Violence	1	2,961	1,153	1,809
Sheriff's Jail Inmate	2,117	11,331	11,273	2,175
Total	\$ 3,231,727	9,957,623	8,824,705	4,364,645

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A

MARION COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 668,646	2,996,108	3,472,870	191,884
Special Road and Bridge	106,572	1,321,599	1,374,877	53,294
Assessment	7,141	297,201	265,203	39,139
Law Enforcement Training	14,507	9,441	14,652	9,296
Prosecuting Attorney Training	1,093	1,540	1,954	679
Prosecuting Attorney Delinquent Tax	15,766	7,581	15,006	8,341
Capital Improvements	403,534	1,497,291	1,700,516	200,309
Veterans Road	1,063,741	738,005	181,709	1,620,037
Recorders Preservation	42,333	12,958	14,511	40,780
Drug Enforcement	228	7,954	7,954	228
L.E.P.C.	17,842	13,576	4,172	27,246
Election Services	2,237	6,475	4,792	3,920
Local Records Preservation Grant	0	26,155	26,155	0
Recorders Technology	0	3,288	0	3,288
Health Center	414,979	1,453,183	1,179,000	689,162
Emergency Telephone Service (E-911)	277,364	434,495	443,192	268,667
Circuit Clerk - District I Interest	19,356	1,112	3,231	17,237
Circuit Clerk - District II Interest	36,088	16,882	11,388	41,582
Associate Circuit Division - District I Interest	3,612	672	1,367	2,917
Associate Circuit Division - District II Interest	3,802	1,047	260	4,589
Probate Division - District II Interest	1,552	45	0	1,597
Law Library	478	11,506	10,153	1,831
Juvenile Justice Center	4,987	135,637	137,038	3,586
Domestic Violence	1	2,155	2,155	1
Sheriff's Jail Inmate	0	5,305	3,188	2,117
Total	\$ 3,105,859	9,001,211	8,875,343	3,231,727

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

MARION COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 9,514,894	9,761,237	246,343	9,188,519	8,823,563	(364,956)
DISBURSEMENTS	11,564,743	8,665,103	2,899,640	12,089,859	8,706,563	3,383,296
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,049,849)	1,096,134	3,145,983	(2,901,340)	117,000	3,018,340
CASH, JANUARY 1	3,215,090	3,215,090	0	3,035,983	3,035,983	0
CASH, DECEMBER 31	1,165,241	4,311,224	3,145,983	134,643	3,152,983	3,018,340
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	100,000	86,595	(13,405)	65,000	75,740	10,740
Sales taxes	1,440,000	1,498,001	58,001	1,480,000	1,440,485	(39,515)
Intergovernmental	529,700	998,063	468,363	896,000	544,398	(351,602)
Charges for services	629,417	659,513	30,096	658,500	612,587	(45,913)
Interest	16,000	8,107	(7,893)	35,000	16,778	(18,222)
Other	88,451	104,020	15,569	135,901	110,716	(25,185)
Transfers in	464,680	224,380	(240,300)	0	195,404	195,404
Total Receipts	3,268,248	3,578,679	310,431	3,270,401	2,996,108	(274,293)
DISBURSEMENTS						
County Commissioner	123,869	120,607	3,262	119,000	118,066	934
County Clerk	167,860	166,241	1,619	171,530	165,437	6,093
Elections	124,985	108,329	16,656	152,500	78,586	73,914
Buildings and grounds	139,481	129,578	9,903	240,000	142,566	97,434
Employee fringe benefit	9,500	9,415	85	8,850	9,523	(673)
County Treasurer	45,327	44,323	1,004	43,700	42,361	1,339
County Collector	178,487	173,055	5,432	183,000	178,607	4,393
Ex Officio Recorder of Deed	83,150	79,721	3,429	100,500	88,324	12,176
Circuit Clerk	13,000	9,128	3,872	25,000	21,520	3,480
Associate Circuit Court	7,706	4,397	3,309	10,800	7,659	3,141
Associate Circuit (Probate)	53,956	48,455	5,501	54,000	51,920	2,080
Court administration	29,780	20,913	8,867	39,482	19,009	20,473
Public Administrator	117,353	114,552	2,801	126,162	130,550	(4,388)
Sheriff	424,876	432,035	(7,159)	500,829	442,173	58,656
Jail	1,162,653	1,187,483	(24,830)	1,199,171	1,205,337	(6,166)
Prosecuting Attorney	263,971	261,528	2,443	266,700	261,591	5,109
Juvenile Offices	148,659	116,021	32,638	148,932	74,012	74,920
County Coroner	38,837	35,077	3,760	41,000	35,691	5,309
Planning and Zoning	10,115	8,404	1,711	12,569	8,694	3,875
Child Support Enforcement	64,994	64,408	586	64,500	63,914	586
Postage	45,000	52,742	(7,742)	55,000	44,344	10,656
Community assistance contract	83,096	90,852	(7,756)	94,385	80,996	13,389
Computer equipment and supplies	10,000	2,359	7,641	35,000	64,012	(29,012)
Public health and welfare service	4,150	3,878	272	4,150	4,021	129
Other general county government	40,534	59,538	(19,004)	81,150	41,003	40,147
Transfers out	10,500	8,559	1,941	34,000	92,954	(58,954)
Emergency Fund	98,047	0	98,047	100,000	0	100,000
Total Disbursements	3,499,886	3,351,598	148,288	3,911,910	3,472,870	439,040
RECEIPTS OVER (UNDER) DISBURSEMENTS	(231,638)	227,081	458,719	(641,509)	(476,762)	164,747
CASH, JANUARY 1	191,884	191,884	0	668,646	668,646	0
CASH, DECEMBER 31	(39,754)	418,965	458,719	27,137	191,884	164,747

Exhibit B

MARION COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	800,000	821,263	21,263	765,000	737,598	(27,402)
Intergovernmental	538,500	643,560	105,060	558,000	536,469	(21,531)
Interest	13,000	4,613	(8,387)	19,000	13,992	(5,008)
Other	17,500	12,858	(4,642)	10,500	33,540	23,040
Transfers in	0	9,932	9,932	0	0	0
Total Receipts	1,369,000	1,492,226	123,226	1,352,500	1,321,599	(30,901)
DISBURSEMENTS						
Salaries	585,039	587,525	(2,486)	558,089	555,221	2,868
Employee fringe benefit	230,369	221,771	8,598	193,831	192,979	852
Supplies	113,900	90,385	23,515	111,400	99,940	11,460
Insurance	40,290	35,651	4,639	28,141	30,914	(2,773)
Road and bridge materials	233,000	38,000	195,000	234,000	22,978	211,022
Equipment repairs	175,000	51,516	123,484	195,000	53,964	141,036
Rentals	2,000	14	1,986	4,500	0	4,500
Equipment purchases	275,000	129,958	145,042	595,500	332,756	262,744
Construction, repair, and maintenance	1,000	332	668	1,500	185	1,315
Other	75,030	30,151	44,879	78,039	47,506	30,533
Transfers out	224,380	224,380	0	0	38,434	(38,434)
Total Disbursements	1,955,008	1,409,683	545,325	2,000,000	1,374,877	625,123
RECEIPTS OVER (UNDER) DISBURSEMENTS	(586,008)	82,543	668,551	(647,500)	(53,278)	594,222
CASH, JANUARY 1	53,294	53,294	0	106,572	106,572	0
CASH, DECEMBER 31	(532,714)	135,837	668,551	(540,928)	53,294	594,222
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	233,400	236,190	2,790	233,000	233,703	703
Interest	1,700	1,108	(592)	5,000	2,738	(2,262)
Other	800	2,105	1,305	1,000	760	(240)
Transfers in	0	0	0	0	60,000	60,000
Total Receipts	235,900	239,403	3,503	239,000	297,201	58,201
DISBURSEMENTS						
Assessor	273,364	278,212	(4,848)	281,000	265,203	15,797
Total Disbursements	273,364	278,212	(4,848)	281,000	265,203	15,797
RECEIPTS OVER (UNDER) DISBURSEMENTS	(37,464)	(38,809)	(1,345)	(42,000)	31,998	73,998
CASH, JANUARY 1	39,139	39,139	0	7,141	7,141	0
CASH, DECEMBER 31	1,675	330	(1,345)	(34,859)	39,139	73,998

Exhibit B

MARION COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Charges for service:	9,400	8,356	(1,044)	10,000	9,441	(559)
Total Receipts	9,400	8,356	(1,044)	10,000	9,441	(559)
DISBURSEMENTS						
Sheriff	15,000	10,394	4,606	23,000	14,652	8,348
Total Disbursements	15,000	10,394	4,606	23,000	14,652	8,348
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,600)	(2,038)	3,562	(13,000)	(5,211)	7,789
CASH, JANUARY 1	9,296	9,296	0	14,507	14,507	0
CASH, DECEMBER 31	3,696	7,258	3,562	1,507	9,296	7,789
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for service:	1,600	1,349	(251)	1,750	1,540	(210)
Total Receipts	1,600	1,349	(251)	1,750	1,540	(210)
DISBURSEMENTS						
Prosecuting Attorney	2,000	1,764	236	2,000	1,954	46
Total Disbursements	2,000	1,764	236	2,000	1,954	46
RECEIPTS OVER (UNDER) DISBURSEMENTS	(400)	(415)	(15)	(250)	(414)	(164)
CASH, JANUARY 1	679	679	0	1,093	1,093	0
CASH, DECEMBER 31	279	264	(15)	843	679	(164)
<u>PROSECUTING ATTORNEY DELINQUENT TAX FUND</u>						
RECEIPTS						
Charges for service:	800	865	65	2,000	675	(1,325)
Transfer in	7,200	6,721	(479)	8,000	6,906	(1,094)
Total Receipts	8,000	7,586	(414)	10,000	7,581	(2,419)
DISBURSEMENTS						
Rent	3,600	3,600	0	3,600	3,600	0
Prosecuting Attorney	9,000	7,100	1,900	21,400	11,406	9,994
Total Disbursements	12,600	10,700	1,900	25,000	15,006	9,994
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,600)	(3,114)	1,486	(15,000)	(7,425)	7,575
CASH, JANUARY 1	8,341	8,341	0	15,766	15,766	0
CASH, DECEMBER 31	3,741	5,227	1,486	766	8,341	7,575

Exhibit B

MARION COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CAPITAL IMPROVEMENTS FUND</u>						
RECEIPTS						
Sales taxes	1,440,000	1,497,940	57,940	1,480,000	1,442,535	(37,465)
Intergovernmental	500,000	39,044	(460,956)	377,500	43,133	(334,367)
Interest	11,000	8,668	(2,332)	11,000	11,623	623
Other	500	9,576	9,076	1,000	0	(1,000)
Transfers in	69,824	69,824	0	0	0	0
Total Receipts	2,021,324	1,625,052	(396,272)	1,869,500	1,497,291	(372,209)
DISBURSEMENTS						
Salaries	63,034	52,360	10,674	68,010	62,443	5,567
Office expenditures:	38,706	24,264	14,442	41,851	28,876	12,975
Equipment	2,000	0	2,000	2,000	125	1,875
Mileage and training	4,000	2,777	1,223	6,000	1,969	4,031
Roads and bridges	890,000	301,413	588,587	1,045,000	466,693	578,307
Buildings	24,000	3,208	20,792	564,000	609,183	(45,183)
Jail bond payment	470,000	536,086	(66,086)	540,000	410,365	129,635
Other	4,000	5,371	(1,371)	4,140	458	3,682
Transfers out	240,300	9,932	230,368	0	120,404	(120,404)
Total Disbursements	1,736,040	935,411	800,629	2,271,001	1,700,516	570,485
RECEIPTS OVER (UNDER) DISBURSEMENTS	285,284	689,641	404,357	(401,501)	(203,225)	198,276
CASH, JANUARY 1	200,309	200,309	0	403,534	403,534	0
CASH, DECEMBER 31	485,593	889,950	404,357	2,033	200,309	198,276
<u>VETERANS ROAD FUND</u>						
RECEIPTS						
Sales taxes	555,500	683,619	128,119	740,000	721,173	(18,827)
Interest	10,000	13,449	3,449	15,000	16,832	1,832
Total Receipts	565,500	697,068	131,568	755,000	738,005	(16,995)
DISBURSEMENTS						
Engineering	20,000	3,396	16,604	80,000	100,759	(20,759)
Acquisitions	0	0	0	18,000	41,764	(23,764)
Construction	1,850,000	584,784	1,265,216	1,712,000	170	1,711,830
Legal services	3,000	0	3,000	5,000	2,111	2,889
Other	2,000	114	1,886	2,000	339	1,661
Transfers out	69,824	69,824	0	0	36,566	(36,566)
Total Disbursements	1,944,824	658,118	1,286,706	1,817,000	181,709	1,635,291
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,379,324)	38,950	1,418,274	(1,062,000)	556,296	1,618,296
CASH, JANUARY 1	1,620,037	1,620,037	0	1,063,741	1,063,741	0
CASH, DECEMBER 31	240,713	1,658,987	1,418,274	1,741	1,620,037	1,618,296

Exhibit B

MARION COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>RECORDERS PRESERVATION FUND</u>						
RECEIPTS						
Interest	0	795	795	2,000	1,424	(576)
Charges for services	12,000	16,098	4,098	10,000	11,534	1,534
Total Receipts	12,000	16,893	4,893	12,000	12,958	958
DISBURSEMENTS						
Ex-Officio Recorder	52,000	1,147	50,853	54,333	14,511	39,822
Total Disbursements	52,000	1,147	50,853	54,333	14,511	39,822
RECEIPTS OVER (UNDER) DISBURSEMENTS	(40,000)	15,746	55,746	(42,333)	(1,553)	40,780
CASH, JANUARY 1	40,780	40,780	0	42,333	42,333	0
CASH, DECEMBER 31	780	56,526	55,746	0	40,780	40,780
<u>DRUG ENFORCEMENT FUND</u>						
RECEIPTS						
Other	0	0	0	200	0	(200)
Transfers in	9,000	8,559	(441)	9,000	7,954	(1,046)
Total Receipts	9,000	8,559	(441)	9,200	7,954	(1,246)
DISBURSEMENTS						
Drug task force	9,000	8,559	441	9,000	7,954	1,046
Total Disbursements	9,000	8,559	441	9,000	7,954	1,046
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	200	0	(200)
CASH, JANUARY 1	228	228	0	228	228	0
CASH, DECEMBER 31	228	228	0	428	228	(200)
<u>L.E.P.C. FUND</u>						
RECEIPTS						
Intergovernmental	7,000	11,012	4,012	3,150	12,133	8,983
Other	0	0	0	0	1,444	1,444
Total Receipts	7,000	11,012	4,012	3,150	13,577	10,427
DISBURSEMENTS						
Office supplies	5,000	0	5,000	5,000	124	4,876
Equipment purchase	6,000	295	5,705	6,000	0	6,000
Training	6,000	2,723	3,277	6,000	2,942	3,058
Mileage and registration	3,900	460	3,440	3,900	1,106	2,794
Total Disbursements	20,900	3,478	17,422	20,900	4,172	16,728
RECEIPTS OVER (UNDER) DISBURSEMENTS	(13,900)	7,534	21,434	(17,750)	9,405	27,155
CASH, JANUARY 1	27,247	27,247	0	17,842	17,842	0
CASH, DECEMBER 31	13,347	34,781	21,434	92	27,247	27,155

Exhibit B

MARION COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ELECTION SERVICES FUND</u>						
RECEIPTS						
Intergovernmental	3,800	2,733	(1,067)	2,700	6,475	3,775
Total Receipts	3,800	2,733	(1,067)	2,700	6,475	3,775
DISBURSEMENTS						
Election services	5,500	4,096	1,404	4,700	4,792	(92)
Total Disbursements	5,500	4,096	1,404	4,700	4,792	(92)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,700)	(1,363)	337	(2,000)	1,683	3,683
CASH, JANUARY 1	3,920	3,920	0	2,237	2,237	0
CASH, DECEMBER 31	2,220	2,557	337	237	3,920	3,683
<u>LOCAL RECORDS PRESERVATION GRANT FUND</u>						
RECEIPTS						
Intergovernmental				26,885	25,704	(1,181)
Interest				500	451	(49)
Total Receipts				27,385	26,155	(1,230)
DISBURSEMENTS						
Ex-Officio Records				27,385	26,155	1,230
Total Disbursements				27,385	26,155	1,230
RECEIPTS OVER (UNDER) DISBURSEMENTS				0	0	0
CASH, JANUARY 1				0	0	0
CASH, DECEMBER 31				0	0	0
<u>RECORDERS TECHNOLOGY FUND</u>						
RECEIPTS						
Interest	0	104	104			
Other	7,500	7,464	(36)			
Total Receipts	7,500	7,568	68			
DISBURSEMENTS						
Ex-Officio Records	10,000	1,138	8,862			
Total Disbursements	10,000	1,138	8,862			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,500)	6,430	8,930			
CASH, JANUARY 1	3,288	3,288	0			
CASH, DECEMBER 31	788	9,718	8,930			

Exhibit B

MARION COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
HEALTH CENTER FUND						
RECEIPTS						
Property taxes	362,561	391,182	28,621	342,561	364,658	22,097
Intergovernmental	314,840	326,537	11,697	223,494	284,235	60,741
Charges for Services	826,600	834,393	7,793	596,750	784,455	187,705
Interest	15,000	12,395	(2,605)	10,000	16,038	6,038
Other	3,000	8,441	5,441	5,000	3,797	(1,203)
Total Receipts	1,522,001	1,572,948	50,947	1,177,805	1,453,183	275,378
DISBURSEMENTS						
Salaries	648,472	654,983	(6,511)	637,824	630,745	7,079
Fringe benefits	156,526	142,373	14,153	164,982	139,002	25,980
Office expense:	81,100	73,956	7,144	68,900	63,077	5,823
Equipment purchases and repair:	53,771	64,848	(11,077)	22,000	35,595	(13,595)
Mileage	42,000	39,680	2,320	41,000	39,492	1,508
Contracted services:	84,400	76,726	7,674	52,400	58,538	(6,138)
Building payments	340,347	350,500	(10,153)	113,314	103,074	10,240
Medical supplies	42,000	43,687	(1,687)	40,000	35,716	4,284
Insurance	24,100	23,814	286	24,100	20,697	3,403
Other	49,285	52,734	(3,449)	13,285	53,064	(39,779)
Total Disbursements	1,522,001	1,523,301	(1,300)	1,177,805	1,179,000	(1,195)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	49,647	49,647	0	274,183	274,183
CASH, JANUARY 1	689,162	689,162	0	414,979	414,979	0
CASH, DECEMBER 31	689,162	738,809	49,647	414,979	689,162	274,183
EMERGENCY TELEPHONE SERVICE (E-911) FUND						
RECEIPTS						
Intergovernmental	123,202	98,441	(24,761)	97,628	121,568	23,940
Charges for services:	326,919	383,596	56,677	316,500	277,561	(38,939)
Interest	7,000	5,716	(1,284)	9,000	10,366	1,366
Other	0	219	219	0	0	0
Transfers in	0	0	0	25,000	25,000	0
Total Receipts	457,121	487,972	30,851	448,128	434,495	(13,633)
DISBURSEMENTS						
Salaries and employee benefit	362,320	334,400	27,920	320,300	331,257	(10,957)
Insurance	2,350	1,293	1,057	2,500	2,315	185
Equipment and maintenance agreement	49,850	48,591	1,259	61,225	21,990	39,235
Professional service:	4,800	4,701	99	5,200	5,000	200
Office expenditure:	5,515	2,526	2,989	3,700	5,894	(2,194)
Mileage and training	10,000	4,335	5,665	5,000	11,639	(6,639)
Advertising	500	615	(115)	1,000	176	824
Telephone expenditure:	62,335	68,216	(5,881)	65,000	62,203	2,797
Other	950	389	561	900	2,718	(1,818)
Total Disbursements	498,620	465,066	33,554	464,825	443,192	21,633
RECEIPTS OVER (UNDER) DISBURSEMENTS	(41,499)	22,906	64,405	(16,697)	(8,697)	8,000
CASH, JANUARY 1	268,667	268,667	0	277,364	277,364	0
CASH, DECEMBER 31	227,168	291,573	64,405	260,667	268,667	8,000

Exhibit B

MARION COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CIRCUIT CLERK - DISTRICT I INTEREST FUND</u>						
RECEIPTS						
Interest	500	1,219	719			
Total Receipts	500	1,219	719			
DISBURSEMENTS						
Equipment and training	0	17	(17)			
Total Disbursements	0	17	(17)			
RECEIPTS OVER (UNDER) DISBURSEMENTS	500	1,202	702			
CASH, JANUARY 1	17,237	17,237	0			
CASH, DECEMBER 31	17,737	18,439	702			
<u>CIRCUIT CLERK - DISTRICT II INTEREST FUND</u>						
RECEIPTS						
Interest	17,000	2,614	(14,386)			
Total Receipts	17,000	2,614	(14,386)			
DISBURSEMENTS						
Courtroom equipment and supplies	8,000	2,421	5,579			
Total Disbursements	8,000	2,421	5,579			
RECEIPTS OVER (UNDER) DISBURSEMENTS	9,000	193	(8,807)			
CASH, JANUARY 1	41,582	41,582	0			
CASH, DECEMBER 31	\$ 50,582	41,775	(8,807)			

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

MARION COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Marion County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, or the Emergency Telephone Service (E-911) Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Recorders Technology Fund	2001
Sheriff's Civil Fees Fund	2002
Circuit Clerk - District I Interest Fund	2001
Circuit Clerk - District II Interest Fund	2001
Associate Circuit Division - District I Interest Fund	2002 and 2001
Associate Circuit Division - District II Interest Fund	2002 and 2001
Probate Division - District II Interest Fund	2002 and 2001
Law Library Fund	2002 and 2001
Juvenile Justice Center Fund	2001
Domestic Violence Fund	2002 and 2001
Sheriff's Jail Inmate Fund	2002 and 2001

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Assessment Fund	2002
Election Services Fund	2001
Health Center Fund	2002 and 2001
Circuit Clerk - District I Interest Fund	2002

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

Deficit budget balances are presented for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
General Revenue Fund	2002
Special Road and Bridge Fund	2002 and 2001

However, the budgets of those funds also included other resources available to finance current or future year disbursements. Generally, other available net resources represented current year property taxes not received before December 31. Such resources were sufficient to offset the deficit budget balances presented.

The January 1, 2001 Assessment fund balance includes a negative \$74,473 balance the county was presenting for the Re-Assessment fund. A transfer was made from the Assessment fund to the Re-Assessment fund in 2001 to close the Re-Assessment

fund. The combined balances of the Assessment and Re-Assessment funds presents a deficit budget balance that was not presented in the county budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Health Center Fund	2002 and 2001
Emergency Telephone Service (E-911) Fund	2002 and 2001
Circuit Clerk - District I Interest Fund	2002 and 2001
Circuit Clerk - District II Interest Fund	2002 and 2001
Associate Circuit Division - District I Interest Fund	2002 and 2001
Associate Circuit Division - District II Interest Fund	2002 and 2001
Probate Division - District II Interest Fund	2002 and 2001
Law Library Fund	2002 and 2001
Juvenile Justice Center Fund	2002 and 2001
Sheriff's Jail Inmate Fund	2002 and 2001

In addition, for the Emergency Telephone Service (E-911) Fund, the county's published financial statements for the years ended December 31, 2002 and 2001, included only those amounts that passed through the County Treasurer.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase

agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's deposits at December 31, 2002 and 2001, were entirely covered by federal depository insurance or by collateral securities held by the county's custodial bank in the county's name.

Of the Health Center's bank balance at December 31, 2002, \$300,000 was covered by federal depository insurance or by collateral securities held by the board's custodial bank in the board's name, and \$513,053 was covered by collateral securities held by the pledging bank's agent but not in the board's name.

Of the Health Center's bank balance at December 31, 2001, \$100,000 was covered by federal depository insurance, and \$652,977 was covered by collateral securities held by the pledging bank's agent but not in the board's name.

Of the Emergency Telephone Service's bank balance at December 31, 2002, \$169,543 was covered by federal depository insurance, and \$133,148 was covered by collateral securities held by the pledging bank's agent but not in the board's name.

Of the Emergency Telephone Service's bank balance at December 31, 2001, \$167,586 was covered by federal depository insurance, and \$107,994 was covered by collateral securities held by the pledging bank's agent but not in the board's name.

Supplementary Schedule

Schedule

MARION COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
U.S. OFFICE OF NATIONAL DRUG CONTROL POLICY				
Passed through state Department of Public Safety				
07.unknown	High Intensity Drug Trafficking Area	97-HIDTA-552-03	\$ 40,385	44,207
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state				
Department of Social Services -				
10.550	Food Donation	IN-064-014	4,544	2,324
Department of Health and Senior Services -				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-3164W	113,452	77,978
10.559	Summer Food Service Program for Children	ERS146-0164I	240	360
		N/A	1,884	1,465
	Program Total		2,124	1,825
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state Department of Social Services				
14.231	Emergency Shelter Grants Program	ER0164-0380	14,140	5,000
U.S. DEPARTMENT OF JUSTICE				
Passed through state Department of Public Safety				
16.523	Juvenile Accountability Incentive Block Grant	99JAIBG-INT-30	18,000	0
16.592	Local Law Enforcement Block Grants Program	43-6002183	8,510	0
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state				
Highway and Transportation Commission				
20.205	Highway Planning and Construction	BRO-064 (17)	0	1,877
		BRO-064 (18)	11,213	41,256
		BRO-064 (19)	27,297	0
		N/A	9,971	6,224
	Program Total		48,481	49,357
Department of Public Safety				
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	HMEP	1,969	1,853

Schedule

MARION COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
GENERAL SERVICES ADMINISTRATION				
Passed through state Office of Administration				
39.003	Donation of Federal Surplus Personal Property	2791 09-58	719	182
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Passed through state Department of Public Safety				
83.552	Emergency Management Performance Grant	812PGAEM203007	19,862	0
		812PGAEM300841	39,127	0
		812PGAEM300469	25,796	0
		812PGAEM300325	5,918	0
		812PGAEM300274	6,309	0
		812PGAEM300729	6,563	0
	Program Total		<u>103,575</u>	<u>0</u>
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state				
Department of Health and Senior Services -				
93.197	Childhood Lead Poisoning Prevention Projects State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Level in Children	ERS146-3164L	28,976	24,492
93.268	Immunization Grants	PGA064-3164A	7,780	0
		N/A	43,960	32,497
		N/A	5,756	10,879
	Program Total		<u>57,496</u>	<u>43,376</u>
93.283	Centers for Disease Control and Prevention Investigations and Technical Assistance	AOC03380034	18,214	0
Department of Social Services -				
93.563	Child Support Enforcement	N/A	9,264	4,916
Department of Health and Senior Services -				
93.575	Child Care and Development Block Grant	PGA067-3164C	1,000	0
		PGA067-2164S	3,690	6,138
	Program Total		<u>4,690</u>	<u>6,138</u>
Department of Social Services -				
93.658	Foster Care - Title IV-E	AOC00380236	15,394	19,549

Schedule

MARION COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
	Department of Health and Senior Services -			
93.917	HIV Care Formula Grants	DH02000601	5,425	11,285
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Program	ERS161-00073	0	2,903
93.945	Assistance Programs for Chronic Disease Prevention and Control	AOC03380102	20,000	30,000
93.994	Maternal and Child Health Services Block Grant to the States	ERS146-31	24,965	24,572
	Program Total	N/A	473	3,656
			<u>25,438</u>	<u>28,228</u>
	Total Expenditures of Federal Award:		<u>\$ 540,796</u>	<u>353,613</u>

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

Notes to the Supplementary Schedule

MARION COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Marion County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for Food Donation (CFDA number 10.550) represent the dollar value assigned to commodities based on prices provided by the state Department of Social Services.

Amounts for Donation of Federal Surplus Personal Property (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt.

Amounts for Immunization Grants (CFDA number 93.268), and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

Of the federal expenditures presented in the schedule, the county provided \$14,140 and \$5,000 to a subrecipient under the Emergency Shelter Grants Program (CFDA number 14.231) during the years ended December 31, 2002 and 2001, respectively.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of Marion County, Missouri

Compliance

We have audited the compliance of Marion County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Marion County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance

with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 02-1.

Internal Control Over Compliance

The management of Marion County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 02-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

This report is intended for the information and use of the management of Marion County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

July 21, 2003 (fieldwork completion date)

Schedule

MARION COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2002 AND 2001

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? _____ yes x no

Reportable conditions identified that are
not considered to be material weaknesses? _____ yes x none reported

Noncompliance material to the financial statements
noted? _____ yes x no

Federal Awards

Internal control over major programs:

Material weaknesses identified? _____ yes x no

Reportable conditions identified that are
not considered to be material weaknesses? x yes _____ none reported

Type of auditor's report issued on compliance for
major programs: Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of OMB
Circular A-133? x yes _____ no

Identification of major programs:

CFDA or
Other Identifying

<u>Number</u>	<u>Program Title</u>
07.unknown	High Intensity Drug Trafficking Area
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
20.205	Highway Planning and Construction
83.552	Emergency Management Performance Grants

Dollar threshold used to distinguish between Type A
and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes the audit finding that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

02-1

Emergency Management Equipment Hours

Federal Grantor:	Federal Emergency Management Agency
Pass-Through Grantor:	N/A
Federal CFDA Number:	83.552
Program Title:	Emergency Management Performance Grants
Pass-Through Entity	
Identifying Number:	812PGAEM203007, 812PGAEM300841, 812PGAEM300469, 812PGAEM300325, 812PGAEM300274, 812PGAEM300729
Award Years:	2002
Questioned Costs:	\$1,739

The County contracted with the Federal Emergency Management Agency for two disaster assistance projects during 2002. These projects were 75 percent federally funded.

The county received reimbursement for highway department overtime hours worked, equipment hours, and some materials related to the clean up of the county roads after the disasters. The number of equipment hours charged to the grant was equal to the hours

worked by highway department employees on the clean up project. The county charged the grant for equipment hours that were not used. The county included the eight hours of holiday pay as equipment hours used even though the equipment was not in use. The grant was over charged eight hours on ten machines on the holiday. In addition three and one-half hours were charged for one employee on a day he was not working. As a result, we have questioned costs of \$1,739, which is the federal share of the costs identified for the equipment hours and employee hours.

WE RECOMMEND the County Commission resolve the questioned costs with the grantor agency.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The grant representative was asked specifically about the eight hours of holiday time and the county thought the request was prepared in accordance with his instructions. The grant was very confusing. The county is aware of the situation and agreed that they overcharged the grant for three and one-half hours that they did not have a timecard to support.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

MARION COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 2000, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

MARION COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

The prior audit report issued for the two years ended December 31, 2000, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

MARION COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Marion County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated July 21, 2003. We also have audited the compliance of Marion County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001, and have issued our report thereon dated July 21, 2003.

We also have audited the operations of elected officials with funds other than those presented in the financial statements. As applicable, the objectives of this audit were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable legal provisions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our audit, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Because the Board of Services for the Developmentally Disabled is audited and separately reported on by other independent auditors, the related fund is not presented in the financial statements. However, we reviewed those audit reports and other applicable information for the year ended June 30, 2002 and June 30, 2001.

Our audit was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our audit of the elected county officials and the county board referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These findings resulted from our audits of the financial statements of Marion County and of its compliance with the types of compliance requirements applicable to each of its major federal programs but do not meet the criteria for inclusion in the written reports on compliance and on internal control over financial reporting or compliance that are required for audits performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

1.	Budgetary Practices and Published Financial Statements
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The annual budgets overestimated disbursements for various county funds. Formal budgets were not prepared for some county funds. In addition the county's annual published financial statement did not include the financial activity for some county funds.

- A. The approved budget document did not adequately project anticipated disbursements and the ending cash balance of the Capital Improvements Fund, Veterans Road Fund, Special Road and Bridge Fund and Recorder's Preservation Fund for the years ended December 31, 2002 and 2001, and the Recorder's Technology Fund for the year ended December 31, 2002. The budgets significantly overestimated disbursements, and as a result the actual ending fund balances were much higher than the projected ending balances as follows:

	Year Ended December 31,					
	2002			2001		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Capital Improvements						
Disbursements	\$1,736,040	935,411	800,629	2,271,001	1,700,516	570,485
Cash Balance	485,593	889,950	404,357	2,033	200,309	198,278
Veterans Road						
Expenditures	1,944,824	658,118	1,286,706	1,817,000	181,709	1,635,291
Cash Balance	240,713	1,658,987	1,418,274	1,741	1,620,037	1,618,296
Special Road and Bridge						
Disbursements	1,955,008	1,409,683	545,325	2,000,000	1,374,877	625,123
Cash Balance	(532,714)	135,837	668,551	(540,928)	53,294	594,222
Recorder's Preservation						
Disbursements	52,000	1,147	50,853	54,333	14,511	39,822
Cash Balance	780	56,526	55,746	0	40,780	40,780
Recorder's Technology						
Disbursements	10,000	1,138	8,862	0	0	0
Cash Balance	788	9,718	8,930	0	0	0

As evidenced by the amounts presented above, the County Commission does not adequately review historical cost data when preparing the budget. Part of the reason for significant differences between budgeted and actual expenditures is bridge projects being budgeted in full even if only a portion of the project will be completed. The uncompleted portion of projects is budgeted again in the subsequent year, causing total amount budgeted for the project to be inflated. Failure to approve a realistic budget and monitor budget to actual data reduces the effectiveness of the budget as a management tool. Prudent fiscal management of county funds should include setting aside reasonable, but not excessive, amounts of operating reserves to be used in future years or to be available for emergencies.

For the budget documents to be of maximum assistance to the County Commission and to adequately inform county residents of the county's operation and current financial condition, the budgets should reflect reasonable estimates of disbursements and the anticipated ending cash balance.

- B. Formal budgets were not prepared for the Domestic Violence Fund for the years ended December 31, 2002 and 2001. In addition, formal budgets were not prepared for the Sheriff's Fund for the year ended December 31, 2002 and for the Recorder's Technology Fund for the year ended December 31, 2001. A written request for budgets was prepared by the County Clerk's office and transmitted to all county officials. Some officials chose not to submit budgets in accordance with the request. Chapter 50, RSMo 2000, requires preparation of annual budgets for all county funds to present a complete financial plan for the ensuing year. By preparing and obtaining budgets for all county funds and activities, the County Commission is able to more effectively evaluate all county financial resources. See also MAR finding number 5, 7, 8 and 16.
- C. The county's annual published financial statements did not include the financial activity for some county funds. For the published financial statements to adequately inform the citizens of the county's financial activities, all monies received and disbursed by the county should be included. In addition, the publishing of complete and timely financial statements, besides meeting statutory requirements, provides information to citizens as to the operations of their county government and how tax dollars are spent.

Sections 50.800 and 50.810, RSMo 2000, require the county financial statements to be prepared and published in a local newspaper and show actual receipts or revenues, disbursement or expenditures, and beginning and ending balances for each county fund. See also MAR finding number 20 and 21.

These conditions were noted in a prior report.

WE AGAIN RECOMMEND the County Commission:

- A. And the Ex-Officio Recorder review procedures used to establish annual budgets and prepare more reasonable budgets.
- B. Ensure budgets are prepared and submitted to the County Clerk yearly as required by state law.
- C. Publish financial statements in accordance with state law and ensure all required financial information for all county funds is properly reported in the annual financial statements.

AUDITEE'S RESPONSE

- A. *The County Commission and the County Clerk indicated they feel strongly that they should budget for projects to be completed because they intend to complete the project if possible and they do not have any unexpected impediments.*

The Ex-Officio Recorder indicated he had planned to spend the money to get the older records digitized but did not have enough for the bids so he had to postpone the plans. He plans to continue to budget for this project so he can have it done when he is able to find someone who will do it for the amount available in the fund.

- B. *The County Commissioners indicated the Treasurer is now budgeting for the Domestic Violence fund and the other funds noted were started mid-year.*

The Sheriff's office indicated this recommendation has been implemented. The Sheriff's fund was budgeted in 2003.

The Ex-Officio Recorder indicated that this recommendation has been implemented. The Recorder's Technology fund was budgeted in 2003.

- C. *The County Clerk indicated he will revise his budget request letter to also ask for the information for the published financial statements from the various entities.*

2. Federal Awards

The county submits a schedule of expenditures of federal awards to the State Auditor's Office along with its annual budget. The schedule is prepared by combining information on federal awards obtained from the Health Center, and Juvenile Justice Center with the county federal awards. The schedule of federal awards required a total of \$52,770 and \$30,937 adjustments for the years ended December 31, 2002 and 2001, respectively. The County Clerk's, Health Center's and Juvenile Justice Center's schedules included awards that were not federal in 2002, awards that were overstated due to incorrect calculations and awards that were understated. The County Clerk and County Commission failed to

adequately review this schedule for accuracy and completeness. For the schedule of federal awards to adequately reflect the county's federal award expenditures, it is necessary that all expenditures be properly reported.

A similar condition was noted in a prior report.

WE AGAIN RECOMMEND the County Commission, County Clerk, Health Center and Juvenile Justice Center ensure all federal award expenditure amounts are properly recorded on the schedule of expenditures of federal awards.

AUDITEE'S RESPONSE

The County Commissioners and County Clerk indicated the County Clerk will notify the other entities and ask their compliance and will continue to work to improve their schedule.

The Health Center indicated they will implement this recommendation with the preparation of the next schedule.

The Juvenile Justice Center indicated that they will speak with their grant contacts and document the information they receive regarding monies being state or federal and the percentage of each if the information is not included on their contracts. They will use this information to prepare the schedule they submit to the county next year.

3.

Payroll and Personnel Procedures

Timecards are not always signed by employees or their supervisors, timesheets for Sheriff's department employees are not submitted to the County Clerk and compensatory time is accumulated at time and one-half when 40 hours were not worked during the week.

- A. Timecards are not always signed by employees or their supervisors. Timecards should be prepared by the employee and approved by the applicable supervisor. Without employee and supervisory review of timecards and a signature to indicate the review, the county cannot be assured that the time records are accurate.

In addition, the Sheriff or his deputy does not review timesheets prepared by his employees and compare the leave recorded on the timesheets to the leave requests submitted. This resulted in one employee's leave records being misstated and another employee receiving compensatory time for hours that were not reflected on the timesheet.

The FLSA requires employers to keep accurate records of actual time worked by employees. The time records should be prepared by the employee, approved by the applicable supervisor, and filed in a central location with the county's payroll records. Time sheets should be compared to leave slips before payroll is

requested to ensure the accuracy of the records. In addition, centralized records help ensure that employees' annual leave, sick leave, and overtime records are accurate and comply with county policy, better document compliance with the Fair Labor Standards Act (FLSA), and aid in determining final pay for employees leaving county employment.

- B. Compensatory time is accumulated at time and a half although 40 hours were not worked during the week. The County Personnel Policies and Procedures Manual states that overtime compensation will be rewarded at one and a half times the usual rate of pay, in the form of compensatory time off, for hours worked in excess of 40 per week. There were several instances where employees received compensatory time at the rate of one and one-half hours during weeks where annual and sick leave were taken. If leave hours are to be included in determining overtime hours worked the county's policy should specifically note this.

A similar condition was noted in a prior report.

WE RECOMMEND the County Commission:

- A. Require time records be prepared and signed by employees, approved by the applicable supervisor, and filed in a central location with the county's payroll records. In addition, time sheets should be compared to leave requests and any differences investigated.
- B. Review the County Personnel Policies and Procedures Manual and ensure compliance with the policy or adopt revisions that reflect the procedures the county is following. In addition, the Commission should ensure all terms are properly defined in the policy.

AUDITEE'S RESPONSE

- A. *The County Commission indicated they will review their procedures, discuss this recommendation with the Sheriff, and take actions accordingly.*

The Sheriff's department indicated an officer is now comparing timesheets and timecards to leave requests. The recommendation has been implemented.

- B. *The County Commission indicated that this recommendation has been addressed and implemented.*

4.	Assessor
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Receipts are not always transmitted timely or intact, checks are not restrictively endorsed immediately upon receipt, monies are not kept in a secure location, and receipt slips are sometimes issued when money is not collected. The Assessor transmitted approximately

\$920 and \$760 to the County Treasurer during the years ended December 31, 2002 and 2001, respectively, from the sale of maps and photocopies. In addition, approximately \$76 and \$32 of accountable funds were spent in 2002 and 2001, respectively for film, film development and consumable goods.

- A. Receipts are not transmitted to the County Treasurer intact on a timely basis and are not kept in a secure location until transmitted. In addition, checks are not restrictively endorsed immediately upon receipt and receipt slips are issued only upon request. The Assessor's office transmits monies directly to the County Treasurer approximately once a month; however, some cash is retained for petty cash purchases. Cash is kept in an envelope in an unlocked desk drawer and checks are tacked to a bulletin board at the entrance to the office until they are transmitted. Keeping cash on hand, accompanied by a lack of restrictive endorsements and receipts slips, increases the possibility of loss or misuse of funds.

To safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipt slips should be issued for all monies received, checks should be restrictively endorsed upon receipt, and the method of payment per receipt slips should be reconciled to the composition of monies transmitted to the County Treasurer. Transmitting receipts to the County Treasurer intact is necessary to ensure proper recording and accountability of receipts and to lessen the possibility of loss or misuse of funds. In addition, if necessary, a petty cash fund should be established and maintained on an imprest basis.

- B. The Assessor's office issues pre-numbered receipt slips when individuals purchase plat books and/or maps regardless of whether the individuals pay at that time or charges the purchase. If the individual charges the purchase, the same receipt slip is then used to record any subsequent charges made by that individual. The individual receives the top copy of the receipt slip when they pay for all of the charges. In addition, the Assessor's office does not regularly review charges to ensure individuals are paying their bills timely. There were eleven accounts that had current balances due ranging from \$3 to \$81 and one account that has remained unpaid since January 2002. There was a total of \$136 that was due to the Assessor's office for charged purchases.

The Assessor's office should issue receipt slips to individuals only when monies are received to ensure monies received are accounted for properly. Separate records should be maintained for individuals that are allowed to charge purchases, which indicate the date of the charge, the items sold, the total due from the individual, and any payments made to reduce the balance due. These records should be reviewed periodically for any outstanding balances that have not been collected and procedures established to pursue collection.

WE RECOMMEND the Assessor:

- A. Ensure pre-numbered receipt slips are issued for all monies received, receipts are stored in a secure location until transmitted, checks are restrictively endorsed upon receipt, the method of payment per receipt slips is reconciled to the composition of monies transmitted to the County Treasurer and monies are transmitted timely and intact. In addition, if necessary, a petty cash fund should be established and maintained on an imprest basis.
- B. Ensure receipt slips are issued only when monies are received and maintain an accounts receivable ledger listing of all individuals who owe the Assessor's office for plat books and maps. In addition, the Assessor should periodically review this ledger and seek payment for long overdue accounts.

AUDITEE'S RESPONSE

The Assessor indicated:

- A. *This recommendation has been implemented. Receipts are being transmitted more timely, and the office now has a stamp which they use to endorse checks immediately. In addition, monies are kept in a lockbox until they are deposited.*
- B. *This recommendation has been implemented. Separate receipt books are now maintained for charges and the companies are billed regularly.*

5. Sheriff's Jail Inmate Fund

The Sheriff's Jail Inmate Fund is not reconciled to the individual inmate account balances and commissary profits, and inventory records of commissary items are not maintained. In addition, receipt slips are not issued for some monies received, the method of payment is not always indicated on the receipt slips, and the petty cash fund is not maintained on an imprest basis. Also, formal budgets were not prepared for this fund for the years ended December 31, 2002 and 2001 and the Sheriff does not file a formal monthly report of fund activity with the County Commission.

- A. The Sheriff's Jail Inmate Fund is not reconciled to the individual inmate account balances and commissary profits. The Sheriff's department maintains a separate checking account to deposit monies received for the inmates' use. The inmates can use these funds to purchase toiletries, snacks, and various other products from a contracted vendor and tobacco products from the sheriff's department. Vendor invoices are paid from the Sheriff's Jail Inmate Fund. A computer program is used to track the inmates' deposits, purchases, and current balance. A Balance Report is printed monthly which shows each inmate's balance at the end of the month; however, this report is not reconciled to the balance in the fund.

The reconciled bank balance was approximately \$6,274 and exceeded the total of the inmate account balances by approximately \$1,070 at December 31, 2002. To ensure proper accountability over inmate and commissary monies, and improve the likelihood of identifying and correcting errors in a timely manner, the individual inmate account balances and commissary profits should be compared to the reconciled bank balance on a monthly basis. Any discrepancies should be followed up on and resolved.

A similar condition was noted in a prior report.

- B. The Sheriff provides commissary services to inmates whereby inmates are allowed to purchase smokeless tobacco, lighters, and stamps which are not available through the contracted commissary vendor.

An independent party does not periodically reconcile the amount of items purchased and remaining in inventory with receipts from the sale of the items. Failure to reconcile monies received to items sold could result in the loss or misuse of funds.

- C. Receipt slips are not issued for some monies received and the method of payment is not always indicated on the receipt slips. Receipt slips were not issued for monies received in the evenings when the receipt books were filled. Monies were placed in a sealed envelope that was labeled with the prisoners name and amount received and placed in a box until picked up the next business day. To adequately account for all receipts, prenumbered receipt slips should be issued for all monies received and the numerical sequence should be accounted for properly. In addition, the method of payment should be indicated on each receipt slip and the composition (cash and checks) should be reconciled to the composition of bank deposits.
- D. The Sheriff's department petty cash fund is not maintained on an imprest basis. A check for \$20 is written from the Sheriff's Jail Inmate Fund periodically to replenish the fund, instead of reimbursing the amounts spent. The bookkeeper indicated the petty cash fund was established at \$20 and is maintained to refund inmates' commissary balances that are less than two dollars.

Good internal controls require petty cash to be set at an established amount and to be reimbursed when it has been expended. An imprest basis petty cash fund would improve accountability over petty cash monies.

- E. Formal budgets were not prepared for the Sheriff's Jail Inmate Fund for the years ended December 31, 2002 and 2001. Chapter 50, RSMo 2000, requires preparation of annual budgets for all county funds to present a complete financial plan for the ensuing year. By obtaining budgets for all county funds and activities, the County Commission is able to more effectively evaluate all county financial resources.

- F. The Sheriff does not file a formal monthly report of activity in the Sheriff's Jail Inmate Fund with the County Commission. Section 50.370, RSMo 2000, requires that an itemized and accurate list of fees collected be filed by county officials with the County Commission monthly.

WE RECOMMEND the Sheriff:

- A. Ensure the individual prisoner account balances are reconciled to the reconciled bank balance of the Sheriff's Jail Inmate Fund on a monthly basis.
- B. Ensure independent reconciliations of commissary monies received to items purchased and remaining in inventory are performed.
- C. Issue prenumbered receipt slips for all monies received, and periodically account for the numerical sequence of the receipt slips issued. In addition, the Sheriff should ensure the method of payment is indicated on all receipt slips and the composition of receipt slips issued is reconciled to the composition of bank deposits.
- D. Ensure the petty cash fund is maintained on an imprest basis.
- E. Ensure budgets are prepared and submitted to the County Clerk yearly as required by state law.
- F. File a monthly report of activity in the Sheriff's Jail Inmate Fund with the County Commission.

AUDITEE'S RESPONSE

The Sheriff's department indicated:

- A. *They have tried to reconcile with the assistance of the auditors and will continue to try to reconcile.*
- B-D. *These recommendations have been implemented.*
- E. *This recommendation will be implemented with the next budget year.*
- F. *This recommendation will be implemented immediately with the Sheriff's approval.*

6.	Sheriff
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Gun permits receipts are not deposited on a timely basis. During the years ended December 31, 2002 and 2001, gun permits were deposited approximately once a month. During a cash count on May 15, 2003, the Sheriff's department was holding \$100 in cash

collected for gun permits that was not deposited until the end of the month. The other monies collected and counted on May 15, 2003, were deposited that day without the gun permit receipts. The Sheriff's department collected \$2,090 and \$1,674 for gun permits during the years ended December 31, 2002 and 2001, respectively. To ensure all monies are properly accounted for and to adequately safeguard receipts, deposits should be made intact daily or when accumulated receipts exceed \$100.

WE RECOMMEND the Sheriff deposit all monies intact daily or when accumulated receipts exceed \$100.

AUDITEE'S RESPONSE

The Sheriff's department indicated this recommendation has been implemented. Gun permits are now deposited daily.

7. Associate Circuit Division - District II (Hannibal)

Formal budgets were not prepared for the Associate Circuit Division - District II Interest Fund for the years ended December 31, 2002 and 2001. In addition, garnishment and civil receipts are not transmitted/deposited intact on a timely basis and the method of payment is not always indicated on the Associate Division's receipt slips. Also, the Associate Division has not established procedures to routinely follow up on outstanding checks.

- A. Formal budgets were not prepared for the Associate Circuit Division - District II Interest Fund for the years ended December 31, 2002 and 2001. Chapter 50, RSMo 2000, requires preparation of annual budgets for all funds to present a complete financial plan for the ensuing year. By obtaining budgets for all county funds and activities, the County Commission is able to more effectively evaluate all county financial resources.
- B. Garnishment and civil receipts are not transmitted/deposited intact on a timely basis. During a cash count, approximately \$1,490 and \$2,705 were on hand for garnishment and civil cases respectively. This money included checks that had been received up to seven months prior to the date of the count. Other deposits were made during this time period. The clerk indicated sheriff's fees for garnishments were held because the court was waiting until prior orders expired and that civil monies were not deposited because the clerk who usually receipts the civil monies was out and no one else had time to receipt the monies.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, deposits should be made intact daily or when accumulated receipts exceed \$100.

- C. The method of payment is not always indicated on the Associate Division's receipt slips. To ensure receipts are handled properly, the method of payment should be indicated on each receipt slip and the composition (cash and checks) should be reconciled to the composition of bank deposits.
- D. The Associate Division has not established procedures to routinely follow up on outstanding checks. At December 31, 2002, the Associate Division's bank account had outstanding checks totaling approximately \$1,040 that were over one year old. These old outstanding checks create additional and unnecessary record-keeping responsibilities. The Associate Division should adopt procedures to routinely follow up on outstanding checks and reissue them if the payees can be located. If the payees cannot be located or identified, these monies should be disposed of in accordance with state law.

WE RECOMMEND the Associate Circuit Division:

- A. Ensure budgets are prepared and submitted to the County Clerk yearly as required by state law.
- B. Transmit/deposit receipts intact daily.
- C. Ensure the method of payment is indicated on all receipt slips and reconcile the composition of receipts to the composition of bank deposits.
- D. Establish procedures to routinely follow up and reissue old outstanding checks. If the payees cannot be located, these monies should be disposed of in accordance with state law.

AUDITEE'S RESPONSE

The Associate Clerk indicated:

A&C. These recommendations have been implemented.

- B. Civil monies are now deposited timely. The sheriff's service fees for garnishments are held until the garnishment can be served (when the current garnishment on the individual expires). This system works to the satisfaction of the court and attorneys, so we do not plan to change it.*
- D. The office is currently working on the outstanding checks and hopes to be done within a year.*

Formal budgets were not prepared for the Associate Circuit Division - District I Interest Fund. In addition, the balance in the bond account included cash bond receipts totaling more than \$7,700 which have been held in excess of one year, receipts were not deposited on a timely basis, the method of payment was not always indicated on the Associate Division's receipt slips, and checks and money orders received were not restrictively endorsed immediately upon receipt.

- A. Formal budgets were not prepared for the Associate Circuit Division - District I Interest Fund for the years ended December 31, 2002 and 2001. Chapter 50, RSMo 2000, requires preparation of annual budgets for all funds to present a complete financial plan for the ensuing year. By obtaining budgets for all county funds and activities, the County Commission is able to more effectively evaluate all county financial resources.
- B. The December 31, 2002 balance in the bond account included cash bond receipts totaling more than \$7,700 which have been held in excess of one year. In addition, the open items listing maintained by the Associate Circuit Division - District I included some cases that had been dismissed or closed. For example, one case dating back to 1998, totaling approximately \$2,300, had been forfeited; however, it was still being held by the court at December 31, 2002. The status of old open items should be routinely reviewed to determine if any disbursement is necessary. If disbursement is possible, but proper payees cannot be located, the monies should be disposed of in accordance with state law. Various statutory provisions provide for the disposition of unclaimed monies.
- C. Receipts are not deposited on a timely basis. Deposits are generally made twice a week. In addition, neither deposit slips nor cash receipt records indicate the receipt slips comprising the deposit. To ensure all monies are properly accounted for and to adequately safeguard receipts, deposits should be made intact daily or when accumulated receipts exceed \$100. In addition, deposit slips or cash receipt records should indicate the receipts comprising the deposit.
- D. The method of payment is not always indicated on the Associate Division's civil receipt slips. To ensure receipts are handled properly, the method of payment should be indicated on each receipt slip and the composition (cash and checks) should be reconciled to the composition of bank deposits.
- E. Checks and money orders received are not restrictively endorsed immediately upon receipt. Instead, the endorsement is applied when the monies are deposited. To reduce the risk of loss or misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt.

WE RECOMMEND the Associate Circuit Division - District I:

- A. Ensure formal budgets are prepared and submitted to the County Clerk yearly as required by state law.
- B. Adopt procedures to periodically follow up on old open items and dispose of them according to state law.
- C. Deposit all monies intact daily or when accumulated receipts exceed \$100. In addition, the Associate Circuit Division should ensure deposit slips or cash receipt records indicate the receipts comprising the deposit.
- D. Ensure the method of payment is indicated on all receipt slips and reconcile the composition of receipts to the composition of bank deposits.
- E. Restrictively endorse checks immediately upon receipt.

AUDITEE'S RESPONSE

The Associate Clerk indicated:

- A. *This recommendation will be discussed with the Judge.*
- B. *This recommendation will be implemented over the next year.*
- C. *She will try to deposit more timely and indicate the civil receipt slips comprising the monies being deposited.*
- D&E. *These recommendations will be implemented immediately.*

9. Vehicle Logs

The county does not require logs to be maintained documenting fuel costs and vehicle usage for ten road and bridge trucks and a sports utility vehicle, nineteen Sheriff's patrol cars and five transport vans, or the county coordinator's sports utility vehicle. Vehicle logs are necessary to document appropriate use of the vehicles and to support gasoline charges. The logs should include the purpose and destination of each trip, the daily beginning and ending odometer readings, and the operation and maintenance costs. These logs should be reviewed by a supervisor to ensure vehicles are used only for county business and help identify vehicles which should be replaced. Information on the logs should be reconciled to gasoline purchases and other maintenance charges.

WE RECOMMEND the County Commission require usage logs be maintained for all county assigned vehicles and perform a periodic review of such.

AUDITEE'S RESPONSE

The County Commission indicated they will take this recommendation under advisement. The current fuel log reflects the gasoline pumped in each vehicle and any maintenance. It would not be difficult to add the mileage to this log.

10. Computer Controls

Passwords are used on most systems within the offices of the various elected officials; however, the Ex-Officio Recorder's, Sheriff's, Public Administrator's, and Collector's passwords are not changed on a periodic basis to ensure confidentiality. As a result, there is less assurance that passwords effectively limit access to the data files and programs to only those individuals who need access for completion of job responsibilities. Passwords should be unique, changed periodically to reduce the possibility of unauthorized users, and utilized to restrict individuals' access to only those data files and programs they need to accomplish their jobs.

WE RECOMMEND the Ex-Officio Recorder, Sheriff, Public Administrator and Collector ensure passwords are periodically changed and remain confidential.

AUDITEE'S RESPONSE

The Ex-Officio Recorder indicated passwords will be changed twice a year.

The County Sheriff's office indicated passwords will be changed when there is a change in employees.

The Public Administrator indicated that new computers will be installed in her office. Anticipated date of installation is March 8, 2004. The new computers will have XP Pro. Each user will be required to log on to their computer using a user name and password; and a user name and password to log into our accounting software program. She will appoint a staff person to see to it that the passwords are changed on a quarterly basis. This will be effective on or about March 12, 2004.

The County Collector indicated he will change computer passwords when an employee leaves.

11. Prosecuting Attorney

An adequate system to account for all bad checks received by the Prosecuting Attorney's office as well as the subsequent disposition of these bad checks has not been established. Currently, Marion County merchants complete an unnumbered complaint form at the time the bad check is turned over to the Prosecuting Attorney for collection. The complaint form and information regarding the handling of each case is maintained in the

individual case files. The Prosecuting Attorney's office has not established procedures to ensure the disposition of bad checks has been accounted for properly.

To ensure all bad checks turned over to the Prosecuting Attorney are handled and accounted for properly, a sequential number should be assigned to each bad check complaint form or bad check received and a log should be maintained showing each bad check and its disposition. The log should contain information such as the assigned number, the merchant, the issuer of the check, the amount of the check, the amount of the bad check fee, and the disposition of the bad check, including date payment was received and transmitted to the merchant or the criminal case in which charges were filed or other disposition.

WE RECOMMEND the Prosecuting Attorney implement procedures to adequately account for bad checks received, as well as the ultimate disposition through the use of sequential numbers assigned to each bad check complaint form or bad check received and a log to account for the numerical sequence and disposition of each bad check.

AUDITEE'S RESPONSE

The Prosecuting Attorney indicated he will consider keeping a log. He will discuss this with his staff and a decision will be made within three months.

12. Circuit Clerk - District II (Hannibal)

The Circuit Clerk does not have adequate procedures to monitor and ensure monies in her various bank accounts are sufficiently collateralized. In addition, listings of liabilities (open items) were not prepared for the fee account and the Circuit Clerk has not established procedures to routinely follow up on outstanding checks.

- A. The Circuit Clerk has not established adequate procedures to ensure her various bank accounts are sufficiently collateralized. The amount of collateral securities pledged by the Circuit Clerk's depository bank in April 2002, was insufficient by approximately \$16,000 to cover monies in the custody of the Circuit Clerk.

Section 483.312, RSMo 2000, requires the value of securities pledged by banks holding circuit court funds shall at all times be not less than 100 percent of the actual amount on deposit less the amount insured by the FDIC. Inadequate collateral securities leave Circuit Clerk funds unsecured and subject to loss in the event of bank failure.

To ensure sufficient collateral securities are pledged, the Circuit Clerk should enter into depository agreements with the banks to require collateral securities to be pledged whenever balances exceed FDIC coverage. In addition, total amounts on deposit should be routinely monitored to ensure amounts pledged are sufficient.

- B. Listings of liabilities (open items) are not prepared for the fee account. The reconciled cash balance at December 31, 2002, totaled approximately \$278,300. We requested the Circuit Clerk prepare a current listing of open items; however, she had only completed the listing for August 2002 by the end of fieldwork. Only by preparing open items listings on a monthly basis and reconciling them to the cash balance can the Circuit Clerk be assured that the records are in balance and that sufficient cash is available to cover liabilities.
- C. The Circuit Clerk has not established procedures to routinely follow up on outstanding checks. At December 31, 2002, the Circuit Clerk had outstanding checks totaling approximately \$9,200 on the fee account and \$140 on the child support account that were over a year old. These old outstanding checks create additional and unnecessary record-keeping responsibilities. The Circuit Clerk should adopt procedures to routinely follow up on outstanding checks and reissue them if the payees can be located. If the payees cannot be located or identified, these monies should be disposed of in accordance with state law.

These conditions were noted in a prior report.

WE AGAIN RECOMMEND the Circuit Clerk:

- A. Develop procedures to monitor and ensure adequate collateral securities are pledged at all times.
- B. Prepare monthly listings of open items and reconcile the listing to the cash balance.
- C. Establish procedures to routinely follow up and reissue old outstanding checks. If the payees cannot be located, these monies should be disposed of in accordance with state law.

AUDITEE'S RESPONSE

The Circuit Clerk indicated:

- A. *Bank balances are monitored regularly, but in the future she will more closely monitor the large condemnation suits.*
- B. *She is in the process of implementing this recommendation. She estimates she will be up-to-date within three months. She is currently working on the open items list.*
- C. *She plans to have this recommendation implemented within the next four months. She is currently working on investigating the checks and developing a policy.*

13.

Circuit Clerk - District I (Palmyra)

The Circuit Clerk has not established procedures to routinely follow up on outstanding checks. At December 31, 2002, the Circuit Clerk had outstanding checks totaling approximately \$2,302 on the fee account and \$1,994 on the child support account that were over a year old. These old outstanding checks create additional and unnecessary record-keeping responsibilities. The Circuit Clerk should adopt procedures to routinely follow up on outstanding checks and reissue them if the payees can be located. If the payees cannot be located or identified, these monies should be disposed of in accordance with state law.

WE RECOMMEND the Circuit Clerk establish procedures to routinely follow up and reissue old outstanding checks. If the payees cannot be located, these monies should be disposed of in accordance with state law.

AUDITEE'S RESPONSE

The Circuit Clerk indicated he is in the process of implementing this recommendation and he plans to establish procedures to routinely follow-up on outstanding checks.

14.

County Clerk

Receipt slips are not issued for some monies received and checks received are not restrictively endorsed immediately upon receipt.

- A. Receipt slips are not issued for some monies received. In addition, the method of payment is not always indicated on the receipt slips. To ensure receipts are handled properly, receipt slips should be issued for all monies received. In addition, the method of payment should be indicated on each receipt slip and the composition (cash and checks) should be reconciled to the turnover to the Treasurer.
- B. Checks received are not restrictively endorsed immediately upon receipt. Instead, the endorsement is applied by the County Treasurer when the checks are transmitted at the end of the month. To reduce the risk of loss or misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt.

WE RECOMMEND the County Clerk:

- A. Ensure receipt slips are issued for all monies received. In addition, ensure the method of payment is indicated on all receipt slips and the composition of receipts is reconciled to the turnover to the Treasurer.

- B. Restrictively endorse checks immediately upon receipt.

AUDITEE'S RESPONSE

A&B. The County Clerk indicated these recommendations have been implemented.

15. Collector

The Collector's office maintained several bank accounts and had outstanding checks that were more than a year old.

- A. At December 31, 2002, the Collector maintained fifteen bank accounts between his two offices. Three separate accounts are maintained for tax collections for each of the county drainage districts. These accounts are separate from the Collector's main account due to the differences in the accounting systems used, however, the three drainage accounts could be combined into one to reduce the work load of the office. In addition, two accounts are maintained by the Hannibal branch to account for partial payments received. One account is for payments received on delinquent taxes and the second account is for payments received in advance of the tax bills being generated. The accounts are used for similar purposes and require the same records to be kept. Combining these accounts could reduce the work load of the office without increasing the records to be maintained.

Overall efficiency could be improved by reducing the number of accounts and combining funds in as few accounts and investment vehicles as possible. Consolidating existing accounts would also allow funds to be pooled for increased investment opportunities.

- B. At December 31, 2002, the County Collector's bank accounts had outstanding checks totaling approximately \$1,600 that were over one year old. These old outstanding checks create additional and unnecessary record-keeping responsibilities. The County Collector should adopt procedures to routinely follow up on outstanding checks and reissue them if the payees can be located. If the payees cannot be located or identified, these monies should be disposed of in accordance with state law.

WE RECOMMEND the Collector:

- A. Evaluate the need for each bank account and combine any with similar purposes.
- B. Ensure procedures to routinely follow up and reissue old outstanding checks are adopted. If the payees cannot be located, these monies should be disposed of in accordance with state law.

AUDITEE'S RESPONSE

The County Collector indicated:

- A. *Some accounts have been combined. He feels that he is providing a clear audit trail by keeping the separate accounts. He will ask the drainage districts to add their request for separate accounts to their yearly agreements.*
- B. *They will set up procedures to regularly follow up on outstanding checks and take care of the current checks.*

16. Probate Division - District II (Hannibal)
--

Formal budgets were not prepared for the Probate Division - District II Interest Fund and accounting duties for the Probate Division are not adequately segregated.

- A. Formal budgets were not prepared for the Probate Division - District II Interest Fund for the years ended December 31, 2002 and 2001. Chapter 50, RSMo 2000, requires preparation of annual budgets for all funds to present a complete financial plan for the ensuing year. By preparing and obtaining budgets for all county funds and activities, the County Commission is able to more effectively evaluate all county financial resources.
- B. Accounting duties for the Probate Division are not adequately segregated. The duties of receiving, recording, depositing and disbursing monies are all performed by the Probate clerk. In addition, there is no indication that supervisory reviews are performed to ensure that all transactions are accounted for properly and assets are adequately safeguarded.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls could be improved by segregating accounting and bookkeeping duties among available employees or by implementing an independent documented review of records by another employee or the Probate Division judge.

WE RECOMMEND the Probate Division:

- A. Ensure budgets are prepared and submitted to the County Clerk yearly as required by state law.
- B. Adequately segregate accounting and bookkeeping duties to the extent possible or ensure periodic supervisory reviews are performed and documented.

AUDITEE'S RESPONSE

The Probate Clerk indicated:

- A. *This recommendation will be implemented for the next budget year.*
- B. *The Associate Judge's review will be documented in the future.*

17. Probate Division - District I (Palmyra)
--

Accounting duties for the Probate division are not adequately segregated. The duties of receiving, recording, depositing and disbursing monies are all performed by the Probate clerk. In addition, there is no indication that supervisory reviews are performed to ensure that all transactions are accounted for properly and assets are adequately safeguarded.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls could be improved by segregating accounting and bookkeeping duties among available employees or by implementing an independent documented review of records by another employee or the Probate Division judge.

WE RECOMMEND the Probate Division adequately segregate accounting and bookkeeping duties to the extent possible or ensure periodic supervisory reviews are performed and documented.

AUDITEE'S RESPONSE

The Probate Clerk indicated this recommendation will be implemented immediately.

18. Highway Department

The duties of billing, receiving, recording, and transmitting monies received for 911 signs, building permits, flood plain leases and road and bridge materials, to the County Treasurer are all performed by the Highway Department's secretary. There is no independent reconciliation between the bills sent and the monies received to ensure payments have been collected. In addition, there is no indication that supervisory reviews are performed to ensure that all transactions are accounted for properly, transmitted to the Treasurer, and assets are adequately safeguarded. The Highway Department collected approximately \$19,000 and \$27,000 in 2002 and 2001, respectively.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls could be improved by segregating accounting

and bookkeeping duties among available employees or by implementing an independent documented review of records by another employee or the County Treasurer.

WE RECOMMEND the Highway Department adequately segregate accounting and bookkeeping duties to the extent possible or ensure periodic supervisory reviews are performed and documented. In addition, reconciliations between the billings and payments received should be performed periodically by an independent person.

AUDITEE'S RESPONSE

The Highway Department secretary indicated this recommendation has been implemented.

19.	Ex-Officio Recorder
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Accounting duties for the Ex-Officio Recorder's office are not adequately segregated. The duties of receiving, recording, depositing and disbursing monies are all performed by the Deputy Recorder. In addition, there is no indication that supervisory reviews are performed to ensure that all transactions are accounted for properly and assets are adequately safeguarded.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls could be improved by segregating accounting and bookkeeping duties among available employees or by implementing an independent documented review of records by another employee or the Ex-Officio Recorder.

WE RECOMMEND the Ex-Officio Recorder adequately segregate accounting and bookkeeping duties to the extent possible or ensure periodic supervisory reviews are performed and documented.

AUDITEE'S RESPONSE

The Ex-Officio Recorder indicated this recommendation will be implemented immediately.

20.	Health Center
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Actual disbursements exceeded the budgeted amounts in the Health Center Fund and the county's annual published financial statements did not include the financial activity for the Health Center. In addition, the Health Center does not have a formal emergency contingency plan for the computer systems, and has not formally negotiated arrangements for backup facilities in the event of a disaster.

A. Actual disbursements exceeded the budgeted amounts in the Health Center Fund in 2002 and 2001. The Health Department submitted budget revisions to the State

Auditor's office to reflect increased revenues received and expenditures made during the year. However, prior to the amendment of these budgets, expenditures had already exceeded the original budget and no other amendments had been made. Amendments made after expenditures have exceeded the budget do not allow for the budget to be used as an effective management tool. It appears disbursements were not adequately monitored to ensure compliance with the budget.

It was ruled in *State ex rel. Strong v. Cribb*, 364 Mo. 1122, 273 SW2d 246 (1954) that county officials are required to comply strictly with county budget laws. If there are valid reasons which necessitate excess expenditures, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. In addition, Section 50.622, RSMo 2000, provides that counties may amend the annual budget during the year in which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend its budget. To ensure the adequacy of the budgets as a planning tool and to ensure compliance with state law, budget amendments should be made prior to incurring the actual expenditures.

- B. The county's annual published financial statements did not include the financial activity for the Health Center. For the published financial statements to adequately inform the citizens of the county's financial activities, all monies received and disbursed by the county should be included. In addition, the publishing of complete and timely financial statements, besides meeting statutory requirements, provides information to citizens as to the operations of their county government and how tax dollars are spent.

Sections 50.800 and 50.810, RSMo 2000, require the county financial statements to be prepared and published in a local newspaper and show actual receipts or revenues, disbursement or expenditures, and beginning and ending balances for each county fund.

- C. The Health Center does not have a formal emergency contingency plan for the computer systems, and has not formally negotiated arrangements for backup facilities in the event of a disaster.

Contingency plans should include plans for a variety of situations, such as short- and long-term plans for backup hardware, software, facilities, personnel, and power usage. Involvement of users in contingency planning is important since users will likely be responsible for maintaining at least a portion of the backup under various contingencies. The major benefit of a thorough disaster recovery plan is the ability of the Health Center to recover rapidly from disaster or extraordinary situations that might cause considerable loss or disruption to the

Health Center. Because of the Health Center's degree of reliance on the data processing, the need for contingency planning is evident.

WE RECOMMEND the Health Center:

- A. Refrain from authorizing disbursements in excess of budgeted amounts. If valid reasons necessitate excess disbursements, the original budget should be formally amended and filed with the State Auditor's office. In addition, ensure budget amendments are made prior to incurring the actual expenditures.
- B. Publish financial statements in accordance with state law.
- C. Ensure a formal contingency plan for the Health Center's computer system is developed.

AUDITEE'S RESPONSE

The Health Center Administrator and Board Treasurer indicated:

- A. *The Board amended the budget in December before the bills were approved for that month which is in compliance with the law.*
- B. *The information was submitted in 2002 and was received too late to be published with the county's information. They have submitted the information to the county for 2003 and 2002. They will double check with the County Clerk regarding the publishing deadline and detail required.*
- C. *The Health Center will get a written review and plan within six months.*

AUDITOR'S COMMENT

Monthly reports showed expenditures for various classifications exceeding budgets prior to the amendments, and even after such amendments, total actual expenditures still exceeded the budget.

21. Emergency Telephone Service (E-911) Board
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The E-911 Board has not established procedures to routinely follow up on outstanding checks and has no formal policies and procedures for general fixed assets. In addition, credit card receipts are not reconciled to the monthly credit card bill, and the Board awarded each employee a \$50 gift card as a Christmas bonus in 2002 and 2001 and each dispatcher a \$20 gift card in appreciation of Telecommunicator's week. Also, the E-911 Board did not publish annual financial statements.

- A. The E-911 Board has not established procedures to routinely follow up on outstanding checks. At December 31, 2002, the E-911 Board's bank account had outstanding checks totaling approximately \$1,080 that were over a year old. These old outstanding checks create additional and unnecessary record-keeping responsibilities. The E-911 Board should adopt procedures to routinely follow up on outstanding checks and reissue them if the payees can be located. If the payees cannot be located or identified, these monies should be disposed of in accordance with state law.
- B. The E-911 Board has not established formal policies and procedures for general fixed assets, including procedures to update property records, and number, tag or otherwise identify property items.

Property control tags should be affixed to all fixed asset items on a timely basis to help improve accountability and to ensure that assets are identified as property of the E-911 Board. Also, if properly performed and documented, an annual inventory could help detect items not recorded on the inventory records. Adequate general fixed asset records are necessary to meet statutory requirements, secure better internal control over and safeguard assets, and provide a basis for determining proper insurance coverage.

- C. Credit card receipts are not reconciled to the monthly credit card bill. The E-911 Board maintains a credit card for paying hotel bills associated with travel to training sessions. Established procedures require employees to submit a receipt from the hotel to the E-911 supervisor; however, these are not reconciled to the credit card statement to ensure that the credit card statement is accurate. To ensure the reasonableness of credit card charges, the E-911 Board should reconcile receipts to the monthly statement. Failure to account for credit card purchases could result in loss, theft, or misuse.
- D. The E-911 Board awarded each employee a \$50 gift card as a Christmas bonus in 2002 and 2001. In addition, they awarded each dispatcher a \$20 gift card in appreciation of Telecommunicator's week.

These performance payments or bonuses appear to represent additional compensation for services previously rendered and, as such, may violate Article III, Section 39 of the Missouri Constitution and appear contrary to Attorney General's Opinion No. 72, 1955 to Pray, which states, "... a government agency deriving its power and authority from the Constitution and laws of the state would be prohibited from granting extra compensation in the form of bonuses to public officers after the service has been rendered."

A similar condition was noted in a prior report.

- E. The E-911 Board petty cash fund is not maintained on an imprest basis. Our count of the petty cash fund revealed it was short approximately \$6. The E-911

Supervisor indicated the petty cash fund was established at \$50 and is maintained to buy miscellaneous items for E-911. Petty cash was reimbursed approximately \$53 and \$135 in 2002 and 2001, respectively. Receipts are not always retained to document expenditures made and are not submitted with the reimbursement requests. In addition, receipt and disbursement records supporting petty cash fund activity were not maintained and some invoices or receipts were not maintained for petty cash expenditures.

Good internal controls require petty cash to be set at an established amount and to be reimbursed when it has been expended. An imprest basis petty cash fund would improve accountability over petty cash monies. In addition, receipt and disbursement records should be maintained and petty cash invoices should be retained to support expenditures.

- F. The E-911 Board did not publish annual financial statements. Section 50.800 and 50.810, RSMo, requires annual financial statements to be published for all county funds. To adequately inform the citizens of the board's financial activities, the board should publish annual financial statements of the E-911 Board Fund.

WE RECOMMEND the E-911 Board:

- A. Establish procedures to routinely follow up and reissue old outstanding checks. If the payees cannot be located, these monies should be disposed of in accordance with state law.
- B. Establish a written policy related to the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, discuss procedures for the handling of asset disposition, and any other concerns associated with board property. Also, property control tags should be affixed to all general fixed assets, and board owned land and buildings should be included in the general fixed asset records. In addition, actual physical inventory of the various property items should be performed periodically.
- C. Perform a documented monthly reconciliation of credit card purchases to the credit card statement and investigate any significant discrepancies.
- D. Discontinue the practice of paying employee bonuses.
- E. Ensure the petty cash fund is maintained on an imprest basis. In addition, invoices should be maintained for all petty cash disbursements and a ledger should be prepared of all petty cash transactions.
- F. Publish annual financial statements of the E-911 Board Fund in accordance with state law.

AUDITEE'S RESPONSE

The 911 Board Treasurer and 911 Director indicated:

- A. The Board will discuss this recommendation with their accounting firm. They agree with the finding and will confer with their accountant about a policy. This will be implemented within two months.*
- B. They have a listing for all purchases since the audit and agree with the finding. This recommendation will be implemented within six months.*
- C&E. These recommendations have been implemented.*
- D. This recommendation will be implemented immediately.*
- F. This recommendation will be implemented for 2004.*

Follow-Up on Prior Audit Findings

MARION COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Marion County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 1998.

The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Circuit Clerk, District 2 (Hannibal) Accounting Controls and Procedures

- A. Monies received were not deposited on a timely basis. In addition, receipts were not posted to the computerized accounting records until the deposit was made.
- B. Formal bank reconciliations were not prepared on a timely basis for the child support account.
- C. The Circuit Clerk's fee account had 28 checks totaling \$7,188 which had been outstanding for more than one year. In addition to the current fee account, an inactive fee account was maintained which had 47 outstanding checks totaling \$6,979.
- D. An open-items listing for the fee account was not maintained.
- E. Monies were not disbursed timely and remained in the Circuit Clerk's fee account.
- F. The Circuit Clerk's bank accounts were not adequately covered by collateral securities, and therefore, some monies were unsecured by various amounts during the audit period.

Recommendation:

The Circuit Clerk, District 2 (Hannibal):

- A. Deposit monies received intact daily or when accumulated receipts exceed \$100. In addition, receipts should be recorded daily.
- B. Ensure formal bank reconciliations are prepared on a monthly basis.
- C. Investigate all old outstanding checks and either reissue the check or consult with legal counsel as to the appropriate disposition. In the future, outstanding checks should be investigated and resolved on a periodic basis.

- D. Prepare accurate monthly listings of liabilities and reconcile the listings to book and bank balances.
- E. Ensure all cases are processed and monies are distributed on a timely basis.
- F. Ensure the depository bank pledges adequate securities at all times in accordance with state law.

Status:

A,B
&E. Implemented.

C,D
&F. Not implemented. See MAR finding number 12.

2. County Expenditures

Bids were not always solicited, nor was bid documentation always retained, for various purchases made by the county during the audit period.

Recommendation:

The County Commission solicit bids for all items in accordance with state law. Documentation of bids and the reasons for selecting other than the lowest bid should be retained by the County Clerk. If bids cannot be obtained and sole source procurement is necessary, the official minutes should reflect the necessitating circumstances.

Status:

Partially implemented. The county did not obtain bids for the purchases to prepare meals for the jail. Although not repeated in the current MAR, our recommendation remains as stated above.

3. Budgetary Practices

- A. Budgets were not prepared for some funds.
- B. The annual published financial statements of the county did not include the financial activity of some county funds as was required.
- C.1. For some funds budgeted expenditures significantly exceeded actual expenditures.
- C.2. Significant expenditure amounts were sometimes budgeted in broad categories with no detail provided.

Recommendation:

The County Commission:

- A. Ensure that budgets are prepared or obtained for all county funds in accordance with state law.
- B. Ensure financial information for all county funds is properly reported in the annual published financial statements.
- C. And County Clerk ensure budget documents are accurate and complete.

Status:

A&B. Not implemented. See MAR finding numbers 1, 5, 7, 8, 16, 20, and 21.

C. Partially implemented. See MAR finding number 1.

4. Collateral Securities

- A. The amount of collateral securities pledged by the county's depository banks in January 1999 and January 1998, was insufficient to cover monies in the custody of the County Treasurer and County Collector.
- B. The amount of collateral securities pledged by the Health Center Board's depository banks in February of 1998, was insufficient to cover monies in the Health Center account.

Recommendation:

- A. The County Commission ensure collateral securities pledged by the depository banks are sufficient to protect monies at all times.
- B. The health center Board of Trustees ensure collateral securities pledged by the depository banks are sufficient to protect monies at all times.

Status:

A&B. Implemented.

5. Prosecuting Attorney Rent

The county does not have a written agreement with the Prosecuting Attorney regarding the share of office expenses the county should pay.

Recommendation:

The County Commission establish a written agreement with the Prosecuting Attorney for the county's share of overhead costs (rent, utilities, etc.). In addition, the basis for the reimbursement rate should be documented and monitored.

Status:

Implemented.

6. Personnel Policies and Procedures

Compensatory time was accumulated for time worked in excess of eight hours per day even when 40 hours were not worked during the week.

Recommendation:

The County Commission review the policy and ensure compliance with the County Personnel Policies and Procedures Manual.

Status:

Not implemented. See MAR finding number 3.

7. Property Tax Books

The back tax books were prepared by the County Collector; however, no procedures were performed by the County Clerk to verify the accuracy of the back tax books.

Recommendation:

The County Clerk verify the totals of the back tax books for accuracy and document the procedures performed.

Status:

Implemented.

8. Emergency Telephone Service (E-911) Board

The E-911 Board paid a \$50 bonus to each employee for a total of \$1,100.

Recommendation:

The Emergency Telephone Service (E-911) Board discontinue the practice of paying employee bonuses.

Status:

Not implemented. See MAR finding number 21.

9. Associate Circuit Division, District 2 (Hannibal) Open Items

The December 31, 1998, and 1997 listings of open items exceeded the reconciled bank balance by \$2,793, and \$1,908, respectively. There was no indication that the open items listing was compared to the reconciled bank balance or that differences were investigated.

Recommendation:

The Associate Circuit Judge require a detailed monthly listing of open items be prepared on a timely basis and periodically reconciled to the cash balance. Any unidentified differences should be investigated and resolved on a timely basis.

Status:

Implemented.

STATISTICAL SECTION

History, Organization, and
Statistical Information

MARION COUNTY, MISSOURI HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

Organized in 1826, the county of Marion was named after Francis Marion of the Revolution. Marion County is a county-organized, third-class county and is part of the Tenth Judicial Circuit. The county seat is Palmyra.

Marion County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 500 miles of county roads and 96 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 28,638 in 1980 and 28,289 in 2000. The following chart shows the county's change in assessed valuation since 1980:

	Year Ended December 31,					
	2002	2001	2000	1999	1985*	1980**
	(in millions)					
Real estate	\$ 169.0	163.9	155.2	151.5	88.3	76.1
Personal property	92.6	88.4	80.8	73.5	24.8	13.6
Railroad and utilities	15.5	15.9	15.7	15.7	8.7	8.8
Total	\$ 277.1	268.2	251.7	240.7	121.8	98.5

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Marion County's property tax rates per \$100 of assessed valuations were as follows:

	Year Ended December 31,			
	2002	2001	2000	1999
General Revenue Fund	\$.0600	.0200	.0200	.0200
Special Road and Bridge Fund	.3200	.3100	.3000	.3000
Health Center Fund	.1500	.1500	.1500	.1500
Senate Bill 40 Board Fund	.1400	.1400	.1400	.1400

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28 (29),			
	2003	2002	2001	2000
State of Missouri	84,851	81,214	78,016	75,221
General Revenue Fund	179,816	79,175	76,759	60,165
Special Road and Bridge Fund	866,989	805,623	749,660	719,174
Assessment Fund	140,395	130,808	125,203	119,997
Health Center Fund	401,900	384,681	369,181	355,250
Senate Bill 40 Board Fund	375,068	359,018	344,552	331,354
School districts	9,465,407	8,902,371	8,479,622	8,213,098
Ambulance district	765,573	612,703	587,432	567,112
Fire protection district	38,089	33,464	31,206	8,763
Nursing home	420,120	402,064	386,235	372,252
Water sheds	7,671	7,235	7,110	6,211
Drainage and levee districts	311,519	366,604	281,251	292,936
TIF refunds	230,635	68,342	64,938	105,448
Tax maintenance fund	9,157	0	0	0
Advertising and deeds	862	1,843	846	1,170
Cities	164,544	160,443	150,169	159,679
County Clerk	3,109	3,128	3,128	3,330
County Employees' Retirement	53,085	49,465	50,614	61,580
Commissions and fees:				
General Revenue Fund	332,735	308,423	295,896	291,295
Collector	8,635	8,563	11,206	8,126
Total	\$ 13,860,160	12,765,167	12,093,024	11,752,161

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),			
	2003	2002	2001	2000
Real estate	94	94	95	95 %
Personal property	95	95	95	94
Railroad and utilities	100	100	100	100

Marion County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$.0050	None	50	%
Capital improvements	.0050	2003	None	
Veterans road project	.0025	2002	None	

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2003	2002	2001	2000	1999
County-Paid Officials:					
Lyndon Bode, Presiding Commissioner	\$	33,233	31,793	31,066	29,390
William Richmond, Associate Commissioner		30,513	29,492	27,390	27,390
Kenneth N. Meyers Sr., Associate Commissioner (1)		30,213	29,792	28,953	27,390
Robert J. Ravenscraft, County Clerk		47,323	45,140	43,867	41,500
Thomas P. Redington, Prosecuting Attorney		58,313	55,473	53,909	51,000
John E. Waldschlager, Sheriff		50,051	47,334		
Daniel Campbell, Sheriff				49,920	49,920
F. Jean Buckman, County Treasurer		35,019	33,404	32,462	30,710
Peggy Porter, County Coroner		15,624	14,406	10,000	9,600
Gayle Viorel, Public Administrator		44,850	42,704	42,873	50,746
Lee Viorel, County Collector (2), year ended February 28 (29),	56,098	54,123	55,073	43,241	
Carl Zupan, County Assessor (3), year ended August 31,		44,945	42,895	43,652	43,652
John D. Janes, County Surveyor (4)		191	0	0	0

(1) Does not include \$1,020 from 2002 salary that was used to reimburse the county for overpayment of 2000 and 1999 salary.

(2) Includes \$8,635, \$8,563, \$11,206 and \$8,126, respectively, of commissions earned for collecting drainage and levee district property taxes.

(3) Includes \$900 annual compensation received from the state.

(4) Compensation on a fee basis.

State-Paid Officials:

John E. Yancy, Circuit Clerk, Division I and Ex Officio Recorder of Deeds		53,378	53,378	52,145	50,109
Carolyn Conners, Circuit Clerk, Division II		53,378	53,378	52,145	50,109
John J. Jackson, Associate Circuit Judge		96,000	96,000	97,382	87,235

The County entered into a lease agreement with UMB Bank on September 15, 2001.

The terms of the agreement called for the bank to issue bonds of \$880,000 to refund the series 1995 bonds used to construct the new jail and for the bank to lease the jail back to the county for the payments totaling the principal and interest due on the outstanding bonds.

Payments are made from the Capital Improvements Sales Tax Fund from sales tax revenues.

The bonds are scheduled to be paid off in December 2003. The remaining principal and interest due on the bonds at December 31, 2002, was \$375,000 and \$5,938 respectively.



DEPARTMENT OF NATURAL RESOURCES OVERSIGHT OF STATE PARKS

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-42
May 27, 2004
www.auditor.mo.gov**

PERFORMANCE AUDIT



Office of
Missouri State Auditor
Claire McCaskill

May 2004

State parks are exceptionally well maintained. However, better controls over testing of drinking water and better oversight of revenue generating operations are needed

Our office conducted an audit of the Division of State Parks Management within the Department of Natural Resources in order to determine if visitors were provided with quality service and facilities, and whether water and other resources provided met established safety standards. Our visits to twelve state parks showed all parks were exceptionally clean. We found, however, numerous incidents where the state parks had not complied with federal and state drinking water regulations or division water testing policies, and therefore could not be assured that park visitors were provided water safe for consumption. We also found lack of adequate oversight of park operations. The department agreed with all our recommendations.

Regulations relating to testing of water samples for contaminants were not being followed, resulting in inadequate oversight of water safety

Federal and state regulations dictate how often water samples must be taken from public water systems and tested to determine the levels of contaminants. Water systems which serve more than 1,000 persons per day during any month must submit samples more often than less frequently visited sites. Our review found eight of eleven parks, which served more than 1,000 visitors per day on busier months failed to submit the additional required samples. Periodic water testing is necessary to ensure water is safe to drink. Presence of contaminants may indicate conditions are favorable for the growth of dangerous bacteria and micro-organisms. (See page 5)

Public drinking water at state parks was not tested daily to make sure chlorine levels were adequate

The parks division has a policy which requires state parks to conduct daily tests to ensure chlorine levels are adequate to kill dangerous bacteria. In spite of this policy, none of the eleven state parks reviewed conducts all required tests. When the tests indicated the chlorine levels had fallen below the prescribed levels, only one of the parks retested within the required time to ensure the chlorine levels had returned to a safe level. Inadequate chlorine testing and disinfectant levels can allow harmful bacteria to flourish and multiply, resulting in unsafe drinking water. (See page 6)

The department has failed to audit the operations of state parks to ensure revenues are properly accounted for

State parks generated \$3.6 million in revenue for the state during fiscal year 2003.

(over)

YELLOW SHEET

However, 9 of the 12 top revenue generating parks have not been audited by the department since 1997. Regular, periodic audits of state park operations by the department would ensure all state revenues generated by the parks are properly accounted. (See page 8)

All reports are available on our website: www.auditor.mo.gov



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Stephen Mahfood, Director
Department of Natural Resources
Jefferson City, MO 65102

The Missouri state park system includes 49 state parks and 34 historic sites totaling more than 139,000 acres, which attracted about 18 million visitors in fiscal year 2003. In fiscal year 2003, state parks received about \$36 million from the parks sales tax. This report focuses on the department's Division of State Parks management and oversight of the state parks system. Specifically, our objectives were to determine if visitors were provided with a quality service and facilities, and water and other resources provided met established safety standards.

Our visits to twelve state parks comprising almost 43,000 acres, 27 separate camping areas, with 1,532 campsites, showed all parks were exceptionally clean and free from litter and graffiti. Park officials and staff all expressed a great deal of pride in the appearance of their park. They stated unanimously that they wanted to ensure that a visit to their park would be a rewarding and memorable experience.

We found, however, numerous incidents where the department had not complied with federal and state drinking water regulations or division water testing policies, and therefore could not be assured parks' visitors were provided water safe for consumption. Our review showed the department had not implemented effective management controls to assure adherence to drinking water regulations and policies. We also found lack of adequate oversight of park operations to ensure all revenues are properly accounted for. We make recommendations to improve these weaknesses.

We conducted our work in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such tests of the procedures and records as were considered appropriate under the circumstances.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

The following staff contributed to this report:

Director of Audits:	Kirk R. Boyer
Audit Manager:	John B. Mollet, CISA
Auditor-in-Charge:	George M. Atkinson
Audit Staff:	Naima Ramlatchman

RESULTS AND RECOMMENDATIONS

State Parks Were Well Maintained, but Improvements are Needed to Ensure Safe Drinking Water Supplies and Oversight

We found parks division staff at the 12 state parks we visited generally kept the parks' campgrounds and facilities clean and appeared in good repair. Park division staff, however, had not submitted all required water samples or performed all required tests to ensure drinking water provided to park visitors was safe for consumption. Federal law, state regulations and park division policy require various testing of drinking water, but the parks division had not implemented adequate controls to ensure compliance. Analysis also showed the water protection division had not required (due to incomplete data) state parks to submit the minimum number of monthly water samples for bacteria testing as required by federal and state regulations. We also found the department had ceased conducting periodic audits of parks' operation, which generate over \$3.6 million annually in revenues, due to staff shortages.

Background

The Department of Natural Resources (department), Division of State Parks (parks division) is responsible for acquiring, developing, and managing Missouri's state parks and historic sites. It also coordinates statewide programs in the areas of outdoor recreation and trails. The parks division is charged with preserving natural and historically significant resources, and is funded primarily through the parks-and-soils sales tax, which provided about \$36 million in revenue in fiscal year 2003.¹ State parks also realize substantial revenue from user fees, such as the sale of camping permits, which totaled about \$3.6 million during fiscal year 2003. The state park system includes 49 state parks and 34 historic sites totaling more than 139,000 acres and attracting about 18 million visitors in fiscal year 2003. The parks division relies on private contractors, called concessionaires, to operate various park facilities including marinas, riding stables, cabins, and stores. State park recreational opportunities include camping, picnicking, swimming, boating, fishing, and hiking.

Of Missouri's 49 state parks, 29 operate their own public water systems and produce, store, and distribute drinking water to park visitors. These 29 parks are required by federal and state regulations and park division policy to submit periodic water samples to the department's Water Protection and Soil Conservation Division (water protection division) for testing and to conduct periodic tests to ensure their water is safe for public consumption. The remaining 20 parks are connected to an external water supplier and are secondary water systems. The water protection division is responsible for ensuring public water systems comply with federal and state safe drinking water regulations.

¹ In 1984, the voters approved a sales tax of one-tenth of one percent for soil and water conservation and for state parks, which is split equally between the state parks and the soil and water programs administered by DNR. In 1996, the voters renewed this sales tax until 2008.

Methodology

To determine the extent to which state parks provided safe and quality services to its visitors, we visited 12 state parks throughout the state—Bennett Spring, Big Lake, Ha Ha Tonka, Knob Noster, Lake of the Ozarks, Lake Wappapello, Pomme de Terre, Roaring River, Stockton, Table Rock, Trail of Tears, and Harry S. Truman.² We selected these parks for review because they were geographically dispersed throughout the state, and 11 of the 12 parks operated their own public water supply systems. Our visits were made during October 2003 through January 2004, when the weather is typically becoming colder and visitation is down.

To determine whether quality services were provided to park visitors, we toured and inspected the campgrounds and facilities, such as showers, shelter houses and picnic areas, at each of the 12 parks we visited. Because 11 of the 12 parks we visited operated their own ground water systems, we reviewed their compliance with state regulations and parks division policies pertaining to public water supplies. We examined water testing records maintained at each park for the period July 2002 to October 2003, and we examined the licenses of the parks' water operators. We also obtained and reviewed all of the inspection reports prepared by the water protection division from 1999 through 2003 related to state parks water and sewer systems.

To determine how well the parks were managed, we reviewed internal control procedures. This included reviewing employee duties, check acceptance policies, receipt sequence for a test month, deposits, and internal audits completed during the 2 fiscal years ended June 30, 2003. We also reviewed other management oversight controls regarding periodic audits of the state parks, but did not test the adequacy of the internal control procedures.

We obtained comments on a draft of this report during a meeting with responsible department officials on April 1, 2004, and in a written response on April 28, 2004. We incorporated their comments as appropriate. We conducted our work from October 2003 to January 2004.

Buildings and public use areas were generally clean and in good appearance

Our inspections of 12 state parks, which comprised about 43,000 acres, with the smallest being Table Rock State Park (356 acres) and the largest being Lake of the Ozarks State Park (17,441 acres), found the parks' grounds were generally well groomed and free from litter. We also found the parks' 1,532 campsites³ and facilities—shelter houses, bathrooms, cabins, and laundry facilities—were free from graffiti and in good appearance. This included numerous cabin and general use buildings which were constructed in the 1930's by the Civilian Conservation Corps. Park officials and staff all expressed a great deal of pride in the appearance of their parks and stated they wanted to ensure a visit to Missouri state parks would be a rewarding and memorable experience.

² See Appendix I for a map showing the locations of Missouri state parks.

³ See Appendix II for a sample campground map and pictures of three camping sites. These pictures are representative of how well maintained and clean we found the campsites at the 12 state parks we visited.

Water samples not required in accordance with state regulations

Our review showed the water protection division required some state parks to submit only one water sample a month for total coliform testing, whereas park division data showed 11 of the state parks we visited should have submitted two or more samples per month. Federal and state regulations⁴ require non-community water systems (11 of the state parks we visited are classified as transient, non-community water systems) serving more than 1,000 persons per day during any month to submit 2 or more water samples per month for maximum contaminate level testing.⁵ However, our analysis showed 8 of the 11 state parks only submitted one water sample per month between April and October 2002, although each park served an average of more than 1,000 visitors per day in each of these months. Accordingly, each park should have submitted 2 or more samples for those months. Table 1 shows the average daily attendance for the 11 parks we visited classified as non-community water systems.

Table 1: Average Daily Attendance By Month for the 11 Parks We Visited

Park	April	May	June	July	August	September	October
Lake of the Ozarks	3,469	4,655	7,338	7,814	5,474	3,717	2,591
Bennett Spring	2,899	3,209	4,931	5,348	4,408	3,464	3,039
Table Rock	2,152	3,405	5,630	6,140	4,241	2,771	2,188
Roaring River	2,232	2,616	3,681	3,808	2,850	2,461	2,057
Harry S. Truman	2,017	1,123	3,473	3,229	2,533	1,811	1,220
Stockton	1,295	2,203	2,436	2,745	1,990	1,887	1,097
Ha Ha Tonka	1,274	1,805	2,182	2,049	2,273	1,590	1,891
Pomme de Terre	1,023	1,523	1,436	2,986	2,584	1,347	1,158
Knob Noster	1,166	1,333	1,211	1,139	816	1,043	770
Lake Wappapello ¹	1,188	1,871	2,057	1,846	173	121	119
Trail of Tears	694	781	973	814	728	562	456

¹ Lake Wappapello was flooded in August, 2002 which caused a reduction in visitation.

Source: SAO analysis of park records.

According to federal and state regulations,⁶ Lake of the Ozarks State Park should have been required to submit from 3 to 9 samples per month, and Bennett Spring State Park should have been required to submit from 3 to 6 samples per month, but each park only was required to submit one sample per month.⁷ Table 1 also shows Knob Noster and Lake Wappapello State Parks had a daily average over 1,000 visitors five and four months, respectively, during the period tested and should have been required to provide two water samples during each of these months. State regulation⁸ provides non-community systems may submit less than two samples a

⁴ 40 CFR 141.21(a)(3)(ii) and 10 CSR 60-4.020(1)(C)2.

⁵ A transient, non-community water system is a public water system that serves the public, but not the same individuals for more than six months, for example, highway rest areas and public campgrounds.

⁶ 40 CFR 141.21(a)(2) and 10 CSR 60-4.020(1)(B). The regulations provided that additional samples are required as the population served increases.

⁷ Federal Regulations (40 CFR 141) establish primary drinking water regulations pursuant to section 1412 of the Public Health Service Act, as amended by the Safe Drinking Water Act (Pub. L. 93-523); and related regulations applicable to public water systems.

⁸ 10 CSR 60-4.020(1)(C)2.

month for any month their systems serve less than 1,000 persons per day, if authorized by the water protection division in writing.

The water protection division classified 23 of the 29 state parks operating their own water systems as serving less than 1,000 persons per day, and, therefore, these parks were not required to submit more than one sample per month.⁹ Water protection division staff said state parks were classified as serving only 25 to 1000 persons per day because they are non-community water systems serving a transient population and experience has shown most such systems never serve more than 1,000 persons. Water protection division staff said they were unaware of state parks' attendance data, but will consider using this data in the future to determine the minimum number of monthly water samples each park is required to submit.

Periodic water testing is necessary to ensure water is safe to drink

State regulations¹⁰ require public water systems to submit periodic water samples for maximum microbiological contaminate level testing such as coliform levels. The presence of coliform bacteria in itself is not necessarily dangerous, but does indicate whether conditions are favorable for dangerous bacteria and micro-organisms to flourish in public drinking water, and, therefore, are critical in order to determine whether that water is safe to drink. These organisms can be bacterial, viral or parasitic, and can cause symptoms such as diarrhea, stomach cramps, nausea, and dehydration.

Chlorine disinfectant levels were not checked as required

Our review showed none of the 11 parks we visited, which operated their own public drinking water supply systems and added chlorine to their water as a disinfectant, conducted all daily chlorine disinfectant tests as required by parks division policy. Federal and state regulations do not require public ground water systems, which add chlorine to their water, to conduct daily testing unless ordered to do so. Parks division policy, however, requires state parks to conduct daily tests of their water systems to ensure chlorine levels are adequate to kill dangerous bacteria and micro-organisms to help provide safe drinking water for park visitors. Compliance chlorine testing by the 11 parks over a 16-month period July 2002 through October 2003 ranged from a low of 0 to a high of 76 percent in conducting required daily chlorine tests. Staff at Roaring River State Park, which showed zero percent compliance, said they performed the required tests, but did not retain their testing records. Park division policy requires state parks to retain testing data for 1 year. Park division policy also requires the 11 state parks to conduct daily tests of their water systems to ensure chlorine levels are adequate to kill dangerous bacteria and micro-organisms, and thereby help ensure the water is safe for public consumption. Table 2 shows each park's compliance with the park division's chlorine testing requirements.

⁹ Our analysis of park attendance data shows that of the 29 state parks operating their own water systems, 20 (including 10 shown in Table 1) served more than an average of 1,000 persons per day in two or more months in 2002.

¹⁰ 10 CSR 60-4.

Table 2: State Park Compliance with Daily Chlorine Testing

Park	Number of Daily Tests:		
	Required¹	Taken²	Passed³
Knob Noster	1,735	1,225	1,014
Lake of the Ozarks	1,171	499	321
Trail of Tears	608	23	20
Lake Wappapello	762	22	15
Big Lake (municipal water)	N/A	N/A	N/A
Ha Ha Tonka	488	16	14
Bennett Spring	1,372	1,042	73
Stockton	867	37	33
Harry S. Truman	1,220	43	32
Table Rock	273	147	118
Roaring River	488	0	0
Pomme de Terre	976	92	83

¹Number of Daily Tests Required was calculated by counting the number of days that each water system in the park was open during our test period (7/1/2002 to 10/31/2003) and the number of test records provided. For example, Knob Noster had 3 wells which were open year round (488 days each, or 1,464 days) and one which was opened intermittently (271 days). Thus, the required number of tests corresponds to the 1,735 total days the four wells were open.

²Number of Daily Tests Taken was calculated by counting the number of chlorine tests performed within the test period.

³Number of Daily Tests Passed was calculated by counting the number of tests results which equaled or exceeded 0.5 at the well head or 0.2 in the distribution system.

Source: SAO analysis of park water testing records.

Park staff from the 11 state parks provided the following reasons why they did not conduct daily chlorine tests:

- staff for seven parks told us they did not perform the daily tests, because they were unaware of the park division's chlorine testing requirements,
- the superintendent of another state park said he was aware of the testing requirement, but said he lacked sufficient staff to conduct daily tests,
- staff from two parks said they were confused between the state regulations and the park division policy, and
- one park superintendent said she decided not to test because she believed the monthly coliform testing was adequate.

A park division official said he has not monitored state parks to ensure they have conducted the required daily chlorine test, but said he has relied on the "honor system" to ensure state park staff followed park division policy and conducted the daily required chlorine tests.

Chlorine levels were not retested to ensure problems were corrected

Our analysis showed the state parks did not conduct retests when chlorine levels fell below prescribed levels. Our review also did not find documentation to show the state parks always took corrective action when chlorine levels fell below prescribed levels to ensure the water supply was safe. Park division policy requires chlorine levels to be at a specific level to ensure the water supply is adequately disinfected, and requires state parks to retest chlorine contents

within four hours after initial tests showed the chlorine levels were below prescribed levels. Four hours provides time for park staff to add chlorine or to otherwise correct the problem in the water distribution system. Our review of the parks' data shows 10 of the 11 parks required to test for chlorine levels conducted one or more tests, which showed the chlorine levels were below prescribed levels. Our analysis, however, showed only one park took actions to bring chlorine levels back to prescribed levels, and none of the parks retested within four hours, as required by parks division policy, to ensure chlorine levels were adequate to disinfect their water supplies. Several park staff told us they were not aware of the need to retest within four hours.

Inadequate chlorine testing and disinfectant levels can allow harmful bacteria to flourish and multiply resulting in unsafe drinking water. A department document dated September 5, 2003 showed the Lake of the Ozarks State Park failed to meet microbiological contaminant levels during September and October 2001, and June, July, and August 2002 at 9 of its 10 wells, and failed to meet acute (*E. coli*-positive) microbiological contaminant levels at 1 of its 10 wells for September 2003. For July and August 2002 and September 2003, we calculated the park should have performed 554 daily chlorine tests, but only 163 tests were documented of which 80 tests showed chlorine disinfectant levels were insufficient. Our review also showed the Lake of the Ozarks State Park failed to submit microbiological samples during May and June of 2003, during which time no chlorine testing was performed.

Because the Lake of the Ozarks State Park failed four coliform tests within a 12-month period, the water protection division required the park to enter into a bilateral compliance agreement to ensure safe water supply and to avoid federal regulatory action. The bilateral agreement, which is for the period October 2003 through September 2004, requires the state park to (1) submit additional monthly water samples for maximum contaminate level testing, and (2) submit the results of its daily chlorine test results to the water protection division.

Department has not provided adequate oversight of park operations

Our review showed the department has not systematically performed audits of state parks' revenue collections, which totaled about \$3.6 million in revenue during fiscal year 2003. Although concessionaire revenues and expenses at state parks were audited biannually by private firms, our analysis showed the department's internal auditor has not conducted audits of 9 of the top 12 revenue generating state parks since 1997. For example, the department has not audited the operations of the Bennett Spring State Trout Park, which had revenues of about \$389,000 in 2003, in the last seven years. Table 3 shows the park division's top 12 revenue parks and the last date each park was audited by the department's internal auditor.

Table 3: Comparison Of State Park Fiscal Year 2003 Revenue To Dates Of Most Recent Audits

State Park	Revenue	Last audit date	Period audited
Bennett Spring	\$389,133	¹	Unknown
Roaring River	345,403	1/8/1999	Fiscal year 1996
Lake of the Ozarks	278,501	10/21/1998	Calendar year 1997
Montauk	258,288	¹	Unknown
Table Rock	237,331	8/25/1998	Calendar year 1995
Meramec	214,906	¹	Unknown
St. Joe	202,442	¹	Unknown
Cuivre River	171,727	¹	Unknown
Sam A. Baker	140,897	7/9/1996	Calendar year 1995
Pomme de Terre	128,973	¹	Unknown
Onondaga Cave	109,116	6/28/1996	Calendar year 1995
Harry S. Truman	101,552	¹	Unknown
Total Revenue	\$2,578,269		

¹ No internal audit conducted since 1997.

Source: SAO analysis of state park data and internal audit records.

Department officials said staffing shortages due to state budget cuts caused reduced number of audits and oversight of state park operations. According to department officials, the department at one time had one auditor responsible for auditing every state park. However, the department eliminated the position due to budget reductions and the department's three remaining internal auditors, who were responsible to audit the entire department, audited state parks when problems were reported. Beginning in fiscal year 2004, the department eliminated two of those positions, leaving one internal auditor to review all departmental operations, including the operation of 49 state parks.

Conclusions

State park staff have generally provided visitors to Missouri state parks clean, and well kept campgrounds and facilities. Due to lack of effective management controls, however, park division staff have not ensured state park water was safe for visitors' consumption. The water protection division has not used available data for the number of persons the state parks' public water systems served to determine the number of water samples per month each state park should have submitted to ensure adequate testing for contaminants in the water. The department also has not ensured periodic audits of state parks' operations, which generate several million dollars in revenue on an annual basis.

Recommendations

We recommend the Director, Department of Natural Resources:

1. Use state parks' attendance data to determine the number of water samples that should be submitted on a monthly basis.

2. Establish procedures to ensure state parks perform chlorine tests as required by park policy and take corrective actions as needed.
3. Implement a systematic process to ensure state park operations are audited on a periodic basis.

Agency Comments

The department provided us the following written response on April 28, 2004 to our recommendations.

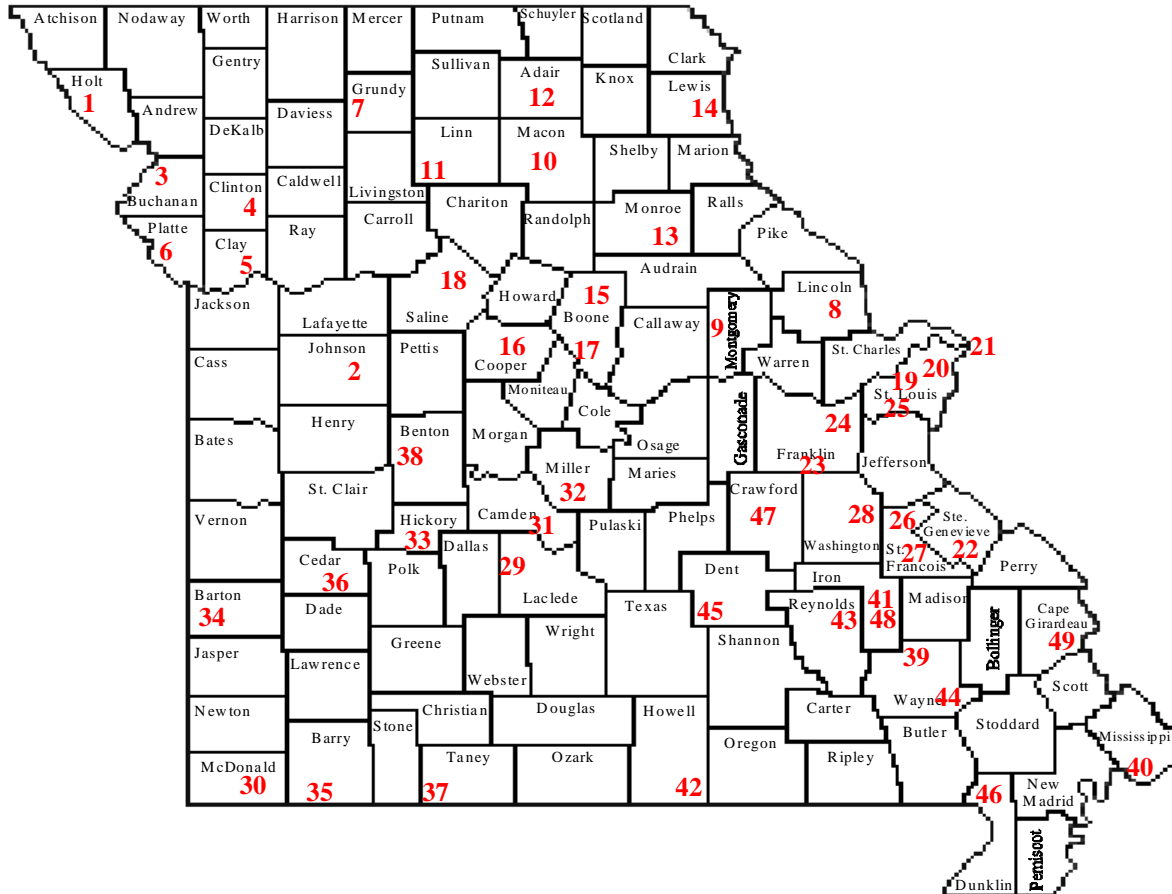
1. *We agree with this recommendation and have begun discussions with the Drinking Water Branch to revise sampling plans for each of our public drinking water systems. That process will involve separation of each water systems within a given state park so that each system will be a stand-alone public water supply with its own identification number. This should allow greater accuracy in establishing sampling requirements and compliance tracking. Staff will work with the Drinking Water Branch to establish a more realistic and accurate method to determine the number of potential public users of our drinking water systems. Attendance collection, calculation methods and formulas will be reviewed annually. Any adjustment to the monthly sampling requirement will be in accordance with regulatory requirements. This goal should be achieved by July 1, 2004.*
2. *We agree with this recommendation and have taken steps to correct the deficiencies. Chlorine levels are now being monitored more closely in those parks with chlorination capability. Divisional staff are in the process of revising our policies regarding water system operation, reviewing our compliance and oversight process, and are purchasing additional chlorine analysis instruments.*
3. *We agree with this recommendation, however, recent budget reductions have eliminated the audit staff resources necessary to comply with the recommendation. Discussion will be held to determine if there are alternative means to address this issue.*

It should be noted that the audit is inaccurate when it states that the department eliminated two auditing positions in FY04. Those positions were kept from the budget by the legislature. During the time frame of the audit the Internal Audit staff completed or oversaw the contract audits of eleven park facilities. This was in addition to other audits and/or special reviews conducted for the other divisions within the department.

The Division of State Parks has typically used the audit results of individual audits as a training tool throughout the Parks system to correct potential problems.

MAP OF MISSOURI STATE PARKS

This appendix shows the locations of Missouri's 49 state parks.



1 Big Lake
2 Knob Noster
3 Lewis & Clark
4 Wallace
5 Watkins Mill
6 Weston Bend
7 Crowder
8 Cuivre River
9 Graham Cave
10 Long Branch
11 Pershing
12 Thousand Hills
13 Mark Twain
14 Wakonda
15 Finger Lakes
16 Katy Trail
17 Rock Bridge

18 Van Meter
19 Dr. Edmund A. Babler
20 Castlewood
21 Jones Confluence Point¹
22 Hawn
23 Meramec
24 Robertsville
25 Route 66
26 St. Francois
27 St. Joe
28 Washington
29 Bennett Spring
30 Big Sugar Creek
31 Ha Ha Tonka
32 Lake of the Ozarks
33 Pomme De Terre

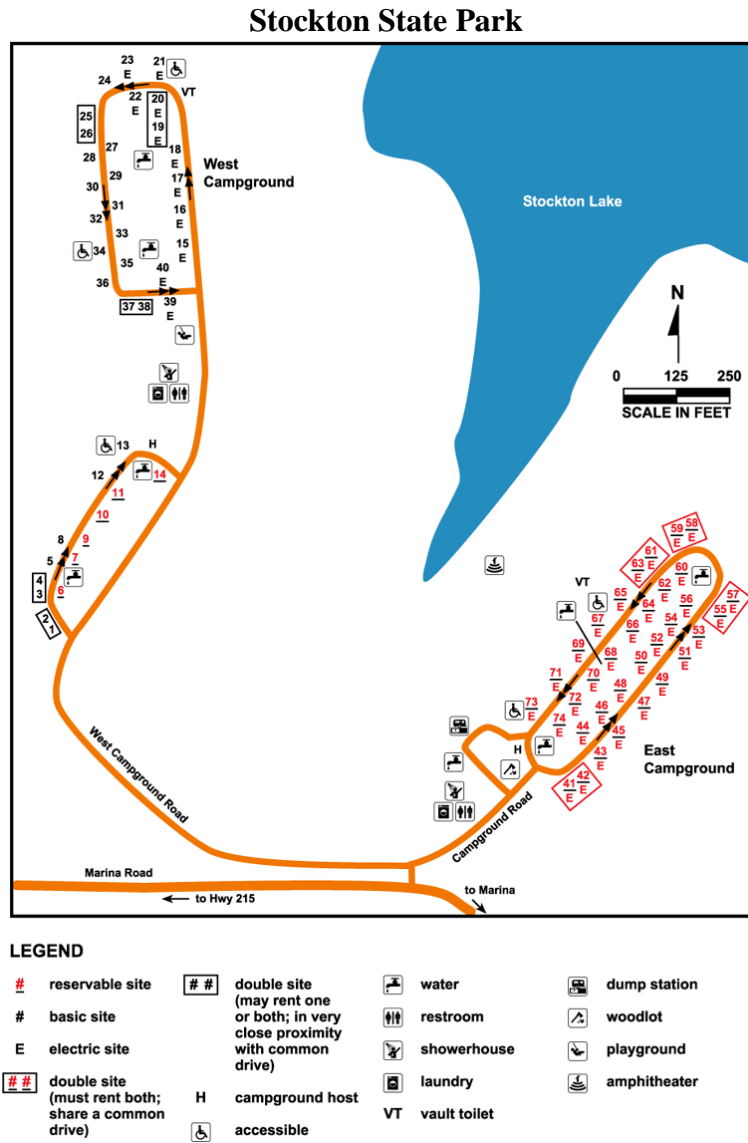
34 Prairie
35 Roaring River
36 Stockton
37 Table Rock
38 Harry S. Truman
39 Sam A. Baker
40 Big Oak Tree
41 Elephant Rocks
42 Grand Gulf
43 Johnson's Shut-ins
44 Lake Wappapello
45 Montauk
46 Morris
47 Onondaga Cave
48 Taum Sauk Mountain
49 Trail of Tears

¹ Edward "Ted" & Pat Jones Confluence Point State Park is scheduled to open in 2004

APPENDIX II

SAMPLE CAMPGROUND LAYOUT AND PICTURES

This appendix illustrates a typical campground layout at state parks and available campsites.



Campsite #12



Campsite #27



Campsite #73



Source: State Parks Division Internet site.



**BLUE MOUND SPECIAL ROAD DISTRICT
YEAR ENDED DECEMBER 31, 2003**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-41
May 26, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

May 2004

The following problems were discovered as a result of an audit conducted by our office of Blue Mound Special Road District, Polk County, Missouri.

The Blue Mound Special Road District (district) does not hold regular meetings to conduct business. Apparently the three road commissioners occasionally get together and drive the roads in the district, and during this time, they discuss road work and the financial situation of the district. However, there is no documentation of these discussions. The governing bodies of all political subdivisions in this state are required to conduct business in regular open meetings. State law provides that meetings of a special road district board shall be held at such time and place as agreed in writing or by order of a board officer.

The district appears to operate without any structure such as budgeting for anticipated expenditures and developing a maintenance plan for the roads. A complete and well-planned budget is necessary to meet statutory requirements, and provide a means to effectively monitor actual costs and revenues. Additionally, a road maintenance plan provides a means to continually and more effectively monitor and evaluate the progress made in the repair and maintenance of roads throughout the year.

The district's accounting records are solely handled by the district treasurer without any approval of expenditures or an independent review by the other commissioners.

The district selects vendors without soliciting bids from other vendors. The district lacked supporting documentation for some expenditures, and does not prepare IRS form 1099-MISC as required.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

BLUE MOUND SPECIAL ROAD DISTRICT

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the Board of Commissioners
Blue Mound Special Road District

The State Auditor was petitioned under Section 29.230, RSMo, to audit the Blue Mound Special Road District. The scope of our audit of the district included, but was not necessarily limited to, the year ended December 31, 2003. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review internal controls over significant management and financial functions.
3. Review compliance with certain legal provisions.

To accomplish these objectives, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents; interviewed various personnel of the district, as well as certain external parties; and tested selected transactions. Our methodology included, but was not necessarily limited to, the following:

1. We obtained an understanding of petitioner concerns and performed various procedures to determine their validity and significance.
2. We obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.
3. We obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the district's management and was not subjected to the procedures applied in the audit of the district.

The accompanying Management Advisory Report presents our findings arising from our audit of the Blue Mound Special Road District.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

February 26, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Donna Christian, CPA, CGFM
In-Charge Auditor:	Amy Baker

MANAGEMENT ADVSORY REPORT -
STATE AUDITOR'S FINDINGS

BLUE MOUND SPECIAL ROAD DISTRICT
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Meetings and Minutes
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The commissioners of the Blue Mound Special Road District have not held regular meetings to conduct business. The road district Treasurer indicated that the three road commissioners occasionally get together to drive the roads in the district, and during this time, they discuss road work and the financial situation of the district. However, there is no documentation of these discussions.

The governing bodies of all political subdivisions in this state are required to conduct business in regular open meetings. Section 233.185, RSMo 2000, provides that meetings of a special road district board shall be held at such time and place as agreed in writing or by order of a board officer. The secretary is required to keep a record of all proceedings of the Board. The Missouri Open Meetings and Records Law at Chapter 610 requires public notice of all meetings as well as reasonable accommodation to assure public access to meetings. Any time a quorum of board members meet in person or by phone and transact public business, they are subject to the Open Meetings and Records Law. In addition, Section 67.110, RSMo 2000, requires public meetings to be held at which citizens may be heard prior to the board approving the property tax levy.

Overseeing and managing district operations as a formally functioning body strengthens public accountability and internal fiscal controls. In addition, regular public meetings allow citizen participation and input in decisions made by the board as intended by law.

WE RECOMMEND the Board of Commissioners establish regular meetings and ensure compliance with the Open Meetings and Records Law for all meetings and maintain a formal record of all board actions.

AUDITEES REPOSE

In the past, we have held meetings, but citizens did not attend. We will now begin having two meetings per year – spring and fall.

2.	Planning and Financial Reporting
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Several concerns were noted regarding the district's financial planning and reporting. The district appears to operate without any structure such as budgeting for anticipated expenditures and developing a maintenance plan for the roads.

- A. The district does not prepare and adopt annual budgets. Section 67.010, RSMo 2000, requires the preparation of an annual budget which shall present a complete

financial plan for the ensuing budget year, as well as actual or estimated revenues and expenditures for the preceding two years.

A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific cost and revenue expectations for district operations and provide a means to effectively monitor actual costs and revenues. It will also assist in setting tax levies and informing the public about district operations and current finances.

- B. Section 105.145, RSMo 2000, requires the district to file a financial report with the State Auditor's office annually. The district filed the financial statements for 2002, 2001, and 2000 in October 2003. The financial report is to be filed within four months after the end of the district's fiscal year. The district submitted an annual financial statement timely for 2003.
- C. The road district does not furnish expenditure information to Polk County for publication of the road district's financial statement. Polk County published the county treasurer's receipts, and the disbursements to the road district's treasurer; however, detailed information regarding actual road district expenditures is not provided. Identifying expenditures by vendor and purpose for inclusion in the published financial statements could provide taxpayers more relevant information. In addition, the district does not prepare periodic financial statements and make them available to citizens upon request.
- D. A formal maintenance plan for district roads has not been prepared. A maintenance plan should be prepared in conjunction with the annual fiscal budget and include a description of the roads to be worked on, the type of work to be performed, an estimate of the quantity and cost of materials needed, the dates such work could begin, the amount of labor required to perform the work, and other relevant information. The plan should be included in the budget message and be approved by the board. In addition, the Board should consider holding a public hearing to obtain input from district residents.

A formal maintenance plan would serve as a useful management tool and provide greater input into the overall budgeting process. A plan provides a means to continually and more effectively monitor and evaluate the progress made in the repair and maintenance of roads throughout the year.

WE RECOMMEND the Board of Commissioners:

- A. Prepare an annual budget that contains all information required by state law to provide a complete financial plan for the district.
- B. Ensure annual financial reports are filed with the State Auditor's office as required and that such reports are filed within four months after the end of the district's fiscal year.

- C. Prepare periodic financial statements and furnish Polk County with expenditure totals by vendor and purpose for publication of the annual financial statements.
- D. Prepare and document a maintenance plan at the beginning of the calendar year and periodically update the plan throughout the year. In addition, the Board should review the progress made in the repair and maintenance of roads to make appropriate decisions on future projects.

AUDITEES REPOSE

- A. *We will now prepare an annual budget.*
- B. *We will ensure the financial report is filed timely.*
- C. *We will prepare a financial report for each board meeting and ensure the county receives detailed financial information for the published financial statements.*
- D. *We will prepare a road maintenance plan for 2005 when we prepare our budget.*

3.	Accounting Controls and Procedures
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District bills are routinely approved and paid by the district treasurer, without any documentation that the other two road commissioners have reviewed or approved the invoices. In addition, the district's treasurer maintains all accounting records, initiates all financial transactions, signs checks and maintains custody of the district's bank account. There is no documentation that an independent review is performed by the other two road commissioners. Further, \$360 was paid for road repairs to a business owned by the district treasurer without documentation of approval by the other two commissioners.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. The board should implement procedures to ensure a proper segregation of duties including, but not limited to, requiring bank statements to be received unopened from the bank, and reviewed, and/or reconciled by someone independent of the bookkeeping duties. Also, to adequately document the board's review and approval of all disbursements, a complete and detailed listing of bills should be prepared, signed or initialed by the commissioners to denote their approval. In addition, Section 233.335, RSMo 2000, requires the president of the district to sign all checks.

WE RECOMMEND the Board of Commissioners ensure the accounting duties and custody of financial assets are adequately segregated or that appropriate reviews of accounting records and unpaid invoices are performed. In addition, the president of the district should sign all checks.

AUDITEES REPOSE

The other two commissioners were consulted prior to incurring the \$360 for road repairs. We will now begin documenting the commissioners approval of all expenditures. The President's signature will be added to all checks.

4. Expenditures

The district selects vendors without soliciting bids from other vendors. The district lacks supporting documentation for some expenditures, and does not prepare form 1099-MISC as required.

- A. The road district does not have a formal bidding policy, and it appears the district has not solicited bids for any purchases. The district Treasurer indicated he is aware of the cost of rock and what local truck drivers charge for hauling; however, no documentation exists to indicate prices were compared before the vendor was selected.

Formal bidding procedures for major purchases would provide a framework for economical management of resources and help ensure the road district receives fair value by contracting with the lowest and best bidders. Competitive bidding also helps ensure all parties are given an equal opportunity to participate in the district's business.

Bids can be handled by telephone quotation, by written quotation, by sealed bid, or by advertised sealed bid. Various approaches are appropriate, based on dollar amount and type of purchase. Whichever approach is used, complete documentation should be maintained of all bids received and reasons noted why the winning bid was selected.

- B. Supporting documentation was not retained or available for some expenditures. Vendor invoices or other supporting documentation were not retained or available for 4 of the 20 expenditures reviewed totaling \$402, for rock, hauling, and bond coverage. In addition, the truck drivers provide the district with an invoice for payment; however, the invoice is not always supported by the load tickets. Since most truck drivers charge the district by the ton, the load tickets are essential to ensure the correct billing by the truck driver. Load tickets were not always available for 6 of the 20 expenditures reviewed, including rock and cold mix hauling from various vendors totaling \$28,044. All expenditures should be supported by a vendor invoice and related load ticket to ensure the obligation was actually incurred.
- C. The Special Road District does not issue Forms 1099-MISC as required. The district paid a trucking company \$5,757 for hauling rock, a tree trimming company \$748 for trimming work, an individual \$2,941 for hauling rock, and an

individual \$1,869 for grading during 2003. Sections 6041 through 6051 of the Internal Revenue Code require nonemployee payments of at least \$600 in one year to an individual or unincorporated business be reported to the federal government on Forms 1099-MISC.

WE RECOMMEND the Board of Commissioners:

- A. Establish a formal bidding policy and related procedures. Complete documentation of the bidding process should be maintained, including all bids received and justification for selecting and rejecting bids.
- B. Ensure that all expenditures are appropriately supported by adequate documentation.
- C. Ensure payments totaling greater than \$600 to nonemployees and unincorporated businesses are properly reported to the Internal Revenue Service.

AUDITEES REPOSE

- A. *At our next board meeting we will discuss a bidding policy.*
- B. *In the future, we will ensure all documentation is maintained.*
- C. *For 2004, we will ensure 1099s are prepared.*

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

BLUE MOUND SPECIAL ROAD DISTRICT
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

Blue Mound Special Road District is located in Polk County, Missouri. The district covers 8.2 miles of eastern Polk County. The Board of Commissioners consists of three commissioners who serve three-year terms. The commissioners receive no compensation.

<u>Elected Officials</u>	<u>Term</u>
John Snider, President	April 2002 to April 2005
Nathan Blosser, Treasurer	April 2003 to April 2006
David Dunseth, Commissioner (1)	October 2003 to April 2004
Maynard Eigisti, Commissioner (1)	April 2001 to October 2003

(1) Mr. Dunseth was appointed in October 2003 to fill the remainder of Mr. Eigisti's term, who resigned.

Assessed valuations and tax rates for 2003 were as follows:

ASSESSED VALUATION

Real estate	\$ 1,173,535
Personal property	<u>592,766</u>
Total	<u>\$ 1,766,301</u>

TAX RATES PER \$100 ASSESSED VALUATION

	<u>Rate</u>
Blue Mound Special Road District	\$ 0.3500

A summary of the district's financial activity for the four years ended December 31, 2003, is presented below:

		Year Ended December 31,			
		2003	2002	2001	2000
RECEIPTS					
Property taxes	\$	5,331	4,802	3,674	3,597
Polk County Capital Improvement Sales Tax		12,300	11,824	11,237	10,854
Polk County CART distribution		8,380	8,843	8,686	8,506
Charges for services		0	0	0	1,249
Interest		559	2,818	144	1,804
Total Receipts		26,570	28,287	23,741	26,010
DISBURSEMENTS					
Grading		1,869	6,946	2,678	3,375
Materials		33,153	33,931	19,846	10,384
Maintenance and repairs		0	5,124	370	170
Dozer work		0	550	560	0
Right-of-way		747	0	0	0
Other		142	78	402	36
Total Disbursements		35,911	46,629	23,856	13,965
RECEIPTS OVER (UNDER) DISBURSEMENTS		(9,341)	(18,342)	(115)	12,045
CASH, JANUARY 1		23,379	41,721	41,836	29,791
CASH, DECEMBER 31	\$	14,038	23,379	41,721	41,836



**BOARD OF ELECTION COMMISSIONERS
CITY OF ST. LOUIS, MISSOURI**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-40
May 26, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

May 2004

St. Louis Election Board could save thousands in cell phone costs and increase the accuracy of the voter registration files

In response to the extensive problems in St. Louis during the November 2000 election, this audit evaluated policies and management practices of the St. Louis Board of Election Commissioners (BEC) in conducting elections and voter registration, and monitoring campaign finance reporting. The audit work covered three fiscal years (2001-2003) and determined if the board's policies followed the law. In responding to the audit, the BEC agreed with all recommendations and has already implemented or begun to implement them.

Board could have saved \$140,000 in cell phone costs

The BEC began issuing cell phones to election judges in 1999 and racked up nearly \$180,000 in charges over three fiscal years. But when the BEC did not track the phones, more than 100 ended up lost or stolen and the board incurred thousands of additional charges. A police investigation found the BEC's poor-record keeping made it impossible to tell who had the phones. In addition, auditors found the cell phone vendor overcharged the BEC by \$45,800 in trying to settle a \$317,000 outstanding bill. Overall auditors found several concerns with the cell phones including: (See page 5)

- Bids were not obtained for any of the phone purchases.
- No detailed written contracts were established.
- The phones were not preprogrammed to limit calls to only the BEC office.
- No inventory listing was prepared.
- Adequate phone issuance and return procedures were not developed.
- BEC management failed to suspend service on phones following elections.

Voter files included deceased persons, Illinois residents, and felons

The BEC registers St. Louis voters and maintains the voter registration data. There were 249,346 voters as of April 2003 (194,060 were active voters and 55,286 were inactive voters). Auditors ran various computer matches to check the background of voters and found more than 24,000 questionable voters including: deceased persons, convicted felons, Illinois residents, voters who listed a city vacant lot as their addresses, and voters registered in other Missouri counties. Such computer matches can improve the integrity of the voter files and help St. Louis decrease its percentage of inactive voters (22 percent), which is nearly twice the national and statewide 12 percent average. (See page 10)

YELLOW SHEET

Campaign finance reporting requirements not always followed

The BEC failed to monitor campaign finance issues, which included ensuring candidates and political action committees complied with reporting requirements. The BEC appeared to be unaware of several of the requirements. Because the BEC did not track compliance with campaign finance reporting, the BEC could not determine if candidates complied with the campaign finance requirements. Additionally, the BEC did not assess late filing fees. (See page 17)

Board did not bill or refund election costs on time

The BEC estimates election costs, submits invoices of the estimated costs to the political subdivisions, calculates actual election costs, makes refunds, and requests additional payments. But the BEC failed to comply with at least one of the timing requirements in each of the 10 elections billed to other political subdivisions and failed to issue refunds timely in 7 of 7 instances when a refund was due. (See page 21)

Minimum required number of judges not always present at elections

The BEC failed to ensure the statutory minimum number of election judges, who should represent each major political party equally, worked precinct tables during the three most recent elections. Auditors found the board should consider redrawing the precinct boundaries to reduce the number of precincts and decrease city-wide election costs. In addition, consolidating precincts could significantly reduce the number of voting machines and total cost of a new voting system when the BEC replaces the punch card system now in use. (See page 23)

Board did not bid all purchases and properly monitor all expenditures

The BEC failed to seek bids or retain bidding documentation for many purchases. Auditors noted the BEC failed to bid or retain bidding documentation on 9 of 19 purchases totaling \$23,225. Each purchase exceeded \$1,000. In addition, the BEC paid \$1,900 for food and drinks, including alcoholic beverages, for a reception to welcome new commissioners. This expenditure does not appear necessary or essential to the operation of the BEC. Also, the audit noted at least two payments authorized by the board that exceeded existing contract rates. (See page 26)

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BOARD OF ELECTION COMMISSIONERS
CITY OF ST. LOUIS, MISSOURI

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	Years Ended June 30, 2003, 2002, and 200133

STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Derio L. Gambaro, Chairman
and
Members of the Board of Election Commissioners
City of St. Louis, MO 63101

We have audited the Board of Election Commissioners of the city of St. Louis. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2003, 2002, and 2001. The objectives of this audit were to:

1. Review compliance with certain legal provisions.
2. Review certain management practices.
3. Review election board policies and procedures related to the conduct of elections, voter registration, and campaign finance.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents and interviewed various personnel of the election board.

As part of our audit, we assessed the election board's management controls to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to management controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk. In order to assess control risk, we performed tests of controls to obtain evidence regarding the effectiveness of the design and operation of certain policies and procedures.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the election board's management and was not subjected to the procedures applied in the audit of the election board.

The accompanying Management Advisory Report presents our findings arising from our audit of the Board of Election Commissioners of the city of St. Louis.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

October 16, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	John Blattel, CPA, CFE
In-Charge Auditor:	Dennis Lockwood, CPA
Audit Staff:	Kate Petschonek

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

BOARD OF ELECTION COMMISSIONERS
CITY OF ST. LOUIS, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Cellular Telephones
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During the three years ended June 30, 2003, 2002, and 2001, the Board of Election Commissioners (BEC) paid nearly \$181,000 for cellular phone service for about 500 phones for election workers. The BEC did not seek bids for the phone services. The BEC did not enter into a detailed written contract setting forth the duties and responsibilities of the BEC and the vendor. The BEC failed to establish adequate physical controls and over 100 phones were lost or stolen. The BEC negotiated a settlement that included at least \$45,800 of questionable cellular telephone charges. We estimated the BEC could have acquired the necessary cellular telephone services for less than \$41,200, a saving of nearly \$140,000, if the BEC would have properly planned and controlled cellular telephone usage.

A. The BEC began issuing cellular telephones in 1999 to election judges in about 45 polling places that did not have a readily accessible telephone. Following the extensive problems during the November 2000 election, the BEC determined that a cellular telephone was to be issued to each precinct table, to roving election deputies, and to specialist judges. The phones were to be used by the election workers to contact the BEC central office regarding missing election judges, voting equipment, supplies and polling place problems, electioneering, and "inactive" voters. The BEC contacted the existing cell phone vendor and signed two standard cellular telephone order forms on January 11, 2001, for a total of 420 phones. The services for the original 45 phones were terminated. The cellular phones were provided at no charge. The monthly service cost for each phone was \$25. There was to be no charge for suspending (placing on "vacation") phone services between elections. We noted the following concerns:

- Bids were not obtained for any of the phone purchases.
- No detailed written contracts were established.
- It was not clear that the BEC could activate only the number of phones necessary for each election.
- The phones were not preprogrammed to limit calls to only the BEC office.
- No inventory listing was prepared.
- Adequate cellular phone issuance and return procedures were not developed.
- BEC management failed to place phones on "vacation" status after the elections.
- No formal procedures for notifying the phone company and law enforcement in case of loss or theft were developed.

During the first four months under the new agreement, two phones were stolen and over \$1,000 in charges were made using the stolen phones. The minutes of the BEC board meeting on April 3, 2001 indicated, "the (election) judges were not leaving (returning) the cellular phones and the Board may need to look into this matter." The BEC was aware of the serious lack of controls over the cellular phones and the potential significant costs related to lost and stolen phones. However, they failed to establish adequate physical controls, promptly notify the vendor to place the phones on vacation status following each election, and perform thorough reviews of the cellular phone bills to identify unauthorized use. It appears additional phones were lost or stolen following the February and March 2002 elections, resulting in over \$1,500 in unauthorized airtime charges.

In early September 2002, the BEC noted several phones were missing and a significant number of unauthorized calls had been made throughout August 2002. An internal investigation indicated about 60 cellular phones had been lost or stolen after the August 2002 election. On September 9, 2002, the BEC initiated a series of faxes to the vendor requesting the phones be placed "on vacation". The phones were not placed on vacation status as requested. Between August 7 and September 11, 2002, over \$11,600 in unauthorized airtime charges were incurred and it appears the charges were the responsibility of the BEC. Between September 11 and November 25, 2002, the lost and stolen phones incurred additional charges totaling \$32,634. The BEC contacted law enforcement to report the apparent theft. After an investigation by the St. Louis Police Department and the St. Louis Circuit Attorney's office, it was determined that the BEC records were not adequate to determine who had possession of the phones that made the unauthorized calls and it could not be determined who had stolen the phones from the BEC offices. No charges were ever filed.

On October 28, 2002, the BEC entered into a one-year cell phone agreement with the same vendor for 80 replacement phones. Again no detailed written contract was used. Under this agreement the BEC, as indicated on the order form, was to pay \$25 per month for four months and a vacation charge of \$10 per month for 8 months for a total of \$14,400. The negotiated settlement for these phones was \$6,221 for three months of service. The vendor agreed to waive the remaining balance. Apparently the BEC only received 79 of the 80 phones.

In February 2003, the BEC contacted the phone company to request the phones be activated for the March election. From June 2001 through February 2003, the BEC had only made token payments to the vendor and the balance due on the February 2003 billing statement was over \$317,000. The vendor required payment of \$65,000 before the service would be activated. The vendor also prepared a listing of 100 missing or stolen phones that were to be permanently suspended. That listing included six phones that had been acquired in October 2002 and lost or stolen after the November 2002 election and 94 phones that had been acquired in January 2001.

Due to the significant overdue balances from October 2002 through June 2003, an employee of the vendor received the bills and held them for internal review. The BEC did not receive copies of the bills before entering settlement negotiations with the vendor. At our request the vendor provided the auditors with copies of the missing bills. The negotiated settlement was based in part upon charges for which the BEC never received or reviewed the actual billing statements. Prudent business practice would require the BEC to obtain and review supporting documentation before negotiating any settlement of disputed charges.

In March 2003, the BEC instituted new procedures over the issuance, collection, and storage of the cellular phones. The phones were preprogrammed so calls could only be made to key BEC office phones. The phones are distributed in the ballot boxes, a specific election judge must sign a tracking sheet, and the roving deputies must verify that the phone was received and the judge's signature is present on the correct form. The phones are to be returned and checked in by BEC personnel after the polls close. The phones are stored in a special cabinet which is locked at all times except when phones are issued for an election. As of May 30, 2003, a physical inventory indicated 386 cellular phones on hand of which five were broken and one was "locked" and not available for use. The cellular service agreements have now expired and the BEC is attempting to negotiate cellular phone services for future years.

- B. The BEC negotiated a settlement with the phone company for the cellular phone charges. The BEC had paid a total of \$104,874 from January 2001 through March 2003 for the cell phone services, and the phone company agreed to waive or credit over \$202,000 in access charges, airtime charges, and other charges arising from months in which no election was held and all late payment fees. The final settlement payment from the BEC of \$76,123 was issued on June 24, 2003. Our review found that the BEC paid over \$45,800 in charges inappropriately included in the settlement.

The BEC had indicated that elections were held in February and June 2001 when in fact no elections were held in those months. Based upon the information provided by the BEC, the phone company erroneously included charges of \$7,818 for those months in the settlement agreement.

The phone company failed to place the phones on vacation as requested by the BEC on September 9, 2002. The settlement included \$32,634 in charges for phones that should not have been able to make any calls in the months of September and October 2002.

The settlement included at least \$5,348 in charges for phones in March and April 2003 that had been placed on permanent suspension by the phone company as of February 28, 2003.

We contacted the phone company about our concerns and the phone company readily agreed to refund \$45,848 to the BEC. It appears that \$44,324 of the refund should be paid over to the city treasury since the city provides funding to the BEC. The Board of Education should be refunded \$1,524 because they had been overcharged those cellular phone costs for the April 8, 2003 election.

- C. In January 2001, the BEC decided that for each election it would provide a cellular phone to each precinct table, to each team of roving deputies, to the special deputies, and to each specialist judge. To accomplish this they ordered 420 phones. We obtained the number of precincts, polling places, roving deputies, special deputies, and specialist judges required for each election in 2001, 2002 and 2003. It appears that one phone to be shared by all the precincts in a single polling place along with one phone for each specialist judge and one phone for each team of roving and special deputies would provide sufficient ready access to conduct necessary election related business. It appears that 250 phones would have met the BEC needs. If the BEC had only acquired 250 phones, they could have saved over \$4,250 for each election.

Since the BEC had obtained the phones at \$25 per month plus the required federal user service charge of \$.52 and it appears the BEC could have activated and paid for only the minimum number of phones necessary to conduct each election, we based our estimated minimum cost for cell phone services upon those assumptions. The following table indicates the minimum number of phones needed for each election and the estimated cost based upon our calculations.

Election Date	Minimum # of Phones	Estimated Cost
Jan. 24, 2001	103	\$2,629
Mar. 6, 2001	239	6,099
Apr. 3, 2001	241	6,150
Aug. 7, 2001	17	434
Dec. 11, 2001	60	1,531
Feb. 5, 2002	84	2,144
Mar. 5, 2002	19	485
Mar. 26, 2002	45	1,148
June 4, 2002	7	179
Aug. 6, 2002	196	5,002
Nov. 5, 2002	202	5,155
Mar. 4, 2003	200	5,104
Apr. 8, 2003	199	5,078
Total Estimated Cost		\$41,138

We estimated that adequate cellular phone services could have been purchased for under \$41,200 rather than the \$181,000 the BEC paid for cellular phone services. The failure of the BEC to limit costs of cellular phones adversely affected not only the city treasury but also the state of Missouri and local political subdivisions

within the city, such as the Board of Education, that are required to reimburse the BEC for conducting elections.

WE RECOMMEND the BEC seek bids for future cellular phone services, enter into written contracts that clearly indicate the duties and responsibilities of the BEC and the vendor, develop specific written policies and procedures for physical control over the cellular phones and a thorough review of cellular phone bills by senior management. The BEC should consider reducing the number of cellular telephones issued. In addition, the BEC should refund \$1,524 to the Board of Education and deposit the remainder of the refund, \$44,324, into the city treasury.

AUDITEE'S RESPONSE

The BEC agrees with the recommendations contained in the Report and has taken steps to implement them. As the Report correctly points out, the prior contracts for cellular telephone service were entered into following the “extensive problems” the BEC encountered during the November 2000 election in communicating with the election workers at the various polling sites throughout the city, and were standard service order forms that did not specify the duties and responsibilities of the parties, particularly with respect to placing phones on “vacation” status after each election and charging the BEC only for phones actually used in an election (as opposed to all phones covered by the contracts). After those contracts expired, the BEC obtained bids for its current cellular service from three vendors and entered into a two-year contract with the lowest bidder. Pursuant to that contract:

- i. 260 cellular telephones were provided to the BEC at no additional charge.*
- ii. The BEC has access to a variety of business pool rate plans that “can be changed at any time upon request”. This enables the BEC to utilize a rate plan that “fits” our needs on the day of an election, but switch to the least expensive rate plan during months in which there is no election. This flexibility will be especially beneficial for special elections (such as when a vacancy occurs on the Board of Aldermen), when the BEC may only need a dozen or so phones.*

Moreover, the cellular phones delivered to the polling precincts for use by election day judges and supervisors are programmed so that they can only be used to contact specific departments at the BEC, which eliminates the possibility of someone using one of these phones inappropriately. Furthermore, as the Report correctly notes, in March, 2003, the BEC instituted new procedures covering the issuance, collection and storage of its cellular phones, as a result of which every cellular telephone used in the March and April, 2003 Municipal Elections and the February 3 Presidential Preference Primary Election was accounted for and is stored in a locked cabinet designated for that purpose. Senior management now reviews the monthly statements received from its cellular service provider to insure that they are accurate and that no phone has been used for non-BEC purposes.

Finally, the refund received from the prior cellular service provider was turned over to the City Treasurer and a voucher has been submitted to the Comptroller’s Office to reimburse the Board of Education for its proportionate share thereof.

Although the BEC agrees with the recommendations contained in this section of the Report, it questions the suggestion that “one phone to be shared by all the precincts in a single polling place along with one phone for each specialist judge and one phone for each team of roving and special deputies would provide sufficient ready access to conduct election related business”. Due to precinct consolidation, the question of how many cellular phones are sufficient on election day is probably moot. In our view, however, a cellular phone is needed in every voting precinct, rather than just one phone per polling site, and is consistent with the mandate contained in Paragraph XIV of the Consent Decree entered into with the U. S. Department of Justice in August, 2002 (the “Consent Decree”).

2.

Voter Registration Matches

The BEC is responsible for registering voters and maintaining the voter registration data in the city of St. Louis. The procedures used by the BEC to maintain voter registration data are not in writing nor have the procedures been consistently performed. We obtained the voter registration data as of April 8, 2003. There were 249,346 voters registered in the city of which 194,060 were active voters and the remaining 55,286 were inactive voters. We noted over 24,000 voters registered in the city that were either deceased, also registered in another jurisdiction, had been convicted of a felony, or were living at an address included on the city’s vacant lot listing.

The BEC receives quarterly reports from the Secretary of State’s office of voters in the city that may also be registered in another county, monthly reports from the Missouri Department of Health and Senior Services (DHSS) of persons who have died in the city of St. Louis, reports of felony convictions from the St. Louis Circuit Clerk’s office, reports of incapacitated persons from the St. Louis Probate Clerk’s office, and reports of federal felony convictions from the Secretary of State’s office who gathers them from the federal courts in Missouri. They also receive new voter registration applications and change of address information through the motor voter process at the Missouri Department of Revenue’s drivers license offices and through local registration drives. The BEC uses these various reports to keep the voter registration records as current as possible. They also use returned mail from the mass mailings of voter identification cards to identify voters who may have moved.

We obtained voter registration data from the centralized voter registration database and reports of federal felony convictions in Missouri from the Secretary of State’s office, the DHSS’s Vital Statistics records of deceased persons, Missouri felony convictions from the Missouri Department of Corrections’ (DOC) offender database, the St. Louis County Board of Election Commissioners voter registration data, the vacant lot listing maintained by the Assessor of the city of St. Louis, and voter registration information from Madison and St. Clair counties in Illinois. We also obtained the results of a March 2003 match between the BEC voter registration data and the DHSS’s Vital Statistics (VS) unit’s deceased persons data that was performed by the department at the request of the BEC. We performed matches between the available data and records based upon names, dates

of birth, and, when available, full or partial Social Security numbers. We matched street addresses of registered voters to the addresses on the vacant lot listing.

It should be noted that the results of data matches such as those we performed indicate a high likelihood that an individual may be inappropriately registered or inappropriately voted in a particular election. Each instance must be investigated thoroughly before a voter is removed from the voter registration records or referred to law enforcement for possible legal action. We provided the BEC with each of our detailed match results for their further investigation. It should also be noted that neither the Secretary of State nor any other election board that we contacted, routinely performs all of the matches we performed during this audit.

The following table indicates the matches performed, the number of questionable registered active and inactive voters identified in our matches, and the number of instances of possible voting felonies committed by persons in our match results:

Source of Data for Match	# of Matching Records	Possible Voting Felonies
BEC-Deceased Persons per VS	4,000	0
Deceased Persons SAO Match	405	0
Felons per DOC	2,194	882
Federal Felons	48	15
Vacant Lot Listing	1,453	0
St. Louis County	9,097	12
Registered Elsewhere in MO	4,500	16
Illinois	2,366	10
Total	24,063	935

- A. The BEC has received monthly reports of persons who have died in the city of St. Louis from the DHSS's VS unit since the early 1970's. In March 2003, the BEC requested the VS perform a data match of city registered voters against the VS database of deceased persons. That match indicated there were 4,000 deceased persons in the voter registration data. We also ran a match against the VS data for persons who had died since 1995 and identified 1,219 matching records. We cross matched against the VS match results to eliminate any duplications. We identified an additional 405 deceased persons as being registered. We noted 136 of the 405 deceased persons were listed as active voters and had died prior to January 1, 2003. Their names were on the poll registers for the April 8, 2003 election. The risk that inappropriate voting activity could take place is increased when the names of deceased persons are on the poll registers.

We provided the results to the BEC for further investigation. The current vital statistics reports received by the BEC include only persons who died in the city and not elsewhere in the state. The BEC should periodically conduct matches of voter registration records and records of deceased persons and investigate all exceptions to help ensure the accuracy of the voter registration data.

- B. The BEC receives monthly reports of felony convictions from the St. Louis Circuit Clerk's office. The BEC is not required to obtain felony convictions from other jurisdictions in the state. We obtained a report from the DOC of all persons incarcerated or on parole or probation at any time from 1995 through April 8, 2003. We matched those persons against the voter registration data and noted 2,194 persons who had a felony conviction or were listed as having an outstate conviction (which was likely a felony) and were registered. We noted that 1,567 felons were listed as active voters as of April 8, 2003, and, therefore, their name appeared in the poll registers for that election. The remaining 627 persons were listed as inactive but could have voted if they had followed procedures for the inactive voters. We examined the registration dates and last date voted as recorded in the registration data and compared that to the sentence starting and ending dates as reported by the DOC. It appears that 610 felons registered while under sentence, 160 felons voted while under sentence, and 112 felons both registered and voted while under sentence. In a few instances, the felon may have properly registered if his sentence was ending prior to the next election.

Under Section 115.133, RSMo Cumulative Supp. 2003, voting while under a sentence of probation or parole for a felony conviction is prohibited. Under Section 115.135, RSMo Cumulative Supp. 2003, registering to vote when the person is ineligible to vote is prohibited. Under Section 115.631, RSMo 2000, voting while under felony sentence and registering when ineligible are felony offenses punishable by up to 5 years in prison and or fines of not less than \$2,500 or more than \$10,000. Violators also lose their voting rights until those rights are restored by a court of law.

A primary reason that so many felons were included in the voter registration records is that the BEC only receives reports of convictions from the St. Louis Circuit Court and not from other jurisdictions. Of the 2,194 registered felons, 757 had been sentenced in the St. Louis city circuit courts. It is unclear why these felons, at a minimum, were not removed from the voter registration records under the existing procedures. We provided the results of our felon match to the BEC for further investigation.

- C. The BEC receives quarterly reports of federal convictions from the Secretary of State's Office. We obtained the reports for 2001 through March 31, 2003, and matched those reports against the city voter registration data. We identified 48 federal felons who were registered, 11 who registered while under sentence, one who voted while under sentence, and 3 who were both registered and voted while under sentence. It is unclear why the BEC did not remove the federal felons from the voter registration records. We provided the results of our federal felony match to the BEC for further investigation.
- D. The BEC had obtained a listing of vacant lots in the city from the City Assessor's office in 2001. At that time, the BEC determined many of the lots on the Assessor's list were in fact not vacant. We obtained a current listing and matched

the addresses of the vacant lots to addresses of registered voters. We identified 1,453 voters registered at 890 addresses that were on the vacant lot listing. We provided the results of this match to the BEC. The BEC has asked for assistance from the city aldermen and their neighborhood assistance organizations to inspect each suspect address within their ward to determine if they are in fact vacant. If the lots are determined to be vacant, the BEC should attempt to contact voters registered at those addresses to confirm their voter registration information. If the lots are determined to not be vacant, the BEC should report those lots to the City Assessor to revise the assessment listing and to ensure property taxes are being properly assessed against those properties.

- E. The BEC receives quarterly matches of voters registered in the city and in other counties in the state. Those matches, called duplicate registrant reports, are performed by the Secretary of State's office. Prior to October 2002, the reports were received in paper format. In October 2002, the format of the report was changed to an electronic format. However, the BEC was not aware that the electronic reports were available and were awaiting a paper version. The BEC failed to contact the Secretary of State's office and request information about the duplicate records reports that had not been received within the normal timeframes. It appears this lack of action by the BEC caused a significant number of voters to inappropriately be included in the poll registers for the November 2002 and the March and April 2003 elections. When a duplicate registrant report is received, the BEC must examine their voter registration information to determine which jurisdiction has the latest date of registration or voting activity. After the BEC has contacted the other jurisdiction to confirm the voter has registered in the other jurisdiction, these voters can be removed from the city's registration rolls.

We obtained the statewide centralized voter registration data from the Secretary of State's office and the voter registration data from the Board of Election Commissioners of St. Louis County. We matched the data of the city to both the statewide and the county data and noted that 9,097 voters were registered in both the city and St. Louis County with 7,922 voters having a later registration date in the county. We noted 3,311 voters were listed as active on both the city and the county and therefore were listed in the poll registers in both places. This increases the risk that persons could vote in both the city and the county in the same election. We noted 12 instances in which a voter, according to the available data, did vote in both places. We also identified 318 instances in which a voter voted in the city after the date of registration in the county.

We also noted that 4,500 voters were registered in the city and elsewhere in the state (but not in St. Louis County). Of the 4,500 voters, 2,317 were listed as active in both places while 3,038 had a registration date in the other county that was later than the registration date in the city. We noted 16 instances in which a voter may have voted in the same election in both places. We provided the results of our match to the BEC for further investigation.

- F. The BEC does not obtain voter registration data from nearby counties in Illinois. We requested the voter registration and available voting history of Madison and St. Clair counties in Illinois, including the city of East St. Louis, from the Illinois Board of Elections. We identified 2,366 voters who were listed in the registration data in both the city of St. Louis, Missouri and Illinois. Of those, 1,482 voters had a more recent registration date in Illinois than in the city. The data indicated that 10 voters had voted in both Illinois and the city in the same election. We provided our match results to the BEC for further investigation. It should be noted that subsequent to our obtaining a list of voter registrations from the Illinois Board of Elections, the state of Illinois passed legislation further restricting access to this information which may cause this information to be no longer available to the BEC.
- G. The BEC, along with all other election authorities, is mandated under the National Voter Registration Act of 1993 to conduct a program to maintain the integrity of the voter rolls. Certain changes are planned or currently in progress to improve the management and accuracy of the voter rolls.

- The names of voters may not be removed from the voter registration records solely by reason of a person's failure to vote. The BEC issues a notice of election card to each voter for each election. Some of these notices are returned by the Post Office as undeliverable. The BEC periodically sends follow-up return postage paid forwardable confirmation mailings to the voter's last known address requesting the voter respond or contact the BEC to confirm their current voter registration and address.

If a voter does not respond to the forwardable mailing or it is also returned as undeliverable, the voter is placed on the inactive voter list. If that voter does not vote in any election by the second subsequent federal general election, the voter can be purged from the registration records. The BEC has not purged the inactive voters from the registration records since 1994, resulting in an additional administrative burden to manage and track the inflated voter rolls. The BEC plans to purge or eliminate the inactive voter lists after the November 2004 election.

- The forwardable mailing notices sent prior to June 2001 did not contain a notice that the voter may be purged from the voter records after failing to vote by the second federal general elections following the date of the notice unless a response was received by the BEC. Since 1994, Section 115.193.3, RSMo 2000, required that these notices include this information.

In August 2002, the BEC signed a consent decree with the United States Department of Justice which required the BEC to correct the notification language and prohibited the BEC from removing any inactive voters that had been mailed notices that did not contain the appropriate language regarding potential removal from the voter registration records. The BEC also has

placed the inactive voter registration list on its website and voters may search that list to determine if they are included. The inactive voter lists are also available at the public libraries. These measures will allow voters an opportunity to review their voter registration records and eventually allow the BEC to maintain more current and accurate voter registration data.

- The names of the inactive voters do not appear in the poll registration books. This condition, along with the lack of adequately trained specialist judges and an adequate communication system between election judges and the BEC, contributed to the problems encountered during the November 2000 elections. Procedures have been developed to address situations when inactive voters arrive at a polling place.

If an inactive voter arrives at polls, there are several steps that the voter and the election judges must now complete. If the election judges can determine that the voter is an eligible voter in the correct polling place, that voter is allowed to cast a ballot. If the voter is determined to be a valid voter but at the wrong precinct, the voter is provided with the address of the correct polling place or the voter may report to the BEC central offices to cast a ballot. If the election judges at the polling place cannot determine if the voter is a valid voter, the BEC central office is contacted and their registration records are checked and approval may be given to allow the voter to cast a ballot. If the BEC cannot determine if the voter is a valid voter, the voter may report to the BEC office and request a form to seek a court order authorizing him to vote and submit that form to a circuit court judge. These procedures, if followed, should allow all eligible voters in the city of St. Louis to properly cast a ballot in each election.

We obtained a copy of a 2002 report issued by the Federal Election Commission titled *“The Impact of the National Voter Registration Act of 1993 on the Administration of Elections for Federal Office 2001-2002.”* That report included voter registration data for 46 states. It indicated as of 2002 there were nearly 20.5 million (12 percent) inactive voters and about 147.8 million (88 percent) active registered voters nationwide. The report indicated that in Missouri there were about 469,660 (12 percent) inactive voters and 3.39 million (88 percent) active voters. However, in the city of St. Louis as of April 8, 2003, there were 55,286 (22 percent) inactive voters and 194,060 (78 percent) active voters. If the BEC had performed the matches discussed above, which are similar to procedures performed by other election authorities in the state, and had procedures in place to effectively manage the voter registration records, about 12,800 inactive voters identified in the matches we performed may have been removed from the voter registration records prior to the April 8, 2003 election.

As referred to earlier, the BEC signed a consent decree with the United States Department of Justice on August 14, 2002. As part of this decree, the BEC committed to eliminate the inactive lists as soon as possible after the November 5,

2002, federal general election, but no sooner than the city of St. Louis next regular budget allocation in Fiscal Year 2004. The BEC has interpreted this to be no sooner than after the November 2, 2004 election. The BEC estimated less than 2,200 ballots (0.6 percent) had been cast by inactive voters out of a total of about 370,000 ballots in five major elections from November 2000 through April 2003. The BEC indicated that a significant number of the inactive voters, all of whom had been sent a notice containing the proper language, will be purged from the voter registration records following the November 2004 federal general election unless those voters contact the BEC or cast a ballot in any interim election.

WE RECOMMEND the BEC investigate the match results to ensure the voter registration records are as accurate as possible and report suspected violations of voting laws to the proper law enforcement officials. The BEC should consider performing similar matches periodically in the future and resolving all exceptions in a timely manner. All procedures used by the BEC to maintain the voter registration records should be in writing and the performance of these procedures effectively reviewed to ensure they are performed in a consistent manner.

AUDITEE'S RESPONSE

The BEC agrees with the recommendations contained in the Report and has already taken steps to implement them. For example, the BEC has entered into a contract with the Regional Justice Information Service ("REJIS") to match our database with those of the Circuit Courts of St. Louis City and County, to identify convicted felons and individuals judicially determined to be incompetent, and the DHSS' Bureau of Vital Statistics, to identify city residents who are deceased. We are also trying to compare our database with that of the Department of Revenue , to identify licensed drivers who have moved from the city of St. Louis to another county; working with other city departments (such as the Assessor's Office and the Department of Public Safety) to identify addresses that may be vacant lots or contain abandoned or derelict buildings; and trying to utilize the National Change of Address database maintained by the United States Postal Service to obtain forwarding addresses of individuals whose mail has been returned to us. Moreover, once the centralized database being developed by the Secretary of State pursuant to the mandate contained in the Help America Vote Act ("HAVA") is fully operational, the BEC will have access to a valuable tool to identify and eliminate duplicate voter registrations.

As for the "match results" that the BEC received from the audit team, all reports are being reviewed in an effort to eliminate inappropriate registrations. In addition, pursuant to BEC policy, all suspect registrations are referred to the Office of the Circuit Attorney for investigation and such action as may be deemed by that office to be warranted. It is also our intent, in accordance with the Report's recommendation, to set forth in writing the practices and procedures used by the BEC to maintain voter registration records and review those practices and procedures periodically with appropriate personnel to ensure that they are being performed in a consistent manner.

Even though the BEC agrees with the recommendations contained in this section of the Report, it is also important to point out that the audit team had access to resources that are not as readily

accessible to the BEC. For example, the Report states that the BEC does not obtain voter registration data from nearby counties in Illinois. The Report also acknowledges, however, that recently passed legislation in Illinois may preclude the BEC from obtaining access to such information).

The BEC is also appreciative that the Report recognizes steps being taken by the BEC “to improve the management and accuracy of the voter rolls.” Some of those steps are mandated by the National Voter Registration Act of 1993 (“NVRA”), while others are required by the Consent Decree. Over and above those mandated steps, however, the BEC is working with elected officials, religious leaders, groups that conduct voter registration drives, neighborhood and community organizations, local cable television networks, and various other groups in an effort to reduce the number of names contained on its Inactive Voter List (the “IVL”). The BEC also encourages everyone who may have any doubt as to whether his/her name is on the IVL to contact the Board, check its website, or visit a public library (where a copy of the IVL can be found).

While the BEC remains committed to trying to eliminate the IVL entirely, as long as voters move and fail to notify the BEC of their new address, the BEC will need to identify such voters in some manner in order to comply with NVRA requirements. However, all registered voters are part of the BEC’s database, and the BEC has procedures in place that will enable a registered voter who appears at a polling place on election day for whom we do not have a current address to update his/her voter registration record and cast a ballot.

3.

Campaign Finance

The BEC failed to perform several duties related to monitoring campaign finance issues, including failure to ensure candidates and political action committees complied with reporting requirements. Under Chapter 130, RSMo 2000, the BEC receives campaign finance reports for candidates for election in the city of St. Louis. Candidates for state offices and county offices such as the Circuit Clerk, Collector of Revenue, and Public Administrator as well as candidates for the Board of Aldermen must file reports with the BEC and the Missouri Ethics Commission. Candidates for other local offices such as the school board are only required to file reports with the BEC.

- A. Section 130.056.2, RSMo 2000, sets forth the duties of the BEC regarding campaign finance reporting. There are nine specified duties. The BEC failed to perform four of those duties and marginally complied with one duty. The BEC appeared to be unaware of several of the requirements. The following table indicates the statute subsection, general requirement and if the BEC complied with the requirement.

Section 130.056.2 Subsection	General Requirement	BEC Compliance
1	Furnish forms and instructions	Yes
2	Accept reports and statements	Yes
3	Maintain filing, coding, and cross indexing system	Marginal
4	Make report available to public	Yes
5	Preserve reports for 5 years	Yes
6	Examine reports for completeness and timely filing	No
7	Notify person of failure to file	No
8	Notify Missouri Ethics Commission of violations	No
9	Assess late filing fee	No

- B. Requirements for disclosure reports are set forth in Section 130.041, RSMo 2000 and the required times to file are specified in Section 130.046, RSMo Cumulative Supp. 2003. Between July 1, 2000 and June 30, 2003, there were 15 elections with over 400 candidate contests and issues on the ballots and over 125 political action committees (PAC) in the city. A typical candidate committee or PAC would file about 8 campaign finance reports each year. We reviewed campaign finance report files for one year for 15 candidates and eight PAC's. We excluded candidates for statewide office, the Missouri legislature and judges. We then randomly chose the candidates from a listing of the remaining candidates on all ballots from August 8, 2000 to April 8, 2003. We randomly selected the PAC's from a listing prepared by the BEC for calendar year 2002. We requested the BEC provide the appropriate files. Based upon the files provided, we determined if the BEC had on file all required reports, and the number of missing reports, the number of reports filed late, and how many days late the reports were filed, if any. After completing our review we gave a listing of missing and late filed reports to the BEC and requested they search their files for any additional documentation. The BEC provided a complete file for one candidate that they previously had not been able to locate. There may be other candidate and PAC reports that were actually submitted but cannot be located by the BEC.

The following table indicates the elected office sought, if the candidate won or lost the election, the year of the file we reviewed, and the missing reports or late filed reports noted in our review of the candidate files:

Office	Won /Lost	Year	Missing/Late Reports
Ward 11 Alderman	Lost	2001	40 day before election missing Filed 8 day report for Mar. 2001 election 14 days late Filed Jan. 2001 quarterly report 12 days late
Circuit Clerk	Won	2002	Missing Jan. 2002 before election quarterly report
Aldermanic President	Won	2003	Missing Jul. 2003 quarterly report
School Board 4 Yr Term	Lost	2003	Incomplete termination report
Ward 22 Alderman	Won	2003	Missing 8 day before election report for both the Mar. and Apr. 2003 elections
Ward 18 Alderman	Won	2003	Filed 8 day report for Mar. 2003 election 56 days late Missing Jul. 2003 quarterly report
Ward 16 Alderman	Won	2003	Missing Jul. 2003 quarterly report
Ward 26 Alderman	Won	2003	Missing 8 day before election report for Mar. 2003 election Filed 8 day before election report for Apr. 2003 election 8 days late Missing 30 day after report for Apr. 2003 election Missing Jul. 2003 quarterly report
Collector of Revenue	Lost	2002	No reports on file
Public Administrator	Won	2000	No reports on file

We also reviewed the campaign reports for eight PAC's and the BEC was unable to locate at least one quarterly report for two committees and could not locate any reports for two PAC's. We noted reports were filed a total of 42 days late. We also checked with the Missouri Ethics Commission and it appears the candidates and PAC's in our tests did file required reports with the commission.

- C. The BEC issues a certificate of election to the winning candidate following each election. That certificate includes a statement that the candidate has complied with "Section 130 of the Revised Statutes of Missouri". Under Section 130.071, RSMo 2000, a successful candidate may not take office until all required reports are filed or seek subsequent office until all required reports are filed. The certificate of election must be provided to the Board of Aldermen before those candidates may take office. The Public Administrator is required to file his certificate with the probate court clerk before assuming office. The BEC did not retain copies of any certificates of election. Because the BEC did not track compliance with campaign finance reporting, the BEC could not have determined that any candidate complied with the campaign finance requirements.

From the files provided, it appears the BEC incorrectly reported 4 candidates complied with the reporting requirements prior to taking office. It appears, based upon the documentation provided by the BEC, those four candidates and six other candidates who failed to file a required report may not seek subsequent office until all reports are filed.

- D. The BEC does not assess late filing fees. It does not track the reports to determine if they are received within the required time frame. The BEC does not retain the mailing envelope or record the postmark date on received reports to have the mailing date for determination of timely filing. The late filing fee is \$10 per day capped at \$300 per report. If the BEC had imposed the late filing fees for the missing and late filed reports, based upon the BEC time stamped receipt date, the late filing fees would have been at least \$4,220 for candidate committees and \$2,820 for PAC's on just the files we reviewed.
- E. The BEC does attempt to file and retain reports that are submitted. However, they have not developed a coding and cross-indexing system. At a minimum, the BEC should develop a tracking system listing each candidate, issue and committee, reports of organization and termination of committees, each report required for each election and each quarterly filing date and whether a required report has been filed and the number of days a report has been filed late. Furthermore, the tracking system should include an indicator that the BEC had reviewed the report for completeness, the late fees imposed and collected, and if the violation has been reported to the Missouri Ethics Commission. The tracking system should be reviewed by BEC management so that required notices of failure to file reports and assessment of late filing fees may be prepared. A relatively simple electronic spreadsheet or database file, both of which the BEC currently have available, would likely provide sufficient information to allow the BEC to monitor compliance with campaign finance reporting requirements.

In the past, the BEC did have a record of the candidates and committees and the reports that were actually received. However, those records did not identify all reports which should be filed, did not allow identification of missing reports, or the number of days late, and those records were not adequately maintained. The BEC did not use the system to identify noncompliance.

WE RECOMMEND the BEC comply with requirements of Chapter 130 RSMo 2000, track the failure to file and late filing of campaign finance reports, assess late filing fees as required, and notify candidates, committees, and the Missouri Ethics Commission when reports have not been filed. In addition, the BEC should ensure candidates have complied with the campaign finance reports prior to making any certifications regarding compliance and accepting any declarations of candidacy prior to an election.

AUDITEE'S RESPONSE

The BEC agrees with the recommendations and has already taken steps to implement them.

Historically, the BEC viewed its role with respect to the filing of campaign finance disclosure (CFD) reports as that of a depository only. It provided information about CFD reporting to candidates who filed for office and other individuals who requested forms and instructions; accepted CFD reports that were submitted to it; kept all CFD reports on file and made them available to the public upon request; and preserved all CFD reports for a period of five years. It is now clear, however, that the BEC's responsibilities with respect to CFD reporting are more extensive than had been thought and the BEC is developing a written procedure that will enable it to track:

- i. Every candidate and committee required to file CFD reports.*
- ii. Each CFD report required for each election.*
- iii. Whether a required report has been filed and, if so, whether it is complete.*
- iv. If a report is filed late, the number of days it is late.*
- v. Late fees imposed and collected.*
- vi. When a violation has been reported to the Missouri Ethics Commission (MEC).*

As a first step in this regard, the BEC has notified all candidates who have filed a declaration of candidacy for the Special Election to be held in the city of St. Louis on May 11 to fill a vacancy on the Board of Aldermen in the 23rd Ward of their obligations with respect to CFD reporting, including the need to file a CFD report for the period that ends the day before taking office if the candidate will take office prior to the 25th day after the election. Similar notices will be sent to candidates who file declarations of candidacy for all future elections, including a Special Election to be held on June 15 to fill a vacancy on the Board of Aldermen in the 25th Ward, the Primary Election on August 3, and the General Election on November 2, 2004.

4. Estimation and Collection of Election Costs

Section 115.077, RSMo Cumulative Supp. 2003, specifies the timing of the estimation and collection of election costs from the state and other political subdivisions (PSDs) when those entities have candidates or issues on the ballot. The BEC is responsible for preparing the estimates, submitting requests for payment of the estimated costs to the PSDs, calculating the actual election costs and making any refund or requests for additional payments. The PSDs are responsible for submitting the payment for the estimated cost and any additional payments. During the three years ended June 30, 2003, the BEC failed to comply with at least one of the timing requirements in each of the 10 elections billed to other PSDs. The BEC failed to issue refunds timely in 7 of 7 instances

when a refund was due. The BEC also failed to maintain adequate supporting documentation of the actual cost calculations used to determine refunds or additional amounts due.

- A. The BEC is required to submit the estimated cost of elections to the PSDs no later than the 5th Tuesday preceding the election. The PSDs must submit the payment by the 3rd Tuesday preceding the election. However, since the BEC failed to prepare the estimate on time, we used 14 days following the preparation of the estimate as the cutoff for determining timely payment. Any refunds shall be made timely which we considered to be within 45 days following the election. The BEC took between 62 and 161 days to issue a refund. Any additional payment must be submitted by the 5th Tuesday after the election. However, it took the BEC 35, 91, and 106 days to prepare the additional billing. We considered the additional payment timely if it was made within 30 days of the additional billing. For the November 7, 2000 election, one PSD failed to make the additional payment for 119 days. The following table indicates the election date and compliance by the BEC and PSDs regarding the timing of the estimation and collection of election costs:

Election Date	Estimate Timely	Payment Timely	Refund Timely	Additional Billing Timely	Additional Payment Timely
11/7/2000	No	Yes	-	No	1 of 2
1/24/2001	Yes	Yes	-	No	Yes
4/3/2001	No	Yes	No	-	-
8/7/2001	No	No	-	Yes	No
12/11/2001	No	No	No	-	-
2/5/2002	No	Yes	No	-	-
3/5/2002	No	No	No	-	-
3/26/2002	No	No	No	-	-
11/5/2002	No	No	No	-	-
4/8/2003	No	No	No	-	-

The BEC indicated that they do not usually receive the invoices from their vendors until sometime in the month following an election and, therefore, it is nearly impossible to calculate the actual costs and any refunds or additional payments due within the time requirements set by statute. However, it appears the BEC placed no priority upon the preparation of the estimates, calculation of actual costs, and any refund or additional payments due.

- B. The BEC did not maintain adequate documentation of the calculation of actual election costs when billing election costs to the PSDs. The actual costs as indicated on actual cost worksheets could not be traced to the underlying invoices and internal reports for salaries of BEC staff and election workers and payments to polling places. There were some interim worksheets that allowed identification

of some of the specific expenditures on the final worksheet. The BEC staff person who had prepared the estimates and calculated the actual costs, refunds, and additional amounts due left the BEC in April 2003.

We requested the BEC to provide a complete and detailed listing of all amounts along with voucher numbers or reference to internal reports that would fully support the actual costs for 5 of the 10 elections. After significant effort, the BEC managed to prepare the requested reports and provide supporting documentation for all but 5 line items totaling \$1,173 out of total expenditures of over \$850,000 for the 5 elections. In the future, the BEC should maintain complete documentation of the calculation of the actual costs of elections charged to other political subdivisions.

WE RECOMMEND the BEC comply with requirements regarding the timing of the estimation and collection of election costs charged to the state and other political subdivisions, and maintain adequate supporting documentation of the calculation of actual election costs.

AUDITEE'S RESPONSE

The BEC agrees with these recommendations and is pleased to report that it complied with the requirements of RSMo Section 115.077 with respect to the February Presidential Preference Primary Election and has adequate documentation to support the calculation of the actual costs incurred.

5. Shortage of Election Judges and Selection of Polling Places

The BEC failed to ensure the statutory minimum number of election judges and equal numbers of judges from each major political party were present at precinct tables during the three most recent elections. The BEC has not been able to attract a sufficient number of judges to fully staff polling places under their current staffing policies. The BEC should consider redrawing the precinct boundaries to reduce the number of precincts and the number of election judges required for each election. Our analysis indicates the BEC could reduce the number of election judges to about 1,000, a 20 percent reduction over current levels, and reduce the citywide election costs by \$24,000. The BEC should place polls in publicly owned buildings rather than buildings owned by nonprofit or private entities when suitable public buildings are available.

- A. The BEC assigns election judges to a specific precinct. Many election judges who were assigned and indicated they were willing to work an election did not show up on election day. The BEC has not been able to attract enough election judges, particularly those from the Republican party, to fully staff polling places. We obtained the judge assignment and payroll reports for the November 2002 and March and April 2003 elections. We identified 31 instances in which a single election judge or two election judges from the same political party staffed a

precinct. We noted that in most cases a judge from each major political party did initial the poll book. Often a judge of the other major political party assigned to a another precinct in the same polling place would assist the judge or judges of the precinct that did not have a judge from each major political party. However, we noted 10 instances when only a single judge or two judges of the same political party initialed the poll book. We also noted 506 instances in the three elections in which unequal numbers of elections judges for each major political party staffed a precinct. These instances appeared to violate state law on staffing of election judges. They also increase the risk that inappropriate voting activity may occur.

Under Section 115.081, RSMo 2000, four election judges, two from each major political party, are required for each polling place at each primary and general election. In all other elections only two election judges, one from each major political party, are required at each polling place. State law also requires an equal number of judges from each major political party in a polling place. The poll registers and ballots must be initialed by a judge from each major political party. Judges of other recognized political parties and judges who do not claim party affiliation may serve but may not be included in any official decisions requiring majority approval of the election judges. The BEC policy dictates that four election judges, two from each major political party are to be assigned to each precinct. In addition 56 roving deputies, 8 special deputies, and 122 specialist judges were used in the November 2002 election.

To fully staff a citywide election under the current policy, the BEC requires up to 1,600 judges. While the BEC has been active in trying to recruit additional judges, the BEC has not been able to attract more than 1,200 judges in recent elections.

- B. The BEC is responsible for drawing the precinct boundaries within the 28 city wards. The city is currently divided into 360 voting precincts, seven of which have no registered voters. Sixty of those precincts are necessary because of the overlapping of the political boundaries for the various levels of government; local, state, and federal. In those 60 precincts, it is possible that the voters would be required to vote on a unique set of candidates and election issues when there are candidates and issues at several levels of government. For example, an election with candidates for the Board of Aldermen, a trustee for the community college district, and a special election to fill a state house or senate seat would have a unique set of ballot issues in one precinct as compared to all other precincts. We designated those precincts as boundary driven. However, within the ward boundaries there are often several precincts that are all within the same political boundaries. Those precinct boundaries could be redrawn to increase the number of registered voters within each precinct and thereby reduce the number of precincts. This would result in a reduced need for election judges. The trade off would be more voters would need to be processed at each precinct.

The BEC provided the auditors with a 2002 map of the geopolitical boundaries in the city. We were able to determine groupings of precincts that fell within the same political boundaries. We used the voter registration data as of April 8, 2003 to identify the current population of active registered voters within each existing precinct. There were on average 550 active registered voters in each precinct with the actual number of active voters ranging from 3 to 948.

If the BEC were to redraw the precinct boundaries with a goal of having, on average, 1,000 active voters in each of the recombined precincts with no more than 1,250 active voters in any precinct, the total number of precincts could be reduced from 360 to 244. The average number of active voters in each precinct would be 863. The actual range would be from 3 to 1250 active voters.

The BEC has been combining the voting activity of about 20 precincts with very low numbers of registered voters with the voting activity of a nearby precinct to reduce the need for election judges. We noted that an additional 18 boundary driven precincts with less than 500 registered voters which could be combined. This could result in a reduction of up to 72 additional judges.

If the BEC consolidated the precincts and combined the voting activity of the smaller precincts, the BEC should be able to fully staff the precincts (four at each precinct and six at precincts having more than 1,000 registered voters) with about 1,000 election judges. The BEC should be able to assign the judges so that two judges from each major political party are present at each precinct table. In addition to having fully staffed elections, the BEC could save about \$16,500 in election judge costs for a citywide election and about \$7,500 through lower cellular phone and polling place costs.

Any action to reduce the number of voting precincts must be considered very carefully since the number of voters who will be processed at each precinct table would increase. Under the scenario discussed above, there could be as many as 875 voters at a precinct on election day with a 70% voter turnout. The average number of voters per precinct would be 604 with a 70% turnout.

Another benefit of consolidating and combining the precincts would be a significant reduction in the number of voting machines and total cost of a new voting system when the BEC replaces the punch card system now in use. The BEC currently staffs about 333 teams of election judges for the 360 precincts at 170 polling places. The BEC could reduce that to about 226 teams of election judges and 244 precincts in about 120 polling places.

- C. Under Section 115.117, RSMo 2000, the BEC may designate tax-supported public buildings as polling places. If the BEC determines no public building is convenient, it may place polls at privately owned tax-exempt buildings and, in the event no tax-exempt building is available, the BEC may rent a suitable place. The BEC pays nonprofit and private firms \$75 per precinct to place polls in those

buildings. For the April 8, 2003 election, the BEC placed 132 precincts in tax-exempt privately owned buildings and 42 precincts at privately owned buildings. The BEC paid \$13,050 to those firms for rent. If the BEC implements a plan to reduce the number of precincts as discussed on part B above, the number of polls located in non-public buildings could also be dramatically reduced. The BEC should attempt to locate polls in public buildings before contracting with tax-exempt and privately owned firms.

WE RECOMMEND the BEC redraw the precinct boundaries to reduce the number of voting precincts and the number of election judges needed to staff the polling places. In addition, the BEC should attempt to locate polling places in public buildings rather than contracting with tax-exempt and private firms.

AUDITEE'S RESPONSE

The BEC agrees with these recommendations and is pleased to report that it has already implemented them. Prior to the February 3 Presidential Preference Primary Election, the BEC completed a plan of precinct consolidation that reduced the number of polling precincts from 353 to 203 and the number of polling places from 164 to 132. Of the 132 polling places used in February, only 63 were paid sites. The financial effect of this consolidation effort was a savings of approximately \$40,000 in terms of less money paid for the number of judges needed to staff those 203 polling precincts and less money paid to rent polling sites.

Although the precinct consolidation program enabled the BEC to better staff the polling places used in February, the need to recruit additional judges continues. For the most part, the judges used by the BEC tend to be older individuals, most of whom are retired, and most of whom are not familiar (or at least comfortable) with computers and computer technology. Although they tend to be very loyal and dedicated, many of them have been serving as judges for many years and have indicated to the BEC a desire to “step down” and let someone younger take their place, particularly if/when the BEC replaces the punch-card voting system currently in use.

Accordingly, the BEC plans to continue to aggressively recruit more judges, so that the BEC can better fulfill its mission to “effect the best possible election process.” The BEC also plans to continue its efforts to reduce, and perhaps eventually eliminate entirely, the number of paid polling sites used on election day.

6.

Controls over Expenditures

The BEC failed to seek bids or retain bidding documentation for many purchases. The BEC does not cancel vendor invoices after preparing vouchers. The BEC does not require indication of receipt of goods before approving payment. The BEC authorized payments in excess of contracted rates to two vendors. The BEC paid \$1,900 for food and drinks including alcoholic beverages for a reception to welcome new commissioners.

- A. The BEC stated policy is to use vendors approved by the city of St. Louis Supply Division when possible. The BEC has not established a minimum bidding threshold. We noted that the BEC failed to bid or retain bidding documentation on 9 of 19 purchases totaling \$23,225. Each purchase exceeded \$1,000. In some instances, the BEC did provide some evidence that a search for vendors or services was made, but formal bids were not solicited or the reason a particular vendor was chosen was not documented. The BEC should establish a minimum threshold for bidding, seek formal bids for major purchases, and retain bidding documentation.
- B. The BEC does not cancel or mark paid supporting invoices or other documentation to reduce the risk that duplicate payments could be made. The BEC failed to cancel 53 of 55 invoices reviewed.
- C. The BEC does not require indication of receipt of goods prior to authorizing payments. We noted 11 of 40 invoices were paid that did not have indication of receipt of goods.
- D. The BEC authorized two payments when the unit cost exceeded the existing contract rate. In one instance, the BEC had not updated the former BEC's attorney services contract under which the cost for out of court work was to be \$90 per hour instead authorizing \$120 per hour. A review of the detailed billing indicated that less than 5 of 53 hours billed were likely due to in court services. The overpayment was about \$1,450. The BEC paid a vendor \$20 per filled propane gas bottle for portable heaters instead of the contracted \$17 per bottle. There were 66 bottles purchased and the overpayment totaled \$198.
- E. The BEC held a reception on July 19, 2001, for about 150 persons including staff to welcome newly appointed commissioners. The BEC paid the vendor \$1,800 and two BEC employees were reimbursed \$100 from BEC petty cash funds for tips to the vendor's employees who served the reception. The vendor served hors d'oeuvres and beverages including alcoholic beverages.

We also noted over \$1,350 in other reimbursements from the petty cash fund for food, cookies, and cakes for board meetings and employee parties. These expenditures do not appear necessary or essential to the operation of the BEC. The purchase of alcoholic beverages by a public agency is not appropriate.

WE RECOMMEND the BEC establish a minimum bidding threshold, seek formal bids for major purchases, retain all bidding documentation, require cancellation of invoices after approval of payments, require indication of receipt of goods prior to authorizing payments, and ensure payments are in compliance with written contracts. In addition, the BEC should ensure disbursements are a necessary and prudent use of public funds.

AUDITEE'S RESPONSE

The BEC agrees with these recommendations and is pleased to report that it has already begun to implement them. The BEC now obtains at least three bids for any purchase in excess of \$1,000 and endeavors to utilize vendors approved by the City's Supply Division whenever possible. With respect to computer and computer-related purchases, the BEC communicates with and obtains bids through the City's Office of Information Technology Services before making a purchase through an outside vendor. In addition, all bidding documentation is now retained for future reference.

It has always been the practice at the BEC to verify receipt of goods prior to issuing a voucher to pay for them, and to consider an invoice cancelled once a corresponding voucher was prepared and sent to the Comptroller's Office for payment. Moreover, all vouchers are approved by the BEC's Commissioners to ensure that the payment being made is a "necessary and prudent use of public funds." In the future, however, the BEC will adopt the recommendations set forth above by:

- i. Indicating on the invoice or other shipping documents that the goods covered thereby have been received before preparing a voucher for their payment.*
- ii. Indicating on the invoice when a voucher in payment thereof has been sent to the Comptroller's Office for payment.*
- iii. Ensuring that payments are in accordance with applicable contracts.*

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

BOARD OF ELECTION COMMISSIONERS
CITY OF ST. LOUIS, MISSOURI
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The Board of Election Commissioners for the city of St. Louis exists pursuant to Section 115.017, RSMo 2000, and was originally established under city ordinance in 1878. The four members of the board are appointed by the Governor with the advise and consent of the Senate to four year terms. Two members shall be from one major political party and two members shall be from the other major political party. The chairman and the secretary must not be from the same political party. The current members of the board along with their title, party affiliation and date of appointment are:

Derio L. Gambaro, Chairman, Democrat, February 20, 2003
Michael A. Lueken, Secretary, Republican, February 20, 2003
Yvonne B. Hunter, Member, Republican, June 14, 2001
Angela da Silva, Member, Democrat, July 23, 2003

Past members of the board who have served since July 2000 are Floyd A. Kimbrough, Edward E. Ottinger, Joseph V. Neill, Joan M. Crawford, Audrey R. Jones, Judy A. Zakibe, Kathy A. Suratt-States, and Carol A. Wilson.

Other key board personnel are:

Leo G. (Gary) Stoff, Jr., Republican Director
James P. O'Toole, Democratic Director
Jeanne Bergfeld, Assistant Republican Director
Keena M. Carter, Assistant Democratic Director

The board's primary duties are to conduct all elections in the city of St. Louis, maintain voter registration records, maintain and review campaign finance reports and estimate and collect the cost of elections from the state and local political subdivisions who have candidates or issues on the ballot. The board is authorized 28 full-time employees who serve at the pleasure of the board. The board receives most of its funding from the city of St. Louis. Other revenue sources are the reimbursement of elections costs from the state and other political subdivisions, and the sale of voter registration lists, precinct maps, copies and certificates of residency. When monies are received, they are turned over to the city of St. Louis Treasurer's Office and reported to the Comptroller's Office. Following approval of vouchers by the board, disbursements are handled through the city's Comptroller and Treasurer offices. The board does not maintain separate bank accounts. The board's annual operating budgets are set by the mayor and the Board of Alderman.

The city is divided into 28 wards and 360 voting precincts. The board attempts to recruit over 1,600 election judges and election day workers and uses about 170 polling places for a citywide election. They also conduct registration and absentee voting visits to about 28 nursing homes for a citywide election. As of April 8, 2003, there were 194,060 active and 55,286 inactive voters registered in the city. The cost to conduct a citywide election is over \$300,000, excluding routine full-time board personnel and operational costs. The following table shows the number

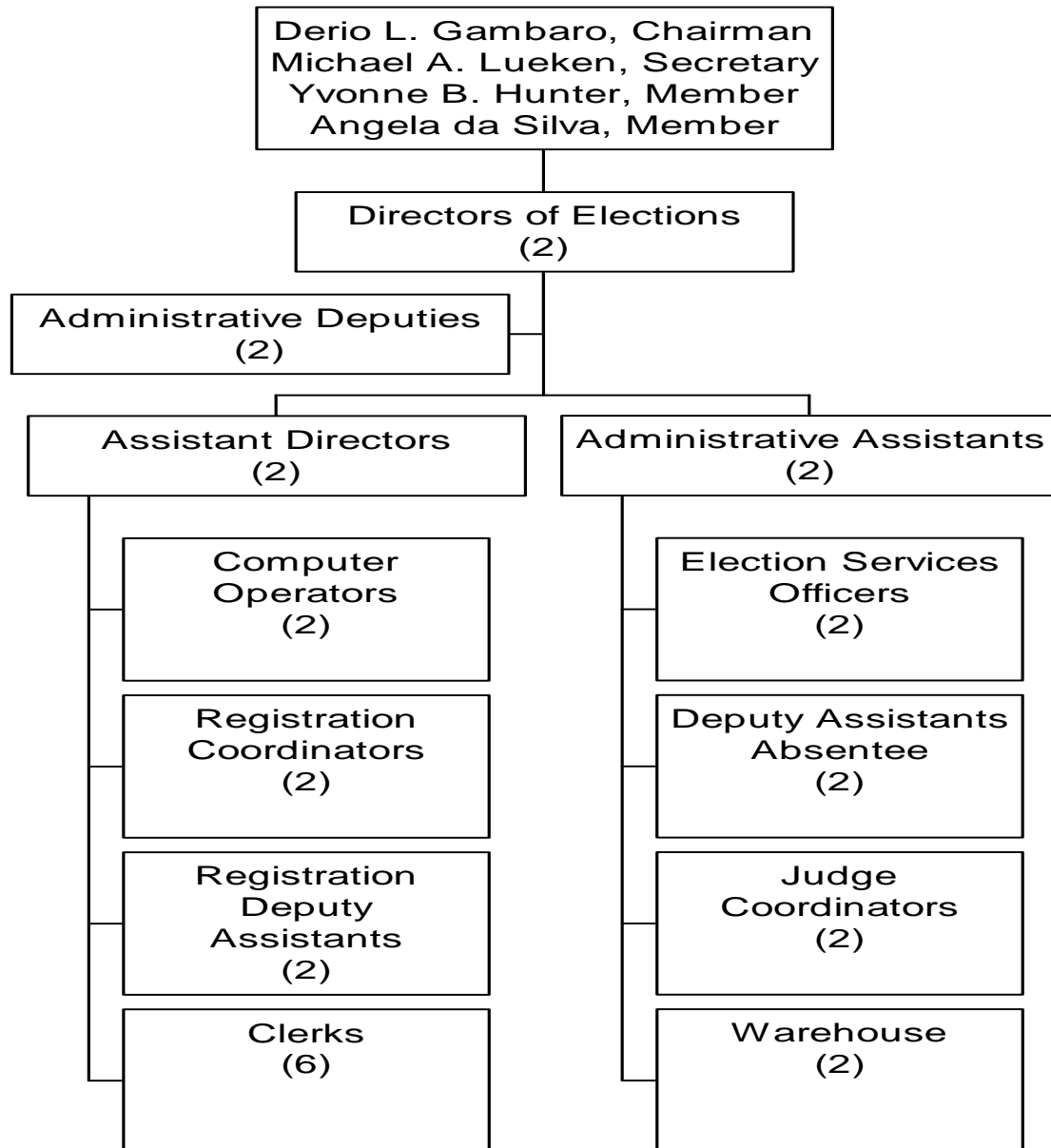
of registered voters, number of ballots cast and the voter turnout for three of the fourteen elections held during our audit period.

Election	November 2000	November 2002	March 2003
Registered Voters	193,304	193,276	194,629
Votes Cast	129,074	97,126	22,891
Voter Turnout	68%	50%	12%

On August 14, 2002, the board entered into a consent decree with the US Department of Justice that required some additional procedures during federal elections. The board also voluntarily committed to eliminating the inactive voter lists. The consent decree terminates on January 31, 2005.

An organization chart follows:

City of St. Louis
Board of Election Commissioners
July 23, 2003



Appendix

BOARD OF ELECTION COMMISSIONERS
CITY OF ST. LOUIS, MISSOURI
SCHEDULE OF REVENUES, EXPENDITURES, AND CASH BALANCES

	Year Ended June 30,		
	2003	2002	2001
<u>GENERAL FUND</u>			
Revenues and Transfers			
Public Services	\$ 13,234	\$ 6,894	\$ 26,154
Candidate Filing Fees	1,934	0	966
Other	(4,333)	15,313	20
Net Transfers from the City's General Revenue Fund	2,727,427	1,539,071	2,428,921
Total Revenues	<u>2,738,262</u>	<u>1,561,278</u>	<u>2,456,061</u>
Expenditures			
Personnel Services	1,866,934	1,191,965	1,753,605
Materials and Supply	236,678	83,413	41,025
Rental and Non-Capital Leases	221,532	164,759	394,474
Contractual and Other Services	413,118	121,141	266,957
Total Expenditures	<u>2,738,262</u>	<u>1,561,278</u>	<u>2,456,061</u>
Beginning Cash Balance (1)	0	0	0
Ending Cash Balance	<u>0</u>	<u>0</u>	<u>0</u>
<u>SPECIAL REVENUE - ELECTION & REGISTRATION</u>			
Revenues			
Election Services	89,384	309,932	559,946
Total Revenues	<u>89,384</u>	<u>309,932</u>	<u>559,946</u>
Expenditures			
Personnel Services	0	143,875	279,000
Materials and Supply	88,168	37,785	19,883
Rental and Non-Capital Leases	3,383	19,291	131,206
Contractual and Other Services	88,119	85,764	82,168
Total Expenditures	<u>179,670</u>	<u>286,715</u>	<u>512,257</u>
Beginning Cash Balance	90,286	67,069	19,380
Ending Cash Balance	<u>0</u>	<u>90,286</u>	<u>67,069</u>
<u>SPECIAL REVENUE - ELECTION SERVICES (2)</u>			
Revenues			
Election Services	8,515	26,158	0
Total Revenues	<u>8,515</u>	<u>26,158</u>	<u>0</u>
Expenditures			
Materials and Supply	29,642	5,031	0
Total Expenditures	<u>29,642</u>	<u>5,031</u>	<u>0</u>
Beginning Cash Balance	21,127	0	0
Ending Cash Balance	<u>\$ 0</u>	<u>\$ 21,127</u>	<u>\$ 0</u>

(1) Cash balances lapse at the end of each year.

(2) Fund established July 2001



**AUDIT OF OUT-OF-STATE
TRAVEL EXPENDITURES**

**From The Office Of State Auditor
Claire McCaskill**

State departments need to assume a greater responsibility in cost-justifying out-of-state travel and reducing unnecessary out-of-state travel costs.

**Report No. 2004-39
May 14, 2004
www.auditor.mo.gov**

PERFORMANCE AUDIT



Office of
Missouri State Auditor
Claire McCaskill

May 2004

State departments could save on travel costs

Although budget constraints led to a 45 percent reduction in out-of-state travel costs between fiscal years 2000 and 2003, auditors still found ways to further reduce the \$5.2 million spent on travel in fiscal year 2003. Auditors tested out-of-state travel trips at the seven state departments which do the most traveling and showed improved management of the trip approval process is needed to avoid unnecessary spending. State travel regulations have not established spending limits, provided adequate regulation, or required cost justification for employees traveling to out-of-state destinations.

Air travel costs were excessive and reservation practices were inconsistent

Seven departments could have saved 26 percent in service fees by using lower cost travel agents. State travel regulations do not require departments to use the lowest and best rate available. In addition, because advance planning for airline reservations was not required employees may not take advantage of the discounts available. (See page 5)

Rental vehicles used even if not cost-effective

State travel regulations and departments' policies do not require employees to compare the costs of using rental cars to using commercial ground transportation. In addition, examples show that employees were reimbursed for rental car use including personal travel. (See page 7)

Lodging allowances could reduce costs

None of the seven departments in our audit prescribed or enforced limits for lodging. Auditors found 26 percent of the overnight lodging rates reimbursed to employees exceeded those established by federal travel regulations. (See page 8)

Travel plans and cost-analyses were not well documented

Travel authorizations for the trips sampled did not contain sufficient documentation to determine if the most cost-effective means of travel was selected. As a result, auditors could not determine if authorizing officials had appropriate documentation available to make accurate decisions when approving travel. (See page 10)

All audit reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

AUDIT OF OUT-OF-STATE TRAVEL EXPENDITURES

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CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Members of the General Assembly
and
Jacquelyn D. White, Commissioner
Office of Administration
Jefferson City, MO 65101

Most state departments reduced out of state travel significantly from fiscal year 2001 to 2003, some by over 75 percent. From July 1, 2001, to December 31, 2002, state agencies spent \$9.2 million for out of state travel. We examined expenditures at seven departments that accounted for \$5.4 million (59 percent) of total expenditures to determine if the departments' entities were adequately controlling out-of-state travel costs. The purpose of the audit was to determine (1) the state departments' purpose and expenditures for travel to out-of-state locations during the 18-month period July 1, 2001, through December 31, 2002, (2) the departments' adherence to state travel regulations, and (3) policies and procedures the state's departments and agencies have implemented to control travel and travel related costs.

The issues identified through review of the test vouchers were systemic and could recur with future travel. Audit tests disclosed state regulations and the departments' policies did not provide adequate guidance and limitations on the amounts state employees could be reimbursed for lodging, and incidental expenses. As a result, travel costs were excessive. State departments' also could not provide adequate documentation to cost justify all trips, necessity of rental cars, the use of personal vehicles for state business travel, or extending travel to include extra days or weekends.

The seven departments used 29 different travel agencies to book airline tickets and hotel rooms during the 18-month review period. Fees charged by the travel agencies ranged from \$20 to \$35, with one travel agency charging ten percent of the cost of airline tickets. In October 2003, the Office of Administration made arrangements for state departments to use eight travel agencies, which could reduce overall travel costs.

We made recommendations to improve state travel regulations, and to ensure departments use travel agencies under contract to the state.

We conducted our audit in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such tests of the procedures and records as were considered appropriate under the circumstances.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

The following staff contributed to this report:

Director of Audits:	William D. Miller, CIA
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RESULTS AND RECOMMENDATIONS

Better Controls Are Needed Over Out-of-State Travel Costs

State government organizations reduced out-of-state travel costs from \$9.4 million in fiscal year 2000 to \$5.2 million in fiscal year 2003 (45 percent) in response to declining budget authorizations. Our audit tests at seven state departments showed additional savings can be achieved by improved management of the trip approval process and travel plans. State travel regulations have not established spending limits, provided adequate regulation, or required cost justification for employees traveling to out-of-state destinations. In the seven departments reviewed, there was a lack of cost-benefit analyses to support travel decisions concerning airfares, need for rental and personal cars, lodging, and length of stay. As a result of these control weaknesses, departments missed the opportunity to conserve some travel funds and, in some instances, risked additional costs that could come from lawsuits if rental vehicles used for personal travel are involved in injury accidents.

Audit Methodology

According to the statewide accounting system (SAM II), 26 state government organizations spent \$9.2 million for out-of-state business travel during the 18-month period July 1, 2001, through December 31, 2002. We examined expenditures at seven departments that accounted for \$5.4 million (59 percent) of total expenditures to determine if the entities were adequately controlling out-of-state travel costs. These departments were 1) Department of Economic Development (Economic Development), 2) Department of Elementary and Secondary Education (Education), 3) Department of Insurance (Insurance), 4) Department of Labor and Industrial Relations (Labor), 5) Department of Public Safety (Public Safety), 6) Department of Social Services (Social Services), and 7) Department of Transportation (Transportation). The issues identified through review of the test vouchers were systemic and could recur with future travel. Table 1.1 shows the departments and corresponding amounts spent during the 18-month audit period.

Table 1.1: Out-of-State Travel Costs by Selected Departments

Department	Travel Costs	Percent
Insurance	\$ 1,643,495	17.8
Economic Development	1,136,321	12.3
Transportation	772,141	8.4
Public Safety	697,966	7.6
Education	504,399	5.5
Labor	340,130	3.7
Social Services	307,641	3.3
All Other Departments	3,811,780	41.4
Totals	\$ 9,213,873	100.0

Source: SAO analysis—Transactions from July 1, 2001, to December 31, 2002.

We reviewed 359 of 1,208 (30 percent) expense reports at the 7 agencies to determine if the purpose of the trip and associated expenses (airfare, rental car, lodging, incidental, and overnight

stays) were appropriate. We limited the review to expense reports with claimed expenses of \$750 or higher. The 359 expense reports accounted for 590 trips.

We compared airfare policies between the seven departments and to the statewide contracts to determine if fares obtained were reasonable and if departments were using the statewide contracts. We analyzed rental car use by looking for documentation supporting the need for the car, evaluating alternatives, and reviewing mileage data for the car while in travel status.

We reviewed department policies, procedures and documentation supporting the trips, and discussed expenses with department officials. Since there were no statewide policies setting limits on lodging reimbursements, we used federal travel regulations as a benchmark to determine reasonableness. These regulations identify maximum allowable expenses by geographic area for federal travelers.

The agencies included in the audit were given the opportunity to respond to the report and the comments of the respondents are included.

State departments reduced travel expenses

The state departments responded to recent budget crises by substantially reducing travel to out-of-state locations. During the 18-month audit period, 2,883 employees from the 26 government organizations made 6,183 trips of which 78 percent were for training courses and professional conferences. The departments' expenditures for out-of-state travel decreased from \$9.4 million in fiscal year 2000 to \$5.2 million in fiscal year 2003, or about a 45 percent reduction.¹ The source of funds for these trips included federal funds (23 percent), the General Revenue Fund (12 percent), and state non-general revenue funds (65 percent).²

State reduces out of state travel by \$4.2 million

State travel policies

Pertinent state regulations for employee travel including travel modes, lodging and ground transportation are:

- 1 CSR 10-11.16(D) states: "State agencies should plan their out-of-state-travel by making advance air travel reservations to obtain the lowest convenient air fares. Air travel shall not, however, exceed coach fare for the most direct available route."
- 1 CSR 10-11.010(2) states: "Reimbursable travel expenses are limited to those expenses authorized and essential to the transaction of official business of the state."
- 1 CSR 10-11.010(5) states: "Employees and officials are expected to exercise the same care in incurring expenses as a prudent person would exercise if traveling on personal business. Meal and hotel expenses shall be in reasonable relationship to their average cost for the cities where the expenses are incurred."

¹ See Appendix II for annual out-of-state travel expenditure totals.

² Examples of state non-general revenue funds are Insurance Examiners Fund and State Road Fund.

- 1 CSR 10-11.010(17) states: "State department directors are authorized to promulgate and enforce regulations governing travel. Departmental regulations may be more restrictive than these regulations. Departmental regulations shall not grant expenses that are not allowed under the State of Missouri Travel Regulations."

The Office of Administration (OA) establishes regulations concerning travel and subsistence expenses. OA provided guidance to the departments to assist in making cost-effective travel decisions, but has not required the departments to use the tools provided.

State departments could have saved additional costs

The audit found excessive airline costs, questionable use of rental cars, no limits on lodging expenses, and lack of cost-benefit analyses for travel decisions. Travel reimbursement forms for 414 of 590 trips (70 percent) had questionable expenses or expenses without support documentation to determine reasonableness. We reviewed in detail 151 of the 414 trips to evaluate expenses claimed.

Air travel costs were excessive and air reservation practices were inconsistent

The 7 departments paid 29 travel agencies \$79,170 in service fees for air travel during the 18-month audit period. These departments could have saved \$20,285 (26 percent) by using lower cost travel agents. The service fees are typically non-negotiable flat rate fees charged on a per-ticket basis. State travel regulations require departments to select travel agents that can best accommodate their individual travel planning and scheduling needs. Our review of billing statements for the 18-month period showed departments were paying a variety of service fees for their travel depending upon which travel agency they selected for any given trip. Table 1.2 shows the total fees paid and the number of billings by fee amount paid by the seven departments.

Table 1.2: Travel Agency Processing Fees By Department

Department	Agency Fees	Number of Billings With Service Fees At				
		\$35	\$30	\$25	\$20	\$15
Economic Development	\$ 25,340	405	5	3	547	
Education	\$ 1,885	5	8	31	34	1
Transportation	\$ 21,930	8	719	0	4	
Insurance	\$ 7,380	6	1	110	218	2
Social Services	\$ 6,420	97	0	5	145	
Public Safety	\$ 10,515	221	8	0	127	
Labor	\$ 5,700	63	1	9	162	
Total	\$ 79,170	805	742	158	1,237	3

Source: SAO Analysis –Transactions from July 1, 2001 to December 31, 2002

Table 1.3 shows the potential savings if the departments had used a travel agent who charges \$20.

Table 1.3: Potential Savings

Billings At	Number of Billings	Multiplier¹	Potential Savings
\$35	805	\$15	\$12,075
\$30	742	\$10	7,420
\$25	158	\$5	790
Total	1,705		\$20,285

¹ Represents the difference from \$20.

Source: SAO analysis

Since October 2003, through a cooperative agreement with the University of Missouri, OA arranged for eight travel agencies to provide travel services to state departments. These agencies offer discount rates, and service fees ranging from \$20 to \$35 per ticket (3 charge \$20, 4 charge \$25 and 1 charges \$35). Departments are not required to use these contracts. Six of the 7 departments have scheduled 721 trips at the \$20 fee rate using 1 of the contractors.

These contracts provide additional services to the advantage of the state departments:

- Each contractor has access to and uses the appropriate airline, lodging, and rental car contracts that offer discounts from published fares when booking both individual and group state business travel.
- Each contractor is required to find the best available fare given the constraints of the traveler. The contractors have the expertise and software necessary to do this job.
- Each contractor has the ability to watch for fare decreases and reissue tickets at the lower fare (assuming the difference exceeds any reissue fee).
- Each contractor should be able to provide travel data that will enable the state to negotiate better fares from airlines.
- Each contractor can provide personal services such as notification of airline flight changes, problem resolution with airlines, etc.
- "Soft Dollars" or "Revenue Sharing" which reflects building complimentary travel opportunities for the state or specific departments based on the volume of travel.
- Two of the eight travel agencies offer Internet reservation and booking services for employees at processing fees of \$17.25 and \$15 per transaction compared to a \$35 charge and a \$25 charge when an agent is used.

If state departments were required rather than encouraged to use the contracts, additional savings could be achieved, especially if they used the on-line booking services.

Travel regulations do not require sufficient advance planning for airline reservations. All seven department travel policies are consistent in requiring air travel to be at coach or tourist

rates. Only 1 of the 7 departments requires booking airline flights at least 14 days in advance of travel to obtain the best possible air travel discounts. Airlines frequently offer advance reservation and booking discounts at 14 or 21-day advance pre-travel intervals. Since 78 percent of out-of-state travel is for conferences or training (characteristically known in advance), there is opportunity for savings through advanced travel planning. We could not evaluate if advance reservations were made for the trips in our sample because documentation was not maintained. Since six of the departments do not have a policy for advance reservations prescribed by number of days in advance, employees may not take advantage of the discounts available.

Rental vehicles were used without determining cost effectiveness

Our review of the 151 trips disclosed the 7 departments reimbursed 44 state employees \$20,805 for rental cars and an indeterminate amount in associated expenses, such as gasoline, parking at out-of-town sites, and rental car insurance. State travel regulations and the departments' policies do not require employees to compare the costs of using rental cars to using commercial ground transportation, such as airport hotel shuttles, taxis, and light rail systems.

Review showed none of the expense reports involving rental cars included a cost-analysis showing a rental car was more cost effective than local ground transportation. Documentation generally was not available to show whether the car was used by one or multiple employees to drive from the airport to a hotel to attend conferences, or used to visit one or multiple locations. Accordingly, neither we nor agency supervisors could determine if a rental car was cost effective compared to other forms of transportation. For two trips, we were able to glean enough information from the trip location and rental car use to determine local ground transportation should have been less costly. In these two instances, considerable personal travel occurred in government funded rental cars.

No one knows whether rental car use was cost-effective

Trip 1: An employee went to San Mateo, California, to attend a 5-day computer training seminar. The round trip distance from the airport to the hotel was 18 miles, and the employee stayed in a hotel 1.7 miles from the training site. The employee's official travel miles should have been about 35 miles (3.4 miles to training x 5 trips plus the 18-mile trip to and from the airport). The employee traveled 515 miles in the rental car, or an average of 103 miles each day. The cost for the rental car with unlimited mileage and gas was \$362.55 which included \$48 in gasoline purchases. Receipts showed the employee traveled considerable distances at late hours exemplified by a gasoline purchase for the vehicle at midnight, 56 miles from her training location. The employee and supervisor explained the employee got lost.

Trip 2: An employee attended a training course in San Mateo, California, and stayed at a hotel 1½ miles from the training site. Accordingly, the employee's official travel miles in the rental car should have been about 30 miles during the week of training, including the roundtrip from the airport to the motel. The rental car receipt showed the employee traveled 300 miles and purchased \$25 in gasoline, which his supervisor approved for reimbursement.

According to the employee's supervisor, the drive to the training site took about 20 minutes because of heavy traffic volume. Therefore, taxi charges for twice daily trips would have been substantially more than the cost of the rental car. We contacted a local taxi company and determined the trip would be an estimated 5-10 minutes, there is no traffic congestion, and the estimated rate would be \$10 per trip or \$20 per day. The rental car cost the employee \$264 for 7 days, or \$37.71 per day. The supervisor said the department does not condone incurring expenses for personal benefit; however, in this instance it was not relevant because the rental car came with unlimited miles.

In both incidents, the employees drove a significant number of miles for personal matters. OA Policy SP-4 prescribes rental vehicles cannot be used for personal purposes such as travel to entertainment facilities and sightseeing or trips for personal pleasure. However, it is permissible to use a rental car for travel to meals or to attend to other necessities of the operator or authorized passenger when away from their official domicile on state business. The employees rented these vehicles with unlimited mileage. However, the unlimited mileage privilege is not a license to use the car at will, and allowing such use places the state at risk of costly lawsuits if the vehicle is involved in an injury accident. Additionally, the state paid the gasoline charges for the personal travel. In both incidents, because there were no cost analyses, the supervisors had to rely on the word of the employees when approving reimbursement. A more appropriate action would have been to disallow the reimbursement until the employee provided sufficient justification for renting the vehicle and the mileage incurred.

Employees use rental cars for personal travel

Maximum lodging allowances could have reduced costs by \$32,000

State regulations do not prescribe dollar value limitations for lodging and transportation. Each department director can establish reimbursement and limitation policies provided they are more restrictive than the state's general travel regulations. None of the seven departments in our audit prescribed limits for lodging.³

We used federal travel regulations to benchmark reasonableness of lodging expenses. We used the CONUS⁴ rate for the destination city plus a 13 percent tax rate⁵ and a 25 percent differential allowed for conferences (for travelers who stay in the conference hotel). During July 1, 2001, through December 31, 2002, state employees from the seven departments were reimbursed \$408,688 for lodging expenses from 3,404 overnight stays included in our sample. Analysis shows 897 (26 percent) of the overnight lodging rates exceeded those established by federal travel regulations for the cities traveled. If the departments had limited reimbursements to federal lodging rates, travel costs could have been reduced by \$32,208 as shown in Table 1.4.

³ Some departments have claimed federal limits, but audit tests show that these limits are exceeded. As of December 31, 2002, all tested departments except Transportation have adopted federal travel rates. Transportation prescribes actual expenses.

⁴ Continental United States

⁵ This rate was the average for the taxes charged for the reimbursement claims reviewed.

Table 1.4: Hotel Reimbursements Exceed Federal Travel Regulation Limits

Department	Number of		Actual Lodging Amount Claimed	Lodging Costs Based on Federal Limits	Potential Savings
	Over Night Stays	Stays Exceeding Federal Rates			
Economic Development	915	226	\$ 110,297	\$ 100,096	\$ 10,201
Education	540	179	67,668	59,948	7,720
Labor	471	146	71,164	66,196	4,968
Public Safety	410	87	42,146	39,505	2,641
Insurance	401	122	51,657	49,082	2,575
Transportation	264	127	22,118	19,784	2,334
Social Services	403	10	43,638	41,869	1,769
Totals	3,404	897	\$ 408,688	\$ 376,480	\$ 32,208

Source: SAO Analysis

Department officials stated lodging rates could be higher for some trips because employees stay in the hotels where training conferences are held. They stated employees benefit from the ability to network with their peers, and savings could be negated by other costs employees would incur getting to and from alternate lodging sites. The networking benefit can occur anywhere during the conference without regard for where the attendees lodge. A cost-benefit analysis made before the trip could determine the extent of offsetting costs to savings.

Lower priced lodging options are often available within reasonable walking distance to conference/training hotels, especially in large metropolitan cities. For example, our analysis included reviewing expense reports of four department employees who attended a conference in New Orleans, Louisiana. One employee stayed at a non-conference hotel that was within federal rates, while three other employees stayed at the conference hotel, which exceeded the federal rates. The employee who stayed at the lower priced hotel said he stayed there to save state funds.

We noted 28 of the 151 trips in our sample were for business purposes other than training and conferences by employees from 3 state departments where lodging expenses exceeded federal rates.

Adopting federal travel rates could reduce tipping expenses

Our review of the 151 trips in our sample showed state employees from the 7 departments were reimbursed \$1,556 for tips for baggage handling, maid service, bellmen, skycaps and airport shuttles. Tips ranged from \$1.00 to \$10.00 per occurrence. State travel regulations do not address tipping. According to state travel regulation 1CSR 10-11.010(2):

"Reimbursable travel expenses are limited to those expenses authorized and essential to the transaction of official business of the state. Incidental expenses not directly concerned with travel may be allowed when necessary to the performance of official business while traveling."

Two of the seven departments had written policies allowing tips, but limited meal tips up to 15 percent of the total meal costs. The other five departments did not specifically identify any dollar or percentage limits for meal tips, but allowed reimbursement for tipping. Personal services tips for other than meals are considered normal business travel expenditures as long as they are reasonable and customary. No limitations have been established for these categories. Receipts for tips for incidental expenses (excluding meals) are not required and would be difficult to obtain even if required. Therefore, this expense element is dependent upon an honor system and is the most vulnerable for abuse.

State regulations
do not address
tipping

For benchmarking purposes, we used federal travel regulations that prescribe a limit of \$3 per day for all incidental expenses, which includes tips given to porters, baggage carriers, bellhops, hotel maids, stewards or stewardesses. Gratuities above the daily specified limits are not reimbursed. One of the state agencies had a similar \$3 incidental expense limit. The audit disclosed state travelers are more generous than would be allowed under federal travel rules. Table 1.5 illustrates the tipping practices of state travelers.

Table 1.5: Comparison of Actual Tips to Federal Allowable Tips

Employee	Travel Status (Days)	Total Tips ¹	Allowable Federal Rate ²	Potential Savings
A	5	\$30	\$15	\$15
B	5	24	15	9
C	8	30	24	6
D	4	14	12	2
E	2	7	6	1

¹Maid, bellman, and skycap tips

²Number of travel days x \$3

Source: SAO analysis of individual travel reimbursement vouchers

Travel plans were not well documented

Travel authorizations for the trips in our sample did not contain sufficient documentation to determine if the most cost effective means of travel was selected. Commercial airline is the preferred mode of travel for out-of-state official business, training, meetings or conferences. Travel regulations do not require state employees to use the lowest available airfare. There are a number of considerations that must be evaluated to fully consider all travel costs such as alternate airlines, flight times, layovers, weekend stays, and additional meals.

Travel authorization forms are used by state travelers and approved by supervisors. All costs, including transportation costs such as airfares, are estimated and sent to a front line supervisor for initial authorization, then to the director for final approval. The travel authorizations for the trips in our sample did not include any documentation that showed how the traveler arrived at the travel decision made. We could not determine if alternate flight times and fares, travel schedules, airlines, and number of days in travel were considered before selecting the method used. Therefore, we could not determine if authorizing officials had appropriate documentation available to make accurate decisions. Officials from the

seven departments said they conduct such analyses and discard the documentation after the travel form is authorized.

Our review of the 151 trips disclosed a lack of cost-benefit analyses to support travel decisions regarding lodging, rental car and length of stay. As shown earlier, when compared to federal rates, lodging expenses were excessive in 26 percent of the trips reviewed. Choices for rental cars in lieu of local transportation were not documented as cost-effective.

Travel planning did not include cost-benefit analyses

State employees often extend their business travel in order to take advantage of reduced air fares. Table 1.6 shows extended travel occurs up to 54 percent of the time based on the trips sampled.

Table 1.6: Out-of-State Travel Includes Extra Days

Department	Number of Trips		Percent
	Total	With Extra Days	
Economic Development	138	75	54
Labor	91	48	53
Education	138	72	52
Transportation	91	43	47
Insurance	13	3	23
Social Services	81	15	19
Public Safety	38	7	18
Totals	590	263	45

Source: SAO Analysis

Departments may benefit from employees staying extra days to reduce airfares. Airline fare schedules often favor extended stays into the weekend. Cost-benefit analyses could be used to determine if the offsetting costs of staying over outweigh the gain from reduced airfare. Some of these offsetting costs would include extra lodging, meal and transportation expenses for the extended days. We could not determine from the support documentation that cost comparisons are completed for these trips to adequately justify staying extra days. Department officials said the analyses are made, but the documentation is discarded once the trip is approved.

One agency allows employees with prior approval to use their personal vehicles for out-of-state travel. There is no requirement to cost justify the choice. In one instance, an employee commuted 288 miles daily from Sikeston, Missouri to Memphis, Tennessee for inspections at a fabrication plant. These commutes occurred for 18 days in one month and 12 days in the following month. The employee was reimbursed \$2,585 for these trips. Although the agency has over 1,600 fleet passenger vehicles, this traveler was not provided one. The district supervisor said the agency did not have one available, but officials did not consider locating one from another district, or reassigning vehicles in the district for the temporary time needed.

Employee paid \$2,585 for use of personal vehicle

In two other instances, an employee used a personal vehicle to travel roundtrip to St. Paul, Minnesota from Jefferson City, Missouri and was reimbursed \$315. Another employee made two roundtrips from Jefferson City, Missouri to Charleston, South Carolina and Farmington, Pennsylvania and was reimbursed \$1,110.

Without cost-benefit analyses for alternatives available for travel, we could not evaluate whether employees considered alternatives and whether supervisors were able to properly evaluate the travel decisions being made by employees. Consequently, travelers may spend and claim more expenses than necessary.

Conclusions

Because of decreased state revenues, the departments have substantially limited travel to out-of-state locations. Nevertheless, the departments' employees incurred unnecessary and questionable out-of-state travel expenses due to lack of adequate state travel regulations and management oversight.

Processing fees associated with travel costs for booking air fares could be reduced significantly if state employees used low cost or contracted travel agencies. Not all agency travel policies require at least a 14-day advance reservation for airfares. Since most of the out-of-state travel is for conferences and training, employees should book airfares sufficiently in advance to obtain the most economically beneficial travel terms. Cost-benefit analyses for all aspects of the business trips are needed to ensure the proper travel decision is made and to conserve travel funds.

Recommendations

We recommend the Commissioner, Office of Administration amend state travel regulations to:

- Require departments to use low cost contracted travel agencies and use the lowest and best rate.
- Require cost/benefit analyses to support decisions to use rental cars and extended stays at out-of-state locations.
- Limit the amounts employees can be reimbursed for lodging and incidental expenses.
- Require sufficient advance reservations for all out-of-state travel and require appropriate support documentation.
- Require departments to implement a record retention policy for cost-justifying and documenting out-of-state travel expenditures.

Office of Administration Comments

1. *Departments have been strongly encouraged to use the travel agency contract. There are occasions where lower fares may be obtained through the Internet. We do not want to preclude departments of the opportunity to obtain the lowest fare possible. We believe this is fiscally prudent.*

The Travel Regulations already require the departments to use the lowest and best rate. 1 CSR 10-11.010(5) states: "Employees and officials are expected to exercise the same care in incurring expenses as a prudent person would exercise if traveling on personal business. Meal and hotel expenses shall be in reasonable relationship to their average cost for the cities where the expenses are incurred."

2. *We concur. We will amend the Travel Regulations to require the departments to perform cost/benefit analysis to support decisions on rental cars and extended stays.*
3. *We do not concur. Based on our experience limits turn into per diems whether or not the expense was incurred. Our experience indicates that per diems generally result in higher travel costs overall as opposed to reimbursement of actual costs.*
4. *We partially concur. The Travel Regulations already require advance reservations for out-of-state travel. 1 CSR 10-11.16(D) states: "State agencies should plan their out-of-state travel by making advance air travel reservations to obtain the lowest convenient air fares. Air travel shall not, however, exceed coach fare for the most direct available route." We will amend the rules to require the departments to maintain appropriate documentation.*
5. *We concur. As stated above, we will amend the rules to require the departments to maintain appropriate documentation.*

Auditor's Comment

The OA did not provide any analysis to support that per diems cost the state more than actual costs.

Department of Insurance Comments

While the report does not include recommendations addressed specifically to the Missouri Department of Insurance (MDI), it also does not exclude the MDI from the findings and recommendations. MDI has a large percentage of the out-of-state travel costs included in the report, as we are required to examine insurance companies whose records are located out-of-state. MDI's travel policy and procedures reflect the need for accountability when conducting these out-of-state examinations. As indicated in the responses below, the department feels it has already addressed the audit findings included in the report.

Air travel costs were excessive and air reservation practices were inconsistent

MDI travel policies have established spending limits, provide travel guidelines and require cost justification for employees traveling out-of-state. Agencies are allowed to be more restrictive than the state travel policy and MDI's travel policy is more restrictive.

Of 337 MDI billings audited, 65% were at \$20 or below. Only 7 billings were above a \$25 fee. MDI is the only department audited which requires booking airline flights at least 14 days in advance of travel to obtain the best possible air travel discounts.

Maximum lodging allowances could have reduced costs by \$32,000

MDI travel policy includes CONUS limits for meals and lodging and requires approval by department management to exceed CONUS limits. Depending on the location of the insurance company being examined and the company's proximity to available lodging approval may be given to exceed CONUS.

Adopting federal travel rates could reduce tipping expenses

MDI policies use CONUS that includes a \$3 a day limit for incidental expenses. Tips for meals are included within the CONUS limit set for each meal. The department's policy is consistent with recommendation of the audit report.

Travel plans were not well documented

MDI conducts cost-benefit analyses on travel expenses and includes forms to document; 1) non-travel weekend authorization; 2) authorization to exceed CONUS; 3) out-of-state travel authorization forms that include documentation to evaluate departure date, length of stay, and other considerations. MDI employees travel extensively and utilize the MDI requirement to make air travel arrangements 14 days in advance to receive the lowest fare. MDI employees travel each week and it is not always feasible to extend a stay to receive a lower airfare, as the employer may need to be at a different location the following week. If an employee chooses to remain on the jobsite on non-travel weekends, a cost comparison must be done and approved in order to remain on the job site rather than return home.

The Missouri Department of Insurance currently limits the amounts employees can be reimbursed for lodging and incidental expenses, requires arrangements be made 14 days in advance, and adheres to the record retention policy filed with the Secretary of State's Office. MDI maintains records of all forms and documentation until the completion of an audit then the documentation is destroyed.

Department of Economic Development Comments

I would respectfully suggest that some of the comments in your cover letter as well as the audit itself are presumptive and out of context, given the only recommendation in the audit is for the Office of Administration to amend state travel regulations to cover things that are perceived

issues. If the SAO is only now making these recommendations to OA, you are auditing against criteria and guidelines not currently in place and faulting agencies for excessive travel costs based on these non-existent travel requirements. DED does comply with current travel regulations and the report does not indicate such.

The draft audit also does not mention that DED requires submission of a request to travel out-of-state and approval of the request prior to such travel. You did not mention DED uses CONUS as its guideline for meal reimbursement. Thirdly, DED does attempt to use the travel agencies under the University of Missouri contract when possible. It seems worthwhile to note that the state travel contract was not in place until October 2003. The audit period was only through December 2002. There is no way we could have utilized the state travel contract to save money when it was not available to use. Even if we had used the state travel contract, there is no guarantee that the travel agent with the cheaper fee would have found the cheaper airfare, or that we would have used that particular agent. On occasion, DED will use no-fee Internet bookings or other resources to achieve greater cost savings and to support minority and women-owned businesses which ensures compliance with Executive Order 98-21 and helps DED meet its MBE/WBE procurement goals.

In the draft report, the SAO state DED could have saved \$10,201 in hotel costs, if the federal per diem rate had been used. OA travel regulations currently do not require agencies to use the federal per diem rate for hotels.

DED makes every effort possible to make advance airfare reservations but due to the nature of this agency's work, there are times when a business, industry, or sales situation requires short-notice travel.

Although your audit was intended to highlight the policies of the Office of Administration, I would respectfully suggest that the data reported in tables and the case studies are often insufficient to support the findings.

For instance, Table 1.2 reports that this department paid travel agency fees totaling \$25,340 and that 405 of those fees were at the \$35 service fee rate. This information is then used in Table 1.3 to draw the conclusion that using a travel agency with a lower fee would result in potential savings. I do not believe the audit report provides findings to support this conclusion. In fact, a lower total cost may have been achieved even though a higher travel agency charge was paid. Further, selecting an agent with a higher service fee may also have been an appropriate selection if MBE/WBE procurement compliance was a consideration. However, without a full report and a review of the specific samples used in this audit, it is impossible to address SAO issues and some of the SAO assumptions may be flawed or in error.

Auditor's Comment

The travel agent fee comparison was made against existing fees charged by travel agencies, not the statewide contract. In fact, the DED comparison shows that 42 percent of the travel fees were paid at the highest rate of \$35 while 56 percent was paid at the \$20 rate which was available to them for all trips.

Department of Labor and Industrial Relations Comments

We appreciate the opportunity to respond to the draft audit report on “Better Management Procedures Could Reduce Unnecessary Out-of-State Travel Costs.” We have reviewed the information presented on pages 7 and 8 of the draft report regarding the use of a rental car by a department employee. We do not have any additional information to add to your report.

The Department had already addressed some of the concerns apparent within the report, but these changes were made late in the time period covered by the audit or outside the audit period. For example, the Department obtained through the Office of Administration, a travel procurement card, which allows our Travel Coordinator to book flights directly with the airlines, eliminating travel agency fees. In addition, the Department began using CONUS in October 2002, which reduced reimbursement rates for meals and incidentals and limited the allowable lodging costs in most instances. There were only two items tested out of 34 total test items, which occurred in October 2002 or later.

As can be seen by the graph on page 19, state agencies are already reducing out-of-state travel expenses. The Department has already reduced out-of-state travel expenditures from a high of \$309,337 in FY 2001 to \$256,314.20 in FY 2002 and to \$128,443.54 in FY 2003. From FY 2000 to FY 2003, the Department reduced out-of-state travel costs by 58.4 percent, which is more than the 45 percent reduction cited in your report on page 3.

The Department will consider the recommendations made in your report in addition to the steps that we have already taken to reduce costs.

OBJECTIVES, SCOPE AND METHODOLOGY

Objectives

The objectives of this audit were to determine (1) the state departments' purpose and expenditures for travel to out-of-state locations during the 18-month period July 1, 2001, through December 31, 2002, (2) the departments' adherence to state travel regulations, and (3) policies and procedures the state's departments and agencies have implemented to control travel and travel related costs.

Scope and methodology

To accomplish the audit objectives, we obtained and reviewed SAM II data showing all state departments and agencies out-of-state travel expenditures for state fiscal years 2000 through 2003. We identified the top seven departments with the highest or significant levels of out-of-state travel expenditures during period July 1, 2001, through December 31, 2002, for detailed review. For each of the seven departments we:

- Interviewed department officials responsible for approving out-of-state travel, and obtained and reviewed each departments' out-of-state travel policies and procedures.
- Selected out-of-state travel expense reports with claimed expenses of \$750.00 or more to evaluate if the claims were reasonable.
- For each report selected for detail review, we determined (1) the duration, purpose, and location of visit; (2) costs for lodging and meals; and (3) costs for other items, such as rental cars, limousines, and airline tickets.

Since the majority of out-of-state travel was for training and conferences, we took this fact into consideration for analyzing lodging rates. Stated in Appendix E, Chapter 300 of the federal travel regulations a conference is defined as, "a meeting, retreat, seminar, symposium or event that involves attendee travel. The term "conference" also applies to training activities that are considered to be conferences under 5 CFR 410.404." The federal travel allowances for conferences are defined as, "that rate that is up to 25 percent above the established lodging per diem rate." In-addition, we included an average 13 percent tax rate for sales and occupancy taxes for our comparisons.

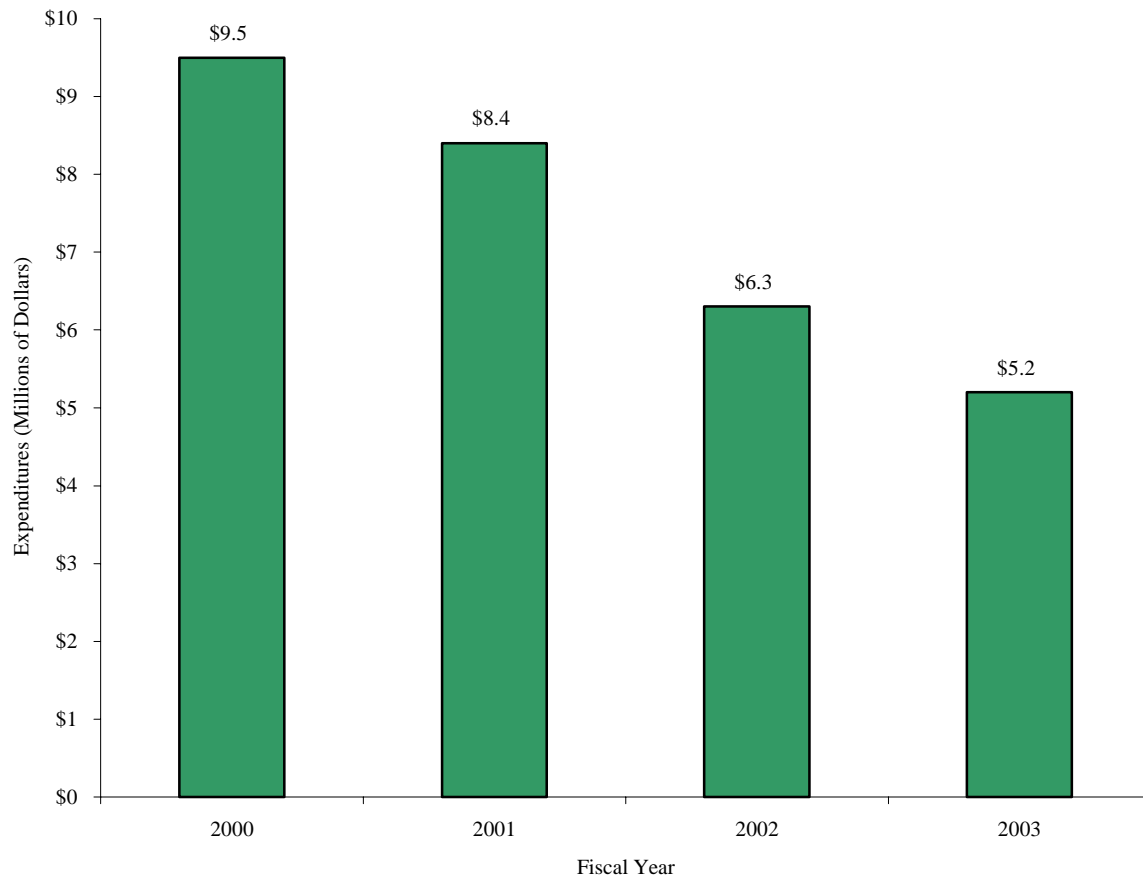
We interviewed officials from the seven departments to discuss reimbursed expenses that appeared questionable and/or excessive.

State travel regulations do not prescribe limits employees can be reimbursed for lodging or meals while staying in out-of-state locations. We used lodging and meal limits prescribed in federal travel regulations as our criteria for determining if employees were reimbursed for excessive

APPENDIX I

lodging expenses. We did not find material problems with meal expenses. Federal travel regulations establish daily lodging limits for all U.S. cities and many major foreign cities.

ANNUAL OUT-OF-STATE TRAVEL EXPENDITURES



Source: SAM II data



**TEXAS COUNTY PUBLIC WATER SUPPLY DISTRICT #2
YEAR ENDED DECEMBER 31, 2002**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-38
May 11, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

May 2004

The following problems were discovered as a result of an audit conducted by our office of the Texas County Public Water Supply District #2.

The Texas County Public Water Supply District #2 (district) did not solicit proposals for professional services. The district has appointed an individual to act as the district's contractor for installing water mains and other services such as installing water meters, turning on and shutting off water service, backhoe services, and maintaining and repairing the district's infrastructure. The district paid over \$30,000 to this individual in 2002, and paid over \$194,000 from July 2000 to December 2001, for the installation of approximately 15,800 feet of 6-inch waterline and 4,250 feet of 8-inch waterline. There is no documentation of when the district last solicited competitive proposals for these services and the district does not have a written agreement for these services. Additionally, the district does not have a formal bidding policy. In 2002, the district paid over \$16,000 and \$6,000 to two vendors, respectively, for inventory and supply items, without maintaining bid documentation.

The district paid \$610 to a board member for lawn mowing services during the year ended December 31, 2002. State law prohibits a member of a governing body from performing any service for that political subdivision for any consideration other than the compensations he gets for his official duties.

The annual district Christmas dinners for board members and the district's clerk, treasurer, attorney and contractor, as well as spouses and children do not appear to be a prudent, reasonable or necessary use of public funds. For 2002, 2001, and 2000, the district spent a total of over \$1,100 for these dinners. The district also paid certain expenses of its contractor, such as fees for conferences and water treatment certification. These payments do not appear to be a necessary cost of operating the district.

The district's budgets are not prepared in accordance with state law. A budget message, actual receipts and disbursements for the two preceding budget years, and the beginning and estimated ending available resources are not presented. Additionally, the district does not obtain an annual audit as required by its by-laws and state law.

The duties of cash custody and record keeping are not adequately segregated and the Board does not provide adequate supervision or review of the work. In addition, not all persons handling district funds are bonded and controls over district checks and receipts need to be improved. Also, the petty cash fund is not operated on an imprest basis.

(over)

YELLOW SHEET

The district does not periodically review the adequacy of the water rates billed to customers and has not revised the water rates since 1990. The district should prepare a statement of costs which would allow the district to determine the rate necessary to support current and future operations, as well as providing documentation to customers of the rationale behind the rates. Additionally, the district does not investigate large water losses reported on its monthly reports.

The audit also includes some matters related to procedures concerning outstanding checks, bonuses, time sheets and leave, receivables, and property records upon which the district should consider and take appropriate corrective action.

All reports are available on our website: www.auditor.mo.gov

TEXAS COUNTY PUBLIC WATER SUPPLY DISTRICT #2

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the Board of Directors
Texas County Public Water Supply District #2

The State Auditor was petitioned under Section 29.230, RSMo, to audit the Texas County Public Water Supply District #2. The district engaged Verkamp & Malone, LLC, Certified Public Accountants (CPA), to review the district's financial statements for the year ended December 31, 2002. To minimize duplication of effort, we reviewed the report and substantiating working papers of the CPA firm. The scope of our audit of the district included, but was not necessarily limited to, the year ended December 31, 2002. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review internal controls over significant management and financial functions.
3. Review compliance with certain legal provisions.

To accomplish these objectives, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents; interviewed various personnel of the district, as well as certain external parties; and tested selected transactions. Our methodology included, but was not necessarily limited to, the following:

1. We obtained an understanding of petitioner concerns and performed various procedures to determine their validity and significance.
2. We obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.
3. We obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the

provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History and Organization is presented for informational purposes. This information was obtained from the district's management and was not subjected to the procedures applied in the audit of the district.

The accompanying Management Advisory Report presents our findings arising from our audit of the Texas County Public Water Supply District #2.

A handwritten signature in black ink that reads "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

November 21, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits: Thomas J. Kremer, CPA
Audit Manager: Toni M. Crabtree, CPA
In-Charge Auditor: Becky Webb

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

TEXAS COUNTY PUBLIC WATER SUPPLY DISTRICT #2
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Expenditures
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The Texas County Public Water Supply District #2 (district) does not have a formal bidding policy and did not solicit proposals for professional services. In addition, the district paid bonuses and entered into transactions with a board member. Also, some expenditures did not appear to be a prudent, reasonable, or necessary use of public funds.

- A. The district does not have a formal bidding policy. As a result, the decision of whether to solicit bids for a particular purchase is made on an item-by-item basis. Bids were either not solicited or bid documentation was not retained for the purchase of inventory and supplies. In 2002, the district paid over \$16,000 and \$6,000 to two vendors, respectively, for inventory and supply items. According to district officials, they take phone bids on many purchases, but do not maintain the documentation.

Formal bidding procedures for major purchases provides a framework for economical management of the district's resources and help ensure the district receives a fair value by contracting with the lowest or best bidder. Competitive bidding also helps ensure all parties are given an equal opportunity to participate in the district's business. Various approaches are appropriate, based on dollar amount and type of purchase. Whichever approach is used, complete documentation should be maintained of all bids and proposals received and reasons noted why a bid or proposal was selected.

- B. The district did not solicit requests for proposals for its professional services and did not have written agreements for these services.
- The district has appointed an individual to act as the district's contractor for installing water mains and other services such as installing water meters, turning on and shutting off water service, backhoe services, and maintaining and repairing the district's infrastructure. The district paid over \$30,000 to this individual in 2002. In addition, the district paid this contractor over \$194,000, from July 2000 to December 2001, for the installation of approximately 15,800 feet of 6-inch waterline and 4,250 feet of 8-inch waterline. The district has used the same individual for many years. Although the district obtains a yearly quote, there is no documentation of when the district last solicited competitive proposals for these services. Also, the district does not have a written agreement for these services.

In addition, the district pays certain expenses of its contractor. From January 2002 to March 2003, the district paid over \$500 for his registration fees at various conferences sponsored by water associations and for his water treatment certification with the Department of Natural Resources. Also, for many years the district's contractor has received a \$100 Christmas bonus. The district had no documentation to indicate why the district paid these other non-specified expenses and bonuses to and/or on behalf of the contractor. These payments do not appear to be a necessary cost of operating the district and constitute a questionable use of public funds.

- In 2002, the district paid approximately \$4,200 (28 hours times \$150 per hour) to an individual to serve as its attorney. This individual has been the district's attorney for a number of years, and there is no documentation of proposals being solicited or a written agreement for these services.

Soliciting proposals for professional services help provide a range of possible choices and allows the district to make a better-informed decision to ensure necessary services are obtained from the best qualified vendor at the lowest and best cost.

In addition, Section 432.070, RSMo 2000, requires contracts for political subdivisions be in writing. A written contract, signed by the parties involved, should specify the goods or services to be provided and the manner and amount of compensation to be paid. Written contracts are necessary to ensure all parties are aware of their duties, rights, and responsibilities and to provide protection to all parties.

- C. The district's payment of Christmas bonuses appears to be in violation of the state constitution. For many years, the district has cashed a check and given a \$100 cash Christmas bonus to the clerk and treasurer. These bonuses represent additional compensation for services previously rendered and, as such, are in violation of Article III, Section 39 of the Missouri Constitution and Attorney General's Opinion No. 72, 1955 to Pray, which states "...a governmental agency deriving its power from the Constitution and laws of the state would be prohibited from granting extra compensation in the form of bonuses to public officials after the service has been rendered."
- D. The district paid \$610 to a board member for lawn mowing services during the year ended December 31, 2002. Section 105.458, RSMo 2000, provides that a member of a governing body is prohibited from performing any service for that political subdivision for any consideration other than the compensations he gets for his official duties. Although the board member was not re-elected in April 2003, he continues to mow the lawn for \$50 per service. The district should refrain from entering into transactions with board members.

- E. The district has not established procedures to ensure payments totaling greater than \$600 in one year to non-employees and unincorporated business are properly reported to the Internal Revenue Service as required. For calendar year 2002, the district did not report all applicable payments to the board member for lawn mowing services or to its attorney on 1099-Misc forms as required by the Internal Revenue code. Section 6041 to 6051 of the Internal Revenue Code requires that non-wage payments of at least in \$600 in one year to an individual or unincorporated business be reported to the federal government on 1099-Misc forms.
- F. Some expenditures did not appear to be a prudent, reasonable, or necessary use of public funds. These include:
- The district holds annual Christmas dinners at local restaurants for board members and the district's clerk, treasurer, attorney and contractor, as well as spouses and children. For 2002, 2001, and 2000, the district spent a total of over \$1,100 for these dinners.
 - The district periodically orders flowers from a local florist for the clerk to celebrate secretary's day and for hospitalization or funeral services for board members, the clerk or their family members. From December 2001 to August 2003, these flower expenditures totaled over \$170.

These expenditures do not appear to be necessary costs of operating the district and constitute a questionable use of public funds. In addition, the Missouri Constitution prohibits the use of public money or property to benefit any private individual, associations, or corporations, except as provided in the constitution. The district's residents have placed a fiduciary trust in their public officials to expend public funds in a necessary and prudent manner. The Board should evaluate the propriety of spending public funds on these types of expenditures.

WE RECOMMEND the Board of Directors:

- A. Establish formal bidding policies and procedures, with provisions for documentation of the justification for selecting and rejecting bids or proposals.
- B. Solicit proposals for professional services. The proposals should be formally evaluated and retained. In addition, written contracts should be prepared to formalize the agreements. Also, the board should ensure expenditures are limited to those necessary to support the operations of the district.
- C. Discontinue the payment of bonuses.
- D. Refrain from entering into transactions with board members.

- E. Establish procedures to ensure payments totaling greater than \$600 in one year to non-employees and unincorporated business are properly reported to the Internal Revenue Service as required.
- F. Ensure all expenditures are necessary and a prudent use of public funds and do not violate the constitution.

AUDITEE'S RESPONSE

As of April 2004 board elections, none of the same board members who served on the board in 2002 (the period of this audit) will hold board seats. Two new board members will be added, and the board will have to appoint an individual to fill an existing vacancy. It is unusual for a water district to have an entirely new board and the new board will need an opportunity to address many of the points brought out in the audit, as well as to familiarize themselves with the day to day operations of the water district. The auditee's responses reflect the fact that the incoming board will need to review these comments and work together to adopt new policies if necessary and that the current board cannot require that they carry out future actions.

- A. *The current board intends to require that documentation on phone bids will be maintained and to clarify the types and dollar amounts of items for which competitive quotes will be obtained. It is possible that the incoming board members will adopt a further policy in the future.*
- B. *The District solicits a yearly quote from the contractor who has done work for the District for several years and will continue to do so. The District has a letter on file from its legal counsel which sets out the hourly rate. The incoming board will need to confer with legal counsel to explore whether or not any formalized written agreements beyond the existing documents for professional services are required.*
- C. *Under Chapter 247 RSMo, the District is required to appoint both a clerk and a treasurer. The District employee was appointed by the board to serve as clerk. The District agrees that it should not pay a bonus to the clerk or the treasurer because they are public officials. However, the incoming board will have to decide whether or not it will continue to pay a Christmas bonus to the District employee in her capacity as an employee rather than in her capacity as a District clerk.*
- D. *The current board agrees and will not enter into transactions with acting board members in the future.*
- E. *The incoming board will need to review this matter with the District's independent auditor and discuss a revision of its policy accordingly.*
- F. *The current board feels its present procedures are adequate.*

The district does not prepare budgets in accordance with state law. Additionally, the district did not obtain an audit of its financial statements for the year ended December 31, 2002.

- A. Budgets are not prepared in accordance with state law. The district only prepares a statement of income and expenses, which includes a budget amount, for its loan from the United States Department of Agriculture, Rural Development. These financial statements do not include a budget message, actual (or estimated for the years not yet ended) receipts and disbursements for the two preceding budget years, or the beginning and estimated ending available resources. Section 67.010, RSMo 2000, requires the preparation of an annual budget which should present a complete financial plan for the ensuing budget year and sets specific guidelines for the format of the annual operating budget.

A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific cost and revenue expectations for the district's operations. A budget can also provide a means to effectively monitor actual costs by periodically comparing budgeted to actual disbursements. A complete budget should include separate revenue and disbursement estimations, and include the beginning available resources and reasonable estimates of ending available resources. The budget should also include a budget message and comparisons of actual revenues and disbursements for the two preceding fiscal years.

- B. The district does not obtain an annual audit as required by state law. The district contracted with an independent auditor to perform a review of its financial statements for the year ended December 31, 2002 and to perform an audit of its financial statements for the year ended December 31, 2001.

However, Section 247.080.2, RSMo 2000, and district by-laws provide that an annual audit of the district's receipts and expenditures be performed.

WE RECOMMEND the Board of Directors:

- A. Prepare complete and accurate annual budget documents that contain all information required by state law.
- B. Obtain an annual audit as required by state law and district by-laws.

AUDITEE'S RESPONSE

- A. *The incoming board will need to review its budget-making procedures with its independent auditor and legal counsel and revise its budget process accordingly. The District's budget process currently complies with USDA Rural Development's budget criteria, and in fact, USDA Farmer's Home set up this budget process.*
- B. *The incoming board will need to contract with an independent auditor to perform yearly audits, instead of having audits conducted every third year with a review of its financial statements on intervening years, as it does now.*

3. Internal Controls, Procedures, and Records
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The district needs to improve its internal controls, procedures, and records. Bond coverage is not adequate and the petty cash fund is not operated on an imprest basis. Also, time sheets are not prepared and records are not maintained for leave earned and/or taken.

- A. The duties of cash custody and record keeping are not adequately segregated. The clerk performs all accounting functions including reading water meters, preparing bills, receiving and making deposits, recording collections, preparing disbursements, and reconciling the bank account. The Board does not provide adequate supervision or review of the work performed by the clerk. The current procedures jeopardize the system of independent checks and balances.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls could be improved by segregating duties to the extent possible. If proper segregation of duties is not feasible, timely supervisory or independent review of work performed and investigation into unusual items and variances is necessary.

- B. Bond coverage for district officials is not adequate. Section 247.080.4, RSMo 2000, provides that all persons handling district funds be bonded. Only the treasurer is bonded. However, the president co-signs all checks and the clerk receives and records receipts. The district should obtain bond coverage in accordance with state law. In addition, the failure to bond all persons with access to assets exposes the district to the risk of loss.
- C. Controls over district checks need to be improved. Section 247.100.3, RSMo 2000 and the district's by-laws provide that the treasurer be the custodian of the district's funds and that checks be signed by the president and clerk. However, the clerk prepares all checks which are signed by the president and treasurer. In addition, checks are sometimes signed in advance by the president. Signing

checks in advance does not allow for proper review of the documentation to support the disbursement and diminishes the control provided by dual signatures.

The treasurer should prepare district checks to be signed by the president and clerk. Additionally, checks should not be signed in advance.

- D. The district needs to improve its control over receipts. The district receives cash and checks for the payment of water bills. The billing stubs which accompany the payment serve as the district's initial record of receipts; however, the method of payment (cash, check, money order) is not recorded.

To ensure the proper handling and safeguarding of district monies, the method of payment should be indicated on the billing stubs and the composition of receipts should be reconciled to the composition of bank deposits.

- E. The district has not established procedures to follow-up on checks which have been outstanding for a considerable length of time. In February 2003, the district wrote-off outstanding checks, totaling over \$300, and several of these checks were over 10 years old. These checks were refunds of water deposits when a customer terminated service. No further follow-up action was taken beyond mailing the refund to the last known address.

Outstanding checks should be periodically reviewed to determine if the payee can be readily located and if there is a need to reissue the check. If the payee cannot be located, Sections 447.500 to 447.595, RSMo, which relates to unclaimed property, should be used to disburse these funds.

- F. Month-end accounts receivable listings are not reconciled to the beginning accounts receivable balance, plus monthly billings, less collections and adjustments. In addition, the manual listing of accounts receivable is not always updated as payments are received. A payment, totaling \$100, received in December 2002 was not recorded on the listing as of April 2003.

Monthly reconciliations are necessary to ensure that all accounting records balance, transactions have been properly recorded, and any errors or discrepancies are detected on a timely basis. Complete documentation of these reconciliations should be retained to support conclusions and any corrections made, and to facilitate independent reviews.

- G. The petty cash fund is not operated on an imprest basis. District checks are written to petty cash, as needed, and a specific balance is not maintained. Although invoices are maintained for most disbursements, there is no reconciliation to cash on hand and a balance. From December 2001 to July 2003, over \$1,300 was transferred to petty cash. In addition, the fund is not reviewed by a person independent of the accounting process.

The petty cash fund should be operated on a imprest basis, meaning that cash and invoices should always total the established balance, and checks issued to replenish the fund should always equal the amount of invoices. Periodically, the funds should be counted and reconciled to the imprest balance by an independent person to ensure the funds are being accounted for properly, to detect errors, and to prevent these monies from being misused.

- H. The district needs to close the bank account established for the sewer system and transfer the funds to the water account. At December 31, 2002, the balance of this account was over \$1,800. According to district records, from May 2000 to October 2002, the district paid expenses totaling over \$13,000 on behalf of the sewer system with water district funds.

Several years ago the district received donations to pay some of the expenses for establishing a sewer system; however, the district has since decided not to build this system. Also, the district spent funds related to this proposed sewer system, with the understanding that the sewer system would repay the funds. Thus, transferring the sewer system funds to the district would compensate the district for some expense related to the sewer system.

- I. Time sheets are not prepared and records are not maintained for leave earned and/or taken. According to the clerk, the district's informal policy allows her one week of leave per year.

Time sheets are necessary to document hours actually worked, substantiate payroll expenditures and provide the board with a method to monitor hours worked. The board should require detailed time sheets be prepared of actual time worked and leave taken. Accurate and properly maintained leave records also provide necessary assurance that the district's leave policy is being followed. In addition, the district should adopt a written leave policy.

WE RECOMMEND the Board of Directors:

- A. Segregate the duties of receipting and depositing monies from that of preparing bills, recording payments, and following up on delinquent accounts. If duties cannot be adequately segregated, timely supervision or independent review of work performed and investigation into unusual items and variances is necessary.
- B. Obtain bond coverage for all persons with access to district funds.
- C. Appoint the treasurer as custodian of district's funds. In addition, checks should be signed by the clerk and president and the practice of signing blank checks should be discontinued.
- D. Record the method of payment received on corresponding billing stubs and reconcile the composition of receipts to bank deposits.

- E. Establish procedures to follow-up on old outstanding checks and reissue them if the payee can be located. Any unclaimed amounts should be disbursed in accordance with state law.
- F. Require monthly accounts receivable listings be reconciled to beginning accounts receivable, plus billings, less collections and adjustments. Any differences which cannot be accounted for should be investigated.
- G. Establish an imprest amount for the petty cash fund and ensure the fund is periodically counted and reconciled to the imprest balance by an independent person.
- H. Close the sewer system bank account and transfer the funds to the water account.
- I. Require time sheets be prepared which reflect actual time worked and leave taken. In addition, the board should adopt a formal written leave policy and maintain leave records in a manner that provides a complete record of the amount of leave earned, taken, and any accumulated balances.

AUDITEE'S RESPONSE

- A. *Due to the fact that the District has only one employee and that previous independent audits and financial reviews have never revealed any loss or misuse of funds, the current board does not find that it is feasible to segregate the employee's duties. In order to address concerns over future loss or misuse of funds, the incoming board will need to conduct an independent audit annually as set forth above in 2.B.*
- B. *The District is in the process of adding the necessary bond coverage for district officials who have access to District funds. The District employee/clerk was previously covered by the existing policy according to the District's insurance company, even though the insurance company failed to reflect that on the policy.*
- C. *The District is in the process of correcting its policy so that the president and clerk sign all checks and the treasurer is custodian of all District funds. Certain on-going expenditures, such as postage for bills and water samples must be incurred prior to monthly meetings but documentation for such expenditures will continue to be maintained and reviewed.*
- D. *The incoming board will need to review its policy on deposit of receipts with an independent auditor and legal counsel and discuss a revision of its policy accordingly.*
- E. *The District relied on the recommendation of its independent auditor in handling outstanding checks for the refund of water deposits to customers who have moved out of the area. The District has no way of locating such individuals beyond using the last known address. The incoming board will need to review the unclaimed property statutes with legal counsel and discuss a revision of its policy accordingly.*

- F. *Due to the fact that the District has only one employee and that previous independent audits and financial reviews have never revealed any loss or misuse of funds, the current board does not know if it is feasible to conduct reconciliations of monthly accounts receivable listings. Quarterly reconciliations are currently conducted, but the incoming board will need to review this matter with its independent auditor and discuss a revision of its policy accordingly.*
- G. *The District's independent auditor reviews the petty cash fund annually, and no discrepancies have been noted. Receipts are attached to any checks written and at this time, the current board feels its present procedures are adequate, although the incoming board will need to review them with its independent auditor and discuss a revision of its policy accordingly.*
- H. *The sewer system bank account is in the process of being closed and the funds transferred to the water account.*
- I. *The District's employee is a salaried employee not an hourly employee, so time sheets would not be feasible. The incoming board will need to adopt a written policy on leave taken and accrued.*

4. Water System Concerns

The district does not investigate significant water losses. In addition, water rates have not been reviewed since 1990.

- A. The district does not investigate large water losses reported on its monthly reports. These reports record total gallons of water produced and total gallons of water billed to customers. During the year ended December 31, 2002, the monthly water loss reported was over 20 percent for six (nonconsecutive) months, with one of these months recording a loss of 46 percent.

To help detect significant water loss on a timely basis and to help ensure all water usage is properly billed, the district should investigate significant differences between the number of gallons of water produced and the number of gallons of water billed. The Public Service Commission generally recommends such differences be investigated if unbilled water usage exceeds 15 percent.

- B. The district does not periodically review the adequacy of the water rates billed to customers and has not revised the water rates since 1990.

Water rates are user charges which should cover the costs of providing related service and maintenance to the system. The rate should not be set at a level which results in excessive fund balances. However, the district's cash balance has decreased each year, for several years. It appears that the decrease is due to loan payments.

The district should perform a detailed review of its water costs, including depreciation, and establish a rate to cover the total costs of operations. In addition, the district should prepare a statement of costs as required by Section 67.042, RSMo 2000. Preparation of a statement of costs would allow the district to determine the rate necessary to support current and future operations, as well as providing documentation to customers of the rationale behind the rates.

WE RECOMMEND the Board of Directors:

- A. Ensure the difference between the total gallons of water billed and the total gallons of water produced is reviewed on a monthly basis. Any significant differences should be investigated.
- B. Review water rates periodically to ensure sufficient revenues are generated to adequately maintain the system.

AUDITEE'S RESPONSE

- A. *In 2002, the District installed new water lines, including an 8" water line which required repeated flushing in order to be used. Water losses above 20% are unusual for the District and the District was aware of the reason for the losses, due to the fact that the District is routinely updated by the District employee and the general contractor at monthly meetings about the causes for any excessive water loss. However, this discussion is not documented in the minutes. The incoming board will need to review the policy and decide whether or not to implement additional research into future water losses.*
- B. *The incoming board needs to conduct a rate study and to act according to the results of that study. In addition, the incoming board needs to review rates annually.*

5. Property Records

Various problems were noted regarding the district's capital assets records and related procedures. The district does not maintain complete records to account for all property owned by the district and some inventory is stored at the contractor's place of business. In addition, an annual physical inventory of property is not performed

- A. The capital asset records are not complete and/or accurate. Property is not tagged for specific identification and a specific location is not identified. In addition, the district maintains some inventory at the contractor's place of business. By storing inventory items at the contractor's place of business, the district has less control over assets and is more susceptible to loss or misuse of assets. The district should consider storing inventory items on district property.

The property records should include a detailed description of the asset including the name; description; make and model number, if applicable; asset identification number; the physical location of the asset; and the date and method of disposition, if applicable.

- B. An annual physical inventory of the capital assets is not performed. Annual physical inventories are necessary to ensure the property records are accurate, identify any unrecorded addition and deletions, and detect the loss, theft, or misuse of assets. The district should conduct annual physical inventories and reconcile the results of the inventories to the detailed property records.

Adequate capital asset records are necessary to secure better internal controls and safeguard district assets that are susceptible to loss, theft, or misuse. In addition, the controls would be improved if inventory items were stored on district property, not at the contractor's place of business.

WE RECOMMEND the Board of Directors:

- A. Maintain detailed capital asset records that include all pertinent information for each asset including description, cost, acquisition date, identification number, location, and date and method of disposition, if applicable. In addition, inventory items should be stored on district property.
- B. Require annual physical inventories be conducted. The physical inventories should be reconciled to the detailed capital asset records.

AUDITEE'S RESPONSE

- A. *The District does not have a facility which allows it to store inventory on District property. However, the incoming board will need to review its methods of tracking capital assets with its independent auditor and discuss a revision of its policy accordingly. The reality is that the District is comparatively small and other than a few tools and small pieces of portable equipment, the District does not own many capital assets and the District employee is able to account for the location of those items.*
- B. *The incoming board will need to review its methods of conducting physical inventories with its independent auditor and discuss a revision of its policy accordingly.*

HISTORY AND ORGANIZATION

TEXAS COUNTY PUBLIC WATER SUPPLY DISTRICT #2
HISTORY AND ORGANIZATION

The Texas County Public Water Supply District #2 was incorporated in 1965 and serves approximately 545 customers.

The Board of Directors consists of five members who serve three-year terms. The Board elects a President and Vice-President from the board membership and appoints a clerk and treasurer for the district. The Board of Directors, and other principal officials during the year ended December 31, 2002, are identified below.

Elected Officials	Term Expires	Compensation Paid for the Year Ended December 31, 2002
Travis Cross, President (1)	May 2003	\$ 0
George Boesl, Vice-President (2)	May 2004	0
Roger Martin, Board Member (3)	May 2005	0
James Root, Board Member (4)	May 2004	0
Jackie Cooper, Board Member (5)	May 2003	610

Other Principal Officials

Mary Ann Cooper, Clerk	21,100 (6)
Joyce Campbell, Treasurer	100 (6)

- (1) Replaced by Marvin Adams in the April 2003 election. Mr. Adams' term expires in May 2006.
- (2) Replaced by Leon Stogsdill in the April 2004 election. Mr. Stogsdill's term expires in May 2007.
- (3) Mr. Martin resigned in February 2004.
- (4) Replaced by Reggie Cole in the April 2004 election. Mr. Cole's term expires in May 2007.
- (5) Replaced by Kent Swearengin in the April 2003 election. Mr. Swearengin's term expires in May 2006. Mr. Cooper received compensation for lawn mowing services.
- (6) Includes \$100 Christmas bonus.



**DEPARTMENT OF PUBLIC SAFETY
STATE EMERGENCY MANAGEMENT AGENCY**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-37
May 7, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

May 2004

The following problems were discovered as a result of an audit conducted by our office of the Department of Public Safety, State Emergency Management Agency.

Since fiscal year 1999, the State Emergency Management Agency (SEMA) has received federal grant awards for the State Domestic Preparedness Equipment Support Program. The program's objective is to enhance state and local response to a Weapons of Mass Destruction (WMD) terrorism incident involving chemical, biological, nuclear, radiological, incendiary, and explosive devices. From fiscal year 1999 through February 2004, over \$13.6 million has been spent by SEMA on the program, including funds to equip and train twenty-two Homeland Security Response Teams and six Forward Regional Response Teams located throughout the state.

A lack of clear, written minimum staffing level requirements has resulted in understaffing on some teams. SEMA officials indicated the amount of equipment provided correlates to the level of staffing; thus, indicating minimum staffing level requirements. Despite the existence of implied staffing level requirements, SEMA did not obtain, nor require information regarding the teams staffing levels. As a result of this lack of information, SEMA accepted several teams into the program that did not meet the minimum staffing level requirements. Such understaffing could effect team performance in the event of an incident. In addition, because SEMA equips teams based on the Basic Equipment List, the understaffed teams have more equipment than is necessary.

SEMA does not know how much equipment each team has in total or if the equipment is adequately insured. Although SEMA indicated they monitor equipment resources through use of tracking spreadsheets, these spreadsheets do not reflect team equipment resources on a cumulative, perpetual basis. In addition, the spreadsheets were incomplete and inaccurate. Also, SEMA has not conducted site visits or obtained and reviewed inventory and insurance records to ensure compliance.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

DEPARTMENT OF PUBLIC SAFETY
STATE EMERGENCY MANAGEMENT AGENCY

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Charles R. Jackson, Director
Department of Public Safety
and
Jerry B. Uhlmann, Director
State Emergency Management Agency
Jefferson City, MO 65102

We have audited the Department of Public Safety, State Emergency Management Agency. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2003 and 2002. The objectives of this audit were to:

1. Review internal controls over significant management and financial functions.
2. Review compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and operations.

Our methodology to accomplish these objectives included reviewing written policies, financial records, and other pertinent documents; interviewing various personnel of the agency; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. We also performed tests of certain controls to obtain evidence regarding the effectiveness of their design and operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of

noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the agency's management and was not subjected to the procedures applied in the audit of the agency.

The accompanying Management Advisory Report presents our finding arising from our audit of the Department of Public Safety, State Emergency Management Agency.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

February 20, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
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MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDING

DEPARTMENT OF PUBLIC SAFETY
STATE EMERGENCY MANAGEMENT AGENCY
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDING

State Domestic Preparedness Equipment Support Program

Since fiscal year 1999, the State Emergency Management Agency (SEMA) has received federal grant awards for the State Domestic Preparedness Equipment Support Program. The program's objective is to enhance the capacity of state and local first responders to respond to a Weapons of Mass Destruction (WMD) terrorism incident involving chemical, biological, nuclear, radiological, incendiary, and explosive devices. Program funding may be used to conduct comprehensive threat and needs assessments and to develop and implement a Statewide Domestic Preparedness Strategy. In addition, program funding may be used to purchase equipment for state and local first responders, and support the planning and conduct of exercises. From fiscal year 1999 through February 2004, over \$13.6 million has been spent by SEMA on the program. SEMA has expended the funds to equip and train twenty-two Homeland Security Response Teams (HSRT's) and six Forward Regional Response Teams (FRRT's) located throughout the state. The results of our audit indicate a need to better manage and monitor the equipment support program.

- A. A lack of clear, written minimum staffing level requirements has resulted in understaffing on some teams. SEMA personnel indicated that staffing requirements were implied by the Basic Equipment List contained in the contract signed by each team. The Basic Equipment List outlines the specific amount and types of equipment to be provided to the teams upon their acceptance into the program. SEMA officials indicated the amount of equipment to be provided correlates to the level of staffing; thus, indicating minimum staffing level requirements. According to the list, HSRT's are to consist of at least twelve hazardous materials personnel, twenty law enforcement personnel, and twelve emergency medical service (EMS) personnel. FRRT's are to consist of at least twelve hazardous materials personnel, ten law enforcement personnel, and eight EMS personnel.

However, despite the existence of implied staffing level requirements, SEMA did not obtain, nor require of the teams at the time of their application, information regarding their staffing levels. As a result of this lack of information, SEMA accepted several teams into the program that did not meet the minimum staffing level requirements. As of February 2004, six of the twenty-two (27 percent) HSRT's and two of the six (33 percent) FRRT's are understaffed in at least one of the disciplines. One team has only eight, instead of twelve hazardous materials personnel. The teams are understaffed on law enforcement from three to fifteen personnel and on EMS from two to eight personnel. Such understaffing could effect team performance in the event of an incident. In addition, because SEMA

equips teams based on the Basic Equipment List, the understaffed teams have more equipment than is necessary. Over time, this excess equipment may suffer from a lack of use or become obsolete.

SEMA should establish clear, written minimum staffing level requirements for the teams. Such requirements should be enforced when additional teams apply for inclusion in the program. In addition, SEMA should take the necessary steps to ensure existing teams meet minimum staffing level requirements.

- B. SEMA has not established an adequate monitoring system for the State Domestic Preparedness Program. Currently, SEMA does not possess complete or accurate information regarding team equipment and personnel resources. As a result, the state has a reduced ability to coordinate and direct activities of the teams in the event of an incident. In addition to providing information needed to coordinate the teams, federal grant requirements require subrecipient monitoring.

1. SEMA does not know how much equipment each team has in total or if the equipment is adequately insured, as required by the contract. Although SEMA indicated they monitor equipment resources through use of tracking spreadsheets indicating budget and actual purchases by the teams, these spreadsheets do not reflect team equipment resources on a cumulative, perpetual basis. Therefore, SEMA has no single record reflecting a team's cumulative equipment resources. In addition, our testing revealed the spreadsheets were incomplete and inaccurate. Three of ten purchases tested (30 percent) were recorded at the wrong amount, and three of thirteen purchases tested (23 percent) were not recorded as a purchase.

Although teams are responsible for maintaining equipment inventory records and contracts with the teams require insurance coverage on team equipment, SEMA has not conducted site visits or obtained and reviewed such inventory and insurance records to ensure compliance.

2. Although SEMA has recently begun efforts to obtain certain statistical information about team personnel, the information currently on hand is incomplete and appears inaccurate. Four of the twenty-eight teams have yet to submit their statistical information, virtually all teams submitted incomplete reports, and some inaccuracies appear to exist on other reports. For example, one team report indicated it had more personnel with certifications than personnel on the team.

SEMA should continue to work on establishing an adequate system of monitoring the program to include the development of equipment and personnel resource listings. Not knowing the statewide personnel and equipment resources available and overall abilities of the teams could hamper SEMA's ability to perform one of

its basic functions, coordinating and directing activities of the state and teams in the event of a significant incident.

WE RECOMMEND the SEMA:

- A. Establish and enforce clear, written minimum staffing level requirements for the teams. In addition, the SEMA should take the necessary steps to ensure existing teams meet minimum staffing level requirements.
- B. Continue to work on establishing an adequate system of monitoring the program to include the development of equipment and personnel resource listings and ensuring compliance with team contract provisions.

AUDITEE'S RESPONSE

- A. *We agree with this recommendation and will implement. Staffing levels and equipment standards are addressed in our amended memorandum of agreement. We are in the process of evaluating the teams for compliance. Once the equipment is purchased and distributed, the vendors or training contractors provide training for the assigned personnel.*
- B. *We agree with the recommendation. We are in the process of evaluating each team. The prior year grants are being closed out, and as this happens, each recipient will be audited for compliance. A contractor will be selected in the near future to do an evaluation and review of staffing levels, equipment, training, and conduct exercises to evaluate team capability and make recommendations for any corrective action as needed.*

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

DEPARTMENT OF PUBLIC SAFETY
STATE EMERGENCY MANAGEMENT AGENCY
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The State Emergency Management Agency (SEMA) was created by statute in 1951 as a division of the executive branch of state government. The agency was transferred to the Office of the Adjutant General by executive order on October 1, 1966. The 74th General Assembly confirmed the transfer in 1967. The State Omnibus Reorganization Act of 1974 transferred the Office of the Adjutant General to the Department of Public Safety. Chapter 44, RSMo 1978, gives detailed provisions as to the organization and function of SEMA.

SEMA, in cooperation with local, state, and federal governments, is responsible for developing statewide all hazard plans, hazard mitigation plans, and administering state and federal programs. In the event of a Presidential Disaster Declaration, and after the signing of a federal-state disaster agreement, SEMA coordinates and serves as a liaison between the Federal Emergency Management Agency (FEMA) and victims of natural disasters for the payments of disaster assistance claims ranging from temporary housing to mitigation. When damages occur to publicly owned property, SEMA in cooperation with FEMA conducts damage assessments, writes project scope of work, administers federal funds to local communities, and conducts closeout project audits.

In the event of a major statewide natural or man-made disaster, the governor, state officials and support staff coordinate state agency response from the State Emergency Operations Center (SEOC). The SEOC is located 18-feet underground at the Adjutant General's Headquarters of the Missouri National Guard, ISTS (Ike Skelton Training Site) on Militia Drive in Jefferson City. The SEOC is designed and built to provide protection from radioactive fallout and earthquakes. The SEOC has back up generators, an independent water system, a communications center and a computer system for continuity of government for disaster response. The SEOC is occupied and used on a daily basis as the regular offices of SEMA to assure operational readiness in the event of an emergency.

The executive officials of local political subdivisions appoint the county and city directors of emergency management. About 90 percent of all local emergency management directors are volunteers or are paid on a part-time basis. SEMA provides training, guidance, and assistance to the local organizations but does not command or control their activities.

The SEMA Director supervises the day-to-day operations of the agency. During normal working conditions, he reports to the Adjutant General and coordinates certain activities with the Director of Public Safety, the Director of Homeland Security, and the Governor's Office.

During a disaster, the SEMA Director reports directly to the Governor's Office. The Governor has the responsibility of carrying out all or any part of the emergency response functions within the state.

The following describes the organization and functions of SEMA's branches:

Executive Branch:

- Direction and control of state response
- Emergency public information
- Information technology
- Statewide Disaster Coordinator (Citizen Corps Coordinator)
- Missouri Emergency Response Commission (MERC)
 - Tier II forms
 - SARA Title II grants to Local Emergency Planning Committees
 - Hazardous materials training to local fire, law and EMS

Fiscal Branch:

- Department of Homeland Security FEMA Emergency Management Preparedness Grants (85 local communities and state office)
- Personnel
- Procurement
- Grants Management
- Legislation
- Audits
- Office Support

Operations Branch:

- Department of Homeland Security Office of Domestic Preparedness Grants (28 regional HS response teams, terrorism and all hazard planning, terrorism exercises and weapons of mass destruction training, CERT program)
- Radiological emergency planning
- Communications
- Training and exercises
- 911 Coordinating Board

Planning and Disaster Response Branch:

- Area coordinator program
- All hazard plans (state plan and 169 local emergency operations plans – 114 counties and 45 communities with population over 5,000)
- Damage assessments (individual assistance, public assistance)
- Disaster recovery efforts

Floodplain and Mitigation Branch:

- Floodplain management, community visits
- All hazard mitigation planning
- Buyout program
- Earthquake program
- Missouri Seismic Safety Commission
- SAVE Coalition (Structural Assessment Visual Evaluation of post EQ damaged buildings)

Jerry B. Uhlmann has served as Director since March 20, 1993. The agency has 65 full-time employees.

Appendix A

DEPARTMENT OF PUBLIC SAFETY
STATE EMERGENCY MANAGEMENT AGENCY
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30,					
	2003			2002		
	Appropriation Authority	Expenditures	Lapsed Balances	Appropriation Authority	Expenditures	Lapsed Balances
GENERAL REVENUE FUND						
Administration and Emergency Operations -						
Personal Service	\$ 1,521,486	1,460,216	61,270	1,521,486	1,396,218	125,268
Expense and Equipment	252,970	190,613	62,357	267,970	218,435	49,535
All allotments, grants, and contributions from federal and other sources that are deposited in the State Treasury for administrative and training expenses of the State Emergency Management Agency	3,826,001	3,825,990	11	1,141,264	1,062,795	78,469
Implementing homeland security measures	343,351	202,343	141,008	0	0	0
Total General Revenue Fund	5,943,808	5,679,162	264,646	2,930,720	2,677,448	253,272
FACILITIES MAINTENANCE RESERVE FUND						
Unprogrammed requirements for facilities statewide	0	0	0	58,405	58,405	0
Repairs to the Route C tower site	3,750	0	3,750	13,502	9,752	3,750 *
Total Facilities Maintenance Reserve Fund	3,750	0	3,750	71,907	68,157	3,750
STATE EMERGENCY MANAGEMENT FUND						
The Community Right-to-Know Act	350,000	286,184	63,816	350,000	283,817	66,183
To provide matching funds for federal grants received under Public Law 93-288 and for emergency assistance expenses of the State Emergency Management Agency as provided in Section 44.032, RSMo.	7,500,000	5,265,255	2,234,745	2,250,000	2,095,570	154,430
Local hazard mitigation projects under the Flood Mitigation Assistance Program -						
Personal Service	974,756	784,394	190,362	874,756	787,914	86,842
Expense and Equipment	216,023	204,628	11,395	216,023	215,678	345
Total State Emergency Management Fund	9,040,779	6,540,461	2,500,318	3,690,779	3,382,979	307,800

Appendix A

DEPARTMENT OF PUBLIC SAFETY
STATE EMERGENCY MANAGEMENT AGENCY
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30,					
	2003			2002		
	Appropriation Authority	Expenditures	Lapsed Balances	Appropriation Authority	Expenditures	Lapsed Balances
HOMELAND SECURITY FUND						
For the purposes of funding homeland security initiatives to be administered by the State Emergency Management Agency -						
To the Department of Agriculture	376,341	260,279	116,062	0	0	0
To the Department of Natural Resources	432,401	74,504	357,897	0	0	0
Implementing homeland security measures	1,054,927	629,233	425,694	0	0	0
Total Homeland Security Fund	1,863,669	964,016	899,653	0	0	0
CHEMICAL EMERGENCY PREPAREDNES FUND						
Local hazard mitigation projects under the Flood Mitigation Assistance Program -						
Personal Service	161,988	110,365	51,623	161,988	149,716	12,272
Expense and Equipment	68,884	29,906	38,978	68,884	68,658	226
Distribution of funds to local emergency planning commissions to implement the federal Hazardous Materials Transportation Uniform Safety Act of 1990	650,000	406,329	243,671	650,000	439,580	210,420
Total Chemical Emergency Preparednes Fund	880,872	546,600	334,272	880,872	657,954	222,918

Appendix A

DEPARTMENT OF PUBLIC SAFETY
STATE EMERGENCY MANAGEMENT AGENCY
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30,					
	2003			2002		
	Appropriation Authority	Expenditures	Lapsed Balances	Appropriation Authority	Expenditures	Lapsed Balances
MISSOURI DISASTER FUND						
Allotments, grants, and contributions from federal and other sources that are deposited in the State Treasury for the use of the State Emergency Management Agency for alleviating distress from disasters	59,400,000	59,350,548	49,452	21,200,000	20,862,772	337,228
Total Missouri Disaster Fund	59,400,000	59,350,548	49,452	21,200,000	20,862,772	337,228
Total All Funds	\$ 77,132,878	73,080,787	4,052,091	28,774,278	27,649,310	1,124,968

* Biennial appropriations set up in fiscal year 2002 are re-appropriations to fiscal year 2003. After the fiscal year-end processing has been completed, the unexpended fiscal year 2002 appropriation balance for a biennial appropriation is established in fiscal year 2003. Therefore, there is no lapsed balance for a biennial appropriation at the end of fiscal year 2002.

The lapsed balances include the following withholdings made at the Governor's request:

	Year Ended June 30,	
	2003	2002
Administration and Emergency Operations -		
Personal Service	\$ 61,041	125,040
Expense and Equipment	61,472	49,474
Implementing homeland security measures	138,708	0
Repairs to the Route C tower site	3,750	0
Total Withholdings	\$ 264,971	174,514

Appendix B

DEPARTMENT OF PUBLIC SAFETY
STATE EMERGENCY MANAGEMENT AGENCY
COMPARATIVE STATEMENT OF EXPENDITURES (FROM APPROPRIATIONS)

	Year Ended June 30,	
	2003	2002
Salaries and wages	\$ 2,941,052	2,350,869
Travel	447,098	297,935
Supplies	224,795	192,457
Professional development	60,167	78,011
Communication services and supplies	112,092	97,636
Services:		
Professional	409,770	237,320
Housekeeping and janitorial	645	0
Maintenance and repair	82,673	63,989
Equipment:		
Computer	172,335	93,444
Motorized	38,000	0
Office	41,893	38,472
Other	99,937	73,917
Property and improvements	0	67,553
Real property rentals and leases	4,470	16,614
Equipment rental and leases	3,552	7,925
Miscellaneous expenses	122,039	57,665
Refunds	21,989	0
Program distributions	68,298,280	23,975,503
Total Expenditures	\$ 73,080,787	27,649,310



**REVIEW OF DEPARTMENT OF TRANSPORTATION'S
EXCESS AND FUTURE RIGHT-OF-WAY PROPERTY**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-36
May 7, 2004
www.auditor.mo.gov**

PERFORMANCE AUDIT



Office Of The
State Auditor Of Missouri
Claire McCaskill

May 2004

Transportation officials lack accurate and reliable records of excess property and property being held for future road and bridge projects

Department of Transportation (MoDOT) officials have spent about \$630 million over the past 10 years buying land for road and bridge projects (known as right-of-way property). In all, they estimate that MoDOT owns almost 400,000 acres of land for right-of-way purposes. Absent of reliable data, they estimate the lands' value at \$1.9 billion for fiscal year 2003. This report documents the records and procedures over land owned by MoDOT including both excess and future right-of-way property. Excess property is surplus land no longer needed for roads, and future property is land held for road projects MoDOT intends to build. The following highlights the findings:

No overall right-of-way property inventory exists

MoDOT has no comprehensive records of all right-of-way property owned by the state. They prepared their most recent \$1.9 billion estimate annually for financial reporting purposes using estimated acreage owned (which includes documented property acquisitions since 2001) and the average acreage acquisition price. However, department officials said this estimate does not account for all the land and no current department system can individually or collectively document all owned property. In April 2004, department officials plan to develop a comprehensive property record system. (See page 3)

Current excess property database is unreliable, incomplete

Auditors found the database tracking excess right-of-way property, which is land no longer needed for roads and available for sale, is unreliable. This database showed the department owned 1,400 acres valued at \$10 million as of January 2004. However, department officials said this is not a complete list of all excess property, partly because personnel knowledgeable of past land purchases have left the department. In many cases, land is not identified as excess until someone is interested in buying it. The database also over- and understated land values. For example, auditors found the value of 8 parcels overstated by \$1.4 million. Some parcels in the database had no value listed at all. (See page 3)

Records of property for future road projects also deficient

Although department officials have started to develop records of future right-of-way property in September 2003, only limited progress had been made as of March 2004. Prior to September 2003, department officials had made no effort to account for all future

YELLOW SHEET

right-of-way property, but simply kept records in various project files. The preliminary information they started gathering in September 2003 from the 10 transportation districts shows approximately 7,000 acres of future right-of-way property involving 130 projects. However, this information was inconsistent and did not include basic facts such as property value, initial cost, or acquisition date. In some cases, record-gathering efforts only involved asking various district personnel if they knew of any existing future right-of-way property. Auditors' limited review of this January 2004 preliminary list found 38 acres of future right-of-way property missing from this list. (See page 4)

Some future right-of-way property held for decades

Auditors found the department has owned 6 of 10 future right-of-way properties tested for 20 to 40 years. MoDOT officials said their annual review of the state's transportation plan (STIP) evaluates the continued need for right-of-way property. However, auditors found this evaluation may not be adequate. (See page 6)

More efforts needed to sell excess property

Over the last four fiscal years, MoDOT sold \$1.1 million annually in excess right-of-way property. However, further efforts to sell excess properties are needed. MoDOT officials indicated that sales of excess right-of-way properties are typically initiated by private individuals. The identification and marketing of excess properties will provide revenue and dispose of no longer needed properties. As of January 2004, MoDOT had already identified at least \$10 million in excess property and said this total is incomplete. (See page 6)

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ABBREVIATIONS

MoDOT	Missouri Department of Transportation
ROW	Right-of-way
RSMo	Revised Statutes of Missouri



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Missouri Highways and Transportation Commission
and
Dave Snider, Interim Director
Department of Transportation
Jefferson City, MO 65102

MoDOT estimates it owns \$1.9 billion in right-of-way property for financial statement purposes, and has spent over \$600 million on right-of-way property during the past 10 years. This interim report is the first of two reports on the Missouri Department of Transportation's (MoDOT) management of right-of-way property and evaluates (1) right-of-way property records, and (2) procedures for identifying unneeded property on completed or future projects. The second report, which will be issued later, will address other issues related to MoDOT's procurement and management of right-of-way property.

MoDOT does not maintain a comprehensive record of all right-of-way property it owns. This includes excess right-of-way property on completed projects and right-of-way property intended for use on future projects. This situation has occurred because MoDOT does not have a database of all right-of-way property, nor has it developed adequate procedures to identify and periodically evaluate property which may no longer be needed on completed or future projects. MoDOT also could more actively market excess right-of-way properties it has identified. We have included recommendations to improve the management and oversight of right-of-way property.

We conducted our work in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such tests of the procedures and records as were considered appropriate under the circumstances.

Claire C. McCaskill
State Auditor

The following auditors contributed to this report:

Director of Audits:	Kirk R. Boyer
Audit Manager:	Gregory A. Slinkard, CPA, CIA
Auditor In-Charge:	Kim Spraggs, CPA
Audit Staff:	Monte DaVault, Susan Fifer, Anne Jenkins, and Christy Marsh

RESULTS AND RECOMMENDATIONS

Improvements Needed In the Management and Oversight of Right-of-Way Property

Improvements are needed in the management and oversight of right-of-way (ROW) property because the Missouri Department of Transportation (MoDOT) has not documented all ROW property it owns or does not need. This includes excess property on completed projects and property intended to be used on future projects. This situation has occurred because MoDOT has not developed a comprehensive database of all ROW property owned, nor developed adequate procedures to identify and periodically evaluate property which may no longer be needed on completed or future projects. MoDOT also could more actively market excess ROW properties that it has identified. As a result, MoDOT may be retaining ownership and control of potentially valuable tracts of land no longer needed for projects.

Background

MoDOT has spent approximately \$630 million for ROW property over the past 10 years. ROW property represents property acquired by MoDOT needed to develop highway and/or bridge projects. MoDOT Controller's personnel value ROW property at an estimated \$1.9 billion for fiscal year 2003, and used that estimate for financial statement purposes. MoDOT has not used all ROW property it has acquired, and unused ROW can be classified as either excess or future ROW. Excess property is not needed and can be disposed of by MoDOT.

Excess ROW property represents real estate which is surplus to current and future transportation needs and is generally available for sale or disposal. Excess ROW property usually results when (1) only a portion of a property is needed for a road project, (2) the original project design is changed and some property acquired is no longer needed, or (3) a new road was built and all or a portion of the old road bed is abandoned.

Future ROW represents real estate that has been acquired for highway projects that have not been constructed, are not programmed for construction during the current five-year transportation improvement plan, and are being held for future use when funds are available. According to MoDOT officials, most of this property is acquired for projects with the intent to build additional lanes, interchanges, or outer roads in the future.

Methodology

To determine whether MoDOT's ROW property records were reliable and complete, and whether procedures for identifying unneeded property were adequate, we reviewed available ROW Division and district ROW property records. In addition, we determined whether selected properties were accurately recorded on excess and preliminary future ROW records.

To evaluate procedures for identifying unneeded property, we reviewed division and district procedures for maintaining the records, including procedures for identifying and recording excess and future ROW properties, and interviewed responsible officials. We also visited district offices located in Jefferson City, St. Louis, and Springfield. We contacted the Arizona,

California and Colorado transportation departments to compare MoDOT's procedures over ROW property to those of other states.

We obtained comments on a draft of this report during a meeting with responsible officials on March 25, 2004, and in a letter dated April 2, 2004. We incorporated their comments as appropriate. We conducted our work between November 2003 and March 2004.

MoDOT lacks a comprehensive inventory of ROW property

MoDOT does not have a comprehensive record of all ROW property it owns. The Controller's office estimates MoDOT owns \$1.9 billion of ROW property. However, according to a MoDOT official, not all future ROW property is included in this estimate. MoDOT officials told us they prepare this estimate for financial statement use because they do not have comprehensive property records.¹ MoDOT officials told us they update the estimated value each year as newly completed project results are compiled. Although MoDOT does have some systems for tracking certain types of ROW property, none of these systems, individually or collectively, account for all ROW property owned by the department or contain reliable data.² According to a division official, MoDOT plans to begin developing a comprehensive record or database, of all ROW property in April 2004.

Records pertaining to excess property on completed projects are incomplete

We found MoDOT's excess property database to be incomplete and unreliable. According to this database, MoDOT owned approximately 1,400 acres of excess ROW property valued at approximately \$10 million as of January 2004. However, officials and personnel from the division and two districts told us despite district efforts in 1997 to identify excess ROW property, it is likely additional parcels of excess ROW property exist which have not yet been identified. District officials told us they cannot identify all excess ROW property because they do not have complete records, and knowledgeable personnel involved in ROW acquisitions years ago are no longer with the department.

According to division and district officials, property is often not identified and classified as excess until a prospective buyer inquires about the property. We confirmed these officials' statements when we tested 26 properties³ which MoDOT sold, traded, or otherwise transferred to private individuals or entities during the period July 1, 1999 to June 30, 2003. Of 26 selected disposed properties, at least half of the properties, with sales prices ranging from \$1,925 to \$225,000, were not identified as excess until a request from a prospective buyer had been received. (See page 6 for additional information.)

¹ MoDOT computed this estimate based on estimated acreage, location (county and urban/rural) and estimated average acquisition cost for existing roads on the state highway system. As of June 30, 2003, MoDOT estimated it owns 399,065 acres of ROW property.

² The Colorado Department of Transportation maintains an electronic database of all ROW property it owns.

³ We judgmentally selected 26 properties from property disposals per MoDOT's excess property database based on property value, sales price, and size. The value of these properties per MoDOT's database, when available, ranged from \$1,925 to \$261,500.

In addition, our initial review of the excess property database records disclosed numerous inaccuracies either overstating or understating the total value of excess property owned. For example, we found records related to eight parcels on the system had been overstated by approximately \$1.4 million. Seven of those records should not have been on the system because they were either duplicate entries or were incorrectly classified as excess. Also, the excess ROW database did not contain a value for some parcels, causing the total value of excess ROW properties to be understated. In commenting on a draft of this report, division officials indicated one ROW property which did not have a value recorded on the system was actually future ROW and should not have been included on the excess ROW database. District officials had estimated this property had a value between \$136,000 and \$1 million.

Records pertaining to property acquired for future projects are also incomplete

As of March 1, 2004, MoDOT did not have a complete and adequate record of future ROW property. During fiscal year 2004, MoDOT initiated efforts to prepare such a record; however, only limited progress has been made in developing adequate records.

In September 2003, division officials requested districts to prepare and submit listings of future ROW property to the division to be compiled into a department-wide record. Prior to that time frame, the department had made no comprehensive effort to identify and account for all ROW property acquired for future use. The only records were contained in various project files and plans.

As of January 2004, division personnel had received future ROW listings from the department's 10 district offices. Those listings identified approximately 130 projects, involving approximately 7,000 acres, where ROW property had been acquired for future projects. The listings did not include the cost or value of the property identified on the listings, nor the dates the properties were acquired. According to district officials, the division did not provide detailed instructions or guidelines to the districts when requesting the future ROW data. In addition, as of March 1, 2004, division officials had not thoroughly reviewed the future ROW information provided by the districts; however, they stated the information is likely inaccurate and incomplete.

Based on our discussions with ROW officials in three district offices, none of these districts' procedures were adequate to ensure all ROW property acquired for future use had been identified. Officials at all three districts told us their procedures for developing the listings were limited to asking district personnel of their knowledge of existing future ROW, rather than performing a detailed review of district records. An official from one district told us they only listed future ROW relating to projects included in its long range plan.⁴ An official in another district told us they submitted a listing which had been prepared in 1999; however, this listing was not reviewed for accuracy or updated with current information.

⁴ Legacy 2025: The Transportation Plan for the Gateway Region, a 20-year plan coordinated by the East-West Gateway Coordinating Council.

Our limited review of future ROW property identified 38 acres of property acquired for future use, relating to 4 projects, which had not been included on MoDOT's preliminary records.

MoDOT lacks adequate procedures for evaluating ROW properties as excess on completed and future projects

Department policy states ROW remnants are to be evaluated as possible excess property; however, controls have not been established to ensure proper evaluations are conducted. According to division officials, projects are generally reviewed for excess property upon project completion,⁵ and district officials at the three districts visited told us they currently follow this policy. Although the policy indicates both district ROW and design officials are to be involved in the evaluations and that any excess property is to be reported to the ROW division; the policy does not: 1) clearly indicate when the evaluations should be conducted, 2) provide instructions or guidelines in conducting the evaluations, or 3) require the evaluations be documented. In addition, none of the three districts visited had established procedures regarding excess property evaluations, nor were excess property evaluations documented in those districts. As a result, there is no assurance the evaluations have been performed, nor that adequate procedures were used to identify and report all unneeded property as excess.

MoDOT also has not established procedures requiring districts to periodically evaluate the need to continue owning ROW property acquired for use on future projects. In commenting on a draft of this report, MoDOT's Director of Project Development said future ROW property is evaluated during the annual five-year plan development process. However, district officials at three districts we visited told us that all future ROW property is not periodically evaluated for continued need. Officials at one of the districts visited told us some future ROW property is periodically evaluated for continued need, but documentation of these evaluations has not been maintained.

In addition, since projects are not reviewed for excess ROW until completion, future ROW property is not reviewed until a project has been completed. For example, MoDOT acquired a parcel of ROW property totaling approximately 36 acres in 1996 for a future road project in Taney and Stone counties. Of the 36 acres acquired, MoDOT paid about \$329,000 for approximately 27 acres which were acquired because the acquisition left the property owners landlocked. The phase of the project for which this parcel was acquired will not be constructed within the next five years due to lack of funding, and MoDOT personnel did not know when construction might occur. Although district personnel told us possible disposal of the unneeded 27 acres had been discussed, because MoDOT's current procedure is to wait until project construction is completed, this unneeded property will not be evaluated for classification as excess property and made available for disposal until the project has been constructed.

We believe sound business practices dictate that MoDOT establish procedures to periodically evaluate ROW property to determine whether it should be classified as excess. The Colorado and California transportation departments require all ROW property be evaluated annually to

⁵Once identified, this property is to be placed in the excess property inventory. (See page 3 for discussion of incomplete records.)

determine the need for such property, and to classify any property that is not currently needed or will be needed in the foreseeable future as excess ROW.

Some future ROW property held for extended time periods

Although MoDOT has recently developed a preliminary listing of future ROW properties, information regarding when these properties were acquired has not been determined. As a result, MoDOT has not identified those future ROW properties it has owned for many years or adequately reevaluated the future need of those properties.

Our review of 10 projects⁶ involving future ROW properties at two districts disclosed that MoDOT has owned 6 of these properties from 20 to 40 years, and the other properties less than 15 years. District officials could not provide documentation that any of these future ROW properties had been evaluated for continued need. One of the 10 projects reviewed involves 140 acres in Dallas County, which MoDOT acquired in the 1960's. This property is to be used for an 11-mile by-pass near the city of Buffalo; however, district officials told us they have no planned construction date or funding for this project.

MoDOT officials told us they anticipate highway improvements will eventually occur on all future ROW property that has been acquired. MoDOT's formal planning process does not extend beyond five years; therefore, department officials cannot estimate when most future ROW property will be used in construction projects. While this does not mean these properties are not needed in the future, MoDOT does not have a procedure to periodically evaluate ROW properties held for an extended period of time to ensure a need still exists.

MoDOT could more actively market excess ROW property

Revenues related to the sale of excess ROW properties averaged \$1.1 million annually from July 1, 1999 to June 30, 2003, according to MoDOT records. However, MoDOT has identified about \$10 million in excess ROW property as of January 2004; and MoDOT officials told us sales of excess ROW property are typically initiated by private individuals interested in purchasing the properties, not MoDOT. These officials' comments were confirmed with the results of our review of excess ROW property disposals. We found at least half of the 26 property disposals reviewed had not been identified as excess or considered for disposal until a request to purchase the property had been received. While the remaining disposals involved excess properties which had been identified by MoDOT, at least 5 of those disposals were initiated by an interested buyer.

Missouri statutes⁷ permit MoDOT to dispose of property which is no longer needed. The California Department of Transportation is required by state law to offer to sell or exchange excess real property within one year from the date that it is determined by the department to be excess. A 1997 Arizona audit report disclosed that state's Department of Transportation had

⁶ These properties were included in the preliminary future ROW listings.

⁷ Section 227.290, RSMo 2000.

made significant efforts to identify and reduce its excess property inventory by selling 133 unneeded parcels totaling almost \$6 million. In addition, at the time of the audit, the Arizona Department of Transportation had identified an additional 366 excess ROW properties, with 96 of those parcels being appraised at an aggregate value of over \$3 million. As a result, the identification and marketing of excess ROW properties can provide substantial revenue while at the same time serve to dispose of properties no longer needed. We believe sound business practices dictate establishing procedures to effectively market unneeded ROW property.

According to MoDOT officials, MoDOT faces impediments in the disposal of some excess ROW property. For example, limitations occur when MoDOT owns only an easement, rather than fee simple ownership to many older properties; properties have limited access, with only one or a few potential buyers; properties have environmental problems that preclude selling; or properties have limited value. However, according to division and district officials, MoDOT has recognized a need to improve its property management. In response to recommendations from a recent peer review, MoDOT recently established focus groups to establish better property management procedures and determine how it might more actively market or dispose of excess property.

Conclusions

MoDOT does not have a comprehensive record of all ROW property. Therefore, it has had to estimate it owns \$1.9 billion in ROW property for financial reporting purposes. Although MoDOT has identified approximately \$10 million in excess ROW, MoDOT officials acknowledged, and we confirmed, its records are not complete. Additionally, in January 2004, district offices reported identifying 7,000 acres of ROW property purchased for future use on 130 projects. However, the preliminary data compiled does not include all future ROW property, nor does it include necessary information such as: the value of the property, the date it had been purchased, or the expected construction date. As a result, MoDOT does not have (1) a complete record of all ROW property it owns, (2) an accurate record of excess property on completed projects, or (3) a complete inventory of future ROW property. Without accurate and complete information on this property, MoDOT officials cannot accurately assess how much existing ROW property is needed or is not needed, and represents excess property.

MoDOT lacks adequate procedures in evaluating for unneeded, or excess, ROW properties. Existing practices call for an evaluation of this property when projects are completed. However, neither current policy nor district procedures clearly indicate when the evaluations should be conducted, provide instructions or guidelines in conducting the evaluations, or require the evaluations be documented. We believe sound business practices dictate that MoDOT require periodic evaluations of ROW property being held for use on future projects to determine the continued need to own this property and/or the likelihood of using it. Periodic evaluations would allow MoDOT officials more opportunities to dispose of property no longer needed for future use.

MoDOT could more actively market excess ROW property for disposal. It relies primarily on interested outside parties to initiate the sale or disposal process. Although the department faces some impediments, the department should be proactive in disposing of excess property. As a

result of this situation, MoDOT may not be maximizing the amount of revenue that could be generated by selling property the department no longer needs.

Any improvement in these areas will depend on the processes and procedures MoDOT adopts and how effectively they are implemented. Developing a comprehensive inventory system, which allows MoDOT to monitor property from the time it is purchased to the time it is ultimately used or unneeded, may require a substantial investment in time and effort depending on the approach used to develop the system. However, once developed and implemented, the system would improve MoDOT's ability to periodically evaluate the continued need of its ROW property and proactively market unneeded portions. The system benefits should outweigh any implementation costs allowing timely identification and sale of unneeded ROW property.

Recommendations

We recommend the Director of MoDOT:

1. Develop a comprehensive inventory system of all ROW property owned, including all excess and future property. To accomplish this, comprehensive policies and procedures to identify and classify all ROW property are needed.
2. Establish comprehensive procedures to evaluate ROW properties to determine unneeded, or excess, properties. Procedures should clearly indicate when the evaluations are to be conducted, provide instructions or guidelines in conducting the evaluations, and require the evaluations to be documented.
3. Require future ROW property to be evaluated on a periodic basis to determine whether the property is still needed for future projects.
4. More actively market excess ROW property no longer needed for current or future projects. Excess property should be analyzed to determine the feasibility and cost/benefits of selling the property.

Agency Comments

The Director, Right of Way Division, provided us the following comments in a letter dated April 2, 2004:

Thank you for the information provided in your interim report on MoDOT's excess and future right of way property. Quality assurance reviews are an integral part of what we do and this audit, along with a Baseline Assessment Peer Review led by the Federal Highway Administration and an internal focus group that looked at the same subject will all be valuable in helping us be more productive and responsible to Missouri's taxpayers. We are encouraged that some of your comments and recommendations support actions we are already working on as a result of the peer review and focus group. As a matter of fact, MoDOT's Director of Project Development and Right of Way Director made a presentation to the Missouri Highways and Transportation

Commission at the February 2004 meeting and the Commission supported MoDOT staff recommendations to:

- 1. Make property management a high priority;*
- 2. Establish a single point of coordination for property management;*
- 3. Proactively identify and market excess property;*
- 4. Develop an improved inventory database;*
- 5. Establish a new disposal process;*
- 6. Create unified procedures and educate our internal customers;*
- 7. Determine the most effective way to market excess property.*

Regarding your conclusion and the specific audit recommendations:

- 1. We agree a comprehensive inventory database is needed. Although it has been a proposed information systems technology budget item since 2000, it has now been funded. The kickoff meeting to begin defining needs is scheduled for April 7, 2004. We have right of way records by route and location that meet the requirements of GASB 34 and those records are updated annually. We use plans and deeds to identify specific parcels when that information is needed. We agree the inventory database should contain a detailed listing of excess parcels, future right of way and capital improvements.*
- 2. The right of way manual has written procedures to evaluate property at the end of acquisition and every effort needs to be taken to ensure the districts are following this process. Right of Way is working with our Strategic Planning unit to identify performance measures to ensure goals are met. We are also forming a team to incorporate the specifics suggested by the auditor into the property management section of our manual.*
- 3. The districts review their programs annually with their planning partners (e.g. metropolitan planning organizations and regional planning commissions) to determine what projects are added to the Statewide Transportation Improvement Plan. Any changes in projects that would impact future right of way are identified at that time. There is no need to examine individual parcels until the time of construction, as needs can change. In addition, land values often increase so that right of way not incorporated in the final project brings a higher price when disposed of after project completion. Finally, contractors can use any excess for staging, which helps keep construction costs down. The Right of Way division is currently completing a list of future right of way to assist the districts in their annual review.*
- 4. As your audit stated, we dispose of some 100 parcels per year, with associated revenues of over \$1 million annually. We have identified approximately \$10 million of excess right of way property. We feel this represents an active marketing process and we continue to look for any high dollar parcels for aggressive marketing. The Right of Way and General Services divisions work closely to make sure the high dollar capital improvement properties that are no longer needed are inventoried as excess and aggressively*

marketed. We are also looking at procedures to dispose of the smaller low dollar parcels in a manner that would minimize costs and be more cost effective.



STATE EFFORTS TO ACQUIRE FEDERAL FUNDING

**From The Office Of State Auditor
Claire McCaskill**

State agencies have not pursued all available federal funding opportunities resulting in potential lost funding of nearly \$3.5 million.

**Report No. 2004-35
May 6, 2004
www.auditor.mo.gov**

PERFORMANCE AUDIT



Office of
Missouri State Auditor
Claire McCaskill

May 2004

Missouri is Missing Out on Some Federal Funds Which Require No State Match

This audit reviewed how well various state agencies identified and applied for available federal funding. State agencies received \$7.9 billion in federal funds in fiscal year 2003 either for state programs or to pass through to school districts and other local entities. Auditors identified 28 grants states other than Missouri had received and followed up with Missouri agencies to see if they applied for them. The total funding awarded for each grant ranged from \$1.5 million to more than \$35 million. The following highlights our findings.

State agencies could have received federal grants worth up to \$3.5 million

Auditors identified 5 grant programs worth up to \$3.5 million in funding that state agencies did not receive. Agencies lost the opportunity to receive these funds because they were not aware of the grants. (See page 3)

Methods for identifying grant awards need improvement

Written procedures for identifying and maximizing federal funding opportunities are not always provided and are inconsistent throughout state government. In addition, many state agencies have assigned the task of identifying grant opportunities as another duty for employees who have many other job responsibilities. (See page 4)

Statewide revenue maximization contracts are under utilized

In 2002, the Office of Administration contracted with two companies to help agencies identify federal revenue enhancement opportunities. However, only 4 agencies have used the contracts. Officials from 18 of 43 state entities indicated they were not aware of the contracts. As of January 2004, five revenue maximization projects (involving four agencies) were in progress under one of the contracts. At that time no projects had been completed. (See page 5)

Budget shortfalls lead to loss of extra federal money

Some agencies have lost at least \$4.7 million in federal grant funding for fiscal years 2004 and 2005 because the state match was not available due to budget cuts. For example, the Department of Natural Resources lost state matching funds from its budget for a coal mining grant, resulting in a loss of \$414,188 in federal funds. This cut meant Missouri no longer operated a full coal program, which led federal officials to stop funding Missouri's abandoned mine program and an additional loss of \$1.7 million in federal funds. (See page 6)

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YELLOW SHEET

STATE EFFORTS TO ACQUIRE FEDERAL FUNDING

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CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Jacquelyn D. White, Commissioner
Office of Administration
Jefferson City, MO 65101

During fiscal year 2003, \$7.9 billion of the state's nearly \$19 billion total expenditures were paid for from federal funding. The objectives of this audit were to (1) determine if the state is identifying and applying for the maximum amount of federal funding it is eligible to receive; (2) evaluate the policies, procedures, and practices state agencies use to identify and apply for federal funding; and (3) identify factors that hinder the state's pursuit of federal funding.

Our analysis determined (1) state agencies have not pursued all available federal funding opportunities resulting in lost funding of nearly \$3.5 million in fiscal years 2001 to 2003, (2) the state does not have an effective method for identifying potential grant awards, and (3) General Revenue Fund budget constraints have reduced state resources available for matching funds. Additionally, state agencies have not used statewide contracts provided to help identify available federal funding.

We conducted the audit in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such tests of the procedures and records as were considered appropriate under the circumstances.

Claire McCaskill
State Auditor

The following auditors contributed to this report:

Director of Audits:	William D. Miller, CIA, CGFM
Audit Manager:	Donna Christian, CPA, CGFM
In-Charge Auditor:	Sharon Eagleburger, CPA
Audit Staff:	Rachel Simons

RESULTS AND RECOMMENDATIONS

The State Has Not Received All Potential Federal Funds

During fiscal years 2001 to 2003, the state did not apply for nearly \$3.5 million in federal grant money because state agencies were not aware of the grants. Nearly \$3.1 million (89 percent) of this federal funding did not require state matching funds. Consequently, this funding could have been obtained with no impact to the state's General Revenue Fund. The attention given to seeking federal grant money varied among the state agencies examined. Most agencies assigned the task of identifying federal funds as an additional duty to staff members which subjected the task to competing priorities. In 2002, the Office of Administration (OA) entered into contracts with two companies to identify federal revenue enhancement opportunities and made the service available to all agencies. However, only 4 agencies have used the contracts and officials from 18 of 43¹ state entities claimed they were not aware of the contracts.

Background

State agencies received approximately \$7.9 and \$7.2 billion in federal funding in fiscal years 2003 and 2002, respectively, to help fund state programs or to pass through to school districts and other local entities. Some funds are provided for the federal share of ongoing state-federal programs such as Medicaid, highway construction, and special education, while other federal funds are received as one-time grants to accomplish specific objectives.

In an effort to establish a single contact for federal funding information, the Missouri Federal Assistance Clearinghouse (clearinghouse) was created in 1983. Presidential Executive Order 12372 allows states to designate an entity to act as a Single Point of Contact (SPOC). The SPOC provides an opportunity for state agencies, regional planning commission/councils of governments and local governments to research and comment on grant applications, direct federal development and environmental assessments, and impact statements before they are funded or approved. The clearinghouse is currently part of the Office of Administration, Deputy Commissioner's Office. The clearinghouse only reviews the limited number of programs which federal agencies have indicated are eligible under Executive Order 12372. Since its inception, the clearinghouse has experienced a reduction in staff and the work that could be done due to budgetary constraints.

Each state agency uses various methods to identify federal grants, including notification from federal agencies, Internet websites, the Catalog of Federal Domestic Assistance (CFDA), the Federal Register, magazine publications, training, and networking. The agencies may use all or some of the mentioned methods.

Audit Methodology

We reviewed agency policies and procedures for identifying grants and interviewed department officials. We used the Federal Assistance Award Data System (federal data system) managed by

¹ For 4 of the 18 entities whose officials were not aware of the contracts, the Office of Administration does not have purchasing authority.

the U.S. Census Bureau as a tool to identify grants the state was not receiving. The federal data system documents the majority of federal grant awards flowing to states and territories. This source was not being used by the agencies we surveyed. We looked for grants other states were receiving which Missouri was not. We identified 28 grants with total awards to states ranging from \$1.5 million to over \$35 million that Missouri could qualify for and followed up with state agency officials to determine if they applied for them. *(See Appendix I, page 9, for a detailed discussion of the audit methodology.)*

State agencies have not pursued all available federal funding opportunities

Audit results identified five grant programs worth up to an estimated \$3.5 million² in potential funding that state agencies did not receive. These agencies lost the opportunity for these funds because they were not aware of the grants.

Table 1.1 lists these grants. State officials at the indicated agencies said they believed the state was eligible for the grants.

Table 1.1: Grants Agencies Did Not Know Were Available

Agency	Grant	Amount	Match Required ¹
Elementary & Secondary Education	Early Childhood Educator Professional Development	\$1,650,000	No
Mental Health	Health Care and Other Facilities	1,164,135	No
Public Safety	Executive Office of Weed and Seed	175,000	No
Public Safety	Gang Resistance Education and Training	100,000	No
Social Services	Child Abuse and Neglect Discretionary Activities	391,851	Yes
Total		\$3,480,986	

¹ State must match a percentage of the federal award amount
Source: CFDA website and state officials

Description of grants

- Early Childhood Educator Professional Development grant (CFDA 84.349) primarily provides training that will improve early childhood education and prevent children from encountering reading difficulties when they enter school.
- Health Care and Other Facilities grant (CFDA 93.887) objectives include constructing, renovating, expanding, or modernizing health care facilities and other health care related facilities. Department of Mental Health officials indicated there

² The grant award amounts possible were determined by taking the minimum amount for average grant awards noted in the CFDA.

was an eligible renovation project in state fiscal year June 30, 2002; however, the grant was not pursued because the agency was not aware of the program.

- Executive Office for Weed and Seed grant (CFDA 16.595) provides for a comprehensive, multi-disciplinary approach to combating violent crime, drug use, and gang activity in high crime neighborhoods.
- Gang Resistance Education and Training grant (CFDA 21.053) helps prevent youth crime, violence, and gang association.
- Child Abuse and Neglect Discretionary Activities grant (CFDA 93.670) objective is to improve the national, state, community, and family activities for the prevention, assessment, identification, and treatment of child abuse and neglect through research, demonstration service improvement, information dissemination, and technical assistance.

Methods for identifying potential grant awards are not entirely effective

Procedures for identifying and maximizing federal funding opportunities are inconsistent for each agency, as well as each division within the agencies. Five state agencies or units of agencies (Departments of Corrections, Health and Senior Services, Social Services, Natural Resources - Outreach and Assistance Center, and Public Safety - Missouri State Highway Patrol) have written procedures for staff to identify federal funding opportunities; however, the procedures are not complete and lack detail. While the Departments of Natural Resources-Outreach and Assistance Center and Public Safety-Missouri State Highway Patrol have written procedures, the other divisions within those agencies do not. All other agencies rely on staff to identify potential grants without providing written guidance.

With the exception of a few divisions, agencies assigned the task for searching for available grants as an additional duty to staff members. As a result, the search for available federal funding was subjected to competing priorities for the staff members' attention. Some divisions established a position of grants manager; however, the duties and responsibilities of the employee did not include pursuing grant opportunities.

While examining practices in other states, we noted an example of a strong centralized grants management office in Texas. The Texas State Grants Team (Grants Team) was established by the Texas legislature in 1995 to maximize federal and state funding and to alert entities throughout Texas about funding opportunities. The Grants Team operates with five professional staff who are responsible for coordinating with state agencies to develop a plan for:

- Using federal grant funds.
- Monitoring federal and state funding opportunities with special emphasis on funding opportunities the state is not pursuing.

- Providing grant writing assistance and training to state, local, nonprofit, and private individuals.

Each state agency is responsible for designating an employee to serve as the agency's federal funds coordinator to communicate with a member of the Grants Team. This is an additional duty for the designated employees in the agencies.

The Grants Team maintains and updates a website that is a compilation of information about current funding solicitations and is a source of funding opportunities for different agencies and entities. The Grants Team is also responsible for the Texas Review and Comment System (TRACS) established under Presidential Executive Order 12372, similar to Missouri's Federal Assistance Clearinghouse. The TRACS will review and comment on grants that do not fall under the Presidential Executive Order. In contrast, the Missouri Federal Assistance Clearinghouse no longer conducts research to assist state agencies with identifying grant opportunities.

With the limitation of resources caused by budget cuts, it may not be feasible or desirable to dedicate staff full time to searching and applying for federal grants or centralizing the search process. However, consistent guidance to staff and use of available tools such as the statewide revenue maximization contracts, described in the following section, would help minimize missed opportunities.

Statewide Revenue Maximization Contracts

In October 2002, the OA awarded contracts to two vendors to identify and maximize federal funding. The contracts included the following goals pertaining to maximizing federal revenue:

- Identify federal revenue enhancement opportunities for the state that exist under current federal statutes, regulations and/or policies for which the state is not currently maximizing.
- Develop and assist in implementing necessary changes to state plans, regulations, policies or procedures necessary to fully maximize federal revenue opportunities.
- Identify potential changes to federal statutes, regulations and/or policies that will maximize federal reimbursement to the state.

Although the revenue maximization contracts are available for all state agencies, only four agencies have used them as of January 2004. OA officials said they notified state agencies about the contracts during meetings and email notifications, but further indicated it is the agencies' responsibility to get involved. Our discussions with agency officials identified 18 of 43 agencies and/or divisions were not aware of the contracts. As of January 2004, five projects (involving four agencies) have been awarded under the revenue maximization contract and all projects are still in progress.

To increase participation, OA officials could conduct training or schedule meetings with the agencies to familiarize them with the contracts.

Budgetary constraints have reduced state resources

Because of state General Revenue Fund budget cuts, state matching funds needed for some federal programs were not available. As a result, officials at the Departments of Natural Resources and Public Safety stated federal grant funding totaling at least \$4.7 million for fiscal years 2004 and 2005 will be lost. The grants and amounts noted below are limited to state agency audit survey responses.

- Funding for the Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining grant (CFDA 15.250) was cut in the fiscal year 2004 state budget. The maximum federal funds available to the state were \$498,821 with the grant requiring a 50 percent match. General Revenue Fund monies available for the state match were reduced, resulting in the loss of \$414,188 in federal funds. As a result of this cut, the state was no longer operating a full coal program. When federal officials learned Missouri's funding had been cut, they discontinued Missouri's funding for the Abandoned Mine Land Program grant (CFDA 15.252). This action resulted in an additional loss of \$1.7 million in federal funding for a grant requiring no state matching funds.
- Due to General Revenue Fund reductions, the Department of Natural Resources is unable to take full advantage of funding opportunities under the National Cooperative Geologic Mapping Program grant (CFDA 15.810). Department officials said \$40,555 and \$23,049 will be lost for fiscal years 2004 and 2005, respectively. Department officials also indicated this grant has expanded and the amount of federal dollars available keeps increasing; however, the state is unable to pursue the full amount of federal funding available.
- The state program funded by the National Guard Civilian Youth Opportunities grant (CFDA 12.404) was eliminated in January 2003 because of the lack of state matching funds. The grant required a 40 percent state match and Department of Public Safety - Office of the Adjutant General officials said all funding for this program was eliminated as a result of General Revenue Fund budget cuts. Federal funds totaling \$849,339 and \$1,725,407 in fiscal years 2004 and 2005, respectively, will be lost.

Conclusions

State departments did not receive nearly \$3.5 million in federal grant money because officials were not aware of the grants. Procedures for identifying and maximizing federal funds are inconsistent for each department, as well as each division within the department. Further, most state departments assign the task of identifying federal funding opportunities as an additional duty to staff members, and did not provide written procedures. The federal revenue maximization contracts available to assist state departments in identifying federal revenue enhancement opportunities have been under utilized.

Recommendations

We recommend the Directors, Departments of Elementary and Secondary Education, Mental Health, Public Safety, and Social Services:

- 1.1 Follow up on the five grants identified in Table 1.1 as missed grant opportunities and apply for those still available.

We recommend the Commissioner, Office of Administration:

- 1.2 Ensure all state agencies are aware of the revenue maximization contracts. In addition, the OA should meet with representatives from each state agency to discuss the contracts and ensure each agency knows how the contracts could benefit them.
- 1.3 Ensure all state agencies are aware of the Federal Assistance Award Data System as a data source for identifying grants.

Department of Elementary and Secondary Education Response

- 1.1 *We concur with the recommendation and plan to partner with another entity to obtain the Early Childhood Educator Professional Development grant for the state in Fiscal Year 2005.*

Department of Mental Health Response

- 1.1 *This grant opportunity is no longer available. We will continue to identify and apply for applicable federal grants available in an effort to increase funding from federal revenue sources.*

Department of Public Safety Response

- 1.1 *You specifically pointed out two grants from the table you thought might be available for the Division. That information has been forwarded to our Federal Grants Coordinator to research, and we will certainly review any opportunities that can be undertaken using the available resources and personnel. As was discussed, the Division has suffered major cuts in personnel, and does not have a person working on grants full-time. In addition, the Division lost twenty of fifty-six enforcement personnel in the last two years making it very hard to undertake new tasks without additional personnel.*

Department of Social Services Response

- 1.1 *The Department of Social Services (DSS) is currently managing more than 70 federal grants with a combined value of \$4.9 billion. DSS is committed to researching all potential federal grant opportunities and aggressively pursuing those that compliment the direction, focus and needs of the programs it administers.*

Office of Administration Response

- 1.2 *OA believes it has exercised due diligence in notifying state agencies of the contract and instead believes this to be a communication issue within the state agencies. OA communicated the availability and content of the statewide revenue maximization contract through the statewide contract notification document that was issued to all state agencies' purchasing representatives. Additionally, the statewide revenue maximization contract was discussed in the Financial Management Advisory Committee (FMAC) and Purchasing Committee meetings.*
- 1.3 *We can do a one-time notification and place this information on the website. Beyond that there are no resources to ensure all state agencies are continually aware of the Federal Assistance Award Data System. In addition, OA will notify its Missouri Federal Assistance Clearinghouse agency contacts of the new federal Grants.gov Initiative, which provides a centralized on-line process to find and apply for grants.*

OBJECTIVES, SCOPE AND METHODOLOGY

Objectives

The objectives of this audit were to (1) determine if the state is identifying and applying for the maximum amount of federal funding it is eligible to receive; (2) evaluate the policies, procedures, and practices state agencies use to identify and apply for federal funding; and (3) identify factors that hinder the state's pursuit of federal funding.

Scope and Methodology

Auditors conducted fieldwork during July 2003 through January 2004. The audit included:

- Analysis of federal obligations for formula and project grants data from the Federal Assistance Award Data System. This database, managed by the U.S. Census Bureau, documents the majority of federal grant awards flowing to the states and territories. Using this data, we accumulated obligations of grant awards to all states for the four quarters making up state fiscal year 2003 and compared those results to the same data for Missouri to identify potential grants the state may not be receiving. From this information, we established a database of grants that Missouri was not receiving. From this database, we selected grants for review using the following criteria:
 1. All grants with a total award to states of \$35 million or more.
 2. Grant with a total award to states between \$10 and \$35 million that did not require state matching dollars (100% federally funded).
 3. Grant with total award to states of less than \$10 million, requiring no state match and funding public health programs.

Details and objectives for the identified grants were obtained from the Catalog of Federal Domestic Assistance and, as necessary, federal officials responsible for the grants were contacted to evaluate Missouri's eligibility.

- A survey of state departments and agencies to determine the policies, procedures, and practices state agencies use to identify and apply for federal funds, and to determine whether any limitations have caused the state to forgo funding. We also interviewed officials from selected departments and obtained additional documentation to clarify survey responses when necessary. Discussions were also held regarding potential available grant funding the state was not receiving.
- Obtaining and reviewing audit reports from the states of California, Kansas and Virginia regarding maximization of federal funding. We contacted individuals involved with those

APPENDIX I

audits to clarify audit procedures and results. Some potential grants Missouri did not receive were identified in the Kansas and Virginia audit reports.

- Interviewing representatives from the Texas State Grants Team in the state's Office of Budget, Planning and Policy to obtain an understanding of the unit's organization, purpose and results.
- Reviewing statewide contracts for the maximization of federal revenue and discussions with state agency officials that have used or are currently using the contracts.

Our analysis identified 28 grants Missouri appeared eligible to receive. Those grants were further reviewed.



**MISSOURI INVESTMENT TRUST
YEAR ENDED DECEMBER 31, 2003**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-34
May 5, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

May 2004

The following report is our review of the Missouri Investment Trust.

The Missouri Investment Trust was established by state law to allow the state to invest specific funds for long-term investment and growth. Subject to a valid, binding trust agreement, the trust receives funds specifically approved and designated by the General Assembly.

The responsibility for the proper administration of the trust and the direction of its policies is vested in a seven-member Board of Trustees. The board consists of the State Treasurer, the Commissioner of Administration, one member appointed by the Speaker of the House, one member appointed by the President Pro-tem of the Senate, and three members to be selected by the Governor, with the advice and consent of the Senate.

The Missouri Investment Trust accepts deposits from various state funds after specific legislative approval. As of December 31, 2003, the Missouri Investment Trust had received deposits from the Wolfner Library Trust Fund, Missouri Arts Council Trust Fund, Missouri Humanities Council Trust Fund, and the Pansey Johnson-Travis Memorial State Gardens Trust Fund totaling \$728,000; \$20,000,000; \$850,000; and \$815,000, respectively. The trust's only investments at December 31, 2003 and 2002, were deposits in an external investment consultant's investment pools.

We had no findings on the Missouri Investment Trust.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

MISSOURI INVESTMENT TRUST

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON
THE FINANCIAL STATEMENTS**

Honorable Bob Holden, Governor
and
Board of Trustees, Missouri Investment Trust
Jefferson City, MO 65102

We have audited the accompanying financial statements of the Missouri Investment Trust as of and for the years ended December 31, 2003 and 2002, as identified in the table of contents. These financial statements are the responsibility of the trust's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Missouri Investment Trust as of December 31, 2003 and 2002, and the results of its operations for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated March 24, 2004, on our consideration of the trust's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the trust's management and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

March 24, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Douglas J. Porting, CPA
In-Charge Auditor:	Katherine Cardenas, CPA



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

Honorable Bob Holden, Governor
and
Board of Trustees, Missouri Investment Trust
Jefferson City, MO 65102

We have audited the financial statements of the Missouri Investment Trust as of and for the years ended December 31, 2003, and 2002, and have issued our report thereon dated March 24, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of the Missouri Investment Trust are free of material misstatement, we performed tests of the trust's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of the Missouri Investment Trust, we considered the trust's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk

that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the management of the Missouri Investment Trust and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

March 24, 2004 (fieldwork completion date)

Financial Statements

Exhibit A

MISSOURI INVESTMENT TRUST
COMPARATIVE STATEMENT OF NET ASSETS

		December 31,	
		2003	2002
ASSETS			
Investments	\$	21,107,909	15,944,800
Total Assets		21,107,909	15,944,800
LIABILITIES AND NET ASSETS			
Total Liabilities		1,859	2,457
Net Assets Held in Trust for Pool Participants	\$	21,106,050	15,942,343

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

MISSOURI INVESTMENT TRUST
COMPARATIVE STATEMENT OF CHANGES IN NET ASSETS

	Year Ended December 31,	
	2003	2002
ADDITIONS		
Deposits	\$ 0	0
Investment income (Loss)	5,169,161	(4,284,292)
Investment expenses	(5,454)	(7,032)
Net Investment Income (Loss)	5,163,707	(4,291,324)
Total Additions	5,163,707	(4,291,324)
DEDUCTIONS		
Total Deductions	0	0
NET INCREASE (DECREASE) IN NET ASSETS	5,163,707	(4,291,324)
NET ASSETS, JANUARY 1	15,942,343	20,233,667
NET ASSETS, DECEMBER 31	\$ 21,106,050	15,942,343

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

MISSOURI INVESTMENT TRUST
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the investment trust data of the Missouri Investment Trust. The Missouri Investment Trust accepts deposits from various state funds after specific legislative approval. As of December 31, 2003, the following state funds were authorized depositors of the Missouri Investment Trust: Wolfner Library Trust, Missouri Arts Council Trust, Missouri Humanities Council Trust, and the Pansey Johnson-Travis Memorial State Gardens Trust. Deposits are invested by the Missouri Investment Trust Board of Trustees through an external investment consultant. Due to the nature of the trust and because the trust provides services only to the state and receives funding only from the state, the trust is considered a component unit of the state of Missouri financial reporting entity and is blended into the state's financial statements.

The Missouri Investment Trust, presented in Exhibits A and B, is a separate legal and accounting entity, recording all assets, liabilities, equities, revenues, and expenses related to the trust's activities. However, expenses presented for the trust or its programs may not reflect the total cost of the related activity. Other direct and indirect costs provided by the Office of the Missouri State Treasurer are not allocated to the trust or its programs.

B. Basis of Accounting

The financial statements for the Missouri Investment Trust, Exhibits A and B, are prepared in conformity with generally accepted accounting principles. The statements are presented on the accrual basis of accounting which recognizes revenues when earned and expenses when the related liabilities are incurred.

Investments are made by the Missouri Investment Trust Board of Trustees through an external investment consultant's investment pools which are managed to approximate returns experienced by the Standard & Poor's 500 Index, the Russell 2000 Index, and the Morgan Stanley Capital International EAFE Provisional Index. Deposits of each state fund are segregated by the investment consultant in separate investment accounts within the pool. Funds are invested in equity securities with a long term objective of capital appreciation. However, investments in equity securities also carry increased risks due to potential volatility in the market.

C. Fiscal Authority and Responsibility

The Missouri Investment Trust Board of Trustees administers transactions in the Missouri Investment Trust within the authority prescribed by the General Assembly. The board serves in a fiduciary capacity with respect to the management of the investment trust and the investment of funds for the exclusive benefit of the state of Missouri; however, the board is not subject to regulatory oversight by the SEC or other entities. The board establishes policies, procedures, and objectives of the trust, accepts deposits to the trust from authorized state funds, and selects and monitors the external investment consultant. The board is responsible for establishing such policies and making investment decisions in good faith and with the degree of diligence, care, and skill which a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

2. Investments

The trust's only investments at December 31, 2003 and 2002, were deposits in an external investment consultant's investment pools with carrying values of \$21,107,909 and \$15,944,800, respectively, which approximates fair value. The valuation is provided by the consultant's monthly investment summary reports and is based on the underlying fair value of the equity securities in which the consultant's investment pools have invested. These investments are not subject to categorization of credit risk.

3. Deposits and Net Assets

As of December 31, 2003, the Missouri Investment Trust had received deposits from the Wolfner Library Trust Fund, Missouri Arts Council Trust Fund, Missouri Humanities Council Trust Fund, and the Pansey Johnson-Travis Memorial State Gardens Trust Fund totaling \$728,000; \$20,000,000; \$850,000; and \$815,000, respectively. Participation in the Missouri Investment Trust by the various authorized state funds is on a voluntary basis. In accordance with the trust agreement and Sections 30.953 to 30.971, RSMo, net assets are held in trust for the pool participants.

4. Investment Income (Loss)

Investment income (loss) includes dividends and realized/unrealized gains and losses on underlying securities held by the investment consultant in the consultant's investment pools. The Missouri Investment Trust experienced net investment income (losses) totaling \$5,163,707 and \$(4,291,324) for the two years ended December 31, 2003 and 2002, respectively.

STATISTICAL SECTION

History, Organization, and
Statistical Information

MISSOURI INVESTMENT TRUST HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Missouri Investment Trust was established by Section 30.953, RSMo, effective August 28, 1997, to allow the state to invest specific funds for long-term investment and growth. Subject to a valid, binding trust agreement, the trust receives funds specifically approved and designated by the General Assembly. State law and the current trust documents require all funds placed in the trust, along with all related interest, income, or other earnings, to be re-conveyed to the state treasury on January 2, 2010.

The responsibility for the proper administration of the trust and the direction of its policies is vested in a seven-member Board of Trustees. The board consists of the State Treasurer, the Commissioner of Administration, one member appointed by the Speaker of the House, one member appointed by the President Pro-Tem of the Senate, and three members selected by the Governor who are appointed, with the advice and consent of the Senate, to serve staggered four-year terms. Members of the Board of Trustees as of December 31, 2003, were:

Name	Date Term Ends	Title/Appointed by
Nancy Farmer, Chairman	N/A	State Treasurer
Jacquelyn D. White	N/A	Commissioner of Administration
Vicky Riback-Wilson	N/A	Member appointed by Speaker of the House
Charles Zitnik	N/A	Member appointed by President Pro-Tem of the Senate
Richard Dahl *	February 24, 2004	Member appointed by Governor
Joe Rechter	February 24, 2005	Member appointed by Governor
Vacant **	February 24, 2006	Member appointed by Governor

* Richard Dahl was subsequently reappointed to another term expiring February 24, 2008.

** Rainey Crawford's term expired February 24, 2002. As of March 24, 2004, a successor trustee has not been appointed.

The board has selected State Street Global Advisors to provide investment management services to the trust.

The trust serves as a tool for specifically appropriated state monies to be invested longer than authorized by statute for the state treasurer.



**OFFICE OF STATE TREASURER
YEAR ENDED JUNE 30, 2003**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-33
May 5, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

May 2004

The following report is our review of the Office of the State Treasurer.

The Office of State Treasurer (STO) is an elective office as provided in the Missouri Constitution. The duties of the State Treasurer are to be the custodian of all state funds; to determine the amount of state monies not needed for current operating expenses; and to invest such monies as allowed by state law. The Office of State Treasurer operates in four major functional areas: 1) accounting and banking services; 2) disbursements and records; 3) investments and deposit programs; and 4) unclaimed property.

During the year ended June 30, 2003, the STO co-sponsored a "Women in Business" conference with Friends of the Missouri Women's Council, a not-for profit organization, without first obtaining a formal written agreement. Due to decreased attendance, conference registration fees totaling \$650 were insufficient to cover the conference costs of approximately \$6,600, which included brochures (\$1,300), meeting room charges (\$3,800), food (\$1,400), and an administrative fee (\$100). Due to a misunderstanding and the lack of a formal written agreement, the STO paid the conference's costs, net of registration fees collected, of approximately \$6,000. The audit questioned the relevance of this expenditure to the operation of the STO, and the lack of a formal written contract to establish payment terms and clarify responsibilities and expectations of all parties.

All reports are available on our website: www.auditor.mo.gov

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OFFICE OF STATE TREASURER

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON
THE FINANCIAL STATEMENTS**

Honorable Nancy Farmer, State Treasurer
Jefferson City, MO 65102

We have audited the accompanying Statement of Receipts, Disbursements, and Changes in Cash and Investments of the Abandoned Fund Account Fund, Central Check Mailing Service Revolving Fund, and Treasurer's Information Fund; and Statement of Appropriations and Expenditures of the various funds of the Office of State Treasurer as of and for the years ended June 30, 2003 and 2002. These financial statements are the responsibility of the office's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting or the state's legal budgetary basis of accounting, which are comprehensive bases of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash and investments of the Abandoned Fund Account Fund, Central Check Mailing Service Revolving Fund, and the Treasurer's Information Fund; and the appropriations and expenditures of the various funds of the Office of State Treasurer as of and for the years ended June 30, 2003 and 2002, on the bases of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated January 28, 2004, on our consideration of the office's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying financial information listed as supplementary data in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information, except for that presented in Schedule 4, has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole. We did not audit the information presented in Schedule 4 and, accordingly, we express no opinion on it.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the office's management and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.



Claire McCaskill
State Auditor

January 28, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Douglas J. Porting, CPA
In-Charge Auditor:	Katherine K. Cardenas, CPA
Audit Staff:	Lucinda Elliott
	Kelly L. Petree
	Gary A. Raines
	Chad Hampton



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

Honorable Nancy Farmer, State Treasurer
Jefferson City, MO 65102

We have audited the financial statements of the Office of State Treasurer as of and for the years ended June 30, 2003 and 2002, and have issued our report thereon dated January 28, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of the Office of State Treasurer are free of material misstatement, we performed tests of the office's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of noncompliance which is described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of the Office of State Treasurer, we considered the office's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the

normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the management of the Office of State Treasurer and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

January 28, 2004 (fieldwork completion date)

Financial Statements

Exhibit A

OFFICE OF STATE TREASURER
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH AND INVESTMENTS-
ABANDONED FUND ACCOUNT FUND, CENTRAL CHECK MAILING SERVICE REVOLVING FUND, AND
TREASURER'S INFORMATION FUND

	Year Ended June 30,					
	2003			2002		
	Abandoned Fund Account Fund	Central Check Mailing Service Revolving Fund	Treasurer's Information Fund	Abandoned Fund Account Fund	Central Check Mailing Service Revolving Fund	Treasurer's Information Fund
RECEIPTS						
Unclaimed deposits, dividends, interest, and other	\$ 38,489,195	0	0	32,497,860	0	0
Charges for services	0	154,113	2,015	0	164,660	3,288
Total Receipts	38,489,195	154,113	2,015	32,497,860	164,660	3,288
DISBURSEMENTS						
Refunds of unclaimed deposits	13,011,897	0	0	14,090,546	0	0
Expense and equipment	249,758	113,729	3,387	369,788	167,929	2,347
Total Disbursements	13,261,655	113,729	3,387	14,460,334	167,929	2,347
RECEIPTS OVER (UNDER) DISBURSEMENTS	25,227,540	40,384	(1,372)	18,037,526	(3,269)	941
TRANSFERS						
Transfers from General Revenue Fund-State	6,965,894	0	0	0	0	0
Transfers (to) General Revenue Fund-State	(31,465,574)	(585)	(23)	(18,639,045)	(585)	(23)
Total Transfers	(24,499,680)	(585)	(23)	(18,639,045)	(585)	(23)
RECEIPTS OVER (UNDER) DISBURSEMENTS AND TRANSFERS	727,860	39,799	(1,395)	(601,519)	(3,854)	918
CASH AND INVESTMENTS, JULY 1	2,197,539	3,126	9,775	2,799,058	6,980	8,857
CASH AND INVESTMENTS, JUNE 30	\$ 2,925,399	42,925	8,380	2,197,539	3,126	9,775

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

OFFICE OF STATE TREASURER
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30,					
	2003			2002		
	Appropriations	Expenditures	Lapsed Balances**	Appropriations	Expenditures	Lapsed Balances **
GENERAL REVENUE FUND - STATE						
Issuing duplicate checks	\$ 1,500,000	1,255,175	244,825	1,049,000	1,048,460	540
Services to monitor companies doing business in Northern Ireland	0	0	0	3,000	3,000	0
Outlawed checks	50,150	46,947	3,203	15,000	13,190	1,810
Lease and utility expense	3,921	2,959	962	6,076	2,155	3,921
Personal service	1,282,524	1,209,326	73,198	1,264,316	1,134,234	130,082
Expense and equipment	419,942	367,729	52,213	494,050	413,898	80,152
Personal service/expense and equipment flex	189,163	162,903	26,260	251,195	236,123	15,072
Refunds of excess interest from the linked deposit program	3,000	1,627	1,373	4,000	689	3,311
Total General Revenue Fund - State	3,448,700	3,046,666	402,034	3,086,637	2,851,749	234,888
TREASURER'S INFORMATION FUND						
Expense and equipment	8,000	3,387	4,613	8,000	2,347	5,653
CENTRAL CHECK MAILING SERVICE REVOLVING FUND						
Expense and equipment	225,000	113,729	111,271	225,000	167,929	57,071
STATE HIGHWAYS AND TRANSPORTATION DEPARTMENT FUND						
Personal service	458,699	444,936	13,763	458,699	444,937	13,762
SECOND INJURY FUND						
Personal service	36,232	36,232	0	36,232	36,232	0
Expense and equipment	3,280	3,280	0	3,280	3,280	0
Total Second Injury Fund	39,512	39,512	0	39,512	39,512	0
ABANDONED FUND ACCOUNT FUND						
Expense and equipment	345,000	249,758	95,242	370,701	369,882	819
Payment of claims for abandoned property	16,000,000	13,011,897	2,988,103	15,000,000	14,090,545	909,455
Total Abandoned Fund Account Fund	16,345,000	13,261,655	3,083,345	15,370,701	14,460,427	910,274
Total All Funds	\$ 20,524,911	16,909,885	3,615,026	19,188,549	17,966,901	1,221,648

* Biennial appropriations set up in fiscal year 2002 are re-appropriations to fiscal year 2003. After the fiscal year-end processing has been completed, the unexpended fiscal year 2002 appropriation balance for a biennial appropriation is established in fiscal year 2003. Therefore, there is no lapsed balance for a biennial appropriation at the end of fiscal year 2002.

** Office officials indicated the lapsed balances included the following withholdings made at the Governor's request:

	Year Ended June 30, 2003	Year Ended June 30, 2002
General Revenue Fund - State:		
Personal service	\$ 0	90,931
Expense and equipment	12,598	49,405
Outlawed checks	0	900
Refunds of excess interest from the linked deposit program	0	720
Lease and utility expense	0	183
Total	\$ 12,598	142,139
State Highways and Transportation Department Fund:		
Personal service	\$ 13,761	13,761

The accompanying Notes to the Financial Statements are an integral part of this statement.

Supplementary Data

Schedule 1

OFFICE OF STATE TREASURER
COMPARATIVE STATEMENT OF EXPENDITURES (FROM APPROPRIATIONS)

	Year Ended June 30,	
	2003	2002
Personal service	\$ 1,853,397	1,851,526
Travel	15,007	27,233
Expense and equipment	225,635	260,612
Communications expense	49,398	56,808
Professional services	264,399	427,603
Equipment repairs and maintenance	71,990	54,667
Equipment and software purchases	114,413	135,568
Abandoned fund claim payments and linked deposit interest refunds	13,013,524	14,091,234
Replacement of outlawed checks	1,302,122	1,061,650
Total Expenditures	\$ <u>16,909,885</u>	<u>17,966,901</u>

The accompanying Notes to the Supplementary Data are an integral part of this statement.

Schedule 2

OFFICE OF STATE TREASURER
STATEMENT OF CHANGES IN GENERAL CAPITAL ASSETS
YEAR ENDED JUNE 30, 2003

	Furniture and Equipment	Motor Vehicles	Total General Capital Assets
Balance, June 30, 2002	\$ 803,693	16,582	820,275
Additions	94,973	0	94,973
Dispositions	(79,780)	0	(79,780)
Balance, June 30, 2003	<u>\$ 818,886</u>	<u>16,582</u>	<u>835,468</u>

Fund of Acquisition	Balance June 30, 2003
General Revenue Fund-State	\$ 776,763
Central Check Mailing Service Revolving Fund	38,054
Second Injury Fund	2,093
Abandoned Fund Account Fund	18,558
Total All Funds	<u>\$ 835,468</u>

The accompanying Notes to the Supplementary Data are an integral part of this statement.

Schedule 3

OFFICE OF STATE TREASURER
COMPARATIVE STATEMENT OF FUNDS IN CUSTODY OF STATE TREASURER

	June 30,				
	2003	2002	2001	2000	1999
APPROPRIATED FUNDS					
Demand Deposits:					
US Bank	\$ (5,845,909)	2,576,463	19,067,922	20,193,672	17,378,945
Central Bank	(133,946,937)	(138,593,954)	(171,270,259)	(145,640,671)	(181,557,095)
Premier Bank	17,025	43,795	23,742	N/A	N/A
Collection bank accounts	3,640,880	4,938,377	1,269,172	1,144,983	6,781,261
Total Demand Deposits	(136,134,941)	(131,035,319)	(150,909,423)	(124,302,016)	(157,396,889)
Pooled Investments:					
Time deposits	326,995,334	367,178,643	453,435,866	498,164,830	442,979,003
U.S. government securities	1,701,713,339	1,447,407,896	1,419,273,616	1,812,434,510	2,299,678,256
Commercial paper and banker acceptances	516,971,919	694,144,369	873,037,428	688,517,469	734,288,488
Repurchase agreements	361,795,000	527,329,300	341,656,000	214,844,900	152,784,800
Other investments	N/A	N/A	N/A	N/A	10,130
Total Pooled Investments	2,907,475,592	3,036,060,208	3,087,402,910	3,213,961,709	3,629,740,677
Total Demand Deposits and Pooled Investments(Schedule 4)	2,771,340,651	2,905,024,889	2,936,493,487	3,089,659,693	3,472,343,788
Special Fund Dedicated Investments:					
U.S. government securities	19,513,106	17,611,544	16,703,999	15,900,896	N/A
Donated corporate stock	5,130	5,130	5,130	5,130	N/A
Total Special Fund Dedicated Investments	19,518,236	17,616,674	16,709,129	15,906,026	0
Total Appropriated Funds	2,790,858,887	2,922,641,563	2,953,202,616	3,105,565,719	3,472,343,788
NONAPPROPRIATED FUNDS					
Demand deposits	36,701	184,828	19,312	4,417	3,977
Repurchase agreements	19,406,000	96,338,000	110,607,600	8,074,300	7,793,800
U.S. government securities	64,522,948	65,418,122	65,312,467	0	0
Total Nonappropriated Funds (Schedule 5)	83,965,649	161,940,950	175,939,379	8,078,717	7,797,777
Total Cash and Investments	\$ 2,874,824,536	3,084,582,513	3,129,141,995	3,113,644,436	3,480,141,565

The accompanying Notes to the Supplementary Data are an integral part of this statement.

Schedule 4

OFFICE OF STATE TREASURER
COMPARATIVE STATEMENT OF
"LIST OF BALANCES IN THE SEVERAL FUNDS"

(UNAUDITED)

	June 30,				
	2003	2002	2001	2000	1999
General Revenue Fund	\$ 288,668,747	326,037,792	438,697,261	776,602,798	1,167,276,156
Budget Reserve Fund	462,371,185	469,923,934	451,979,496	N/A	N/A
Budget Stabilization Fund	0	0	0	142,777,241	135,293,029
Cash Operating Reserve - General Revenue Fund	0	0	0	293,425,819	278,468,808
Abandoned Fund Account Fund	2,925,399	2,197,539	2,799,058	671,421	257,269
Abandoned Mine Reclamation Fund	992,668	906,128	805,733	709,252	611,127
Academic Scholarship Fund	330,882	133,211	327,773	321,932	93,018
Acupuncturist Fund	45,512	22,352	0	0	N/A
Adjutant General - Federal Fund	2,531,799	2,513,349	1,259,644	1,575,342	1,160,612
Adjutant General Revolving Fund	96,929	112,537	110,311	244,176	244,500
Administrative Trust Fund	10,257,922	11,906,971	12,353,604	10,990,480	10,784,887
Advantage Missouri Trust Fund	105,864	166,500	82,906	36,860	0
Agricultural Product Utilization Business					
Development Loan Guarantee Fund	1	1	1	8	14,591
Agricultural Product Utilization Grant Fund	41	48,656	73,417	417,500	377,042
Agriculture Bond Trustee Fund	0	0	0	0	0
Agriculture Development Fund	82,753	81,312	64,422	55,582	56,395
Aid to Dependent Children - Federal Fund	0	0	0	0	0
Alternative Care Trust Fund	2,972,087	2,724,219	2,011,676	1,917,619	1,500,105
Americans With Disabilities Act Compliance Fund	0	30,362	283,262	1,566,973	3,905,067
Animal Care Reserve Fund	150,306	114,357	143,176	206,352	233,623
Animal Health Laboratory Fee Fund	174,107	222,038	247,997	235,049	246,914
Apple Merchandising Fund	5,813	15,171	10,386	11,214	7,655
Aquaculture Marketing Development Fund	7	1	0	0	1,539
Arrow Rock State Historic Site Fund	22,278	N/A	N/A	N/A	N/A
Assistive Technology Loan Revolving Fund	1,141,856	1,020,146	469,704	N/A	N/A
Athletic Fund	424,024	472,084	405,982	351,203	535,604
Attorney General - Federal and Other Fund	29,349	4,706	46,212	663	6,746
Attorney General Anti-Trust Revolving Fund	488,419	597,451	314,260	801,742	499,754
Attorney General Court Costs Fund	67,090	48,937	48,898	11,644	10,411
Aviation Trust Fund	3,259,469	5,840,058	8,593,264	6,197,404	2,899,035
Bingo Proceeds for Education Fund	5,048,369	6,165,023	5,910,434	7,078,673	8,870,862
Biodiesel Fuel Revolving Fund	2,655	N/A	N/A	N/A	N/A
Blind Pension Fund	12,495,281	10,448,724	7,949,388	5,735,291	3,919,108
Blindness Education, Screening and Treatment Program Fund	469,756	305,462	113,420	N/A	N/A
Board of Barber Examiners Fund	277,404	394,477	106,499	150,580	156,154
Board of Embalmers and Funeral Directors Fund	598,740	907,167	329,728	657,413	306,019
Board of Geologist Registration Fund	168,367	141,930	101,147	88,133	76,363
Board of Pharmacy Fund	2,563,783	2,283,999	2,042,991	1,451,661	1,084,804
Board of Registration for the Healing Arts Fund	4,492,400	6,765,256	5,174,356	5,179,330	5,141,105
Boiler and Pressure Vessels Safety Fund	342,438	N/A	N/A	N/A	N/A
Boll Weevil Suppression and Eradication Fund	5,466	9,158	0	0	0
BPB Series A 2003 Bond Proceeds - Projects	203,204,063	N/A	N/A	N/A	N/A
BPB Series A 2003 Bond Proceeds - Notes	24,360	N/A	N/A	N/A	N/A
Bridge Scholarship Fund	0	0	0	1,335,986	290,372
Business Extension Service Team Fund	298,179	1,544,580	4,962,020	4,248,291	3,570,702
Central Check Mailing Service Revolving Fund	42,924	3,126	6,980	23,361	17,001
Champ W. Smith & Mary C. Smith					
Memorial Endowment Trust Fund	388,011	413,079	424,095	405,892	384,668
Chemical Emergency Preparedness Fund	634,562	554,474	651,174	746,644	782,626
Child Labor Enforcement Fund	163,877	138,996	43,995	30,107	49,319
Child Support Enforcement Fund	6,304,558	4,595,307	7,762,255	11,139,043	6,093,302
Children's Trust Fund	3,302,480	3,578,065	4,250,891	4,302,138	3,873,938
Clinical Social Workers Fund	695,706	675,815	568,315	559,955	670,208
Coal Mine Land Reclamation Fund	839,048	831,359	908,615	846,917	853,287
Committee of Professional Counselors Fund	803,934	805,425	416,898	564,397	534,729

Schedule 4

OFFICE OF STATE TREASURER
COMPARATIVE STATEMENT OF
"LIST OF BALANCES IN THE SEVERAL FUNDS"

(UNAUDITED)

	June 30,				
	2003	2002	2001	2000	1999
Commodity Council Merchandising Fund	41,751	8,591	24,488	21,641	21,274
Community Service Commission Fund	7,108	165	14,367	4,605	73,544
Compulsive Gamblers Fund	352,265	176,940	10,124	111,115	210,740
Concentrated Animal Feeding Operation Indemnity Fund	216,740	189,030	154,534	118,759	58,669
Confederate Memorial Park Fund	138,904	135,595	130,751	123,329	116,868
Conservation Commission Fund	27,218,529	24,343,917	17,034,452	27,911,407	31,373,471
Correctional Substance Abuse Earnings Fund	366,640	265,324	174,670	86,723	16,171
County Aid Road Trust Fund	116	116	116	116	116
Crime Victims' Compensation Fund	7,813,312	7,663,263	7,750,711	8,463,246	7,991,887
Criminal Justice Network and Technology Revolving Fund	620,322	701,518	550,912	163,278	124,830
Criminal Record System Fund	6,664,778	6,973,044	6,085,569	4,856,861	3,352,363
Crippled Children's Service Fund	205,812	269,420	439,710	376,064	309,655
Deaf Relay Service Fund	4,327,037	6,485,237	7,357,731	7,379,884	6,096,587
Debt Offset Escrow Fund	8,929,246	20,364,842	17,509,906	10,076,605	5,179,718
Dental Board Fund	1,130,372	433,982	408,942	406,924	353,035
Department of Agriculture - Federal Fund	699,123	784,195	17,179	22,321	41,652
Department of Corrections - Federal Fund	614,585	111,482	2,464,906	2,587,151	3,040,595
Department of Economic Development - Community Development Block Grant Administration Fund	20,038	3,983	46,476	35,093	26,790
Department of Economic Development - Community Development Block Grant Pass-through Fund	53,263	1,845,536	35,736	5,722	25,597
Department of Economic Development - Federal and Other Fund	30,609	99,533	29,062	70,916	4,685
Department of Economic Development - Management Information Systems - Federal and Other Fund	129	129	129	129	129
Department of Economic Development - Missouri Council on the Arts - Federal and Other Fund	14,615	13,835	12,242	33,347	58,378
Department of Economic Development - Women's Council - Federal Fund	5,433	5,433	5,433	5,433	21,552
Department of Economic Development Administrative Fund	572,139	207,785	221,601	290,726	164,532
Department of Health - Donated Fund	359,452	774,473	747,772	801,302	463,590
Department of Health - Federal Fund	3,143,988	2,691,986	1,151,130	5,202,042	5,031,324
Department of Health Document Services Fund	20,239	23,585	49,852	108,408	62,824
Department of Health Interagency Payments Fund	56,672	245,758	223,159	242,963	88,294
Department of Higher Education - Federal Fund	47,877	28,328	26,187	31,712	17,304
Department of Insurance Dedicated Fund	12,147,179	10,076,526	9,190,004	8,621,390	8,057,043
Department of Labor and Industrial Relations - Administrative Fund	1,012,498	3,849,088	383,796	0	0
Department of Labor and Industrial Relations - Commission on Human Rights - Federal Fund	790,723	674,639	1,392,396	1,168,794	836,899
Department of Labor and Industrial Relations - Crime Victims -Federal Fund	0	72	96,269	95,199	75,966
Department of Mental Health - Federal Fund	29,239,753	30,668,576	55,593,079	61,697,526	892,647
Department of Natural Resources - Federal and Other Fund	3,427,103	4,678,658	6,522,883	2,981,637	7,770,346
Department of Natural Resources Cost Allocation Fund	1,127,444	872,858	858,747	1,743,982	774,526
Department of Natural Resources Revolving Services Fund	377,967	571,454	209,629	348,300	387,789
Department of Public Safety - Federal Fund	96,775	119,958	338,119	1,858,163	1,408,647
Department of Public Safety - Highway Safety Fund	101,637	127,327	128,543	213,398	359,448
Department of Public Safety - JAIBG Fund	7,434,315	8,521,054	5,195,957	7,626,596	4,568,764
Department of Revenue - Federal Fund	154,105	207,790	212,081	214,946	207,039
Department of Revenue Information Fund	607,879	565,113	512,115	664,532	1,199,646
Department of Social Services - Federal and Other Fund	0	0	1,127,274	14,600,515	1,203,836
Department of Social Services Administrative Trust Fund	704,197	169,949	736,244	241,972	126,242
Department of Social Services Educational					

Schedule 4

OFFICE OF STATE TREASURER
COMPARATIVE STATEMENT OF
"LIST OF BALANCES IN THE SEVERAL FUNDS"

(UNAUDITED)

	June 30,				
	2003	2002	2001	2000	1999
Improvement Fund	3,379,189	3,602,098	2,855,751	3,850,534	3,395,873
Design and Construction Donated Fund	9	9	9	9	9
Dietitian Fund	249,600	326,345	93,820	0	0
Division of Aging - Federal and Other Fund	425	94	1,891,908	2,342,779	808,130
Division of Aging Donations Fund	1,599	1,599	1,599	1,599	1,599
Division of Aging Elderly Home Delivered Meals Trust Fund	142,575	94,066	101,748	88,453	63,752
Division of Credit Unions Fund	169,200	280,934	359,639	334,940	207,083
Division of Family Services - Administrative Fund	34,026,564	15,700,137	14,567,652	12,916,096	15,282,682
Division of Family Services Donations Fund	192,322	180,335	272,833	261,633	265,905
Division of Finance Fund	305,021	295,004	673,349	1,260,473	1,564,533
Division of Labor Standards - Federal Fund	6,945	13,849	13,616	28,424	25,088
Division of Savings and Loan Supervision Fund	28,971	29,010	40,692	28,569	37,119
Division of Tourism Supplemental Revenue Fund	2,544,150	4,114,661	4,184,763	3,524,625	2,674,053
Division of Youth Services - Federal and Other Fund	8	10	648,999	2,406,578	1,236,130
Doctor Edmund A. Babler Memorial - State Park Fund	752,269	791,079	836,892	939,903	938,873
Domestic Relations Resolution Fund	611,081	641,396	569,705	367,203	177,217
Drug Court Resources Fund	191,936	N/A	N/A	N/A	N/A
Dry-Cleaning Environmental Response Trust Fund	1,489,376	825,019	208,690	N/A	N/A
Early Childhood Development, Education and Care Fund	10,202,919	32,676,659	43,821,123	45,465,648	25,340,676
Economy Rate Telephone Service Fund	0	0	50	N/A	N/A
Election Administration Improvement Fund	17,357,004	N/A	N/A	N/A	N/A
Elementary and Secondary Education - Federal and Other Fund	3,574,431	1,601,085	1,229,874	2,606,482	4,471,180
Elevator Safety Fund	216,197	145,066	85,906	N/A	N/A
Endowed Care Cemetery Audit Fund	264,063	255,647	218,963	241,779	231,835
Energy Set-Aside Program Fund	21,642,086	21,567,293	22,336,181	14,135,697	16,790,980
Escheats Fund	0	6,854,394	6,872,791	6,287,398	6,141,744
Excellence in Education Fund	1,629,046	1,426,892	1,099,804	1,004,463	1,108,342
Facilities Maintenance Reserve Fund	1,126,709	10,204,928	30,966,318	22,768,361	13,175,243
Fair Share Fund	2,017,456	1,987,035	2,105,985	2,332,105	2,152,301
Family Support Loan Fund	19,608	116,614	114,995	97,058	99,185
Federal - Missouri Department of Insurance Fund	0	0	0	0	0
Federal and Other Fund	164,219	14,704	2,850	11,263	4,044
Federal Drug Seizure Fund	757,337	1,295,193	2,237,474	3,809,785	3,841,586
Federal Reimbursement Allowance Fund	33,195,414	13,978,859	23,147,141	27,780,449	37,650,850
Federal Student Loan Reserve Fund	22,234,075	20,486,626	26,959,150	34,595,580	N/A
Federal Surplus Property Fund	1,995,073	1,649,261	1,690,580	1,508,761	1,797,410
Fine Collections Center Interest Revolving Fund	1	850	10,129	0	N/A
Firing Range Fee Fund	1,434	1,434	1,434	1,434	1,434
Food Stamp EBT Settlement Fund	0	0	0	0	6,587,306
Fourth State Building - Series A 1996	0	0	0	0	0
Fourth State Building - Series A 1998	10,117,941	11,656,995	15,350,156	19,036,607	22,004,237
Fourth State Building Bond and Interest Series A 1995	3,369,624	5,938,049	6,112,982	6,008,573	6,082,552
Fourth State Building Bond and Interest Series A 1996	9,262,607	9,837,013	10,142,670	10,049,005	10,204,031
Fourth State Building Bond and Interest Series A 1998	3,578,120	3,674,666	3,804,229	3,777,876	3,779,338
Fourth State Building Bond and Interest Series A 2002	7,542,860	N/A	N/A	N/A	N/A
Gaming Commission Bingo Fund	0	0	2,537	17,394	89,804
Gaming Commission Fund	4,001,746	4,210,689	4,690,850	6,835,388	7,896,325
Gaming Proceeds for Education Fund	7,715,821	16,838,239	13,416,742	13,749,083	5,727,863
GEAR-UP Scholarship Fund	1,325,932	1,302,681	N/A	N/A	N/A
General Revenue Reimbursements Fund	722,693	11,913,176	6,500,746	10,797,459	63,862,901
Governor's Committee on Employment of the Handicapped - Federal Fund	159,262	199,584	704,496	166,405	241,203
Governor's Council on Physical Fitness Institution Gift Trust Fund	3,113	N/A	N/A	N/A	N/A
Grade Crossing Fund	0	0	0	0	0

Schedule 4

OFFICE OF STATE TREASURER
COMPARATIVE STATEMENT OF
"LIST OF BALANCES IN THE SEVERAL FUNDS"

(UNAUDITED)

	June 30,				
	2003	2002	2001	2000	1999
Grade Crossing Safety Account Fund	4,827,077	4,654,379	4,872,583	4,414,151	4,335,291
Grain Inspection Fees Fund	544,691	451,865	340,234	442,300	555,038
Groundwater Protection Fund	110,973	116,628	207,197	225,685	171,702
Guaranty Agency Operating Fund	10,279,228	7,527,667	6,970,923	8,612,013	N/A
Handicapped Children's Trust Fund	23	23	23	846	1,072
Hazardous Waste Fund	888,282	1,076,035	962,798	596,416	560,442
Hazardous Waste Remedial Fund	3,366,617	2,582,929	2,829,818	3,573,649	4,252,922
Head Injury Fund	457,855	N/A	N/A	N/A	N/A
Health Access Incentive Fund	1,015,562	753,390	582,825	1,979,962	812,029
Health Initiatives Fund	3,436,477	5,847,311	8,298,720	9,320,373	13,303,065
Health Spa Regulatory Fund	98,050	87,620	76,161	69,515	69,876
Healthy Families Trust Fund	4,027,543	0	211,330,653	N/A	N/A
Healthy Families Trust Fund - Early Childhood Care and Education Account	266,913	788,659	0	N/A	N/A
Healthy Families Trust Fund - Health Care Treatment and Access Account	3,579,837	6,845,344	0	N/A	N/A
Healthy Families Trust Fund - Life Sciences Research Account	0	11,730	0	N/A	N/A
Healthy Families Trust Fund - Seniors Catastrophic Prescription Drug Account	16,295	60,847,227	0	N/A	N/A
Healthy Families Trust Fund - Tobacco Prevention, Education and Cessation Account	62,244	47,129	0	N/A	N/A
Hearing Instrument Specialist Fund	106,458	100,021	91,419	84,605	79,728
Highway Patrol Academy Fund	496,506	486,645	464,005	483,302	248,267
Highway Patrol Inspection Fund	2,888,801	3,874,665	2,519,683	3,305,943	2,171,007
Highway Patrol's Motor Vehicle and Aircraft Revolving Fund	5,425,200	3,865,254	4,517,360	4,185,382	3,105,290
Highway Revenue Generating Fund	0	0	0	0	0
Historic Preservation Revolving Fund	853,885	1,390,762	1,471,854	760,279	270,139
Homeland Security Fund	80,202	N/A	N/A	N/A	N/A
House of Representatives Revolving Fund	36,077	13,221	81	4,664	11,542
Independent Living Center Fund	689,688	529,844	404,258	403,768	362,340
Industrial Development and Reserve Fund	0	0	0	0	977,179
Infrastructure Development Fund	0	0	0	N/A	N/A
Inmate Incarceration Reimbursement Act Revolving Fund	264,748	212,093	184,618	147,400	131,387
Inmate Revolving Fund	895,119	1,460,329	2,556,898	2,009,020	1,630,111
Insurance Examiners Fund	879,199	649,861	523,237	506,241	438,586
Intergovernmental Transfer Fund	992,173	26,477,310	2,000,000	N/A	N/A
Interior Design Council Fund	49,357	28,456	19,975	0	0
International Trade Show Revolving Fund	74,551	75,510	67,835	22,026	8,416
Investors Restitution Fund	1,000	N/A	N/A	N/A	N/A
Job Development and Training Fund	401,199	671,693	2,619,964	3,336,531	950,703
Judiciary Education and Training Fund	521,287	591,887	194,489	203,298	275,783
Kid's Chance Scholarship Fund	214,653	160,420	105,710	51,193	0
Landscape Architectural Council Fund	0	37,434	15,663	24,059	31,814
Legal Defense and Defender Fund	134,253	206,881	163,647	472,424	480,531
Legal Services For Low-Income People Fund	46,728	1,013,280	N/A	N/A	N/A
Library Networking Fund	206,179	74,550	15,104	44,362	0
Licensed Perfusionists Fund	0	0	0	7,980	9,000
Light Rail Safety Fund	0	0	30	1,694	2,050
Livestock Brands Fund	24,425	0	9,104	415	22,273
Livestock Dealer Law Enforcement and Administration Fund	238	351	45	5,184	5,487
Livestock Sales and Markets Fees Fund	0	37	75	11,265	2,623
Local Records Preservation Fund	1,278,405	976,075	1,141,354	1,552,964	1,660,386
Lottery Proceeds Fund	14,727,175	15,558,203	30,556,966	65,839,958	71,234,118
Mammography Fund	394,348	336,334	274,339	232,751	217,558

Schedule 4

OFFICE OF STATE TREASURER
COMPARATIVE STATEMENT OF
"LIST OF BALANCES IN THE SEVERAL FUNDS"

(UNAUDITED)

	June 30,				
	2003	2002	2001	2000	1999
Manufactured Housing Fund	127,791	132,165	263,293	493,135	712,818
Marguerite Ross Barnett Scholarship Fund	83,855	121,866	65,027	13,038	N/A
Marital and Family Therapists Fund	51,158	50,969	56,437	42,238	40,229
Marketing Development Fund	976,427	482,875	348,237	337,917	260,687
Massage Therapy Fund	454,723	281,497	300,677	0	N/A
MCSAP/Division of Transportation - Federal Fund	156,769	15,277	877	196,640	144,751
Medicaid Fraud Reimbursement Fund	5,000	5,000	5,000	5,000	5,000
Medical School Loan and Loan Repayment Program Fund	66,930	107,406	153,820	168,391	151,855
Mental Health Central Supply Fund	0	0	0	0	1,000
Mental Health Earnings Fund	338,079	516,977	552,617	500,396	824,960
Mental Health Housing Trust Fund	4,994	4,876	4,702	4,435	4,205
Mental Health Interagency Payments Fund	564,969	235,028	776,271	487,924	161,939
Mental Health Intergovernmental Transfers Fund	0	N/A	N/A	N/A	N/A
Mental Health Trust Fund	5,435,457	4,228,512	3,955,680	6,438,120	5,329,505
Meramec-Onondaga State Parks Fund	1,059,803	1,053,908	1,034,424	994,567	958,851
Merchandising Practices Revolving Fund	3,065,658	3,317,361	3,277,363	2,950,469	2,436,924
Metallic Minerals Waste Management Fund	145,960	175,343	216,708	215,477	218,093
Microfilming Service Revolving Trust Fund	0	0	35,768	35,768	35,848
Mined Land Reclamation Fund	3,634,743	3,744,535	3,839,689	3,995,941	3,751,491
Missouri Air Emission Reduction Fund	2,866,868	2,282,557	1,748,643	375,581	0
Missouri Air Pollution Control Fund	102,122	77,436	65,107	853,041	1,262,211
Missouri Alternative Fuel Vehicle Loan Fund	306,268	300,031	0	0	N/A
Missouri Arts Council Trust Fund	9,676,993	10,233,207	8,928,801	9,061,274	10,988,326
Missouri Board Of Occupational Therapy Fund	496,972	417,032	444,509	221,288	356,398
Missouri Breeders Fund	83,206	81,235	78,342	76,814	74,238
Missouri Capital Access Program Fund	0	0	0	242,500	242,500
Missouri CASA Fund	94,610	57,320	N/A	N/A	N/A
Missouri Children's Service Commission Fund	16,698	16,846	16,632	16,763	15,952
Missouri College Guarantee Fund	346,098	1,279,252	4,802,651	6,546,112	3,008,033
Missouri Commission for the Deaf Board of Certification of Interpreters Fund	11,772	14,793	21,516	3,320	54
Missouri Community College Job Training Program Fund	548,779	7,428	7,428	0	0
Missouri Consolidated Health Care Plan Benefit Fund	11,242	11,498	6,381,838	0	0
Missouri Crime Prevention Information and Programming Fund	11,004	12,539	6,458	0	0
Missouri Disaster Fund	7,171	1,674	59,556	231,525	98,706
Missouri Health Care Providers Fund	0	0	0	0	0
Missouri Horse Racing Fund	0	0	69	9	0
Missouri Housing Trust Fund	5,987,387	5,259,163	3,972,815	4,255,307	4,929,604
Missouri Humanities Council Trust Fund	1,862,715	1,818,205	1,469,871	533,134	364,732
Missouri Job Development Fund	1,547,817	146,545	1,459,977	2,516,319	4,760,404
Missouri Lead Abatement Loan Fund	274,848	N/A	N/A	N/A	N/A
Missouri Main Street Program Fund	4,177	4,177	4,177	141,582	139,544
Missouri National Guard Training Site Fund	207,349	107,663	99,878	55,443	49,852
Missouri National Guard Trust Fund	2,838,401	3,360,144	3,583,921	3,589,693	2,409,528
Missouri Office of Prosecution Services Fund	303,091	164,422	64,200	69,460	64,125
Missouri Office of Prosecution Services Revolving Fund	35,891	40,009	23,100	5,680	3,608
Missouri Prospective Teachers Loan Fund	22,158	20,109	16,259	16,260	16,267
Missouri Public Health Services Fund	588,382	107,118	306,295	363,887	544,160
Missouri Public Television Broadcasting Corporation Special Fund	0	0	216,419	0	N/A
Missouri Qualified Fuel Ethanol Producer Incentive Fund	0	0	0	65,741	0
Missouri Real Estate Commission Fund	4,290,189	3,450,336	3,244,715	2,982,063	2,967,376
Missouri Senior Rx Fund	1,873,708	2,198,984	N/A	N/A	N/A
Missouri State Employees' Deferred Compensation Incentive Plan Administration Fund	940	962	(636)	0	100

Schedule 4

OFFICE OF STATE TREASURER
COMPARATIVE STATEMENT OF
"LIST OF BALANCES IN THE SEVERAL FUNDS"

(U N A U D I T E D)

	June 30,				
	2003	2002	2001	2000	1999
Missouri Student Grant Program Gift Fund	0	0	0	38,894	2,049
Missouri Supplemental Tax Increment Financing Fund	46,284	0	0	0	0
Missouri Technology Investment Fund	4,767	5,778	22,765	1,279,939	1,018,573
Missouri Veterans Commission - Federal Fund	894,320	757,111	249,269	614,857	1,499,512
Missouri Veterans Homes Fund	472,920	27,816	941,428	1,276,601	357,249
Missouri Water Development Fund	0	0	0	0	0
Missouri Wine Marketing and Research Development Fund	96	0	32	0	7,308
Motor Fuel Tax Fund	1,529,794	674,534	2,104,108	7,497,927	25,176,162
Motor Vehicle Commission Fund	2,075,294	1,918,611	1,788,174	1,657,328	1,897,763
Motorcycle Safety Trust Fund	183,105	2,537	284	4,132	3,140
Multimodal Operations Federal Fund	430,004	789,464	587,638	397,921	606,371
National Endowment for the Humanities -					
Save America's Treasures Fund	0	0	N/A	N/A	N/A
Natural Resources Protection Fund	592,715	595,253	581,448	559,943	558,636
Natural Resources Protection Fund - Air Pollution					
Asbestos Fee Subaccount Fund	764,459	870,076	1,005,211	942,537	880,637
Natural Resources Protection Fund - Air Pollution					
Permit Fee Subaccount Fund	9,984,206	10,375,446	12,180,479	14,196,181	16,941,786
Natural Resources Protection Fund - Water Pollution					
Permit Fee Subaccount Fund	10,860,096	12,225,233	11,741,569	9,985,295	9,249,872
Nursing Facility Federal Reimbursement Allowance Fund	7,062,371	6,478,933	5,216,824	2,521,129	819,886
Nursing Facility Quality of Care Fund	1,962,036	1,920,164	1,793,330	2,404,634	2,443,204
Office of Administration - Federal and Other Fund	224,568	236,802	325,238	395,984	547,616
Office of the State Public Defender - Federal and Other Fund	19,906	19,909	19,909	19,909	20,078
Oil and Gas Remedial Fund	14,488	14,488	14,488	14,488	18,893
Optometry Fund	349,392	217,297	202,748	164,913	120,121
Organ Donor Program Fund	866,581	922,520	894,291	861,766	680,896
Outstanding Schools Trust Fund	252,532	68,882,571	155,180,181	242,235,465	324,123,685
Pansey Johnson-Travis Memorial State Gardens Trust Fund	19,384	17,625	15,707	12,821	795,977
Pansey Johnson-Travis Stocks and Securities Trust Fund	N/A-1	N/A-1	N/A-1	N/A-1	10,130
Peace Officers Standards and Training Commission Fund	1,310,393	1,281,707	1,196,827	1,292,253	1,189,769
Petition Audit Revolving Trust Fund	234,426	427,704	608,879	567,682	348,623
Petroleum Inspection Fund	2,499,993	2,457,796	2,066,376	1,450,724	1,366,010
Petroleum Storage Tank Insurance Fund	42,382,355	37,243,220	38,890,913	46,090,200	55,840,164
Petroleum Violation Escrow Fund	422,332	1,535,494	6,434,343	20,190,215	20,794,899
Petroleum Violation Escrow Interest Subaccount Fund	171,367	441,882	2,730	N/A	N/A
Pharmacy Rebate Fund	539,804	12,667,665	1,481,918	233,421	0
Pharmacy Reimbursement Allowance Fund	963,342	N/A	N/A	N/A	N/A

Schedule 4

OFFICE OF STATE TREASURER
COMPARATIVE STATEMENT OF
"LIST OF BALANCES IN THE SEVERAL FUNDS"

(UNAUDITED)

	June 30,				
	2003	2002	2001	2000	1999
Post-Closure Fund	143,253	144,622	142,473	189,657	268,488
Premium Fund	321,072	28,033	23,170	22,438	N/A
Professional and Practical Nursing Student Loan and Nurse Loan Repayment Fund	927,965	680,741	987,824	676,511	943,628
Professional Registration Fees Fund	368,765	194,048	485,976	60,842	17,210
Property Reuse Fund	1,548,722	3,243,787	4,102,947	3,802,801	3,204,516
Proprietary School Bond Fund	0	0	0	0	0
Public Service Commission Fund	1,593,722	176,944	465,196	2,555,798	1,426,865
Railroad Expense Fund	184,897	296,609	31,305	79,856	85,901
Real Estate Appraisers Fund	522,942	672,291	371,779	612,138	585,485
Residential Mortgage Licensing Fund	706,443	644,271	674,432	577,131	464,989
Respiratory Care Practitioners Fund	309,633	247,552	213,343	149,560	80,945
Rural Water and Sewer Loan Revolving Fund	34,558	N/A	N/A	N/A	N/A
Safe Drinking Water Fund	3,110,311	3,447,869	3,829,548	3,798,228	3,579,157
School Building Revolving Fund	7,196,768	5,054,893	3,461,475	1,113,426	169,549
School District Bond Fund	96,074	1,728,542	8,728,542	7,132,397	7,101,022
School District Trust Fund	55,803,019	50,429,925	48,897,468	56,348,298	57,684,007
School for Blind Trust Fund	178,735	55,564	29,455	41,233	482,416
School for Deaf Trust Fund	73,549	72,452	34,694	5,854	29
Schools of the Future Fund	3,411,329	N/A	N/A	N/A	N/A
Second Injury Fund	4,854,698	15,020,514	21,760,262	17,010,892	11,111,660
Secretary of State's Investor Education Fund	407,547	387,191	232,932	200,986	210,789
Secretary of State - Federal Fund	84,781	30,665	85,389	58,789	7,631
Secretary of State - Technology Trust Fund Account Fund	3,004,959	3,343,136	3,294,151	3,149,925	2,427,488
Secretary of State Institutional Gift Trust Fund	0	330	261,357	492,064	743,481
Secretary of State Records - Federal Fund	69	0	0	N/A	N/A
Senate Revolving Fund	51,141	29,877	56,494	18,194	35,329
Services to Victims Fund	3,617,498	3,711,936	3,321,516	3,703,285	3,412,801
Single-Purpose Animal Facilities Loan Program Fund	504,169	466,473	459,341	395,186	356,954
Social Security Contributions Fund	109,504	110,786	61,784	9,882,847	102,381
Soil and Water Sales Tax Fund	18,826,170	20,262,812	20,321,197	14,605,379	13,735,535
Solid Waste Management Fund	13,992,904	12,976,306	13,117,318	11,994,692	12,577,476
Solid Waste Management Fund - Scrap Tire Subaccount Fund	2,690,743	3,819,380	4,149,263	4,718,823	5,118,266
Special Employment Security Fund	3,930,035	4,289,066	6,229,442	5,575,415	3,654,527
Spinal Cord Injury Fund	706,153	144,838	N/A	N/A	N/A
State Agency for Surplus Property Fund	131,476	32,600	504,659	308,197	413,695
State Auditor - Federal Fund	515,639	620,828	593,843	900,132	818,041
State Board of Accountancy Fund	1,428,605	1,146,997	1,134,471	1,161,717	1,322,212
State Board of Architects, Engineers and Land Surveyors Fund	1,210,253	442,209	469,844	200,153	425,889
State Board of Chiropractic Examiners' Fund	719,455	312,037	478,744	165,890	157,214
State Board of Cosmetology Fund	965,700	2,142,595	1,024,405	1,679,622	1,023,690
State Board of Nursing Fund	6,796,872	3,755,380	3,983,338	340,151	1,572,253
State Board of Podiatry Fund	88,220	115,001	75,459	114,478	70,632
State Committee of Interpreters Fund	72,257	63,868	39,883	28,340	N/A
State Committee of Psychologists Fund	613,081	824,367	406,025	771,725	838,344
State Court Administration Revolving Fund	3,997	18,695	15,388	9,285	440
State Document Preservation Fund	49,680	33,768	50,684	43,010	40,823
State Elections Subsidy Fund	41,304	45,949	7,102	183,767	90,674
State Emergency Management - Federal and Other Fund	1,727,796	2,373,633	2,456,800	2,789,695	1,461,442
State Employee Voluntary Life Insurance Fund	0	0	0	76,033	82,548

Schedule 4

OFFICE OF STATE TREASURER
COMPARATIVE STATEMENT OF
"LIST OF BALANCES IN THE SEVERAL FUNDS"

(UNAUDITED)

	June 30,				
	2003	2002	2001	2000	1999
State Environmental Improvement and Energy Resources Authority Fund	0	0	0	0	0
State Facility Maintenance and Operation Fund	949,584	503,999	1,291,599	2,480,354	2,616,610
State Fair Fees Fund	264,102	163,380	100,658	315,685	160,905
State Fair Trust Fund	4,658	3,408	1,463	1,631	496
State Forensic Laboratory Fund	0	54,905	31,821	110,024	95,610
State Guaranty Student Loan Fund	95	0	0	0	43,190,839
State Highways and Transportation Department Fund	31,087,996	41,661,503	31,064,724	2,516,468	12,666,059
State Institutions Gift Trust Fund	54,584	55,033	55,472	192,904	4,245
State Land Survey Program Fund	1,654,043	1,227,743	1,107,543	1,404,437	1,511,287
State Legal Expense Fund	0	2,691	1,794	21,862	14,868
State Lottery Fund	8,972,633	14,879,585	12,690,947	22,969,836	19,490,220
State Milk Inspection Fee Fund	266,619	203,081	203,055	337,632	273,116
State Park Sales Tax Fund	9,024,355	10,622,811	12,663,374	15,559,687	17,125,158
State Parks Earnings Fund	5,368,682	3,665,341	3,617,061	4,589,645	5,466,634
State Parks Revolving Fund	0	0	0	523	75,592
State Public School Fund	3,975	13,223	64,859	95,056	68,285
State Retirement Contributions Fund	1,722	95,469	8,124,473	0	156
State Road Fund	362,591,514	329,316,181	253,468,077	127,156,055	89,240,117
State Road Fund - Series A 2000	0	0	1,529,058	N/A	N/A
State Road Fund - Series A 2001	0	0	0	N/A	N/A
State Road Fund - Series A 2002	0	206,532,181	N/A	N/A	N/A
State School Moneys Fund	4,562,586	23,895,756	934,812	53,823,656	50,748,256
State Seminary Fund	938	0	1,651	1,102	787
State Seminary Money Fund	8	8	8	25,747	36,096
State Transportation Assistance Revolving Fund	521,226	259,160	102,818	505,129	1,566,262
State Transportation Fund	370,234	310,480	145,061	2,020,018	2,842,694
Statewide Court Automation Fund	417,174	1,016,171	1,814,858	1,193,445	1,745,479
Statutory County Recorder's Fund	0	3,093,001	0	N/A	N/A
Statutory Revision Fund	467,146	403,270	386,966	86,807	205,428
Stormwater Control - Series A 1999 - 37H	4,104,538	9,092,933	19,399,961	20,530,037	0
Stormwater Control - Series A 2001 - 37H	10,495,471	10,287,178	10,009,130	0	N/A
Stormwater Control - Series A 2002 - 37H	15,208,725	N/A	N/A	N/A	N/A
Stormwater Control Bond and Interest Series A 1999	1,519,401	1,560,343	1,604,148	1,557,350	0
Stormwater Control Bond and Interest Series A 2001	734,575	745,080	741,514	0	N/A
Stormwater Control Bond and Interest Series A 2002	992,295	N/A	N/A	N/A	N/A
Stormwater Loan Revolving Fund	636,205	N/A	N/A	N/A	N/A
Student Grant Fund	112,260	53,313	414,586	341,708	332,316
Supreme Court - Federal and Other Fund	5,566,367	3,550,254	5,505,976	757,108	2,256,307
Supreme Court Publications Revolving Fund	252,541	129,938	59,569	78,856	123,808
Tattoo Fund	115,456	N/A	N/A	N/A	N/A
Temporary Assistance for Needy Families - Federal Fund	11,490,931	2,529,395	774,573	2,302,232	1,683,056
Third Party Liability Collections Fund	1,946,713	5,289,390	504,633	175,871	0
Third State Building Bond Interest and Sinking - Series A 1992	0	28,668,075	29,291,962	28,641,096	29,421,485
Third State Building Bond Interest and Sinking - Series A 1993	16,667,835	16,925,234	15,413,967	16,913,942	17,349,164
Third State Building Bond Interest and Sinking Fund - Series A 2002	31,067,300	N/A	N/A	N/A	N/A
Third State Building Bond Interest and Sinking - Series A&B 1991	0	7,135,351	9,200,427	9,090,914	8,969,707

Schedule 4

OFFICE OF STATE TREASURER
COMPARATIVE STATEMENT OF
"LIST OF BALANCES IN THE SEVERAL FUNDS"

(UNAUDITED)

	June 30,				
	2003	2002	2001	2000	1999
Third State Building Fund - Pre Tax Act 1986	0	0	0	534,694	987,552
Third State Building Trust Fund - Pre Tax Act 1986	132	131	113	33,940	1,575
Title XIX - Federal Fund	38,237,143	42,623,689	17,400,409	5,685,064	2,566,423
Title XIX - Patient Placement Fund	0	0	0	0	5,016,569
Tort Victims Compensation Fund	4,915,174	4,960,576	7,463,188	7,351,434	7,428,138
Tourism Marketing Fund	2,273	355	0	1,013	1,966
Treasurer's Information Fund	8,380	9,775	8,857	5,846	4,809
U.S. Department of Higher Education / Coordinating Board for Higher Education Interest Account Fund	1,824,375	2,307,530	2,052,239	1,511,025	1,031,332
U.S. Department of Higher Education / Coordinating Board for Higher Education Recall Account Fund	1	32,421,670	25,937,336	19,453,002	12,968,668
Uncompensated Care Fund	82,485,906	960,928	1,565,140	8,918,332	18,823,094
Underground Storage Tank Regulation Program Fund	266,381	419,669	621,766	594,576	595,891
Unemployment Compensation Administration Fund	168,744	200,747	897,666	814,832	1,140,482
Utilecare Stabilization Fund	20	1,180	22,478	20,920	31,998
Veterans' Homes Capital Improvement Trust Fund	37,719,826	52,100,054	77,618,885	81,568,365	79,684,925
Veterans Trust Fund	408,905	489,567	465,478	439,447	412,256
Veterinary Medical Board Fund	627,825	643,691	583,998	730,634	665,422
Video Instructional Development and Education Opportunity Fund	167	37,667	528,876	98,546	769,992
Vocational Rehabilitation - Federal Fund	5,538,569	6,704,120	3,504,723	1,668,080	2,539,197
Water and Waste Water Loan Fund	1,133,796	660,289	1,927,022	418,801	898,398
Water and Waste Water Loan Revolving Fund	270,607,303	230,747,665	148,387,528	124,730,837	160,115,759
Water Pollution Control - Series A 1996 - 37C	0	0	17,141	297,840	3,869,128
Water Pollution Control - Series A 1996 - 37E	0	0	0	10,596	66,554
Water Pollution Control - Series A 1998 - 37C	2,762,634	5,076,361	6,487,796	8,192,710	7,827,707
Water Pollution Control - Series A 1998 - 37E	0	1,043,168	12,566,183	22,796,830	28,802,973
Water Pollution Control - Series A 1999 - 37E	1,573,903	11,312,471	10,899,785	10,250,685	0
Water Pollution Control - Series A 1999 - 37G	0	5,459,630	10,385,103	10,279,352	0
Water Pollution Control - Series A 2001 - 37E	10,247,762	10,279,861	9,994,568	0	N/A
Water Pollution Control - Series A 2001 - 37G	8,286,505	10,294,478	10,023,676	0	N/A
Water Pollution Control - Series A 2002 - 37E	13,471,473	N/A	N/A	N/A	N/A
Water Pollution Control - Series A 2002 - 37G	15,224,444	N/A	N/A	N/A	N/A
Water Pollution Control Bond and Interest - Pre Tax Act 1986	0	0	0	0	0
Water Pollution Control Bond and Interest - Series A 1989	0	0	0	0	1,133,070
Water Pollution Control Bond and Interest - Series A 1991	0	0	1,121,495	1,176,469	1,215,692
Water Pollution Control Bond and Interest - Series A 1992	0	2,701,642	2,769,267	2,722,698	2,738,955
Water Pollution Control Bond and Interest - Series A 1993	2,142,911	2,178,662	2,228,643	2,191,673	2,213,339
Water Pollution Control Bond and Interest - Series A 1995	1,347,843	2,377,283	2,442,358	2,407,652	2,433,225
Water Pollution Control Bond and Interest - Series A 1996	2,591,893	2,754,573	2,840,519	2,810,748	2,859,353
Water Pollution Control Bond and Interest - Series A 1998	2,501,516	2,572,579	2,663,337	2,644,958	2,647,523
Water Pollution Control Bond and Interest - Series A 2000	1,519,401	1,560,343	1,604,148	1,557,350	0
Water Pollution Control Bond and Interest - Series A 2001	1,469,399	1,485,492	1,483,154	0	N/A
Water Pollution Control Bond and Interest - Series A 2002	1,989,488	N/A	N/A	N/A	N/A
Water Pollution Control Bond and Interest - Series B 1992	0	5,095,923	5,118,806	5,136,928	5,270,746
Water Pollution Control Bond and Interest - Series B 1993	11,239,131	11,386,806	9,584,721	9,940,292	8,946,427
Water Pollution Control Bond and Interest - Series B 2002	8,015,104	N/A	N/A	N/A	N/A
Water Pollution Control Bond and Interest - Series B&C 1991	0	3,330,783	4,378,930	4,332,303	4,300,886

Schedule 4

OFFICE OF STATE TREASURER
COMPARATIVE STATEMENT OF
"LIST OF BALANCES IN THE SEVERAL FUNDS"

(U N A U D I T E D)

	June 30,				
	2003	2002	2001	2000	1999
Wolfner Library Trust Fund	218,365	211,520	204,201	568,199	570,875
Workers' Compensation Fund	9,585,811	5,946,117	20,643,132	33,004,325	22,757,405
Workers Memorial Fund	264	258	250	N/A	N/A
Working Capital Revolving Fund	10,126,901	9,299,081	7,826,273	5,553,282	9,463,500
World War II Memorial Trust Fund	36,442	22,745	10,649	N/A	N/A
Youth Services and Conservation Corps Fund	0	0	0	0	0
Total All Funds (Schedule 3)	\$ 2,771,340,651	2,905,024,889	2,936,493,487	3,089,659,693	3,472,343,788

N/A These funds were closed or had not been created for the years indicated.

N/A-1 The assets of the Pansey Johnson-Travis Stocks and Securities Trust Fund were reclassified from cash to investments as a result of a change in the state's accounting system. This fund is no longer maintained by the State Treasurer on the cash activity reports.

The accompanying Notes to the Supplementary Data are an integral part of this statement.

Schedule 5

OFFICE OF STATE TREASURER
COMPARATIVE STATEMENT OF TRUST ACCOUNTS

		June 30,									
		2003		2002		2001		2000		1999	
		Balance	Amount Invested	Balance	Amount Invested	Balance	Amount Invested	Balance	Amount Invested	Balance	Amount Invested
220 South Jefferson	\$										
Construction Fund		0	0	101,366	101,253	17,786	17,785	N/A	N/A	N/A	N/A
Board of Public Buildings 2001A											
Cost of Issuance Fund		0	0	25,200	25,172	24,555	24,554	N/A	N/A	N/A	N/A
Principal and Interest Fund		0	0	4,662	4,657	1,014,494	1,014,479	N/A	N/A	N/A	N/A
Capitol East Parking Facility											
Operating Reserve Fund		N/A	N/A	N/A	N/A	0	0	7,154	7,154	6,762	6,762
Corrections and Mental Health											
Construction Fund		0	0	148,935	148,769	145,139	145,137	137,086	137,082	129,579	129,578
Department of Natural Resources Building											
Construction Fund		17,776,780	17,769,801	18,454,428	18,433,828	17,994,647	17,994,386	N/A	N/A	N/A	N/A
Jefferson City Correctional Center											
Construction Fund		59,530,681	59,507,313	121,629,975	121,494,208	127,257,402	127,255,554	N/A	N/A	N/A	N/A
Kirkpatrick State Information Center											
Construction Fund		0	0	49,647	49,591	48,381	48,381	45,697	45,695	43,195	43,194
Old Age, Survivors, Disability, and											
Health Insurance Trust Fund		3,741	0	4,068	0	16,757	0	4,161	0	3,910	0
Special Obligation Refunding Bond -											
Principal and Interest Fund		N/A	N/A	0	0	408,707	408,701	350,352	350,341	364,288	364,285
Depreciation and Replacement Fund		1,019,704	1,019,303	1,058,884	1,057,702	7,412,060	7,411,952	7,293,286	7,293,055	7,016,978	7,016,918
Bond Reserve Fund		N/A	N/A	0	0	105,889	105,888	105,794	105,790	105,280	105,279
State Building Special Obligation Bond 1988											
Arbitrage Rebate Escrow Fund		0	0	138,122	137,968	134,602	134,600	127,133	127,129	120,172	120,171
Arbitrage Owed to IRS Escrow		0	0	8,750	8,740	8,527	8,527	8,054	8,054	7,613	7,613
Western Missouri Mental Health Center											
Construction Fund		5,634,743	5,632,531	20,316,913	20,294,234	21,350,433	21,350,123	N/A	N/A	N/A	N/A
Total Trust Accounts (Schedule 3) \$		83,965,649	83,928,948	161,940,950	161,756,122	175,939,379	175,920,067	8,078,717	8,074,300	7,797,777	7,793,800

N/A These accounts were closed for the indicated fiscal years.

The accompanying Notes to the Supplementary Data are an integral part of this statement.

Schedule 6

OFFICE OF STATE TREASURER
COMPARATIVE STATEMENT OF INTEREST RECEIVED ON POOLED INVESTMENTS
AND DISTRIBUTION BY FUND

	Year Ended June 30,				
	2003	2002	2001	2000	1999
INTEREST RECEIPTS					
General and special funds	\$ 63,246,903	101,099,069	160,519,961	167,054,476	182,225,423
Debt retirement funds	2,320,783	4,176,019	6,938,831	5,518,366	6,368,513
Total Appropriated Funds	65,567,686	105,275,088	167,458,792	172,572,842	188,593,936
Trust funds	2,290,124	4,444,474	1,657,889	774,564	753,383
Total Interest Receipts	\$ 67,857,810	109,719,562	169,116,681	173,347,406	189,347,319
INTEREST DISTRIBUTION					
General and special funds:					
Budget Reserve Fund	\$ 8,410,650	13,533,611	8,498,480	N/A	N/A
General Revenue Fund	20,944,567	37,890,915	56,485,522	68,698,776	84,086,064
Budget Stabilization Fund	N/A	N/A	7,185,122	7,648,358	7,354,863
Cash Operating Reserve - General Revenue Fund	N/A	N/A	3,671,128	15,732,796	15,066,578
Abandoned Mine Reclamation Fund	23,622	34,037	43,212	37,033	32,134
Advantage Missouri Trust Fund	N/A	N/A	N/A	4	N/A
Agriculture Development Fund	1,396	1,639	2,481	1,950	1,369
Agricultural Product Utilization Business Development					
Loan Guarantee Fund	0	1	42	512	N/A
Agricultural Product Utilization Grant Fund	538	2,814	13,983	24,189	9,079
Alternative Care Trust Fund	74,005	85,106	120,348	98,451	102,488
Animal Health Laboratory Fee Fund	5,115	9,997	15,295	12,410	10,045
Arrow Rock State Historic Site Endowment Fund	312	N/A	N/A	N/A	N/A
Assistive Technology Loan Revolving Fund	24,843	29,296	4,704	N/A	N/A
Aviation Trust Fund	125,754	307,954	413,236	193,313	39,855
Bingo Proceeds for Education Fund	143,210	227,365	398,335	455,212	484,669
Biodiesel Fuel Revolving Fund	39	N/A	N/A	N/A	N/A
BPB-Series A 2003 Bond Proceeds-Project Fund	226,041	N/A	N/A	N/A	N/A
BPB-Series A 2003 Bond Proceeds-Notes Fund	24,360	N/A	N/A	N/A	N/A
Champ W. Smith & Mary C. Smith Memorial					
Endowment Trust Fund	10,120	15,588	24,679	21,750	21,268
Chemical Emergency Preparedness Fund	9,358	18,532	33,753	34,255	34,853
Children's Trust Fund	89,140	160,076	269,732	226,783	191,699
Coal Mine Land Reclamation Fund	20,091	32,861	52,498	46,677	46,167
Concentrated Animal Feeding Operation Indemnity Fund	4,766	5,909	7,719	4,007	1,431
Confederate Memorial Park Fund	3,361	4,891	7,508	6,609	6,347
Conservation Commission Fund	740,556	899,665	1,835,420	1,863,046	998,586
Correctional Substance Abuse Earnings Fund	7,227	7,192	6,499	1,774	60
Crime Victims' Compensation Fund	180,673	297,949	504,776	457,167	431,106
Deaf Relay Service Fund	149,181	278,673	445,269	383,614	341,344
Debt Offset Escrow Fund	449,181	648,907	694,473	347,290	84,693
Department of Insurance Dedicated Fund	282,629	379,687	573,653	505,799	482,642
Department of Labor and Industrial Relations -					
Administrative Fund	51,084	92,489	81,798	N/A	N/A
Department of Public Safety - JAIBG Fund	163,821	217,438	410,141	268,805	45,964
Division of Credit Unions Fund	11,108	20,917	32,580	27,169	22,649
Division of Finance Fund	36,178	68,747	149,242	174,099	165,199
Division of Savings and Loan Supervision Fund	2,377	2,103	2,736	2,959	3,023
Doctor Edmund A. Babler Memorial - State Park Fund	19,206	31,889	55,850	53,063	53,686
Dry-Cleaning Environmental Response Trust Fund	24,160	11,485	1,190	N/A	N/A
Early Childhood Development, Education and Care Fund	713,560	1,668,336	2,544,431	1,393,287	62,048
Election Administration Improvement Fund	8,993	N/A	N/A	N/A	N/A
Endowed Care Cemetery Audit Fund	6,956	8,383	13,403	13,168	15,114
Energy Set-Aside Program Fund	551,680	748,130	793,938	918,409	1,097,527
Escheats Fund	95,208	242,347	370,242	328,536	318,966
Excellence in Education Fund	33,818	42,283	66,740	68,469	86,306
Facilities Maintenance Reserve Fund	157,866	1,013,785	2,082,512	819,689	240,483

Schedule 6

OFFICE OF STATE TREASURER
COMPARATIVE STATEMENT OF INTEREST RECEIVED ON POOLED INVESTMENTS
AND DISTRIBUTION BY FUND

	Year Ended June 30,				
	2003	2002	2001	2000	1999
Federal Drug Seizure Fund	36,678	103,164	234,053	210,737	91,955
Federal Reimbursement Allowance Fund	471,687	934,398	1,971,467	2,546,242	1,878,471
Federal Student Loan Reserve Fund	559,749	1,016,326	2,026,473	1,256,553	N/A
Federal Surplus Property Fund	43,946	62,970	102,018	101,589	88,924
Fourth State Building - Series A 1996	N/A	N/A	N/A	N/A	809,357
Fourth State Building - Series A 1998	231,247	556,053	1,215,143	1,090,474	2,026,578
Gaming Commission Bingo Fund	N/A	N/A	1,221	7,366	5,657
Gaming Commission Fund	138,005	208,264	454,173	893,425	2,514,757
Gaming Proceeds for Education Fund	268,065	376,332	516,975	449,122	536,099
GEAR-UP Scholarship Fund	31,221	6,930	N/A	N/A	N/A
Grain Inspection Fees Fund	12,387	15,424	26,362	29,528	38,245
Guaranty Agency Operating Fund	208,123	281,392	496,423	410,701	N/A
Hazardous Waste Fund	25,510	37,830	53,787	35,812	17,686
Hazardous Waste Remedial Fund	73,214	103,944	191,943	230,387	222,696
Historic Preservation Revolving Fund	26,117	46,654	36,726	31,123	14,957
Kid's Chance Scholarship Fund	4,260	4,737	4,517	1,193	N/A
Legal Defense and Defender Fund	7,593	10,121	23,044	24,304	22,018
Legal Services for Low Income People Fund	15,551	2,450	N/A	N/A	N/A
Library Networking Fund	3,645	7,660	38,340	26,789	N/A
Livestock Dealer Law Enforcement and Administration Fund	9	37	287	294	338
Mental Health Earnings Fund	13,698	27,570	45,890	46,258	47,645
Mental Health Housing Trust Fund	121	176	270	237	195
Mental Health Trust Fund	147,160	181,740	302,079	272,979	235,691
Meramec-Onondaga State Parks Fund	25,970	38,567	60,295	53,940	52,744
Metallic Minerals Waste Management Fund	3,877	7,553	12,329	11,845	11,653
Mined Land Reclamation Fund	90,151	141,946	233,742	215,966	204,581
Missouri Air Emission Reduction Fund	61,492	69,458	47,568	408	N/A
Missouri Air Pollution Control Fund	2,158	4,156	40,029	70,065	61,734
Missouri Alternative Fuel Vehicle Loan Fund	6,237	26	N/A	N/A	N/A
Missouri Arts Council Trust Fund	253,853	382,844	721,500	680,943	868,759
Missouri Breeders Fund	2,013	2,932	4,583	4,175	4,119
Missouri CASA Fund	1,556	336	N/A	N/A	N/A
Missouri Children's Service Commission Fund	414	627	1,016	899	861
Missouri College Guarantee Fund	40,739	139,190	521,411	272,549	8,033
Missouri Horse Racing Fund	N/A	N/A	0	9	0
Missouri Housing Trust Fund	72,666	104,443	144,045	160,474	149,636
Missouri Humanities Council Trust Fund	44,963	59,225	71,314	48,541	18,909
Missouri Lead Abatement Loan Fund	3,965	N/A	N/A	N/A	N/A
Missouri National Guard Trust Fund	95,484	155,327	256,369	148,916	11,183
Missouri Office of Prosecution Services Fund	4,454	2,568	3,935	2,511	N/A
Missouri Prospective Teachers Loan Fund	2,049	3,851	N/A	N/A	N/A
Missouri Veterans Homes Fund	41,051	53,537	78,750	98,118	113,160
Motor Fuel Tax Fund	422,880	947,280	1,446,659	1,713,277	2,155,315
Natural Resources Protection Fund	14,819	21,787	34,067	28,387	11,326
Natural Resources Protection Fund - Air Pollution Asbestos Fee Subaccount Fund	20,506	34,412	66,463	68,139	49,590
Natural Resources Protection Fund - Air Pollution Permit Fee Subaccount Fund	217,541	402,454	723,396	811,157	934,057
Natural Resources Protection Fund - Water Pollution Permit Fee Subaccount Fund	299,203	449,147	603,981	534,938	407,488
Nursing Facility Federal Reimbursement Allowance Fund	187,063	244,640	425,618	399,036	N/A
Nursing Facility Quality of Care Fund	52,026	86,632	138,287	112,611	167,637
Outstanding Schools Trust Fund	690,245	4,236,051	11,922,416	15,741,639	19,830,070

Schedule 6

OFFICE OF STATE TREASURER
COMPARATIVE STATEMENT OF INTEREST RECEIVED ON POOLED INVESTMENTS
AND DISTRIBUTION BY FUND

	Year Ended June 30,				
	2003	2002	2001	2000	1999
Pansey Johnson-Travis Memorial State Gardens Trust Fund	1,759	606	1,574	30,576	43,161
Peace Officers Standards and Training Commission Fund	23,746	27,559	51,502	55,144	38,838
Petroleum Inspection Fund	64,033	88,789	138,571	77,526	95,179
Petroleum Storage Tank Insurance Fund	977,800	1,459,919	2,654,173	2,993,555	3,178,749
Petroleum Violation Escrow Fund	26,423	265,764	1,153,353	1,154,344	1,199,858
Petroleum Violation Escrow Interest Subaccount Fund	8,912	14,785	N/A	N/A	N/A
Pharmacy Rebate Fund	297,956	2,492	N/A	0	N/A
Pharmacy Reimbursement Allowance Fund	88,723	N/A	N/A	N/A	N/A
Post-Closure Fund	3,544	5,344	9,895	13,428	14,645
Property Reuse Fund	46,101	142,276	231,002	184,427	188,312
Residential Mortgage Licensing Fund	17,423	26,463	37,204	29,486	23,427
Rural Water and Sewer Loan Revolving Fund	6	N/A	N/A	N/A	N/A
Safe Drinking Water Fund	91,586	148,727	245,459	219,729	215,352
School Building Revolving Fund	149,274	139,197	96,233	32,909	874
School District Trust Fund	1,247,330	1,872,649	2,969,719	2,679,222	2,584,864
Schools of the Future Fund	497,302	N/A	N/A	N/A	N/A
Second Injury Fund	290,316	781,918	1,120,103	700,762	359,716
Secretary of State Institutional Gift Trust Fund	157	7,680	25,035	37,454	46,963
Secretary of State - Technology Trust Fund Account Fund	77,177	124,363	202,991	145,813	125,392
Single-Purpose Animal Facilities Loan Program Fund	12,008	17,297	24,508	21,292	18,364
Soil and Water Sales Tax Fund	543,982	839,925	1,108,203	840,181	694,499
State Document Preservation Fund	768	1,356	2,618	2,209	1,371
State Fair Fees Fund	4,625	7,083	10,546	N/A	N/A
State Guaranty Student Loan Fund	N/A	N/A	N/A	865,524	2,010,473
State Highways and Transportation Department Fund	1,339,765	1,829,289	2,134,368	1,457,149	1,349,440
State Lottery Fund	345,258	677,913	1,315,167	1,344,455	1,314,027
State Park Sales Tax Fund	273,934	483,530	938,113	971,069	1,006,782
State Public School Fund	428,988	N/A	N/A	N/A	N/A
State Road Fund	8,499,258	7,146,017	5,406,237	5,213,566	5,730,039
State Road Fund - Series A 2000	0	2,758	5,559,632	N/A	N/A
State Road Fund - Series A 2001	0	662,661	N/A	N/A	N/A
State Road Fund - Series A 2002	421,966	60,332	N/A	N/A	N/A
State School Money Fund	475,671	N/A	N/A	N/A	N/A
State Seminary Money Fund	209,267	N/A	N/A	N/A	N/A
State Transportation Assistance Revolving Fund	8,692	8,930	32,603	64,185	23,333
Stormwater Control - Series A 1999 - 37H	169,851	664,794	1,263,401	549,027	N/A
Stormwater Control - Series A 2001 - 37H	208,293	278,048	264	N/A	N/A
Stormwater Control - Series A 2002 - 37H	174,417	N/A	N/A	N/A	N/A
Stormwater Loan Revolving Fund	116	N/A	N/A	N/A	N/A
Third State Building Fund - Pre Tax Act 1986	N/A	N/A	18,160	50,402	70,179
Third State Building Trust Fund - Pre Tax Act 1986	0	N/A	N/A	N/A	N/A
U.S. Department of Higher Education / Coordinating Board for Higher Education Interest Account Fund	329,395	1,097,593	1,315,570	856,960	950,650
Utilecare Stabilization Fund	539	6,089	14,681	15,189	5,731
Veterans' Homes Capital Improvement Trust Fund	1,214,113	2,776,797	4,929,627	4,395,379	3,233,103
Veterans Trust Fund	11,075	17,036	25,965	22,401	21,303
Water and Waste Water Loan Fund	30,826	64,253	100,155	95,765	82,566
Water and Waste Water Loan Revolving Fund	4,577,087	6,175,490	9,285,088	8,264,904	8,954,944
Water Pollution Control - Series A 1996 - 37C	N/A	N/A	17,337	123,837	385,688
Water Pollution Control - Series A 1996 - 37E	N/A	N/A	692	27,055	476,226
Water Pollution Control - Series A 1998 - 37C	94,155	235,795	503,606	394,257	331,862

Schedule 6

OFFICE OF STATE TREASURER
 COMPARATIVE STATEMENT OF INTEREST RECEIVED ON POOLED INVESTMENTS
 AND DISTRIBUTION BY FUND

	Year Ended June 30,				
	2003	2002	2001	2000	1999
Water Pollution Control - Series A 1998 - 37E	18,185	376,239	1,330,702	1,327,699	1,220,809
Water Pollution Control - Series A 1999 - 37E	197,575	412,686	647,581	274,217	N/A
Water Pollution Control - Series A 1999 - 37G	74,166	351,272	646,705	274,810	N/A
Water Pollution Control - Series A 2001 - 37E	207,561	285,293	475	N/A	N/A
Water Pollution Control - Series A 2001 - 37G	209,998	270,802	53	N/A	N/A
Water Pollution Control - Series A 2002 - 37E	172,601	N/A	N/A	N/A	N/A
Water Pollution Control - Series A 2002 - 37G	174,588	N/A	N/A	N/A	N/A
Wolfner Library Trust Fund	5,257	7,850	15,742	30,941	30,533
Workers' Compensation Fund	100,581	618,767	1,723,560	1,504,544	647,742
Workers Memorial Fund	7	8	0	N/A	N/A
World War II Memorial Trust Fund	656	477	154	N/A	N/A
Total General and Special Funds	63,246,903	101,099,069	160,519,961	167,054,476	182,225,423
Debt retirement funds:					
Fourth State Building Bond and Interest - Series A 1995	114,298	225,429	381,556	297,005	357,726
Fourth State Building Bond and Interest - Series A 1996	195,237	373,351	637,840	497,128	603,493
Fourth State Building Bond and Interest - Series A 1998	73,897	141,941	242,752	188,227	159,749
Fourth State Building Bond and Interest - Series A 2002	89,835	N/A	N/A	N/A	N/A
Stormwater Control Bond and Interest- Series A 1999	31,450	59,602	97,635	42,222	N/A
Stormwater Control Bond and Interest- Series A 2001	14,955	20,660	42	N/A	N/A
Stormwater Control Bond and Interest - Series A 2002	11,432	N/A	N/A	N/A	N/A
Third State Building Bond Interest and Sinking - Series A 1992	241,569	1,087,655	1,839,931	1,424,450	1,738,890
Third State Building Bond Interest and Sinking - Series A 1993	340,258	614,104	1,007,339	840,599	1,026,372
Third State Building Bond Interest and Sinking - Series A 2002	418,881	N/A	N/A	N/A	N/A
Third State Building Bond Interest and Sinking - Series A&B 1991	56,735	315,069	547,936	503,752	515,075
Water Pollution Control Bond and Interest - Pre Tax Act 1986	N/A	N/A	N/A	N/A	32,919
Water Pollution Control Bond and Interest - Series A 1989	N/A	N/A	N/A	0	67,823
Water Pollution Control Bond and Interest - Series A 1991	0	7,717	72,971	79,122	67,228
Water Pollution Control Bond and Interest - Series A 1992	22,871	102,279	173,496	134,233	161,759
Water Pollution Control Bond and Interest - Series A 1993	43,745	82,412	139,759	108,219	130,887
Water Pollution Control Bond and Interest - Series A 1995	45,717	90,100	152,831	118,834	143,096
Water Pollution Control Bond and Interest - Series A 1996	54,691	104,513	178,303	139,016	169,018
Water Pollution Control Bond and Interest - Series A 1998	51,792	99,373	169,973	131,843	111,824
Water Pollution Control Bond and Interest - Series A 2000	31,450	59,602	97,635	42,222	N/A
Water Pollution Control Bond and Interest - Series A 2001	29,837	41,530	84	N/A	N/A

Schedule 6

OFFICE OF STATE TREASURER
COMPARATIVE STATEMENT OF INTEREST RECEIVED ON POOLED INVESTMENTS
AND DISTRIBUTION BY FUND

	Year Ended June 30,				
	2003	2002	2001	2000	1999
Water Pollution Control Bond and Interest - Series A 2002	22,894	N/A	N/A	N/A	N/A
Water Pollution Control Bond and Interest - Series B 1992	43,336	200,753	324,285	255,383	311,930
Water Pollution Control Bond and Interest - Series B 1993	229,098	400,429	611,952	475,490	528,406
Water Pollution Control Bond and Interest - Series B 2002	130,292	N/A	N/A	N/A	N/A
Water Pollution Control Bond and Interest - Series B&C 1991	26,513	149,500	262,511	240,621	242,318
Total Debt Retirement Funds	<u>2,320,783</u>	<u>4,176,019</u>	<u>6,938,831</u>	<u>5,518,366</u>	<u>6,368,513</u>
Total Appropriated Funds	<u>65,567,686</u>	<u>105,275,088</u>	<u>167,458,792</u>	<u>172,572,842</u>	<u>188,593,936</u>
Trust funds:					
220 South Jefferson					
Construction Fund	1,222	1,447	17,786	N/A	N/A
Board of Public Buildings 2001A					
Cost of Issuance Fund	304	645	479	N/A	N/A
Principal and Interest Fund	69	14,297	7,931	N/A	N/A
Capitol East Parking Facility Depreciation and					
Capitol East Parking Facility Operating					
Reserve Fund	N/A	N/A	145	392	5,517
Corrections and Mental Health Construction Fund	1,797	3,796	8,099	7,507	6,469
Department of Natural Resources Building					
Construction Fund	316,633	470,497	84,648	N/A	N/A
Jefferson City Correctional Center					
Construction Fund	1,677,453	3,287,211	597,402	N/A	N/A
Kirkpatrick State Information Center Construction Fund	599	1,265	2,700	2,502	2,622
Special Obligation Refunding Bond -					
Bond Reserve Fund	0	720	5,923	5,794	5,280
Special Obligation Refunding Bond -					
Depreciation and Replacement Fund	19,704	111,842	414,396	400,615	362,829
Special Obligation Refunding Bond -					
Principal and Interest Fund	0	1,369	409,960	350,352	364,287
State Building Special Obligation Bond 1988					
Arbitrage Rebate Escrow Fund	1,667	3,520	7,511	6,961	5,999
Arbitrage Owed to IRS Escrow	106	223	476	441	380
Western Missouri Mental Health Center					
Construction Fund	<u>270,570</u>	<u>547,642</u>	<u>100,433</u>	<u>N/A</u>	<u>N/A</u>
Total Trust Funds	<u>2,290,124</u>	<u>4,444,474</u>	<u>1,657,889</u>	<u>774,564</u>	<u>753,383</u>
Total Distribution	<u>\$ 67,857,810</u>	<u>109,719,562</u>	<u>169,116,681</u>	<u>173,347,406</u>	<u>189,347,319</u>

N/A These funds did not receive interest for the years indicated due to the fund not being established at the time, or due to the lack of legislation that would require the interest to remain in the fund.

The accompanying Notes to the Supplementary Data are an integral part of this statement.

Schedule 7

OFFICE OF STATE TREASURER
ANALYSIS OF INVESTMENTS
APPROPRIATED FUNDS

		Year Ended June 30,									
		2003		2002		2001		2000		1999	
		Average Daily Balances	Investment Earnings	Average Daily Balances	Investment Earnings	Average Daily Balances	Investment Earnings	Average Daily Balances	Investment Earnings	Average Daily Balances	Investment Earnings
INVESTMENTS											
Pooled Investments:											
Time deposits	\$	341,494,579	7,801,288	408,273,116	21,895,420	502,012,599	26,056,824	436,504,326	17,530,732	449,465,898	21,330,976
U.S. government securities, commercial paper, and repurchase agreements		2,383,178,899	56,651,358	2,522,221,206	83,379,668	2,318,385,855	141,401,968	2,793,120,677	155,042,110	2,932,164,153	167,262,960
Total Pooled Investments		2,724,673,478	64,452,646	2,930,494,322	105,275,088	2,820,398,454	167,458,792	3,229,625,003	172,572,842	3,381,630,051	188,593,936
Special Fund Direct Investments:											
U.S. government securities		17,376,642	475,671	17,376,642	837,121	16,500,809	826,368	15,682,796	956,269	5,000	688
Donated corporate stock		5,130	624	5,130	624	5,130	624	5,130	581	5,130	509
Total Special Fund Direct Investments		17,381,772	476,295	17,381,772	837,745	16,505,939	826,992	15,687,926	956,850	10,130	1,197
Total Invested Balance	\$	2,742,055,250	64,928,941	2,947,876,094	106,112,833	2,836,904,393	168,285,784	3,245,312,929	173,529,692	3,381,640,181	188,595,133
Total fund balance excluding collection, concentration, and restricted balance accounts	\$	2,635,564,471		2,854,064,765		2,680,383,903		3,113,762,871		3,234,401,797	
Collection and concentration accounts		3,446,569		3,468,538		558,047		1,614,720		7,360,797	
Restricted balance accounts		72,299,548		33,314,055		19,112,493		15,080,383		19,251,318	
Total Fund Balance Including Collection, Concentration, and Restricted Balance Accounts	\$	2,711,310,588		2,890,847,358		2,700,054,443		3,130,457,974		3,261,013,912	
PERCENTAGE OF FUND BALANCE IN INVESTMENTS											
Excluding collection, concentration, and restricted balance accounts		104.04%		103.29%		105.84%		104.22%		104.55%	
Including collection, concentration, and restricted balance accounts		101.13%		101.97%		105.07%		103.67%		103.70%	
INVESTMENT YIELD											
Time deposits			2.28%		5.36%		5.19%		4.02%		4.75%
U.S. government securities, commercial paper, and repurchase agreements			2.38%		3.32%		6.09%		5.55%		5.70%
Donated corporate stock investments			12.16%		12.16%		12.16%		11.33%		9.92%
Average investment yield			2.37%		3.60%		5.93%		5.35%		5.58%

The accompanying Notes to the Supplementary Data are an integral part of this statement.

Notes to the Financial Statements and Supplementary Data

OFFICE OF STATE TREASURER
NOTES TO THE FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Notes to the Financial Statements:

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present only selected data for each fund of the Office of State Treasurer.

Receipts, disbursements, and changes in cash and investments are presented in Exhibit A for the Abandoned Fund Account Fund, Central Check Mailing Service Revolving Fund, and Treasurer's Information Fund. Appropriations from these funds are expended by or for the office for restricted purposes.

Appropriations, presented in Exhibit B, are not separate accounting entities. They do not record the assets, liabilities, and equity or other balances of the related funds but are used only to account for and control the office's expenditures from amounts appropriated by the General Assembly.

Expenditures presented for each appropriation may not reflect the total cost of the related activity. Other direct and indirect costs provided by the office and other state agencies are not allocated to the applicable fund or program.

B. Basis of Accounting

The Statement of Receipts, Disbursements, and Changes in Cash and Investments, Exhibit A, prepared on the cash basis of accounting, presents amounts when they are received or disbursed.

The Statement of Appropriations and Expenditures, Exhibit B, is presented on the state's legal budgetary basis of accounting. Expenditures generally consist of amounts paid by June 30, with no provision for lapse period expenditures unless the Office of Administration approves an exception. Amounts encumbered at June 30 must be either canceled or paid from the next year's appropriations.

However, the General Assembly may authorize continuous (biennial) appropriations, for which the unexpended balances at June 30 of the first year of the 2-year period are reappropriated for expenditure during the second year. Therefore, such appropriations have no lapsed balances at the end of the first year.

The cash basis of accounting and the budgetary basis of accounting differ from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Fiscal Authority and Responsibility

The office administers transactions in the funds listed below. The state treasurer as fund custodian and the Office of Administration provide administrative control over fund resources within the authority prescribed by the General Assembly.

Abandoned Fund Account Fund: This fund receives monies from banking or financial institutions, business associations, insurance corporations, utilities, courts and other governmental entities, and proceeds from the sale of abandoned property representing abandoned or unclaimed funds.

This fund is established and governed under Section 447.543.2, RSMo Cumulative Supp. 2003. Under Sections 447.500 through 447.595, RSMo Cumulative Supp. 2003, various financial, business, and governmental entities, unless otherwise exempted, are to remit to the State Treasurer all funds which have been presumed abandoned or unclaimed for the required dormancy period, less any reasonable costs of complying with the law incurred during the required notification or reporting process. The State Treasurer is to deposit these funds in the Abandoned Fund Account Fund. Claims may be filed at any time and are paid upon proof of an approved claim. At any time when the balance of the fund exceeds one-twelfth of the previous fiscal year's total disbursements from the Abandoned Fund Account Fund, the State Treasurer may, and at least once every fiscal year shall, transfer to the state's General Revenue Fund the balance of the Abandoned Fund Account Fund which exceeds one-twelfth of the previous fiscal year's total disbursements from the Abandoned Fund Account Fund. If any claim or refund reduces the balance of the fund to less than one-twenty-fourth of the previous year's total disbursements from the Abandoned Fund Account Fund, the State Treasurer shall transfer from the state's General Revenue Fund an amount which is sufficient to restore the balance to one-twelfth of the previous fiscal year's total disbursements. Appropriations from this fund authorize disbursements for the payment of claims of abandoned funds.

Central Check Mailing Service Revolving Fund: The office receives appropriations from this fund and maintains a proprietary interest in the fund. The State Treasurer is administrator and custodian of the fund and receives funds paid or transferred to the office by state agencies for centralized check mailing services. The initial funding for this fund was provided by a transfer of \$50,000 from the General Revenue Fund-State on October 23, 1978. Appropriations from the fund are used for check mailing service expenses.

Treasurer's Information Fund: The office receives appropriations from this fund and maintains a proprietary interest in the fund. This fund, established by Section 30.610, RSMo Cumulative Supp. 2003, may receive monies from governmental entities or the general public for the preparation, reproduction, or dissemination of information or publications of the State Treasurer. Appropriations from this fund shall be used to pay for personal service, equipment and other expenses of the office necessary for the preparation, reproduction, or dissemination of information or publications of the State Treasurer.

General Revenue Fund-State: The Office of State Treasurer receives appropriations from this fund and does not maintain a proprietary interest in the fund. Appropriations from the fund are used for the basic operation of the office, including those programs and services that have no other funding source. These appropriations also may be used to initially fund, or to provide matching funds or support for, programs paid wholly or partially from other sources.

State Highways and Transportation Department Fund: The office receives appropriations from this fund and does not maintain a proprietary interest in the fund. Appropriations from the fund are to be used for that portion of the basic operation of the office which relates to the administration of highway department funds.

Second Injury Fund: The office receives appropriations from this fund and does not maintain a proprietary interest in the fund. Appropriations from the fund are to be used for that portion of basic operations which relate to the administration of Second Injury Fund claims.

Statutory County Recorder's Fund: In 2001, the state legislature assigned custody to the State Treasurer of moneys received from county recorders under Section 59.800, RSMo Cumulative Supp. 2003. However, in 2002, the state legislature transferred custody of the fund to the Department of Revenue. An appropriation was established for the fiscal year ended June 30, 2003, under the Office of the State Treasurer to transfer the moneys from the State Treasurer's custody to the Department of Revenue. The transfer made in August 2002 totaled \$3,533,537. Since the transfer was a one-time transaction and a similar appropriation was not established for fiscal year 2004, the fund will not be presented in Exhibit A and Exhibit B.

D. Employee Fringe Benefits

In addition to the social security system, employees are covered by the Missouri State Employees' Retirement System (MOSERS) (a noncontributory plan) and may participate in the state's health care, optional life insurance, cafeteria, and deferred compensation and deferred compensation incentive plans. The optional life insurance and cafeteria plans involve only employee contributions or payroll reductions. The deferred compensation plan involves employee payroll deferrals and

the deferred compensation incentive plan a state contribution for each employee who participates in the deferred compensation plan and has been employed by the state for at least 1 year.

The state's required contributions for employee fringe benefits are paid from the same funds as the related payrolls. Those contributions are for MOSERS (retirement, basic life insurance, and long-term disability benefits); social security and medicare taxes; health care premiums; and the deferred compensation incentive amount.

Transfers related to salaries are not appropriated by agency and thus are not presented in the financial statements at Exhibit B.

2. Cash and Investments

The balances of the Central Check Mailing Service Revolving Fund, Abandoned Fund Account Fund, and Treasurer's Information Fund are pooled with other state funds and invested by the state treasurer.

3. Reconciliation of Total Disbursements to Appropriated Expenditures

Disbursements on Exhibit A reconcile to appropriated expenditures on Exhibit B as follows:

Year Ended June 30, 2002			
	Abandoned Fund Account Fund	Central Check Mailing Service Revolving Fund	Treasurer's Information Fund
DISBURSEMENTS PER EXHIBIT A \$	14,460,334	167,929	2,347
Lapse period expenditures:			
2002	0	0	0
2001	93	0	0
EXPENDITURES PER EXHIBIT B \$	14,460,427	167,929	2,347

Notes to the Supplementary Data:

4. General Capital Assets

General capital assets are recorded at cost in the general capital assets account. General capital assets are depreciated on a straight-line basis using various useful life classifications and a salvage value of zero. Accumulated depreciation on general capital assets at June 30, 2003, was \$637,017.

5. Basis of Presentation

The amounts presented in Schedules 3 through 7 represent all funds in the state treasury and all trust funds in the custody of the State Treasurer.

State treasury funds are subjected to appropriation; trust funds are not. The schedules do not include any funds or investments that are not in the custody of the State Treasurer.

6. Cash and Investments

Article IV, Section 15 of the Missouri Constitution establishes the State Treasurer as custodian of all state funds and funds received from the U.S. government. This section further authorizes the State Treasurer to place all such monies on time deposit, bearing interest, in Missouri banking institutions selected by the State Treasurer and approved by the Governor and the State Auditor, or in obligations of the U.S. government or any agency or instrumentality thereof maturing or becoming payable not more than five years from the date of purchase. In addition, the State Treasurer may enter into repurchase agreements maturing and becoming payable within ninety days secured by U.S. Treasury obligations or obligations of U.S. government agencies or instrumentalities of any maturity, as provided by law. The State Treasurer may also invest in banker's acceptances issued by domestic commercial banks possessing the highest rating issued by a nationally recognized rating agency and in commercial paper, issued by domestic corporations, which has received the highest rating issued by a nationally recognized rating agency. Investments in banker's acceptances and commercial paper shall mature and become payable not more than ninety days from the date of purchase, maintain the highest rating throughout the duration of the investment and meet any other requirements provided by law. The State Treasurer shall prepare, maintain, and adhere to a written investment policy which shall include an asset allocation plan limiting the total amount of state money which may be invested in each investment category authorized by law.

Deposits

The State Treasurer maintains approximately 960 bank accounts throughout the state. These accounts include time deposits, collection accounts which are demand deposit accounts for various state agencies, and the state's primary operating accounts which are also demand deposit accounts. Cash balances in the state's operating accounts which are not needed for immediate use are invested.

The State Treasurer's deposits at June 30, 2003, were entirely covered by federal depository insurance or by collateral securities held by the custodial banks in the State Treasurer's name.

To protect the safety of state deposits, Sections 30.270 and 110.020, RSMo Cumulative Supp. 2003, require depositories to pledge collateral securities to secure deposits not insured by the Federal Deposit Insurance Corporation.

Investments

The State Treasurer's investments at June 30, 2003, are listed by type below to give an indication of the level of risk assumed by the state at year-end. All investments are insured or registered, or have collateral held by the State Treasurer or a custodial bank in the state's name.

		Reported Amount	Fair Value
Repurchase agreements	\$	381,201,000	381,201,000
U.S. government securities		1,785,749,393	1,792,132,159
Commercial paper		516,971,919	516,975,345
Other investments		5,130	30,586
Total Investments	\$	2,683,927,442	2,690,339,090

Investments are recorded at acquisition cost except "other" investments which are recorded at par. Investments in repurchase agreements are acquired at face value and earn a stated interest rate. Investments in U.S. government securities are acquired at fair value and mature at face value.

7. Demand Deposit and Collection Accounts

The demand deposits with US Bank on Schedule 3 consist of twenty-two central demand accounts at June 30, 2003, and 2002, twenty-three at June 30, 2001, and one at June 30, 2000, and 1999. The demand deposits with Central Bank consist of thirteen central demand accounts at June 30, 2003, fourteen at June 30, 2002, twelve at June 30, 2001, and ten at June 30, 2000, and 1999. The demand deposits with Premier Bank consist of two central demand accounts at June 30, 2003, 2002, and 2001. Demand deposit bank balances were \$11,072,902, \$15,131,904, \$31,142,804, \$19,908,388, and \$18,081,868 at June 30, 2003, 2002, 2001, 2000, and 1999 for US Bank and \$85,274,839, \$73,227,111, \$19,826,746, \$33,776,593, and \$19,038,051 at June 30, 2003, 2002, 2001, 2000, and 1999 for Central Bank, and \$17,018, \$43,463 and \$23,729 at June 30, 2003, 2002, and 2001 for Premier Bank.

The collection bank accounts on Schedule 3 consist of three master concentration accounts and their related collection accounts at various banks throughout the state. The General Concentration and Conservation Concentration Accounts were at Central Bank at June 30, 2003, 2002, 2001, 2000, and 1999. The Lottery Concentration Account was at US Bank at June 30, 2003, 2002, and 2001, and at Central Bank at June 30, 2000, and 1999. Collection account bank balances were approximately \$4,420,803, \$4,818,162, \$985,789, \$873,732 and \$13,535,495 at June 30, 2003, 2002, 2001, 2000, and 1999.

Banking service agreements on the central demand accounts allow the State Treasurer to invest outstanding checks up until the checks clear the bank, thereby investing an amount in

excess of book balances. The negative balances at June 30 (Schedule 3) for the appropriated funds demand deposits represent the book balance net of amounts invested.

8. Special Fund Dedicated Investments

Due to a change in the state's accounting system, as of July 1, 1999, the State Treasurer was assigned the authority for recording direct investments of special funds in the accounting system. The amounts presented as special fund dedicated investments in the appropriated funds on Schedule 3 represent specific investments made or held by the State Treasurer on behalf of the Pansey Johnson-Travis Memorial State Gardens Trust Fund and the State Public School Fund. The State Treasurer is responsible for purchasing, custodial, income collection and distribution, and record-keeping duties related to the investments of these funds.

The investments of the Pansey Johnson-Travis Memorial State Gardens Trust Fund are maintained in the instruments which were transferred to the State Treasurer from the previous trustee of the fund. The investment purchases for the State Public School Fund are made in accordance with the instructions of the State Public School Fund investment committee.

Prior to July 1, 1999, the investments of the Pansey Johnson-Travis Memorial State Gardens were recorded as a cash asset in the state's accounting system. Prior to July 1, 1999, the investments of the Public School Fund were not recorded in the state's accounting system and the State Treasurer's duties related to these investments were limited to holding the investments on behalf of the fund.

9. Investments of Other Agencies

Schedules 6 and 7 do not include those funds which are invested directly by other agencies; e.g., the Agricultural Development Fund, the Department of Revenue non-state (local) funds, and the State Seminary Fund. The State Treasurer does not have investment authority for these funds and is not responsible for the efficiency of the investment of these funds or for the collection and distribution of the interest income.

10. Amount and Yield on Investment Earnings

The amount and yield on investment earnings on Schedule 7 are presented on a cash basis. However, approximate accrued amounts were \$11,739,870, \$14,738,819, \$29,198,570, \$38,271,000, and \$36,028,000 at June 30, 2003, 2002, 2001, 2000, and 1999 respectively, giving approximate yield rates of 2.18 percent, 3.11 percent, 5.61 percent, 5.41 percent, and 5.31 percent for the same corresponding periods on an accrual basis.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

OFFICE OF STATE TREASURER
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of the Office of State Treasurer as of and for the year ended June 30, 2003, and have issued our report thereon dated January 28, 2004.

During our audit, we identified a certain management practice which we believe could be improved. Our audit was not designed to be a detailed study of every system, procedure, and transaction. Accordingly, the finding presented in the following Management Advisory Report should not be considered all-inclusive of areas needing improvement.

Questionable Expenditure

During the year ended June 30, 2003, the Office of State Treasurer (STO) co-sponsored a "Women In Business" conference with Friends of the Missouri Women's Council, a not-for-profit organization, without first obtaining a formal written agreement. Due to decreased attendance, conference registration fees totaling \$650 were insufficient to cover the conference costs of approximately \$6,600, which included brochures (\$1,300), meeting room charges (\$3,800), food (\$1,400), and an administrative fee (\$100). According to STO personnel, the office had co-sponsored the conference in past years and until the 2003 conference, the attendance and resulting registration fees collected were sufficient to cover the cost of the conference. STO staff indicated there was a misunderstanding between the STO and the not-for-profit regarding each party's responsibilities for promoting and paying for the conference. Due to the misunderstanding and the lack of a formal written agreement, the STO ended up paying the conference's costs, net of registration fees collected, of approximately \$6,000.

STO officials indicated the office agreed to co-sponsor the conference in past years to help educate women in financial literacy and business practices. While this may be beneficial to women in business, it is unclear how the STO benefited from the joint venture or how the costs of this project related to the STO's mission to ensure state funds are properly managed and invested.

A formal written contract would establish payment terms and clarify responsibilities and expectations of all parties. Furthermore, Section 432.070, RSMo. 2000, requires all contracts to be in writing.

WE RECOMMEND the STO obtain written agreements specifying terms of payment and responsibilities of both parties for all services provided. In addition, the STO should ensure state funds are used in accordance with the STO's mission.

AUDITEE'S RESPONSE

While the STO agrees with the State Auditor's recommendation to better document the relationships between co-sponsors of a conference, the STO feels that co-sponsoring a conference to help educate women business owners and encourage women business enterprises to seek state contracts, as it did in July 2002, is well within the mission of the office. In fact, the STO believes a certain obligation exists for most state agencies to educate disadvantaged business enterprises about state government bidding and contract procurement practices.

This report is intended for the information and use of the management of the Office of State Treasurer and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

STATISTICAL SECTION

History, Organization, and Statistical Information

OFFICE OF STATE TREASURER HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Office of State Treasurer is an elective office as provided in the Missouri Constitution. The duties of the State Treasurer as defined by Article IV Section 15 are to be the custodian of all state funds; to determine the amount of state monies not needed for current operating expenses; and to invest such monies in interest bearing time deposits, in Missouri banking institutions selected by the State Treasurer and approved by the Governor and State Auditor, in short-term U. S. government securities, or in certain allowable commercial paper and banker's acceptances.

The Office of State Treasurer operates in four major functional areas: 1) accounting and banking services; 2) disbursements and records; 3) investments and deposit programs; and 4) unclaimed property.

The accounting and banking services area: 1) maintains a fund accounting system to fulfill a statutory responsibility to keep separate accounts of the funds of the state and to allocate investment interest to funds; 2) maintains ledger controls on fund balances and appropriations to assure that no check is issued that exceeds the lawful appropriated balances; 3) controls receipt of state monies collected by fee agents and state agencies and deposited in local banks throughout the state; 4) reconciles bank activity to receipt and disbursement activity reflected on the state books; 5) determines the amount of state monies not needed for current operating expenses, and 6) confirms daily disbursements with the bank as certified by the Office of Administration.

The disbursements and records area provides processing support to other departments of the State Treasurer's office, as follows: 1) provides storage and retrieval of state checks; and 2) controls and processes outlawed checks and processes and verifies claims for replacement checks.

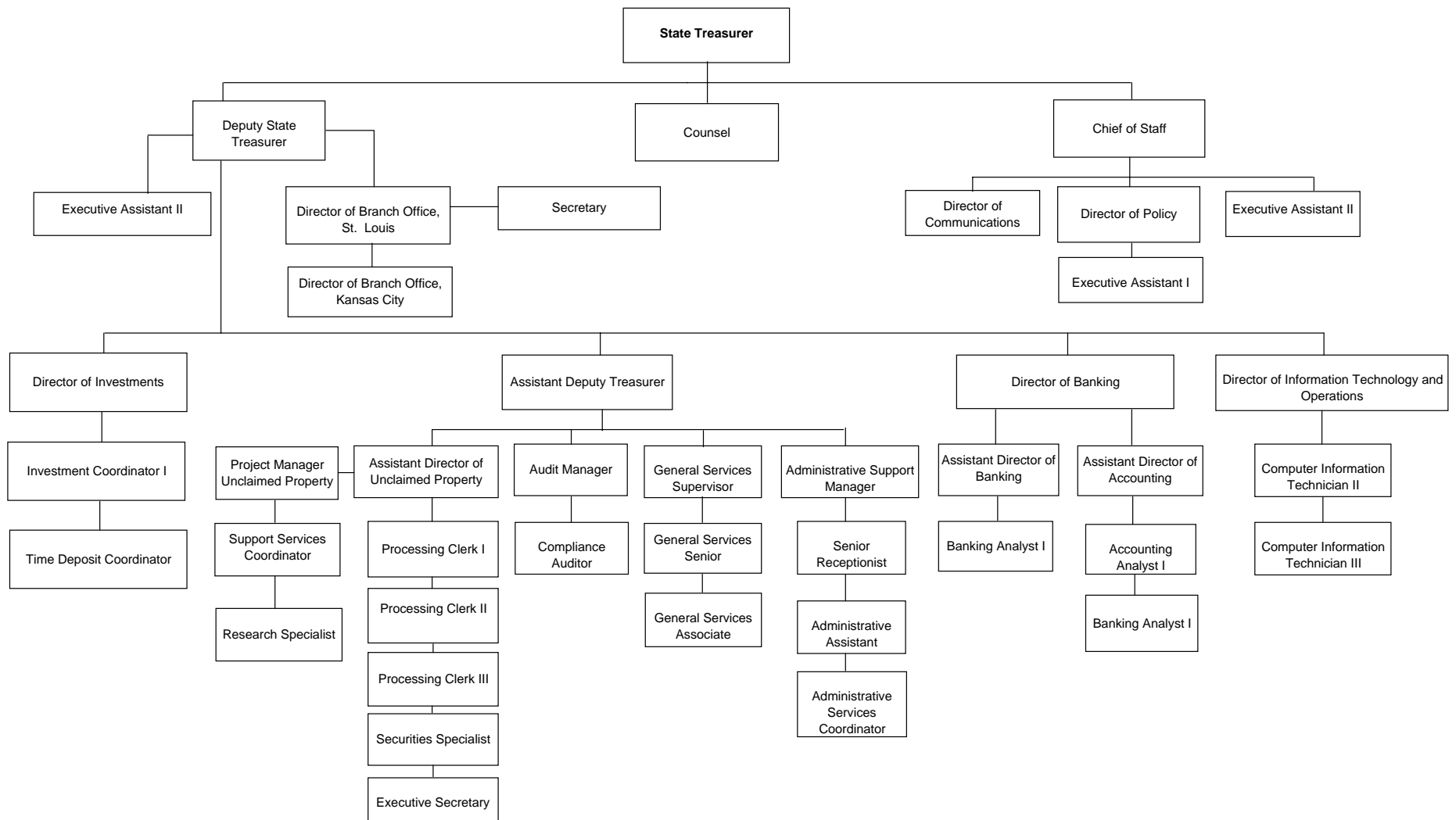
The investments area places state monies not needed for current operating expenses in interest-bearing time deposits, U.S. government and agency securities, commercial paper, banker's acceptances, and repurchase agreements. This area also administers the State Treasurer's statutory linked deposit program and monitors and accounts for the collateralization of state funds.

The Unclaimed Property Division administers Missouri's Unclaimed Property Act (Chapter 447 RSMo). The Unclaimed Property Division is responsible for: 1) ensuring unclaimed property is reported; 2) receiving and recording reports of unclaimed property; 3) depositing unclaimed funds to the Abandoned Fund Account Fund; 4) maintaining custody and safekeeping of abandoned or unclaimed physical property; and 5) processing owner claims for abandoned funds or physical property.

Nancy Farmer became Missouri's 43rd State Treasurer when she took the oath of office January 8, 2001. She is the first woman to serve as State Treasurer in the state's 180-year history. Her term will expire in January 2005.

As of June 30, 2003, the office had fifty-one full-time positions to assist in the accomplishment of its mission. An organization chart follows:

OFFICE OF THE STATE TREASURER
 ORGANIZATION CHART
 JUNE 30, 2003





**SEVENTEENTH JUDICIAL CIRCUIT
CASS COUNTY, MISSOURI**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-32
May 4, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

May 2004

The following findings were noted as a result of an audit conducted by our office of the Seventeenth Judicial Circuit, Cass County, Missouri.

The Cass County Circuit Clerk prepares and submits billings for incarceration costs utilizing the Sheriff's certification of the number of days incarcerated. In cases where the court retained the option of granting probation after 120 days, the procedure is to have the probation officer enforce collection and payment to the court. Four of the ten cases selected involved defendants granted probation after 120 days, but no payment of costs were made through probation, and three of these four defendants had their probation revoked and were sent back to prison. Incarceration costs for these four defendants totaled approximately \$3,000, and two of these cases have exceeded the two-year limit for billing the state, resulting in lost revenue to the county of approximately \$1,170. These practices do not appear beneficial to the county since reimbursement of the incarceration costs could be requested as soon as the certification is received from the Sheriff. Other Circuit Clerk's indicated they bill the state for incarceration costs as soon as the certification of days incarcerated is received from the Sheriff. In addition, we noted four instances where incarceration costs, totaling approximately \$8,800, were underbilled to the state.

A listing of accrued costs owed to the court is not maintained by the Circuit Clerk and monitoring procedures related to accrued costs are not adequate. Additionally, the court has not made adequate efforts to review the status of old open items. The December 31, 2003, open items listing includes approximately 1,700 entries and totaled over \$1,140,000. These conditions were also noted in our prior report.

The Associate Division Clerk has not established procedures to routinely follow up on outstanding checks and adequate records are not maintained to account for the individual traffic tickets issued and their ultimate disposition. These conditions were also noted in our prior report. Also, the court has not made adequate efforts to review the status of old open items, and deviations from the established fine and costs schedule for cases paid through the mail are not approved by the Associate Circuit Judge.

An average of approximately \$44,000 was spent annually on law books, publications, and software for the law library during the three years ended December 31, 2003. Perpetual inventory records of the law library are not maintained and an annual physical inventory of the law library is not performed. In addition, approval of expenditures from the Law Library Fund is not documented by the Presiding Circuit Judge. Similar conditions were also noted in our prior report.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

SEVENTEENTH JUDICIAL CIRCUIT
CASS COUNTY, MISSOURI

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Presiding Judge and Court en banc
and
Circuit Clerk of the
Seventeenth Judicial Circuit
Cass County, Missouri

We have audited certain operations of the Seventeenth Judicial Circuit, Cass County, Missouri. The scope of this audit included, but was not necessarily limited to, the three years ended December 31, 2003. The objectives of this audit were to:

1. Review internal controls over significant financial functions.
2. Review compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and operations.

Our methodology to accomplish these objectives included reviewing written policies, financial records, and other pertinent documents; interviewing various personnel of the judicial circuit, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. We also performed tests of certain controls to obtain evidence regarding the effectiveness of their design and operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the judicial circuit's management, the Office of State Courts Administrator, and Cass County and was not subjected to the procedures applied in the audit of the judicial circuit.

The accompanying Management Advisory Report presents our findings arising from our audit of the Seventeenth Judicial Circuit, Cass County, Missouri.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

January 22, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Todd M. Schuler, CPA
In-Charge Auditor:	Lori Bryant
Audit Staff:	Cynthia Freeman
	Gek Mui Melinda Tan

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

SEVENTEENTH JUDICIAL CIRCUIT
CASS COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Circuit Clerk's Accounting Controls and Procedures
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- A. Some criminal cost billings were not prepared on a timely basis, some were not prepared at all, and at least one was inaccurate. The Circuit Clerk prepares and submits billings for incarceration costs utilizing the Sheriff's certification of the number of days incarcerated. Procedures for collecting incarceration costs for defendants where the court retained the option of granting probation after 120 days, pursuant to Section 559.115, RSMo 2000, is to not bill the state for those costs, but to have the probation officer enforce collection and payment to the court. Four of the ten cases selected involved defendants granted probation after 120 days, but no payments of costs were made through probation, and three of these four defendants had their probation revoked and were sent back to prison. Incarceration costs for these four defendants totaled approximately \$3,000, and two of these cases have exceeded the two-year limit for billing the state, resulting in lost revenue to the county of approximately \$1,170.

These practices do not appear beneficial to the county since reimbursement of the incarceration costs could be requested as soon as the certification is received from the Sheriff. We spoke with several other Circuit Clerk's in the state regarding their criminal cost billing procedures, and they all indicated they bill the state for incarceration costs as soon as the certification of days incarcerated is received from the Sheriff. They all indicated that if payment is received later from the defendant while they are on probation, they will send those payments to the state.

In addition, we noted four instances where incarceration costs, totaling approximately \$8,800, were underbilled to the state. The Circuit Clerk's personnel indicated they generally do not bill the state for days the defendant spends in the jail after the date of conviction, but prior to transport to the penitentiary. These days are allowable to be billed and should be included on the billings submitted to the state. Three of these four cases were underbilled for this reason and two of those have exceeded the two-year limit for billing the state, resulting in lost revenue to the county of approximately \$380. The third case, with costs totaling approximately \$150, can still be billed. Another case was underbilled by 368 days, totaling approximately \$8,270, due to an error.

To ensure criminal cost reimbursements received by the county are maximized, all allowable costs should be billed to the state in a timely manner. Section 221.105, RSMo 2000, allows the state to reimburse certain court and incarceration costs for criminal cases when the state has been rendered liable. The state is rendered liable for criminal costs when a defendant is sentenced to imprisonment

by the Department of Corrections. Section 33.120, RSMo 2000, requires all such bills to be submitted to the state's Office of Administration within two years of the date of judgment and sentence. By not billing these costs as soon as it is allowable by law, the county, in some instances, is without revenue they are entitled to for periods sometimes exceeding two years.

- B. A listing of accrued costs owed to the court is not maintained by the Circuit Clerk and monitoring procedures related to accrued costs are not adequate. When such costs occur, the Circuit Clerk's office sends a statement to the appropriate party requesting payment. No additional follow-up action is taken.

A complete and accurate listing of accrued costs would allow the Circuit Clerk to more easily review the amounts due to the court and to take appropriate steps to ensure amounts owed are collected. Inadequate procedures for the collection of accrued court costs may result in lost revenues. In addition, Section 546.870, RSMo 2000, requires the clerk to issue executions on amounts not collected at the end of each term.

- C. The court has not made adequate efforts to review the status of old open items. The Circuit Clerk's office collects court costs for each case filed in the Circuit Division. The December 31, 2003, open items listing includes approximately 1,700 entries and totaled over \$1,140,000. Approximately 300 of these cases originated prior to 1999 with some cases dating as far back as the 1980's. Of the 30 cases reviewed, we found 18 which had monies, totaling approximately \$85,200 that should have been disbursed to the state, county, or refunded to the defendant. Four of these cases were condemnation suits, totaling approximately \$35,000, which have had no activity for more than a year. We noted one case in which a partial payment of \$40,000, for restitution and penalties, had been received in 1999 but is still being held by the court. We also found one instance in which a bond was refunded even though court costs were still unpaid.

If it appears unlikely the remaining amounts owed will be collected, a court order should be obtained to allow the balance to be prorated among the various costs. Attorney General's Opinion No. 26, 1973 to Osborne, concluded that "If, when liability has been established, accrued costs cannot be collected in full, charges not having any statutory priority or not allocated under court rule should be prorated."

Old inactive case balances increase the volume of cases which must be monitored and controlled, putting a greater burden on limited personnel resources. In addition, failure to prorate available monies, when it is unlikely the balance will be collected, deprives the state and county of the use of those monies. If the payees cannot be located, the amount should be disbursed to the State's Unclaimed Property Section as required by Section 447.595, RSMo 2000.

Conditions similar to parts B and C were also noted in our prior report.

WE RECOMMEND the Circuit Clerk:

- A. Ensure all criminal costs are accurately billed to the state on a timely basis.
- B. Maintain a listing of accrued costs and establish procedures to routinely follow-up and pursue timely collection.
- C. Review the older cases, along with the Circuit Judge, and determine the appropriate disposition of funds being held on inactive cases. Any unclaimed monies should be disposed of in accordance with state laws.

AUDITEE'S RESPONSE

The Circuit Clerk responded:

- A. *This issue has been addressed. Criminal billings, including billings to the state, have been reassigned to the criminal clerks. They have been provided with specific instructions and training. With respect to billing incarceration time up to and including the date of transport to the Department of Corrections, we have addressed this issue. Additionally, we have had a difficult time receiving incarceration time from the Cass County Sheriff. Immediate implementation of both items has taken place.*
- B. *We concur, however, we do not have the available staff to implement and maintain a complete listing of accrued costs. Our circuit is slated for Justice Information System (JIS) implementation in June of 2005; that system will maintain accrued cost information.*
- C. *This has been addressed. All clerks have been reviewing open items listings and making disbursements. Additionally, we have hired a part-time employee to help with this issue. We plan to complete this project on or before September 1, 2004.*

2. Associate Circuit Division's Procedures

- A. The Associate Division Clerk has not established procedures to routinely follow up on outstanding checks. At December 31, 2003, the Associate Division had approximately \$2,630 in old outstanding checks that were over a year old.

Procedures should be adopted to routinely follow up on old outstanding checks. If the payees cannot be located, various statutory provisions provide for the disposition of unclaimed monies.

- B. The court has not made adequate efforts to review the status of old open items. The December 31, 2003, open item listing includes approximately 400 entries, totaling over \$150,000, with approximately 50 cases originating prior to 1999. In our review of 10 cases on the open items listing, we found two bonds which had

not been claimed for over two years and no efforts have been made to refund these bonds. We also noted three cases in which checks to refund balances were returned as undeliverable to the court and no follow up action was taken. Sections 447.500 through 447.595, RSMo 2000 (which relate to unclaimed property) should be used to disburse any unidentified or unclaimed monies.

If it appears unlikely the remaining amounts owed will be collected, a court order should be obtained to allow the balance to be prorated among the various costs. As noted above, Attorney General's Opinion No. 26, 1973 to Osborne, allowed for distribution of accrued costs, on a prorated basis, that cannot be collected in full.

Old inactive case balances increase the volume of cases which must be monitored and controlled, putting a greater burden on limited personnel resources. In addition, failure to prorate available monies, when it is unlikely the balance will be collected, deprives the state and county of the use of those monies.

- C. Deviations from the established fine and costs schedule for cases paid through the mail are not approved by the Associate Circuit Judge. The Associate Division's policy is that small overpayments are not refunded because of staffing shortages and the time and expense of issuing small dollar refunds. While the Associate Circuit Judge indicates that he approves every such instance, his approval is not documented.

To ensure fines and court costs are properly collected, payment should be collected in accordance with established fines and court costs schedules. Any exceptions should be documented and approved by the judge.

- D. The Associate Circuit Judge does not always sign the case files for traffic tickets after case dispositions are recorded. To ensure the proper disposition of all cases has been entered in the court record, the Associate Circuit Judge should sign the case files to indicate approval of the recorded disposition.
- E. Adequate records are not maintained to account for the individual traffic tickets issued and their ultimate disposition. The Sheriff's department maintains a computerized log of the tickets written by each deputy; however, the log is not sorted by ticket number.

Without proper accounting of the numerical sequence and ultimate disposition of traffic tickets, the Sheriff's department, Prosecuting Attorney's office, and Associate Circuit Division cannot be assured that all tickets issued by the Sheriff's department are properly submitted to the court for processing. A log listing the ticket book, each ticket number, the date issued, offense, and the violator's name would enable the Sheriff's department, Prosecuting Attorney, and Associate Circuit Division to ensure all tickets issued have been submitted to the court for processing, properly voided, or not prosecuted. In addition, a record should be

maintained of the ultimate disposition of each ticket to ensure all documents have been accounted for properly.

Conditions similar to parts A and E were also noted in our prior report.

WE RECOMMEND the Associate Circuit Judge:

- A. Attempt to resolve the old outstanding checks and establish routine procedures to investigate checks outstanding for a considerable time.
- B. Review the older cases and determine the appropriate disposition of funds being held on inactive cases. Any unclaimed monies should be disposed of in accordance with state laws.
- C. Ensure approval is documented for partial payments accepted as payments in full.
- D. Review and sign the court dockets and/or case file related to traffic tickets to ensure propriety and to document approval.
- E. Work with the Sheriff's department and the Prosecuting Attorney's office to ensure records are maintained to account for the numerical sequence of all traffic tickets issued, as well as the ultimate disposition.

AUDITEE'S RESPONSE

The Associate Circuit Judge responded:

- A. *My staff has already eliminated these outstanding checks.*
- B. *My staff will review the open items as time permits and will dispose of funds on applicable cases by December 31, 2004.*
- C. *Beginning immediately all cases will be signed off on where the payment deviates from the established fines and cost schedule. It should be noted this occurs very rarely, usually less than ten times per year.*
- D. *Agree and will sign off on all traffic cases where the defendant appears in court.*
- E. *The court does not have control of the Sheriff's Department or the Prosecuting Attorney's office. It is the duty of the Sheriff to track the issuance of traffic tickets.*

3.**Law Library Procedures**

Controls over law library procedures are in need of improvement. An average of approximately \$44,000 was spent annually on law books, publications, and software for the law library during the three years ended December 31, 2003. Perpetual inventory records of the law library are not maintained and an annual physical inventory of the law library is not performed. In addition, approval of expenditures from the Law Library Fund is not documented by the Presiding Circuit Judge.

A physical inventory should be performed annually and compared to perpetual inventory records. Proper inventory procedures reduce the risk of loss, misuse, or theft of law library assets. Furthermore, to ensure all expenditures are reasonable and represent valid uses of law library funds, the Presiding Circuit Judge should document his approval of all invoices.

Similar conditions were also noted in our prior report.

WE AGAIN RECOMMEND the Presiding Circuit Judge require the law library custodian to maintain perpetual inventory records and perform an annual physical inventory of all law library materials. In addition, approval of all expenditures should be documented.

AUDITEE'S RESPONSE

The Circuit Clerk responded:

This has been implemented. We have developed an income/expense statement for the Presiding Judge to review each month and have begun an inventory of the Law Library materials. We have designated a clerk to complete the inventory project and maintain same, and have designated a member of the Cass County Bar Association to review the inventory yearly. Plans are to have the inventory completed by July 1, 2004.

FOLLOW-UP ON PRIOR AUDIT FINDINGS

SEVENTEENTH JUDICIAL CIRCUIT
CASS COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by the Seventeenth Judicial Circuit, Cass County, Missouri, on findings in the Management Advisory Report (MAR) of our prior audit report issued for the two years ended December 31, 1996. The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the judicial circuit should consider implementing those recommendations.

1. Circuit Clerk's Accounting Controls and Procedures – Fee Account

- A. Adequate procedures to follow-up on outstanding checks had not been established.
- B. Monthly listings of open items (liabilities) were not prepared and, consequently, open items were not reconciled with cash balances.
- C.1. Collection of accrued court costs was not adequately pursued.
- 2. A record to document the total amounts due to the court was not maintained.

Recommendation:

The Circuit Clerk:

- A. Establish procedures to periodically review outstanding checks and take action to resolve any old outstanding checks on a timely basis. For those checks where payees cannot be located, the monies should be disbursed in accordance with state law.
- B. Review old cases and disburse filing fees and other fees to the state and county. In addition, monthly listings of open-items should be prepared and reconciled to the cash balance. An attempt should be made to investigate the unidentified monies and any monies remaining unidentified should be disbursed in accordance with state law.
- C.1. Implement procedures to adequately pursue the collection of accrued costs.
- 2. Establish a control account for the accrued court costs and periodically reconcile it to the defendants' accrued court cost receivable balances.

Status:

- A. Not Implemented. The number of old outstanding checks was greatly reduced from last audit, but some still exist. Although not repeated in the current report, our recommendation remains as stated above.
- B. Partially implemented. Although monthly listings of open-items are now being prepared and reconciled to the cash balance, the listing includes many old cases which should be reviewed and monies disbursed. See MAR finding number 1.
- C. Not implemented. See MAR finding number 1.

2. Circuit Clerk's Account Controls and Procedures – Child Support Account

- A. Child support monies were held in a non interest-bearing account.
- B. Delinquent child support payments were not adequately monitored.

Recommendation:

The Circuit Clerk:

- A. Invest child support monies in an interest-bearing account.
- B. Implement procedures to monitor delinquent child support payments and issue delinquent notices in accordance with state law.

Status:

These recommendations are no longer applicable. The state took over the collection of child support in 2001.

3. Associate Circuit Division's Account Controls and Procedures

- A. Adequate procedures to follow-up on outstanding checks had not been established.
- B. The method of payment was not indicated on receipt slips and, consequently, the composition of receipt slips could not be reconciled to composition of bank deposits.
- C. The correct court fees were not assessed in some instances.
- D. The proper fine amounts were not reported to the state for three cases.

- E. Neither the Sheriff's Department nor the court maintained adequate records to account for all the traffic tickets issued and their ultimate disposition.

Recommendation:

The Associate Circuit Division:

- A. Establish procedures to periodically review outstanding checks and take action to resolve any old outstanding checks on a timely basis. For those checks where payees cannot be located, the amounts should be disbursed in accordance with state law.
- B. Indicate the method of payment on all receipt slips. The composition of receipt slips issued should be reconciled to the composition of bank deposits.
- C. Ensure that all fees are assessed in accordance with state law.
- D. Ensure the proper fine amount is reported to the Missouri State Highway Patrol.
- E. Work with the Sheriff's Department to ensure a log listing each ticket number, the date issued, offense, violator's name, and ultimate disposition is maintained to ensure all traffic tickets have been accounted for properly.

Status:

A&E. Not implemented. See MAR finding number 2.

B, C,
&D. Implemented.

4. Law Library

- A. Approval of expenditures was not properly documented.
- B. Some books were not stamped as being property of the county law library.
- C. Perpetual inventory records were not maintained.
- D. Invoices were not paid timely.

Recommendation:

The Presiding Circuit Judge:

- A. Document his review and approval of all expenditures.

- B. Require all books be stamped "Property of Cass County Law Library."
- C. Require that perpetual inventory records be maintained and an annual physical inventory of all law library materials be performed.
- D. Ensure all invoices are paid in a timely manner.

Status:

A&C. Not implemented. See MAR finding number 3.

B. Not implemented. While a scan of the law books indicates the new books are being stamped, older books have still not been stamped. Although not repeated in the current report, our recommendation remains as stated above.

D. Implemented.

5. C.B. Fitzgerald Trust Fund

The trust agreement for this fund which would provide the terms for the trust could not be located.

Recommendation:

The Presiding Circuit Judge attempt to locate the trust agreement for this trust fund, and if one cannot be located, determine the proper disposition of the funds.

Status:

Implemented. In May 1998, the Presiding Circuit Judge issued a court order investing the Juvenile Judge for the Circuit Court of Johnson County to have the exclusive right to dispose of the monies in the trust fund.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

SEVENTEENTH JUDICIAL CIRCUIT
CASS COUNTY, MISSOURI
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

Organization

The Seventeenth Judicial Circuit consists of Cass County as well as Johnson County.

The Seventeenth Judicial Circuit consists of two circuit judges and four associate circuit judges. The circuit judges hear cases throughout the circuit. One judge, elected biennially by secret ballot of the circuit and associate judges, serves as the presiding judge and, therefore is responsible for the administration of the circuit. Of the four associate judges, two are located in Cass County and preside over the Associate Circuit Court (Division III) and the Probate Division Court (Division IV). The other two associate circuit judges are located in Johnson County.

In addition to the judges, the Seventeenth Judicial Circuit, Cass County personnel include a circuit clerk, an associate division clerk, a probate division clerk, fourteen deputy clerks, a juvenile officer, six deputy juvenile officers, two court reporters, two juvenile office secretaries, and approximately sixteen juvenile detention center employees.

Circuit personnel located in Johnson County are not included in the scope of this audit, but are reported on separately.

Operating Costs

The operating expenses for the Circuit Division, the Associate Circuit Division, the Probate Division, the juvenile office, Juvenile Detention Center, the Circuit Judge, and court reporters are paid by Cass County. The salaries of all the court personnel and the juvenile office are paid by the state of Missouri. The state also pays for six of the juvenile detention center employees.

Receipts

Receipts of the Seventeenth Judicial Circuit, Cass County, were as follows:

Year Ended December 31,		
2003	2002	2001
\$ 2,457,428	3,116,923	2,501,060
12,426	14,800	27,145
<u>\$ 2,469,854</u>	<u>3,131,723</u>	<u>2,528,205</u>

Caseload and Time Standards Statistics

From the Office of State Courts Administrator Missouri Judicial Reports, caseload statistics of the filings and dispositions of the Seventeenth Judicial Circuit, Cass County, were as follows:

	Year Ended June 30,			
	2002		2001	
	Filings	Dispositions	Filings	Dispositions
Civil	3,276	3,124	3,066	3,009
Criminal	7,394	6,789	6,713	6,363
Juvenile	429	377	442	372
Probate	119	120	141	141
Total	11,218	10,410	10,362	9,885

From the Office of State Courts Administrator Missouri Judicial Report for fiscal year 2002, statistics on the compliance of the Seventeenth Judicial Circuit, Cass County, with time standards for disposition of certain types of cases were as follows:

Type of Case	Time Standard	Seventeenth Judicial Circuit Cass County, Missouri	State Total
Circuit Civil	90 % in 18 months	64 %	79 %
	98 % in 24 months	69	87
Domestic Relations	90 % in 8 months	83	83
	98 % in 12 months	88	90
Associate Civil	90 % in 6 months	99	87
	98 % in 12 months	100	96
Circuit Felony	90 % in 8 months	81	86
	98 % in 12 months	94	93
Associate Criminal	90 % in 4 months	88	75
	98 % in 6 months	95	83

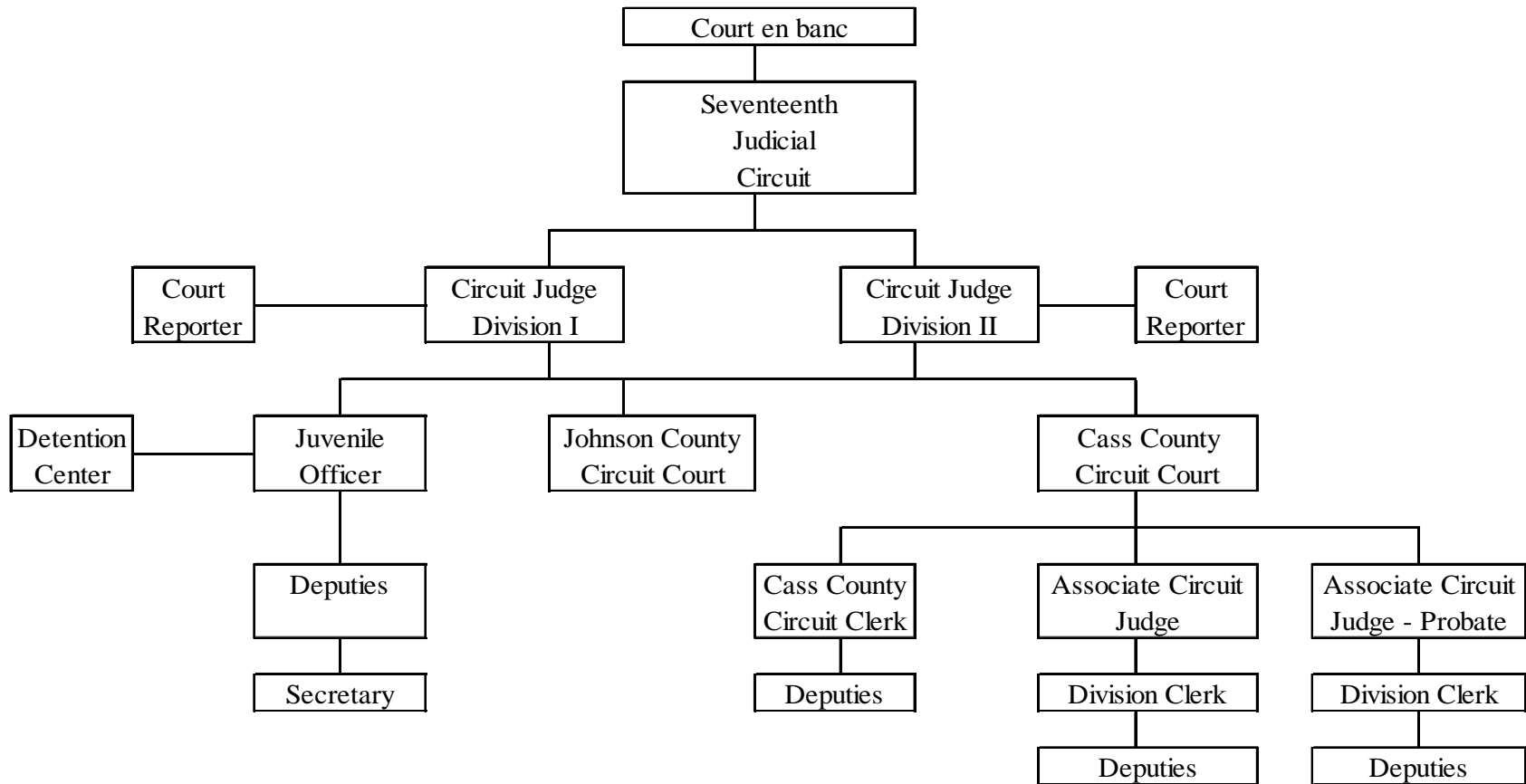
Personnel

At December 31, 2003, the judges, Circuit Clerk, and Juvenile Officer of the Seventeenth Judicial Circuit, Cass County, were as follows:

Jacqueline Cook, Circuit Judge, Division I
Joseph P. Dandurand, Presiding Circuit Judge, Division II
William B. Collins, Associate Circuit Judge
Thomas M. Campbell, Associate Circuit Judge, Probate Division
Kelly Sue Elliott, Circuit Clerk
Douglas Oyer, Juvenile Officer

An organization chart follows:

SEVENTEENTH JUDICIAL CIRCUIT
CASS COUNTY, MISSOURI
ORGANIZATION CHART
DECEMBER 31, 2003





**REVIEW OF ARTICLE X
SECTIONS 16 THROUGH 24
CONSTITUTION OF MISSOURI
YEAR ENDED JUNE 30, 2003**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-31
May 4, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

May 2004

The following is a review conducted by our office of Article X, Sections 16 through 24, Constitution of Missouri.

On November 4, 1980, the voters of Missouri passed Constitutional Amendment No. 5, which added Article X, Sections 16 through 24 to the Constitution of Missouri. The amendment, commonly referred to as the Hancock Amendment, requires that no greater portion of Missourians' personal income be used in any future year to fund state government than was the case in fiscal year 1981, except as authorized by a vote of the people.

The State Auditor's Office performs a review of the state's compliance with the provisions of the Hancock Amendment to verify the accuracy of the revenue limit computation performed by the Office of Administration, Division of Budget and Planning (OA-BP). The auditor's review agreed with the OA-BP that no refund is due to taxpayers for the year ended June 30, 2003.

Total state revenue was calculated at \$7.2 billion, while the refund threshold was calculated at \$9.1 billion, which means state revenue was under the revenue limit by \$1.9 billion for the year ended June 30, 2003.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
CONSTITUTION OF MISSOURI

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Members of the General Assembly
and
Jacquelyn D. White, Commissioner
Office of Administration
Jefferson City, MO 65102


We have conducted a review of revenues of the state of Missouri for the year ended June 30, 2003, and the application to those revenues of Article X, Sections 16 through 24, of the Constitution of Missouri, more commonly referred to as the Hancock Amendment (included as an Appendix). We had previously reported on revenues of the state for the years ended June 30, 1982 through 2002. The amendment, which was adopted by the voters of Missouri on November 4, 1980, limits the growth of state revenues collected in any fiscal year. The objectives of this review were to:

1. Evaluate the formula to calculate the state's revenue limit.
2. Determine the specific items included in total state revenues.
3. Verify the accuracy of the revenue limit computation and compare that limit to total state revenues.
4. Review the state's overall compliance with the provisions of the amendment.

Our review included only the application of the revenue limit to state revenues and, accordingly, did not include a review of the effects of the amendment on any local governmental unit.

Our methodology to accomplish these objectives included discussions with personnel of the Office of Administration, Division of Budget and Planning, inspecting relevant records and reports compiled by that office, and reviewing reports from the statewide accounting system. We reviewed this information to the extent necessary to satisfy ourselves that the following Exhibits are fairly stated in all material respects.

The following Executive Summary and the Background, Methodology, and Conclusions present our comments, findings, and conclusions concerning the state's overall compliance with the provisions of Article X, Sections 16 through 24, Constitution of Missouri.

A handwritten signature in black ink that reads "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

April 2, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Peggy Schler, CPA
Audit Staff:	Frank Verslues

EXECUTIVE SUMMARY

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
CONSTITUTION OF MISSOURI
EXECUTIVE SUMMARY

On November 4, 1980, the voters of Missouri passed Constitutional Amendment No. 5 which added Article X, Sections 16 through 24 to the Constitution of Missouri. The amendment, commonly referred to as the Hancock Amendment, requires that no greater portion of Missourians' personal income (MPI) be used in any future year to fund state government than was the case in fiscal year 1981, except as authorized by a vote of the people.

Exhibit A presents a summary of the calculations of limited total state revenue (TSR) for the years ended June 30, 2003, 2002, 2001, 2000, and 1999. The results of our review determined that for the year ended June 30, 2003, TSR was approximately \$1.9 billion under the refund threshold. As a result, no refund is due for the year ended June 30, 2003.

On January 27, 1998, the Missouri Supreme Court entered a final decision in Kelly v. Hanson, et. al., 959 S.W. 2d 107 (Mo. 1998). This decision determined that taxes and other funds collected by the state may not be considered revenue in the context of TSR unless they meet a two-part test derived from an earlier judicial definition of revenue: (1) the funds must be received into the state treasury; and (2) the funds must be subject to appropriation. Thus, the Hancock Amendment presents unique financial related legal requirements that must be taken into consideration. The items that the Supreme Court specifically ruled on are as follows:

1. The Federal Reimbursement Allowance and the Nursing Facility Reimbursement Allowance tax imposed by the state to pay the state's share of the costs of the Medicaid program is collected by an offset against Medicaid claims and is not directly deposited in the state treasury. As a result, this revenue is not included in TSR.
2. The local use tax imposed by the state under Section 144.748, RSMo, until repealed on May 21, 1996, and distributed to local government is not deposited in the state treasury and is not appropriated. As a result, this revenue is not included in TSR.
3. Revenue from one dollar of a state imposed two dollar admission fee to gaming riverboats is remitted to the "home dock city or county" and is not deposited in the state treasury. As a result, this revenue is not included in TSR.
4. Ten percent of the revenue for an adjusted gross receipts tax imposed by the state on gaming riverboats is remitted to the "home dock city or county" and is not deposited in the state treasury. As a result, this revenue is not included in TSR.
5. An adjustment to the revenue limit related to the state assuming certain judicial clerk salaries is appropriate.

On November 24, 1998, the Missouri Court of Appeals, Western District entered a final decision in Kelly v. Hanson, et. al., 984 S.W. 2d 540 (Mo. 1998). The Missouri Court of Appeals, Western District ruled that revenue from the one dollar of the state imposed two dollar admission fee to gaming riverboats is not included in TSR while the revenue from the payments to the state to recoup public safety and regulatory enforcement costs for gaming riverboats is included in TSR.

The State Auditor's Office (SAO) and the Office of Administration, Division of Budget and Planning (OA-BP) did not present an issue to the Supreme Court concerning the proper accounting for the effect of tax refunds. However, because the Supreme Court decision indicated that the Hancock provisions in the constitution require the actual receipt of revenue, the amendment presents a cash basis system of accounting. Based on the Court's decision, the SAO has changed the calculation of refunds from an appropriations basis to a cash basis.

On June 29, 1999, the Missouri Supreme Court entered a final decision in Conservation Federation of Missouri, et. al., v. Richard Hanson, et. al., 994 S.W. 2d 27 (Mo. Banc. 1999). This decision determined that Article IV, Section 43(b) prohibits the disbursement of monies specified in that section for the purpose of making the refund required by Article X, Section 18, and that revenue derived from the one-eighth of one percent sales tax imposed by Article IV, Section 43(a) is not includable in TSR.

This decision related to the use of Conservation Fund monies for making refunds under the Hancock Amendment. The General Assembly appropriated a total of approximately \$6 million from the Conservation Fund to be used to pay for refunds due to taxpayers under the Hancock Amendment for fiscal years 1995 and 1996. The Conservation Federation filed suit declaring that moneys in the Conservation Fund may not be used to make these refunds and that the sales tax proceeds are not includable in TSR. The Supreme Court ruled that Article IV, Section 43(b) requires that conservation funds be expended for conservation purposes as specified in that section and using these funds to pay for Hancock refunds is, therefore, unconstitutional.

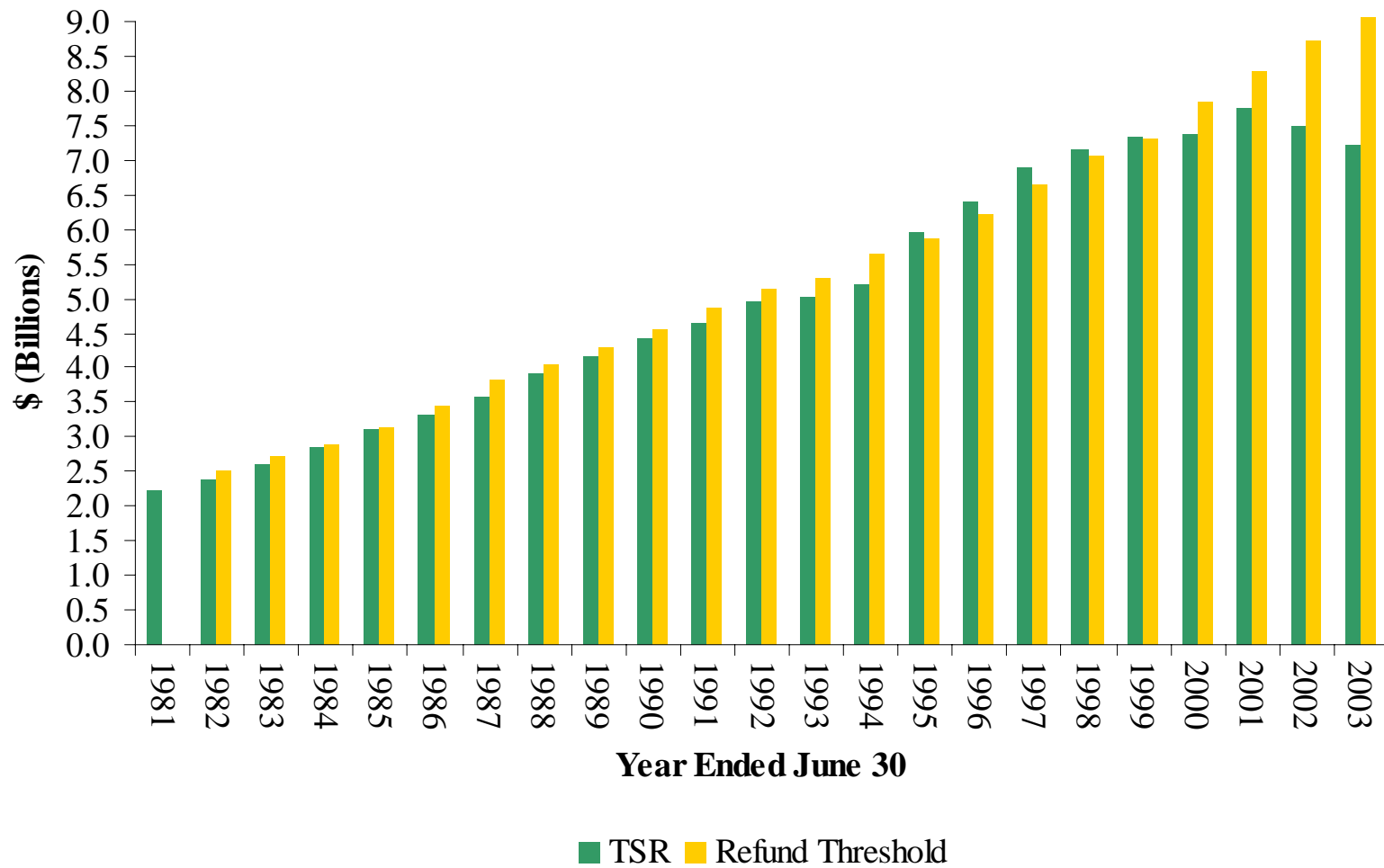
This decision also related to whether the conservation sales tax should be included in TSR. The Supreme Court noted that the conservation sales tax imposed by Section 42(a) was enacted by a vote of the people in 1976, which was four years before the Hancock Amendment was approved. However, Section 43(b) was adopted contemporaneously with the Hancock Amendment and, therefore, went into effect after the Hancock Amendment's baseline period for TSR, which was fiscal year 1981. Thus, this case presents the unique situation that a tax was approved by the voters prior to the Hancock Amendment, but the voter-approved (indeed voter mandated) spending of that revenue was approved after the Hancock Amendment's initial tax and spending ceiling was calculated.

Since the state had already paid refunds to taxpayers for fiscal years 1995, 1996, and 1997, the state has decided not to recalculate TSR for those years. However, for fiscal year 1998, the state has excluded the conservation sales tax (and related interest earnings) from TSR in accordance with the Supreme Court decision. In addition, the state will not pay any refunds (for prior years or future years) from the Conservation Fund.

In December 1999, two lawsuits were filed in the Cole County Circuit Court. The first case, Flotron v. Carnahan, et. al., 99CV323351, claims that the Supreme Court held in Conservation Federation v. Hanson, 994 S.W. 2d 27 (Mo. Banc. 1999) that all revenue from the conservation

sales tax must be removed not only from yearly total state revenues, but also from the baseline calculation for 1981. The second case, Missouri Merchants and Manufacturers Association, et. al. v. State of Missouri et. al., 99CV323530 claims that the state has not included tax credits in the calculation of the revenue limit and TSR. These two lawsuits were consolidated, and on March 8, 2001, the Missouri Supreme Court handed down its decision in Missouri Merchants and Manufacturers Assoc. v. State of Missouri, 2001 WL 224725 (Mo.). The court held that the auditor and the OA-BP correctly decided to keep conservation sales tax revenues in the baseline calculation, while excluding them from yearly total state revenues. The court further found that tax credits which exceed a taxpayer's liability, resulting in a refund to the individual taxpayer, should be included in the calculation of total state revenue. Starting in fiscal year 2001, the OA-BP has included certain tax credits in the calculation of total state revenue.

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24
CONSTITUTION OF MISSOURI
CHART OF TOTAL STATE REVENUE VERSUS REFUND THRESHOLD



EXHIBITS

Exhibit A

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24, CONSTITUTION OF MISSOURI
SUMMARY OF TOTAL STATE REVENUE AND REFUND CALCULATIONS
FIVE YEARS ENDED JUNE 30, 2003
(IN MILLIONS)

		Year Ended June 30,				
		1999	2000	2001	2002	2003
TOTAL STATE REVENUE (TSR)						
Total state receipts	\$	15,076.69	15,871.29	17,360.76	18,127.97	18,347.05
Less excluded revenue		(6,846.96)	(7,442.20)	(8,632.31)	(9,541.77)	(9,904.25)
Less expenditure refunds		(886.05)	(1,057.35)	(1,066.85)	(1,165.04)	(1,252.34)
Add refundable tax credits		0.00	0.00	78.04	67.19	10.07
TSR	\$	7,343.68	7,371.74	7,739.64	7,488.35	7,200.53

REVENUE LIMIT AND REFUND THRESHOLD

Missouri personal income	\$	127,795.00	136,754.00	144,389.00	152,448.00	159,093.00
Base year ratio	x	0.056395	0.056395	0.056395	0.056395	0.056395
Base limit		7,207.00	7,712.24	8,142.82	8,597.30	8,972.05
Judicial article amendment		37.82	39.70	43.52	43.52	43.52
Revenue limit		<u>7,244.82</u>	<u>7,751.94</u>	<u>8,186.34</u>	<u>8,640.82</u>	<u>9,015.57</u>
1 percent adjustment		72.45	77.52	81.86	86.41	90.16
Refund threshold	\$	<u>7,317.27</u>	<u>7,829.46</u>	<u>8,268.20</u>	<u>8,727.23</u>	<u>9,105.73</u>

REFUND CALCULATION

TSR	\$	7,343.68	7,371.74	7,739.64	7,488.35	7,200.53
Less refund threshold		<u>7,317.27</u>	<u>7,829.46</u>	<u>8,268.20</u>	<u>8,727.23</u>	<u>9,105.73</u>
Over (Under) Threshold		26.41	(457.72)	(528.56)	(1,238.88)	(1,905.20)
1 percent adjustment		72.45	0.00	0.00	0.00	0.00
Refund	\$	<u>98.86</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>

See the accompanying Notes to the Exhibits.

Exhibit B

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
CONSTITUTION OF MISSOURI
SCHEDULE OF TOTAL STATE REVENUES

Revenue Source	Code	Type of Revenue	Year Ended June 30,			
			2000	2001	2002	2003
			\$			
	1001	Sales and use tax	1,711,735,812	1,732,305,234	1,736,714,171	1,737,612,158
	1003	(l) Parks sales and use tax	34,747,135	35,230,980	36,220,266	35,939,862
	1005	(k) Soil and water sales and use tax	34,746,972	35,230,984	36,220,270	35,947,537
	1007	General revenue reimbursements - local sales and use tax	2,579,696	3,010,856	1,835,145	1,838,920
	1009	Motor vehicle sales tax	212,131,664	201,434,995	224,606,585	210,455,391
	1011	(u) Conservation sales and use tax	86,885,502	88,085,276	90,545,178	89,855,329
	1013	(f) Proposition C sales and use tax	682,981,580	689,313,928	707,412,040	702,831,412
	1015	Sales and use taxes paid under protest	1,650,756	153,582	450,179	304,292
	1022	Individual income tax	4,276,499,738	4,594,876,638	4,470,625,351	4,392,707,326
	1024	Individual income taxes paid under protest	1,315	(293,191)	81,600	42,353
	1026	Corporate income tax	443,212,366	365,348,758	448,568,753	366,848,435
	1028	Corporate income taxes paid under protest	(284,067)	562,689	456,457	1,451
	1033	County foreign insurance tax	146,759,514	139,319,912	160,589,220	157,209,442
	1037	Worker's compensation insurance tax	19,082,046	3,633,190	2,221,514	18,558,537
	1039	Worker's compensation insurance tax - second injury	36,035,166	40,002,911	41,202,150	43,490,045
	1041	Excess lines of insurance tax	7,871,619	9,724,620	12,516,253	19,545,210
	1049	Heavy beer tax	8,045,753	8,002,425	8,139,919	8,162,402
	1051	Light beer tax	106,295	106,174	87,955	52,013
	1053	Liquor tax	14,256,263	14,853,871	14,623,630	14,914,429
	1055	Wine tax	2,930,608	2,949,469	3,056,127	3,679,658
	1057	Cigarette tax	103,356,006	99,428,258	97,272,540	97,945,955
	1059	Tobacco product tax	8,649,933	8,723,561	9,545,626	10,204,096
	1060	Motor vehicle fuel tax	386,297,792	381,494,352	387,710,815	394,517,707
	1060	(g) Motor vehicle fuel tax	169,035,971	163,583,904	165,590,555	168,030,100
	1060	(p) Motor vehicle fuel tax	150,023,029	145,184,278	146,965,204	149,130,374
	1062	Special fuel non-gas tax	2,617,137	1,393,208	1,177,761	2,431,054
	1064	Aviation fuel tax	599,279	479,395	429,032	549,406
	1070	Corporation franchise tax	78,165,764	71,862,773	20,753,109	70,265,700
	1073	Estate tax	132,700,434	156,818,846	136,954,962	81,496,285
	1074	(q) Bingo tax	3,849,044	3,514,132	3,187,204	3,209,784
	1076	(r) Gaming commission gross receipts tax	178,423,987	187,786,857	217,286,247	234,237,771
	1080	Real and personal property tax	16,062,211	17,630,096	18,640,204	18,888,626
	1082	Delinquent real and personal property tax	2,368,166	1,788,078	2,347,829	2,601,540
	1084	Hazardous waste tax	2,191,446	3,237,913	3,547,403	3,363,038
	1088	Nursing facility reimbursement allowance	6,643,749	8,904,840	9,641,756	9,314,474
	1089	Pharmacy Reimbursement Allowance	-	-	-	15,320,294
	1090	Federal reimbursement allowance	11,914,000	16,871,529	7,939,464	13,566,447
	1092	Payments in lieu of taxes	300,000	300,000	175,000	-
	1093	Athletic events tax	280,226	120,127	151,771	57,801
	1095	Surcharges	-	207,500	606,134	695,555
	1097	Agency collected sales taxes	106,626	109,032	457,602	415,473
	1099	Other taxes	174,489	127,947	67,313	64,944
	1100	Professional licenses or permits	14,899,229	20,801,980	20,114,035	20,593,036
	1102	Recreational licenses or permits	3,982,073	3,769,226	4,111,095	4,198,718
	1104	All-terrain vehicle licenses or permits	124	250	536	852
	1106	Motor vehicle licenses or permits	161,503,917	189,285,982	168,023,626	166,405,505
	1108	Interstate transportation licenses or permits	60,695,858	54,135,803	56,996,602	57,332,152
	1108	(g) Interstate transportation licenses or permits	4,947,537	5,036,883	5,118,406	5,054,226
	1110	Driver's licenses or permits	17,693,434	20,320,279	21,059,328	22,864,738
	1112	Land reclamation commission permits	431,593	438,550	370,237	469,778
	1114	Salesman licenses or permits	3,402,585	3,835,926	4,469,430	3,209,485

Exhibit B

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
CONSTITUTION OF MISSOURI
SCHEDULE OF TOTAL STATE REVENUES

Revenue Source	Code	Type of Revenue	Year Ended June 30,			
			2000	2001	2002	2003
	1116	Vehicle and boat manufacturer and dealer licenses	905,896	911,535	911,210	923,960
	1118	Liquor licenses or permits	3,666,225	3,670,395	4,383,474	3,799,292
	1120	Gaming commission licenses	2,195,634	1,804,602	1,792,626	2,216,175
	1122	Beer licenses or permits	12,997	12,256	11,966	11,038
	1124	Motor carrier licenses	2,836,180	2,789,015	2,600,105	2,503,702
	1126	Hunting and fishing licenses and commission permits	27,337,935	27,139,361	27,584,035	28,407,143
	1127	Hunting and fishing special tags	1,315,350	1,232,849	1,130,411	1,321,864
	1128	Hazardous waste transporter licenses	402,725	367,565	346,030	281,820
	1130	Water pollution control permits	2,136,218	2,622,026	3,839,546	3,987,010
	1132	Overdimension/overweight permits	4,828,860	4,493,852	4,625,179	4,454,546
	1134	Merchant licenses	811,482	983,772	873,699	996,908
	1136	Tobacco licenses	22,700	23,900	27,300	24,500
	1138	Temporary licenses	1,175	1,600	925	675
	1140	Duplicate plates	1,477	1,278	1,177	1,802
	1149	Other licenses and permits	2,359,154	2,462,292	2,337,885	3,365,225
	1150	Lobbyist registration fees	1,760	2,310	2,260	2,130
	1152	Motorboat fees	5,550,804	5,495,087	5,854,312	5,781,775
	1154	Narcotics and dangerous drugs fees	678,240	670,267	509,416	1,024,210
	1156	Occupational boards exam fees - individual exam fees	131,032	448,657	742,937	711,368
	1160	Non-motor fuel decal fees	520,725	162,590	152,485	135,790
	1162	Filing fees	14,471,503	14,368,725	14,711,378	14,289,774
	1164	Transfer fees	30,272	23,384	22,854	24,328
	1169	Other registration fees	11,219,536	12,592,642	12,140,319	12,464,041
	1174	Asbestos fees	259,101	251,264	261,965	251,871
	1178	Milk control fees	55,451	87,729	39,565	52,507
	1180	Home health care license fees	132,600	127,200	113,400	120,000
	1182	Nursing home license fees	147,267	131,977	140,044	146,683
	1184	Title V emissions fees	4,522,691	6,410,168	6,704,597	7,926,714
	1185	Emission fees/non Title V facilities	1,116,242	496,654	445,920	368,441
	1186	Boarding home license fees	743,567	715,364	715,855	725,487
	1188	Public utilities fees	21,432,233	20,572,444	19,126,770	19,702,341
	1190	Hospital license fees	90,528	90,225	84,122	94,152
	1192	Grain warehouse license fees	36,295	35,465	36,288	33,687
	1194	Missouri primacy fees	2,496,191	2,485,763	2,374,641	2,666,930
	1196	Underground storage tank annual participation fees	1,233,560	1,170,584	1,255,623	1,234,514
	1198	Transport load fees	14,352,974	13,841,740	16,834,815	22,803,622
	1200	Storage tank registration fees	260,059	269,535	56,310	46,205
	1202	Tourist cabin permit fees	142,685	146,067	230,025	190,954
	1206	Solid waste disposal fees	9,490,126	9,687,293	11,737,917	10,998,242
	1208	New tire fees	1,968,304	2,010,702	2,044,605	2,241,714
	1210	Ground water protection fees	524,281	474,974	441,978	444,101
	1214	Insurance regulatory fees, renewals and purchasing groups	1,907,337	1,952,584	1,862,781	1,829,238
	1216	Air conservation commission permit fees	313,418	252,357	283,085	463,279
	1218	Bingo license fees	71,890	74,525	71,905	69,820
	1220	Lab fees	1,514,785	1,374,311	1,355,954	1,800,967
	1222	Program administration fees	813,724	771,929	674,018	768,707
	1223	Confined animal feed operation indemnity fees	40,321	50,641	44,649	33,486
	1224	Railroad assessments	705,384	664,373	1,076,878	539,513
	1227	Enhanced vehicle emission inspection fees	375,241	1,821,791	1,666,518	1,707,770

Exhibit B

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
CONSTITUTION OF MISSOURI
SCHEDULE OF TOTAL STATE REVENUES

Revenue Source	Code	Type of Revenue	Year Ended June 30,			
			2000	2001	2002	2003
	1229	Beverage inspection fees	430,452	452,694	444,998	55,556
	1233	Grain warehouse inspection fees	1,456,065	1,485,938	1,590,763	1,616,019
	1235	Milk inspection fees	1,530,402	1,420,596	1,377,533	1,366,630
	1237	Ice cream products inspection fees	32,845	21,180	22,517	39,460
	1239	Mine inspection fees	91,251	77,508	68,324	74,486
	1241	Mobile home and recreational vehicle inspection fees	288,790	266,188	377,812	428,085
	1243	Oil inspection fees	2,422,783	2,400,864	2,415,488	2,164,079
	1249	Other inspection fees	918,601	1,060,908	1,042,563	1,197,621
	1250	Collection fees	24,176,296	16,887,480	17,166,793	17,941,164
	1250 (c)	Collection fees - Fund 880	-	-	-	7,149
	1252	Admission fees	982,328	928,247	1,036,032	1,191,555
	1252 (r)	Admission fees - Riverboat gambling	49,206,860	46,984,700	48,607,527	51,061,261
	1254	State auditor fees	743,699	777,268	746,288	991,184
	1260	Grade crossing safety fees	757,852	1,441,440	1,206,302	1,204,109
	1262	Loan administration fees	1,963,020	2,156,065	2,700,281	2,624,013
	1262 (c)	Loan administration fees - Fund 881	197,293	208,357	9,165	-
	1264	Court fees	18,863,188	17,630,909	17,665,443	17,478,866
	1266	Financial institutions examination fees	6,764,447	6,639,892	6,537,159	6,476,118
	1268	Consumer finance license fees	677,700	625,100	720,525	793,125
	1270	Transcript fees	141,467	125,225	148,507	170,160
	1274	Marketing development fees	196,742	331,838	244,854	185,869
	1276	Miscellaneous insurance fees	594,567	615,158	570,580	647,075
	1278	Gaming commission administrative income	2,174	4,455	3,319	3,762
	1279 (a)	Lottery commission fees	195,279	246,300	309,450	338,073
	1280	Motor vehicle inspection sticker fees	4,013,513	3,777,264	4,267,409	4,412,638
	1282	Logo sign advertising fees	3,241,796	3,399,742	3,494,840	3,545,681
	1284	Public defender fees	918,393	885,419	820,470	1,142,491
	1286	Witness fees	3,915	5,451	6,008	4,304
	1286 (a)	Witness fees - Fund 657	-	-	-	40
	1288	County recorders fees	8,011,015	7,815,444	12,647,575	11,423,587
	1290	Training or conference fees	25,003	49,414	36,773	40,290
	1294	Electronic monitoring fee	801,843	1,287,591	1,346,871	1,493,475
	1298	Substance abuse offender program fees	1,756,647	1,736,251	1,817,839	1,924,812
	1302	Criminal records check fees	3,317,577	3,602,868	4,107,926	4,344,223
	1303	Other fees	3,311,554	4,953,977	5,676,537	5,720,090
	1303 (c)	Other fees -Fund 880	3,660	-	-	-
	1305 (h)	Bond sales proceeds	40,024,065	286,102,087	413,049,331	398,337,310
	1310	Land sales	1,330,053	2,490,321	3,590,127	2,027,355
	1312	Sales of natural resources products	3,040,229	2,420,275	2,281,434	2,698,580
	1314	Sales of agriculture products	1,793,736	1,768,337	1,555,108	1,416,064
	1316	Manufactured product sales	12,203,435	14,266,711	7,107,259	5,404,285
	1318	Information sales	3,672,650	3,770,665	3,577,403	3,361,956
	1320	Souvenir sales	620,200	687,074	729,830	620,334
	1322	Surplus property sales - State	3,924,703	4,645,129	5,785,741	1,650,166
	1322 (a)	Surplus property sales - State - Lottery Fund 657	137,302	110,726	98,098	-
	1322 (aa)	Surplus property sales - State - Fund 710	573,282	1,148,683	1,179,903	787,350
	1322 (c)	Surplus property sales - State - Fund 880	-	-	14,063	-
	1324	Surplus property sales - Federal	1,953,910	2,430,759	2,870,157	2,318,658
	1324 (c)	Surplus property sales - Federal - Fund 880	-	210	-	-
	1326	Unclaimed Property Sales	-	-	-	3,796
	1328	Sales of fixed assets - control	6,703,573	5,748,170	5,195,082	7,368,247
	1330	Vital records sales	1,281,566	1,220,807	1,219,613	1,244,136

Exhibit B

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
CONSTITUTION OF MISSOURI
SCHEDULE OF TOTAL STATE REVENUES

Revenue Source	Code	Type of Revenue	Year Ended June 30,			
			2000	2001	2002	2003
	1332	(a) Lottery ticket sales	278,290,515	256,549,705	282,517,043	310,793,243
	1334	Cafeteria sales	685,678	716,482	1,083,947	680,970
	1338	Other sales	215,465	199,983	288,147	460,178
	1340	Gain on sale of fixed assets	-	-	342	15,411
	1342	Supply sales	-	-	107	797
	1401	Land rentals/leases	5,226	-	2,166	1,066
	1403	State facilities rentals/leases	679,339	881,705	910,889	786,443
	1404	Parking rentals/leases	123,796	83,948	87,105	80,831
	1405	Concessions and recreational rentals/leases	2,497,975	2,443,321	2,346,366	2,286,164
	1407	Housing/building rentals/leases	377,587	352,936	345,124	327,344
	1409	Other leases and rentals	1,516,822	1,228,246	1,512,930	1,285,740
	1414	(e) Medicare	8,692,048	9,430,293	7,780,676	10,023,586
	1416	(e) Medicare - community based	406,508	430,198	-	-
	1418	(e) Medicaid	62,838,731	65,415,461	84,837,220	113,715,423
	1420	(e) Medicaid - community based	62,380,747	52,083,505	52,544,520	55,460,400
	1422	Private Payments	6,919,977	7,728,151	7,619,066	8,012,154
	1424	Insurance payments	1,759,775	2,268,896	2,550,849	2,832,410
	1426	Other payments	900,723	446,888	564,806	225,715
	1434	Institutional support fees	55,980	30,527	39,093	55,357
	1436	Room and care	13,155,285	15,344,355	15,998,636	18,807,181
	1438	Fleet services operations/maintenance	-	8,384	409	-
	1442	Mail/freight services	-	1,100	290	1,170
	1446	Printing service	-	42,792	62,928	81,288
	1448	Computer services	-	3,321	43,359	1,850
	1452	Flight Operations Services	-	-	-	29,352
	1501	Private donations	3,950,259	5,259,549	2,492,123	4,233,004
	1502	Other governmental entity donations	24,852	134,865	-	-
	1507	(e) Nasao (airport inspections)	22,102	-	-	-
	1510	(e) US Department of Agriculture	560,196,906	295,168,578	330,201,447	298,793,799
	1512	(e) US Department of Defense	2,106,505	1,691,666	2,298,922	2,347,401
	1514	(e) US Department of Housing and Urban Development	50,354,645	48,660,402	41,806,127	36,536,630
	1516	(e) US Department of Interior	17,245,212	15,829,317	18,902,443	15,353,170
	1518	(e) US Department of Justice	10,751,283	3,828,766	7,728,788	7,866,985
	1520	(e) US Department of Labor	25,814,992	80,665,476	81,124,949	71,641,936
	1522	(e) US Department of Education	365,963,223	426,076,140	454,924,801	521,034,164
	1522	(e) US Department of Education - Fund 626	17,638,453	-	-	-
	1522	(c) US Department of Education - Fund 880	-	4,335,597	4,999,860	6,100,044
	1522	(c) US Department of Education - Fund 881	-	22,349,908	28,331,940	22,923,277
	1524	(e) US Department of Transportation	652,918,051	630,676,395	830,459,784	785,228,408
	1526	(e) National Foundation for the Arts and Humanities	3,686,964	3,299,112	3,246,308	4,148,758
	1528	(e) US Veterans Administration	32,052,514	16,319,105	25,762,073	43,965,656
	1530	(e) US Environmental Protection Agency	50,826,223	77,684,564	73,043,437	99,863,990
	1532	(e) US Department Of Energy	5,917,842	5,743,072	6,867,744	6,786,185
	1534	(e) Federal Emergency Management Agency	11,331,901	9,514,458	23,743,625	62,257,331
	1536	(e)				
		US Department of Health and Human Services	3,064,483,249	3,619,855,729	3,973,851,735	4,274,976,158
	1538	(e) National and Community Services	76,600	-	37,589,655	-
	1540	(e) US Social Security Administration	31,178,359	30,589,459	145,185	35,035,237
	1542	(e) National Archives and Records	-	-	-	105,355
	1544	(a) Elections Assistance Commission	-	-	-	17,348,011
	1546	(a) US Department of Treasury	-	-	-	95,136,209
	1549	(e) Miscellaneous federal revenues	21,281,830	24,209,426	28,218,828	70,907,767

Exhibit B

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
CONSTITUTION OF MISSOURI
SCHEDULE OF TOTAL STATE REVENUES

Revenue Source	Code	Type of Revenue	Year Ended June 30,			
			2000	2001	2002	2003
	1551	County mental health programs	5,527,382	5,671,302	7,117,257	8,396,216
	1560	(e) Federal pass-through grants	37,845,336	41,039,012	45,245,956	37,229,036
	1601	Time deposits interest	16,251,174	23,742,120	20,112,963	7,168,428
	1601	(f) Time deposits interest - Fund 688	297,972	555,168	448,257	174,813
	1601	(a) Time deposits interest - Fund 657	151,656	234,614	161,921	48,965
	1601	(k) Time deposits interest - Fund 614	93,797	214,095	202,029	76,599
	1601	(l) Time deposits interest - Fund 613	109,228	174,164	115,693	38,686
	1601	(b) Time deposits interest - Fund 905	11,087	22,809	20,567	10,321
	1601	(q) Time deposits interest - Fund 289	51,108	73,302	54,577	20,226
	1601	(r) Time deposits interest - Fund 285	51,477	97,493	90,929	38,369
	1601	(d) Time deposits interest - Fund 963	3,274	267	146	63
	1601	(u) Time deposits interest - Fund 609	130,222	223,097	113,270	64,936
	1601	(c) Time deposits interest - Fund 851	98,161	252,778	265,935	52,142
	1601	(c) Time deposits interest - Fund 626	113,341	-	-	-
	1601	(c) Time deposits interest - Fund 880	42,929	93,765	67,365	28,579
	1601	(c) Time deposits interest - Fund 881	125,307	372,424	241,818	79,161
	1603	U.S./agency securities interest	147,044,390	134,160,656	79,952,145	54,142,188
	1603	(f) U.S./agency securities interest - Fund 688	2,493,607	2,582,509	1,522,193	1,105,802
	1603	(a) U.S./agency securities interest - Fund 657	1,192,799	1,080,553	515,992	296,293
	1603	(k) U.S./agency securities interest - Fund 614	752,798	905,365	643,417	469,100
	1603	(l) U.S./agency securities interest - Fund 613	868,255	775,212	373,358	236,966
	1603	(b) U.S./agency securities interest - Fund 905	87,364	97,539	64,539	63,683
	1603	(q) U.S./agency securities interest - Fund 289	404,104	325,033	172,788	122,984
	1603	(r) U.S./agency securities interest - Fund 285	408,618	456,993	301,157	229,696
	1603	(d) U.S./agency securities interest - Fund 963	28,571	2,619	1,772	1,697
	1603	(u) U.S./agency securities interest - Fund 609	1,053,614	951,098	453,080	404,320
	1603	(c) U.S./agency securities interest - Fund 851	758,800	1,062,792	831,658	277,254
	1603	(c) U.S./agency securities interest - Fund 626	752,182	-	-	-
	1603	(c) U.S./agency securities interest - Fund 880	367,772	402,657	214,027	179,544
	1603	(c) U.S./agency securities interest - Fund 881	1,131,246	1,654,049	774,507	480,589
	1605	Other investment interest	-	222,288	1,069,324	1,051,329
	1610	Interest on loans	729,476	539,282	662,489	834,899
	1614	Interest on receivables	44,466	52,499	51,657	58,011
	1615	Interest on receivables - control	-	59	-	-
	1616	Interest on settlements	40,772	383,918	13,635	122,645
	1618	Other interest	462,973	1,868,339	1,949,877	1,307,512
	1618	(c) Other interest - Fund 880	118,318	108,323	34,784	11,202
	1621	Penalties	12,967,821	12,352,397	14,727,271	17,737,789
	1622	Penalties - control	-	-	160,000	-
	1624	Settlements	571,324	424,508	2,907,001	858,540
	1624	(a) Settlements - Lottery Fund 657	-	-	32,361	-
	1626	Court awards	1,726,800	1,934,990	1,446,864	1,346,078
	1626	(a) Court awards - Fund 657	60	-	-	-
	1628	Insufficient funds charges	4,313	5,930	7,055	5,168
	1628	(a) Insufficient funds charges - Fund 657	-	-	-	20
	1629	Insufficient funds charges - control	-	-	21	-
	1634	Estates	611,436	1,083,195	811,820	329,323
	1636	Unclaimed properties	22,358,117	45,077,183	30,994,590	38,583,756
	1700	(i) Salary refunds - federal	557,642	554,591	628,973	607,207
	1701	(i) Salary refunds - state	26,484	38,613	59,128	48,677
	1702	(i) Salary refunds - local/other	19,307	34,586	37,240	28,205
	1703	(i) General relief pension refunds	3,249,761	4,201,496	4,045,153	4,021,572
	1704	(i) Blind pension refunds	16,373	3,537	3,402	11,659
	1706	(i) Dependent children pension refunds	561,846	832,675	663,789	426,750

Exhibit B

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
 CONSTITUTION OF MISSOURI
 SCHEDULE OF TOTAL STATE REVENUES

Revenue Source		Year Ended June 30,			
Code	Type of Revenue	2000	2001	2002	2003
1715	(i) Day care refunds	106,914	74,957	113,434	119,927
1717	(i) Medicare - Medicaid refunds	136,935,781	165,727,710	186,014,638	212,955,744
1719	(i) Cost in criminal cases refunds	234,418	215,732	227,989	270,948
1721	(i) Vendor refunds - federal	699,732	1,118,740	1,897,512	1,473,246
1722	(i) Vendor refunds - state	558,052	3,276,007	752,848	1,288,711
1722	(a) Vendor refunds - state - Lottery Fund 657	-	-	4,531	1,870
1723	(i) Vendor refunds - local/other	72,613	94,418	354,303	235,601
1723	(c) Vendor refunds - local/other - Fund 880	-	286	360	-
1724	(i) Political subdivision refunds	143,011	70,992	80,574	-
1725	(i) Excess court payment refunds	852,927	4,189,214	1,845,533	1,717,352
1727	(i) School refunds	11,844,955	5,216,923	6,318,969	5,587,349
1728	(i) Scholarship refunds	-	95	-	143,902
1729	(i) Audit findings - federal	7,698	4,259	232,392	223,038
1730	(i) Audit findings - state	15,421	9,199	105,802	56,428
1731	(i) Audit findings - local/other	729,638	20,011	15,721	6,093
1732	(i) Utility refunds	18,184	41,610	18,716	7,166
1733	(i) Fuel tax refunds	170,120	576,386	199,071	251,078
1737	(i) Other refunds	4,561,764	5,035,856	2,833,793	2,987,825
1737	(a) Other refunds - Lottery Fund 657	-	98	-	-
1737	(c) Other refunds - Fund 880	23,345,997	20,686,829	-	5,321
1737	(c) Other refunds - Fund 881	-	2,439,370	29,354,812	8,761,805
1806	(w) Recovery costs	15,033,232	349,175,348	187,032,686	181,232,299
1806	(a) Recovery costs - Lottery Fund 657	1,514	105	-	5,504
1806	(bb) Intergovernmental transfer program	-	268,558,021	366,225,540	144,251,000
1808	Deposit of surplus property funds	609,879	620,614	395,011	588,116
1808	(a) Deposit of surplus property - Fund 657	-	-	-	51,091
1808	(c) Deposit of surplus property -Fund 626	-	-	-	95
1811	(z) Local match	925,017	1,477,834	1,494,703	925,923
1812	(x) Cost reimbursements - federal	2,015,773	1,160,857	867,680	1,258,193
1813	(x) Cost reimbursements - state	16,532,344	14,381,969	21,148,451	42,281,518
1813	Cost reimbursements - state (included)	7,087,444	6,261,180	6,575,082	-

Exhibit B

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
CONSTITUTION OF MISSOURI
SCHEDULE OF TOTAL STATE REVENUES

Revenue Source	Code	Type of Revenue	Year Ended June 30,			
			2000	2001	2002	2003
	1814	(x) Cost reimbursements - local/other	130,645,961	108,467,767	108,270,236	122,389,750
		Cost reimbursements - local/other - Lottery Fund				
	1814	(a) 657	885	-	-	-
		Cost reimbursements - local/other - Guaranty				
	1814	(c) Agency Operating Fund 880	-	-	-	991
		Cost reimbursements - local/other Alternative				
	1814	(b) Care Trust Fund 905	3,351	-	-	-
	1816	Bond account	2,557,222	2,627,652	4,252,343	5,740,905
	1818	(v) Employee expense reimbursement - federal	4,281	-	500	100
	1819	(v) Employee expense reimbursement - state	5	3,021	3,745	2,380
	1820	(v)				
		Employee expense reimbursement - local/other	25	1,210	628	4
	1821	(v) Employee personal expense reimbursement	24,372	20,433	48,084	17,634
	1821	(c) Employee personal expense reimbursement - Fund 880	-	-	-	34
	1821	(r) Employee personal expense reimbursement				
		Riverboat Gaming	3,186	-	-	-
	1822	(n) Outlawed checks	8,592,553	7,936,688	6,490,071	5,369,639
	1822	(a) Outlawed checks - Lottery Fund 657	3,142	2,383	5,056	-
	1822	(b) Outlawed checks - Alternative Care Trust Fund 905	4,256	6,081	12,348	3,598
	1822	(c) Outlawed checks - Fund 880	-	155	-	-
	1824	(y) Canceled checks	1,263,769	871,889	828,552	5,509,977
	1824	(a) Canceled checks - Lottery Fund 657	387	31,965	-	-
	1824	(b) Canceled checks - Alternative Care Trust Fund 905	553	1,622	5,369	1,030
	1824	(c) Canceled checks - Fund 880	-	-	1,050	-
	1824	(q) Canceled checks - Bingo Fund 289	-	-	122	-
	1824	(r) Canceled checks - Riverboat Gaming	556	-	-	-
	1826	(m) Redeposit of investments principal	12,145,706	657,712	1,334,300	751,921
	1828	(o) Redeposit of loan principal	13,287,525	15,149,671	82,912,767	29,525,552
	1830	Telephone commissions	11,469,797	5,943,277	2,579,215	1,939,388
	1832	Commission on sales	51,954	35,803	89,641	51,746
	1834	Rebates	5,448	5,238	33,964	30,426,455
	1834	(a) Rebates - Lottery Fund 657	-	-	45	16
	1836	Housing and maintenance receipts	3,479	1,363	15,283	40,315
	1838	Loan defaults	513,145	328,041	255,479	267,384
	1840	(t) Loan proceeds	13,249,721	22,606,398	20,150,508	24,244,308
	1842	(o) Loan repayment	6,166,999	602,914	54,691	82,059
	1842	(c) Loan repayment - Fund 881	-	-	-	22,586,729
	1843	(o) Loans receivable contra account	129,835	2,617,947	2,686,402	6,589,491
	1844	Insurance proceeds	2,617	5,091	63,308	42,945
	1846	Capital credits/dividends	29,944	30,657	33,906	59,896
	1848	Recycling receipts	27,945	44,219	119,446	43,785
	1850	Forfeitures	1,512,074	3,033,329	1,837,745	2,201,018
	1852	Overpayments	1,539,353	5,068,247	5,874,156	6,287,933
	1852	(c) Overpayments - Fund 880	827	-	311	3,889
	1856	(e) Other miscellaneous receipts - federal	61,106,244	5,393,704	6,826,201	4,093,602
	1856	(c) Other miscellaneous receipts - federal	1,737,862	-	-	-
	1858	Other miscellaneous receipts - state	1,617,468	1,434,587	3,398,319	2,764,572
	1858	(a) Other miscellaneous receipts - state - Lottery Fund 657	44,229	397,578	1,545	3,280
	1858	(b) Other miscellaneous receipts - state - Alternative Care Trust Fund 905	8,199,272	8,729,355	11,032,949	11,188,245

Exhibit B

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
CONSTITUTION OF MISSOURI
SCHEDULE OF TOTAL STATE REVENUES

Revenue Source	Code	Type of Revenue	Year Ended June 30,			
			2000	2001	2002	2003
	1858	(c) Other miscellaneous receipts - Fund 880	-	-	8	-
	1858	(c) Other miscellaneous receipts - Fund 881	-	-	129	-
	1860	Other miscellaneous receipts - local/other	1,627,330	2,396,445	1,991,068	1,271,171
	1860	(a) Other miscellaneous receipts - local/other - Lottery Fund 657	-	1,514,553	271,627	2,837,258
	1860	(c) Other miscellaneous receipts - local/other - Fund 880	128,014	4,988	7,261	-
	1860	(c) Other miscellaneous receipts - local/other - Fund 881	-	-	80	-
	1862	Fees for copying public records	152,086	185,997	195,672	181,177
	1862	(a) Fees for copying public records - Lottery Fund 657	313	75	141	257
	1866	Federal share of grantee sales	110,794	106,075	99,370	238,952
	1868	Receivable overpayment - federal	-	-	-	31
	1870	Receivable overpayment - state	220,516	96,719	43,338	42,606
	1872	Receivable overpayment - local	-	-	9	33
	6001	(j) Supply sales	67,530	93,937	12,043	-
	6002	(j) Open records fees	-	6,089	13,822	6,492
	6003	(j) Fleet services operations/maintenance	721,178	875,272	962,764	933,189
	6005	(j) Fleet services replacement	1,636,100	2,384,772	437,036	541,945
	6007	(j) Mail/freight services	621,835	687,637	686,679	600,956
	6009	(j) Telephone billing	39,848,893	39,520,463	36,047,039	33,408,199
	6011	(j) Printing service	7,393,887	9,052,467	6,791,086	5,829,079
	6013	(j) Reimbursement/recovery cost	8,974,728	19,654,466	17,576,615	13,965,380
	6013	(a) Reimbursement/recovery cost - Lottery Fund	434	-	-	-
	6015	(j) Leased facility	8,879,871	4,097,501	2,434,435	3,563,491
	6017	(j) Sale of material, supplies, and services	925,324	1,334,035	1,367,801	1,024,985
	6019	(j) Training	904,425	1,437,495	1,339,632	957,246
	6021	(j) Computer services	28,938,164	26,720,271	23,894,805	26,125,428
	6023	(j) Administration services	275,080	1,168,731	3,505,263	1,311,389
	6025	(j) Flight operations services	475,376	616,370	457,041	373,308
	6027	(j) Sale of manufactured products	15,998,275	19,835,607	18,684,997	25,388,280
	6029	(j) Interagency receipts	11,491,580	22,398,199	22,948,344	20,853,813
	6029	(c) Interagency receipts - Fund 880	473,094	1,618,169	1,707,624	950,619
	6029	(c) Interagency receipts - Fund 881	-	-	137,312	258,321
	6031	(s) Redeposit of state funds	6,562,452	1,486,316	7,011,492	49,253
	6032	(j) Deposit of unclaimed property	467	-	185	3,722
	6033	(j) Permits	-	43,550	83,014	72,596
	6034	(j) Registration fees	-	11,200	15,516	24,885
	6035	(j) Taxes	-	-	16	173,958
		Total revenues	15,871,288,352	17,360,765,801	18,127,966,208	18,347,052,703
Fund Exclusions:						
	(a)	Lottery - Fund 657	280,018,514	260,168,655	283,917,810	314,375,910
	(b)	Alternative Care Trust Fund - Fund 905	8,305,883	8,857,406	11,135,772	11,266,877
	(c)	Student Loan Funds 626, 851, 880, and 881	47,033,257	55,590,657	66,994,069	62,706,745
	(d)	Pansey-Johnson-Travis Memorial State Gardens Trust - Fund 963	31,845	2,886	1,918	1,760
Revenue Source Exclusions:						
	(e)	Federal funds	5,139,478,016	5,463,603,838	6,137,150,379	6,698,687,875
	(f)	Proposition C sales and use tax/interest	685,773,159	692,451,605	709,382,490	704,112,027
	(g)	Proposition A gas tax and license fee increases	173,983,508	168,620,787	170,708,961	173,084,326
	(h)	Bond sales	40,024,065	286,102,087	413,049,331	398,337,310
	(i)	Refunds	161,382,638	191,337,607	206,448,980	232,468,478

Exhibit B

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
CONSTITUTION OF MISSOURI
SCHEDULE OF TOTAL STATE REVENUES

Revenue Source	Code	Type of Revenue	Year Ended June 30,			
			2000	2001	2002	2003
(j)		Interagency sales and receipts	127,152,714	149,938,062	137,258,133	135,158,341
(k)		Soil and water sales and use tax/interest	35,593,567	36,350,444	37,065,716	36,493,236
(l)		Parks sales and use tax/interest	35,724,618	36,180,356	36,709,317	36,215,514
(m)		Redeposit of investment principal	12,145,706	657,712	1,334,300	751,921
(n)		Outlawed checks	8,592,553	7,936,688	6,490,071	5,369,639
(o)		Redeposit of loan principal	19,584,358	18,370,532	85,653,860	36,197,102
(p)		Amendment 8 motor fuel tax to local governments	150,023,029	145,184,278	146,965,204	149,130,374
(q)		Bingo	4,304,256	3,912,467	3,414,691	3,352,994
(r)		Riverboat gambling	228,094,683	235,326,043	266,285,860	285,567,097
(s)		Redeposit of state funds	6,562,452	1,486,316	7,011,492	49,253
(t)		Loan proceeds	13,249,721	22,606,398	20,150,508	24,244,308
(u)		Conservation sales and use tax/interest	88,069,338	89,259,471	91,111,528	90,324,585
(v)		State employee expense account reimbursement	28,683	24,664	52,957	20,118
(w)		Recovery costs	15,033,232	349,175,348	187,032,686	181,232,299
(x)		Cost reimbursements	149,194,077	124,010,593	130,286,367	159,290,863
(y)		Canceled checks	1,263,769	871,889	828,552	5,509,977
(z)		Local match	925,017	1,477,834	1,494,703	925,923
(aa)		Proceeds of surplus property sales (Fund 710)	573,282	1,148,683	1,179,903	787,350
(bb)		Intergovernmental transfer program	-	268,558,021	366,225,540	144,251,000
		CMIA Interest payment to the federal government	1,857,633	2,273,825	1,883,460	881,304
		Abandoned funds claim payments	8,058,274	10,460,281	14,090,452	13,011,897
		Agency remitted sales tax	134,708	367,471	455,808	448,461
		Total exclusions	7,442,196,555	8,632,312,904	9,541,770,818	9,904,254,864
		Total revenues after exclusions	8,429,091,797	8,728,452,897	8,586,195,390	8,442,797,839
		Less expenditure refunds (Exhibit C)	(1,057,348,498)	(1,066,848,289)	(1,165,035,805)	(1,252,342,575)
		Add refundable tax credits:				
		Pharmaceutical	-	75,816,984	63,686,262	3,764,259
		Business facility	-	1,483,509	53,267	2,881,728
		Enterprise zone	-	733,949	210,268	204,766
		Brownfield jobs and investment	-	4,360	-	-
		BUILD	-	-	1,237,548	1,222,799
		Strategic initiative investment income	-	-	2,000,000	2,000,000
		Higher Education Scholarship Fund	-	-	-	4,532
		Total State Revenue	\$ 7,371,743,299	7,739,643,410	7,488,346,930	7,200,533,348

See the accompanying Notes to the Exhibits.

Exhibit C

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
CONSTITUTION OF MISSOURI
SCHEDULE OF EXPENDITURE REFUNDS

Object Code	Description	Year Ended June 30,			
		2000	2001	2002	2003
	SAM II Expenditure Refunds:				
3200	Bond refunds	\$ 2,290,015	1,704,132	2,362,690	2,134,818
3206	Deposit and escrow refunds	35,014	180,613	39,506	30,245
3209	Tax Increment Financing	-	-	300	-
3215	Debt offset refunds	4,783,451	6,613,007	6,503,824	9,013,469
3218	Motor vehicle license fee refunds	824,338	997,810	1,266,043	822,388
3221	Driver's license fee refunds	131,228	115,466	95,060	81,611
3227	License and permit fee refunds	37,502	60,554	145,279	133,055
3230	Registration fee refunds	35,869	34,000	48,932	32,881
3233	Regulatory fee refunds	27,097	18,699	40,860	58,540
3236	Inspection fee refunds	82,817	45,521	39,997	41,255
3239	Miscellaneous fee refunds	529,580	236,658	289,610	227,735
3242	Sales refunds	10,333	8,866	11,447	23,452
3245	Lease and rentals refunds	-	4,341	1,181	831
3248	Medical services refunds	110,460	1,214,171	444,748	1,754,840
3251	Contributions refunds	-	31	2,084	-
3254	Federal refunds	551,070	150,671	113,100	108,307
3257	Penalty and court award refunds	163,510	2,915	2,717	11,281
3260	Interagency billing refunds	7	1,040	-	-
3261	Receivable overpayment refunds	20,470	18,192	31,424	23,058
3266	Missouri consolidated check off refunds	114,102	115,917	124,171	134,732
3267	Deferred revenue refunds	923,124	1,921,736	2,098,000	3,191,677
3268	Liability account refunds	-	37	-	-
3269	Other refunds	2,935,374	2,716,548	2,812,240	43,296,930
3272	Sales and use tax protested refunds	310,862	303,503	10,713,486	114,220
3281	County foreign insurance tax refunds	11,815,313	9,266,473	9,730,261	38,961,200
3287	Worker's compensation insurance tax refunds	1,171,372	1,669,902	526,203	339,757
3290	Worker's compensation second injury insurance tax refunds	498,879	149,025	700,725	505,253
3293	Cigarette tax refunds	62,268	38,834	362,140	39,043
3296	Tobacco products tax refunds	3,346	1,147	1,066	1,031
3299	Aviation fuel tax refunds	11,780	15,012	157,965	57,536
3302	Local use tax refunds	802,972	1,088,202	-	-
3305	Special fuel (non-gas) tax refunds	27,578,946	28,073,426	24,090,962	24,444,448
3308	Fuel tax refunds	14,487,597	16,149,402	9,416,120	9,620,045
3311	Sales Tax refunds	-	-	35	164
3314	Food tax exemption refund	-	68,640	647	-
3317	General sales and use tax refunds	58,164,070	52,010,496	55,499,871	61,234,948
3326	Motor vehicle sales tax refunds	4,313,818	4,717,383	4,484,684	4,519,185
3329	Motor vehicle use tax refunds	1,055,465	1,054,069	900,698	868,913
3335	Boat tax refunds	8,913	7,069	7,879	5,436
3338	Individual tax refunds	605,213,858	606,892,031	705,921,126	771,972,675
3341	Senior citizens tax refunds	56,623,024	101,523,061	85,901,461	97,180,379
3342	Pharmaceutical tax refunds	64,769,058	75,816,984	63,686,262	3,737,102
3344	Corporation tax refunds	189,693,766	138,494,719	159,407,259	171,098,592
3347	Franchise tax refunds	1,773,529	9,870,716	14,133,414	3,467,003
3350	Inheritance tax refunds	2,904,538	3,195,179	2,845,993	3,054,540
3356	Other tax refunds	8,550	282,091	74,335	-
	Total SAM II Expenditure Refunds	\$ 1,054,877,285	1,066,848,289	1,165,035,805	1,252,342,575
	SAM Expenditure Refunds (Lapse Period)				
2530	Expense and equipment miscellaneous refund	378,671	-	-	-
2905	Sales tax refund	612,264	-	-	-
2906	Local use tax refunds	(16,772)	-	-	-
2910	Motor vehicle sales tax refunds	(2)	-	-	-
2930	Individual tax refunds	(43,872)	-	-	-
2935	Senior citizens tax refunds	-	-	-	-
2940	Corporation tax refunds	(228,990)	-	-	-
2945	Franchise tax refunds	98,506	-	-	-
2950	Regular fuel tax refunds	16,075	-	-	-

Exhibit C

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
CONSTITUTION OF MISSOURI
SCHEDULE OF EXPENDITURE REFUNDS

Object Code	Description	Year Ended June 30,			
		2000	2001	2002	2003
2970	Drivers license fee refunds	2,273	-	-	-
2975	Other tax refunds	1,497,136	-	-	-
2980	Miscellaneous refunds	155,924	-	-	-
	Total SAM Expenditure Refunds	2,471,213	-	-	-
	Total Expenditure Refunds	\$ 1,057,348,498	1,066,848,289	1,165,035,805	1,252,342,575

See the accompanying Notes to the Exhibits

NOTES TO THE EXHIBITS

REVIEW OF ARTICLE X, SECTION 16 THROUGH 24
CONSTITUTION OF MISSOURI
NOTES TO THE EXHIBITS

1. The state implemented a new accounting system (SAM II) beginning with fiscal year 2000. The coding structure (chart of accounts) was significantly changed under SAM II. As a result, revenue and expenditure refunds by type for fiscal years prior to SAM II are not comparable with SAM II information. As a result, revenues and expenditure refunds by type are not presented for years prior to fiscal year 2000.
2. Expenditure refunds are excluded from total state revenue on the cash basis of accounting, which means all refunds paid from July 1 through June 30. Expenditure refunds for fiscal year 2000 include those paid from the state's new accounting system (SAM II) starting on July 1, 1999 and ending June 30, 2000, and refunds paid from the old accounting system (SAM) during the lapse period of fiscal year 1999 (July 1, 1999 through August 31, 1999).

BACKGROUND, METHODOLOGY, AND CONCLUSIONS

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
CONSTITUTION OF MISSOURI
BACKGROUND, METHODOLOGY, AND CONCLUSIONS

The following identifies the various components of the amendment and the application of the amendment to state revenues.

Formula

Article X, Section 18(a) of the Constitution of Missouri establishes the revenue limit formula as follows:

Revenue limit for FY 20XX	= $\frac{\text{TSR in FY 1981}}{\text{CY 1979 Missouri personalincome (MPI)}}$ x	The greater of Missouri Personal Income (MPI) in the calendar year (CY) prior to the CY in which appropriations are made for FY 20XX or Average MPI for three CYs preceding FY 20XX.
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The formula is composed of two principal parts. The first part of the formula, the base year ratio (BYR), is as follows:

$$\frac{\text{TSR in FY 1981}}{\text{CY 1979 MPI}}$$

The application of this ratio to the second part of the formula (future years' MPI) ensures that no greater portion of a future year's personal income will be used to fund state government than was the case at the time of passage of the amendment. The MPI amounts used in the formula for the base year and subsequent years are reported by the U.S. Department of Commerce (DOC).

The OA-BP does not adjust the BYR for changes already made or for future changes or adjustments to this amount by DOC. Article X, Section 17(2) refers to ". . . total income . . . as defined and officially reported by" DOC. Even though the amendment does not specifically refer to such adjustments, this wording suggests that the BYR should be adjusted whenever CY 1979 MPI is adjusted by DOC. The use of the initial reporting of MPI does provide an unchanging BYR for future years, which provides at least two benefits. First, the state can more easily plan and make appropriate adjustments to stay under the revenue limit. Second, if the initial MPI is subsequently adjusted, retroactive refunds are a possibility. That is, an adjustment to MPI for any prior year (including the base year) could reduce the revenue limit for a prior year below that year's TSR, providing a refund where one previously was not due. Therefore, we find this approach reasonable so long as it is followed consistently.

As with the BYR, the OA-BP uses the MPI first officially published by DOC after the close of the CY to calculate the revenue limit for the applicable fiscal year. For the reasons expressed in the preceding paragraph, we find this approach reasonable so long as it also is followed consistently.

The BYR was calculated by the OA-BP as follows (dollar amounts are in billions):

$$\frac{\$2,232.204096}{\$ 39,581.0} = .05639584891$$

In its calculations of the revenue limit the OA-BP rounded the BYR to .056395.

Article X, Section 18(b) allows the state to exceed the revenue limit by 1 percent before a refund is due. Therefore, to determine the point at which the refund provision takes effect (the refund threshold) the revenue limit is adjusted upward by 1 percent. However, should TSR exceed the refund threshold, all revenues in excess of the revenue limit are subject to refund.

Adjustments

Article X, Section 18(d) provides that the revenue limit may be adjusted, ". . . if responsibility for funding a program or programs is transferred from one level of government to another, as a consequence of constitutional amendment . . . provided that the total revenue authorized for collection by both state and local governments does not exceed that amount which would have been authorized without such a change."

The OA-BP has adjusted the revenue limit for the transfer of deputy circuit clerks from the county payroll to the state payroll under Section 483.245, RSMo 2000, which was effective on July 1, 1981. In past years, the SAO disagreed with this adjustment because state funding of these salaries was required by statute instead of by consequence of constitutional amendment. In addition, the Judicial Article Amendment was effective on August 3, 1976, which was prior to the time the Hancock Amendment was adopted by the voters on November 4, 1980. However, the Supreme Court ruled in its decision on January 27, 1998, that an adjustment to the revenue limit for the transfer of deputy circuit clerks from the county payroll to the state payroll is appropriate.

Composition of Total State Revenues

An integral part in applying the provisions of the amendment to state revenues is to determine what constitutes TSR. The amendment does not specify the methodology to be used to determine TSR. Consequently, procedures to calculate TSR have been established and certain decisions as to items that would be either included or excluded have been made, except for items ruled on by the Attorney General or the Missouri courts.

TSR includes all revenues recorded in the Statewide Accounting System for Missouri (SAM II) and receipted by the state treasurer, which may only be withdrawn pursuant to an appropriation or which stand appropriated by the Constitution of Missouri. Various funds not in the state treasury are not included in TSR. These funds include university local funds, local sales tax fund collections made by the Department of Revenue, various funds held in trust for inmates, patients, etc., and various quasi-governmental agencies such as the Board of Public Buildings, the Housing Development Commission, the Higher Education Loan Authority, the Health and Educational Facilities Authority, and the state's retirement systems. The Hancock Amendment states the composition of TSR is, "defined in the budget message of the governor for fiscal year 1980-81." The funds described above were not addressed in the governor's budget message for that year since the funds were not in the state treasury and were not appropriated. Thus, it seems reasonable to conclude that these funds should not be included in TSR.

From the revenue amounts obtained from SAM II, certain funds are entirely excluded to arrive at TSR, as defined in Article X, Section 17(1) of the constitution, as follows:

A. Lottery

In November 1984, the voters approved Article III, Section 39(b) of the constitution, which authorized the creation of the Missouri State Lottery. This provision states that revenues produced from the conduct of a state lottery shall not be a part of TSR. Since the voters approved the state lottery, all revenue and expenditure refunds related to the state lottery are excluded.

B. Alternative Care Trust Fund

The Alternative Care Trust Fund was established in 1989 under Section 210.560, RSMo 2000. The Division of Family Services uses this fund to account for funds held in trust for the benefit of children who have been placed in the legal custody of the state. The Department of Corrections, Department of Mental Health, and the Division of Veteran's Affairs hold funds in trust for inmates and patients; however, these funds are not in the state treasury and are not included in TSR. Funds held in trust are not state funds since the funds remain the property of the individual. Since the Alternative Care Trust Fund does not account for state funds, it is excluded.

C. State Guaranty Student Loan Funds

Federal legislation in August 1997 made changes in the accounting required for federal education loans. Starting in state fiscal year 1998, the federal government considers all monies in these funds as property of the federal government. As a result, the state excludes these funds held in trust for the federal government.

D. Pansey Johnson-Travis Memorial State Gardens Trust Fund

The state received an endowment in 1987 for the purpose of establishing a memorial state garden. The state is to invest the endowment for 100 years before using the funds to establish the memorial garden. Since the funds cannot be appropriated until 2087, the revenue is excluded from TSR.

From the revenue amounts obtained from SAM II, certain types of revenues are excluded to arrive at TSR, as defined in Article X, Section 17(1) of the constitution, as follows:

E. Federal Funds

Article X, Section 17 specifically excludes federal funds.

F. Proposition C Sales and Use Tax\Interest

In November 1982, the voters approved Proposition C, which increased the state sales and use tax by 1 percent. Since Proposition C received direct voter approval as provided in Article X, Section 16, the proceeds from the additional 1 percent sales and use tax, including any interest earned on the investment of such taxes, are excluded.

G. Proposition A Gas Tax and License Fee Increases

In April 1987, the voters approved Proposition A, which increased the motor fuel tax by four cents per gallon and increased the annual registration fee for certain motor vehicles, effective July 1, 1987. Since the increase in tax and fees received direct voter approval, these revenues are excluded.

H. Bond Sales

An attorney general opinion concluded that proceeds of the state's general obligation bonds were not to be included in TSR.

I. Refunds

Refunds received due to the overpayment of obligations by the state, as identified by certain revenue source codes, are excluded.

J. Interagency Sales and Receipts

Since interagency transactions do not generate additional revenue for the state as a whole, interagency sales and receipts, as identified by certain revenue source codes, are excluded.

**K. Soil and Water Sales and Use Tax\Interest
and**

L. Parks Sales and Use Tax\Interest

In August 1984, the voters approved a one-tenth of 1 percent sales tax for soil and water conservation and state parks. Article IV, Section 47(c) states that the additional revenue provided by the tax shall not be part of TSR. Since the voters approved the sales tax, the sales tax and any interest earned on the investment of the balance in these funds are excluded.

M. Redeposit of Investment Principal

The redeposit of investment principal is excluded.

N. Outlawed Checks

Outlawed checks, which are state checks that were not cashed by the payee within the time allowed, are redeposited in the state treasury and are excluded.

O. Redeposit of Loan Principal

Redeposits of loan principal are excluded.

P. Amendment 8 Motor Fuel Tax to Local Governments

In August 1992, the voters approved an amendment to Article IV, Section 30(a) which revised the apportionment of the motor fuel tax. In addition, the amendment provided that beginning July 1, 1993, the net proceeds of fuel taxes allocated to local governments is

excluded from TSR. Since the voters approved this revised allocation of the fuel tax, the fuel tax allocated to local governments is excluded.

Q. Bingo

The August 1992 amendment to Article III, Section 39(d) related to gaming activities also applies to bingo games, in that all state revenues derived from the conduct of gaming activities shall be appropriated beginning July 1, 1993, solely for public education and shall not be included in TSR. Section 313.007, RSMo 2000 requires the bingo tax to be deposited in the Bingo Proceeds for Education Fund. The bingo tax, certain fees, and the interest earned on the investment of the fund are excluded from TSR.

R. Riverboat Gambling

In August 1992, the voters approved an amendment to Article III, Section 39(d) of the Missouri Constitution. This constitutional amendment requires that all state gaming revenues must be appropriated for public education and excludes these revenues from TSR.

In 1993, the Missouri General Assembly enacted Senate Bills 10 and 11. This comprehensive gaming legislation established riverboat gaming in the state. This law repealed House Bill 149 related to riverboat gaming which had been enacted by voters as Proposition A in November 1992.

Under Senate Bills 10 and 11, the legislature imposed a 20 percent tax on adjusted gross receipts from gambling games. The state treats 90 percent of this revenue as state gaming revenues under Article III, Section 39(d) and earmarks the revenues to the Gaming Proceeds for Education Fund. The remaining 10 percent of this revenue is allocated to the home dock city or county. Under Article III, Section 39(d) of the Missouri Constitution, the 90 percent portion of the adjusted gross receipts tax is exempted from TSR. The remaining 10 percent portion of the adjusted gross receipts tax is also excluded from TSR because these funds are distributed by the Department of Revenue without deposit in the state treasury and without appropriation.

Under Senate Bills 10 and 11, the legislature also established a Gaming Commission Fund in the state treasury and authorized gaming commission license fees, penalties, administrative fees, reimbursements, and admission fees to be deposited in this fund and expended pursuant to state appropriation for various purposes.

On November 24, 1998, the Missouri Court of Appeals, Western District entered its final decision in Kelly v. Hanson, et. al., 984 S.W. 2d 540 (Mo. 1998). The Missouri Court of Appeals, Western District ruled that revenue from the one dollar portion of the state imposed two dollar admission fee that is remitted to the "home dock city or county" is not included in TSR, while the revenue from the payments to the state to recoup public safety and regulatory enforcement costs is included in TSR.

S. Redeposit of State Funds

The redeposit of state funds for which a state expenditure was originally incurred, such as from closing a petty cash fund and returning the funds to the state treasury, is excluded.

T. Loan Proceeds

The state receives loans or advancements from the federal government, local governments, or private sources, to finance the acceleration of state projects. Since the loans must be repaid in the future, they are excluded.

U. Conservation Sales and Use Tax/Interest

Pursuant to the Supreme Court decision in Conservation Federation of Missouri, et. al., v. Richard Hanson, et. al., 994 S.W. 2d 27 (Mo. Banc. 1999), the revenue derived from the one-eight of one percent conservation sales tax, and any interest earned on the investment of these funds, are excluded.

V. State Employee Expense Reimbursement

The state receives reimbursement from private individuals, firms, partnerships, corporations, etc. for state employee expenses incurred in providing testimony in a court of law, for which the employee has already been reimbursed by a state expense account. These reimbursements are excluded.

W. Recovery Costs

Monies received from others for costs incurred by the state or to be incurred by the state are excluded.

X. Cost Reimbursements

Monies received from other governments for reimbursements of costs incurred by the state are excluded.

Regarding items W. and X., the state has excluded from TSR receipts for cost reimbursements since fiscal year 1982 and receipts for recovery costs since fiscal year 1988. Although the constitution does not specifically mention cost reimbursements and recovery costs and they have not been the subject of a court decision, we have agreed with such exclusions because from an accounting standpoint, they would not be considered revenue.

Y. Canceled Checks

Receipts derived from the redeposit of state checks that have been canceled are excluded.

Z. Local Match

Local governments provided funds to the state to use as a local match to qualify for federal or state funding. Since these local match funds are not state funds, they are excluded.

AA. Proceeds of Surplus Property Sales

The proceeds from some sales of surplus property are initially deposited into the Proceeds of Surplus Property Sales Fund then they are disbursed from this fund to the state fund that owned the property. To avoid counting the same receipts in TSR twice, the state excludes amounts disbursed from the Proceeds of Surplus Property Sales Fund to other state funds.

BB. Intergovernmental Transfer Program

Starting in fiscal year 2001, the state participated in the Medicaid intergovernmental transfer (IGT) program. Under the IGT program the state was able to receive additional federal Medicaid matching funds based on enhanced payments to some government operated health care providers. The state made the enhanced payments to the providers and, after the state claimed the federal matching funds, the providers returned the enhanced payments to the state. Because these funds were simply returned to the state, similar to a refund, they are excluded from TSR.

Cash Management Improvement Act

The state has to enter into an agreement with the federal government which governs the timing of when the state can obtain federal grant monies. If the state holds federal funds longer than needed, the state has to reimburse the federal government for interest earnings. Since the interest was earned on federal funds and has to be returned to the federal government, it is excluded from TSR.

Abandoned Funds Claim Payments

Under Section 447.543, RSMo 2000, the state receives abandoned funds from various sources (banks, businesses, insurance companies, etc.). These funds are placed in the state Abandoned Fund Account. The rightful owner may receive these funds if properly claimed. The state includes the receipts in TSR. Starting in fiscal year 1998, the state excludes from TSR amounts paid to the rightful owner.

Agency Remitted Sales Tax

Some state agencies sell goods or services to the public and collect sales tax. To avoid counting the same receipts in TSR twice, the sales tax remitted by state agencies to the Department of Revenue is excluded from TSR.

Expenditure Refunds

According to Article X, Section 17(1), total state revenue shall exclude the amount of any credits based on actual tax liabilities. Refunds disbursed due to the excess collection by the state of liabilities owed the state, largely tax refunds, as identified by certain expenditure object codes are excluded. The method used to determine expenditure refunds is not specified in the amendment. Although the OA-BP initially used the appropriation basis to determine expenditures refunds, during fiscal year 1984, the OA-BP changed to the cash basis. The SAO had consistently used the appropriation basis to measure refunds. As a result, a difference existed. However, in its decision of January 27, 1998, the Supreme Court indicated that a cash basis of accounting should be used to

determine compliance with the Hancock Amendment. As a result, the SAO changed its calculation of expenditure refunds to the cash basis.

Tobacco Master Settlement Agreement Proceeds

The OA-BP has excluded \$166,895,179 received from tobacco companies during fiscal year 2003. The Master Settlement Agreement was entered into effective November 23, 1998, between the major cigarette manufacturers and the states' Attorney Generals. Missouri received its first payments under the settlement agreement during fiscal year 2001, which totaled \$338,230,653 and future payments from tobacco companies extend in perpetuity. The payment received in 2001 included amounts under the settlement agreement for 1998, 2000, and 2001. The settlement agreement did not require a payment for 1999. The fiscal year 2002 payment was \$172,679,543. The amounts received were coded in the state's accounting system to revenue source code 1806 - recovery costs, which is excluded from TSR. Recovery costs are defined under revenue source code 1806 as, *"all monies received from others for costs incurred or to be incurred by the state."* The OA-BP believes these receipts should be excluded from TSR because the amounts represent a recovery of health care costs previously incurred or to be incurred by the state attributable to smoking.

Public information was not readily available to determine if the amounts recovered from the tobacco companies under the master settlement agreement were more or less than the health care costs incurred. In our audit for 2001, we reviewed three extensive research projects conducted by experts. We limited our analysis to Medicaid costs incurred in fiscal years 1998 through 2001. We did not consider Medicaid costs from past years prior to 1998. In addition, we did not consider other costs incurred by the state, such as employee health care costs attributable to smoking. These three research projects showed that Medicaid costs attributable to smoking were higher than the amount the state received from the tobacco companies under the settlement agreement. As a result, in our 2001 report we concluded it was proper for the OA-BP to exclude the amounts received from the tobacco companies as a recovery cost.

A study, "Tobacco Damages to the State of Missouri" by Glenn W. Harrison, was commissioned by the Missouri Attorney General's Office for use in a lawsuit against tobacco companies filed May 12, 1997. This lawsuit was dropped because Missouri joined a consortium of states in December 1998, in the Master Settlement Agreement with the tobacco companies. As a result, the Harrison study was not fully completed. However, the draft report provided an estimate of Medicaid costs attributable to smoking for 1970 through 2007 and an estimate of state employee health care costs attributable to smoking for 1970 through 1997. This study estimates that state costs attributable to smoking were higher than the amount the state received.

Compliance with Article X, Section 18 (e)

Article X, Section 18 (e) imposes an additional revenue limit, which states the general assembly shall not increase taxes or fees in any fiscal year without voter approval that in total produce new annual revenues greater than \$50 million adjusted annually by the percentage change in the personal income of Missouri for the second previous year, or one percent of total state revenues for the second fiscal year prior to the general assembly's action, whichever is less. For fiscal year 2003, the OA-BP calculated these limits at \$74.5 million for the Missouri Personal Income amount and \$77.4 million

for the one percent of total state revenues amount. For fiscal year 2003, the OA-BP has determined the net tax and fee increases as a result of legislative actions totaled \$30.1 million, which were less than the limits noted above. As a result, it appears the state complied with Article X, Section 18 (e).

APPENDIX

ARTICLE X, SECTIONS 16 THROUGH 24,
CONSTITUTION OF MISSOURI
(ADOPTED NOVEMBER 4, 1980, AMENDED APRIL 2, 1996*)

TAXATION

Section 16. Taxes and state spending to be limited--state to support certain local activities--emergency spending and bond payments to be authorized. Property taxes and other local taxes and state taxation and spending may not be increased above the limitations specified herein without direct voter approval as provided by this constitution. The state is prohibited from requiring any new or expanded activities by counties and other political subdivisions without full state financing, or from shifting the tax burden to counties and other political subdivisions. A provision for emergency conditions is established and the repayment of voter approved bonded indebtedness is guaranteed. Implementation of this section is specified in sections 17 through 24, inclusive of this article.

Section 17. Definitions. As used in sections 16 through 24 of Article X:

- (1) **"Total state revenues"** includes all general and special revenues, license and fees, excluding federal funds, as defined in the budget message of the governor for fiscal year 1980-1981. Total state revenues shall exclude the amount of any credits based on actual tax liabilities or the imputed tax components of rental payments, but shall include the amount of any credits not related to actual tax liabilities.
- (2) **"Personal income of Missouri"** is the total income received by persons in Missouri from all sources, as defined and officially reported by the United States Department of Commerce or its successor agency.
- (3) **"General price level"** means the Consumer Price Index for All Urban Consumers for the United States, or its successor publications, as defined and officially reported by the United States Department of Labor, or its successor agency.

Section 18. Limitation on taxes which may be imposed by general assembly--exclusions--refund of excess revenue--adjustments authorized.

(a). There is hereby established a limit on the total amount of taxes which may be imposed by the general assembly in any fiscal year on the taxpayers of this state. Effective with fiscal year 1981-1982, and for each fiscal year thereafter, the general assembly shall not impose taxes of any kind which, together with all other revenues of the state, federal funds excluded, exceed the revenue limit established in this section. The revenue limit shall be calculated for each fiscal year and shall be equal to the product of the ratio of total state revenues in fiscal year 1980-1981 divided by the personal income of Missouri in calendar year 1979 multiplied by the personal income of Missouri in either the calendar year prior to the calendar year in which appropriations for the fiscal year for which the calculation is being made, or the average of personal income of Missouri in the previous three calendar years, whichever is greater.

(b). For any fiscal year in the event that total state revenues exceed the revenue limit established in this section by one percent or more, the excess revenues shall be refunded pro rata based on the liability reported on the Missouri state income tax (or its successor tax or taxes) annual

returns filed following the close of such fiscal year. If the excess is less than one percent, this excess shall be transferred to the general revenue fund.

(c). The revenue limitation established in this section shall not apply to taxes imposed for the payment of principal and interest on bonds, approved by the voters and authorized under the provisions of this constitution.

(d). If responsibility for funding a program or programs is transferred from one level of government to another, as a consequence of constitutional amendment, the state revenue and spending limits may be adjusted to accommodate such change, provided that the total revenue authorized for collection by both state and local governments does not exceed that amount which would have been authorized without such change.

(e).1. In addition to the revenue limit imposed by section 18 of this article, the general assembly in any fiscal year shall not increase taxes or fees without voter approval that in total produce new annual revenues greater than either fifty million dollars adjusted annually by the percentage change in the personal income of Missouri for the second previous fiscal year, or one percent of total state revenues for the second fiscal year prior to the general assembly's action, whichever is less. In the event that an individual or series of tax or fee increases exceed the ceiling established in this subsection, the taxes or fees shall be submitted by the general assembly to a public vote starting with the largest increase in the given year, and including all increases in descending order, until the aggregate of the remaining increases and decreases is less than the ceiling provided in this subsection.

2. The term "new annual revenues" means the net increase in annual revenues produced by the total of all tax or fee increases enacted by the general assembly in a fiscal year, less applicable refunds and less all contemporaneously occurring tax or fee reductions in that same fiscal year, and shall not include interest earnings on the proceeds of the tax or fee increase. For purposes of this calculation, "enacted by the general assembly" shall include any and all bills that are truly agreed to and finally passed within that fiscal year, except bills vetoed by the governor and not overridden by the general assembly. Each individual tax or fee increase shall be measured by the estimated new annual revenues collected during the first fiscal year that it is fully effective. The term "increase taxes or fees" means any law or laws passed by the general assembly after the effective date of this section that increase the rate of any existing tax or fee, impose a new tax or fee, or broaden the scope of a tax or fee to include additional class of property, activity, or income, but shall not include the extension of an existing tax or fee which was set to expire.

3. In the event of an emergency, the general assembly may increase taxes, licenses or fees for one year beyond the limit in this subsection under the same procedure specified in section 19 of this article.

4. Compliance with the limit in this section shall be measured by calculating the aggregate actual new annual revenues produced in the first fiscal year that each individual tax or fee change is fully effective.

5. Any taxpayer or statewide elected official may bring an action under the provisions of section 23 of this article to enforce compliance with the provisions of this section. The Missouri supreme court shall have original jurisdiction to hear any challenge brought by any statewide elected official to enforce this section. In such enforcement actions, the court shall invalidate the taxes and fees which should have received a public vote as defined in subsection 1 of this

section. The court shall order remedies of the amount of revenue collected in excess of the limit in this subsection as the court finds appropriate in order to allow such excess amounts to be refunded or to reduce taxes and/or fees in the future to offset the excess monies collected.

Section 19. Limits may be exceeded, when, how. The revenue limit of section 18 of this article may be exceeded only if all of the following conditions are met: (1) The governor requests the general assembly to declare an emergency; (2) the request is specific as to the nature of the emergency, the dollar amount of the emergency, and the method by which the emergency will be funded; and (3) the general assembly thereafter declares an emergency in accordance with the specifics of the governor's request by a majority vote for fiscal year 1981-1982, thereafter a two-thirds vote of the members elected to and serving in each house. The emergency must be declared in accordance with this section prior to incurring any of the expenses which constitute the emergency request. The revenue limit may be exceeded only during the fiscal year for which the emergency is declared. In no event shall any part of the amount representing a refund under section 18 of this article be the subject of an emergency request.

Section 20. Limitation on state expenses. No expenses of state government shall be incurred in any fiscal year which exceed the sum of the revenue limit established in sections 18 and 19 of this article plus federal funds and any surplus from a previous fiscal year.

Section 21. State support to local governments not to be reduced, additional activities and services not to be imposed without full state funding. The state is hereby prohibited from reducing the state financed proportion of the costs of any existing activity or service required of counties and other political subdivisions. A new activity or service or an increase in the level of any activity or service beyond that required by existing law shall not be required by the general assembly or any state agency of counties or other political subdivision, unless a state appropriation is made and disbursed to pay the county or other political subdivision for any increased costs.

Section 22. Political subdivisions to receive voter approval for increases in taxes and fees--rollbacks may be required--limitation not applicable to taxes for bonds.

(a). Counties and other political subdivisions are hereby prohibited from levying any tax, license or fees, not authorized by law, charter or self-enforcing provisions of the constitution when this section is adopted or from increasing the current levy of an existing tax, license or fees, above that current levy authorized by law or charter when this section is adopted without the approval of the required majority of the qualified voters of that county or other political subdivision voting thereon. If the definition of the base of an existing tax, license or fees, is broadened, the maximum authorized current levy of taxation on the new base in each county or other political subdivision shall be reduced to yield the same estimated gross revenue as on the prior base. If the assessed valuation of property as finally equalized, excluding the value of new construction and improvements, increases by a larger percentage than the increase in the general price level from the previous year, the maximum authorized current levy applied thereto in each county or other political subdivision shall be reduced to yield the same gross revenue from existing property, adjusted for changes in the general price level, as could have been collected at the existing authorized levy on the prior assessed value.

(b). The limitations of this section shall not apply to taxes imposed for the payment of principal and interest on bonds or other evidence of indebtedness or for the payment of assessments on contract obligations in anticipation of which bonds are issued which were authorized prior to the effective date of this section.

Section 23. Taxpayers may bring actions for interpretations of limitations. Notwithstanding other provisions of this constitution or other law, any taxpayer of the state, county or other political subdivision shall have standing to bring suit in a circuit court of proper venue and additionally, when the state is involved, in the Missouri supreme court, to enforce the provisions of sections 16 through 22, inclusive, of this article and, if the suit is sustained, shall receive from the applicable unit of government his costs, including reasonable attorneys' fees incurred in maintaining such suit.

Section 24. Voter approval requirements not exclusive--self-enforceability.

(a). The provisions for voter approval contained in sections 16 through 23, inclusive, of this article do not abrogate and are in addition to other provisions of the constitution requiring voter approval to incur bonded indebtedness and to authorize certain taxes.

(b). The provisions contained in sections 16 through 23, inclusive, of this article are self-enforcing; provided, however, that the general assembly may enact laws implementing such provisions which are not inconsistent with the purposes of said sections.

* The 1996 amendment added Section 18(e).



**DEPARTMENT OF CORRECTIONS
NORTHEAST CORRECTIONAL CENTER**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-30
April 30, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

April 2004

The following problems were discovered as a result of an audit conducted by our office of the Department of Corrections, Northeast Correctional Center.

The Northeast Correctional Center (NECC) opened in 1998. The facility is located on 92 acres in Bowling Green, Missouri and is a high-medium security facility. As of June 30, 2003, this facility housed 1,954 offenders.

The NECC receives money from photo sales, dry cleaning, and vendor refunds, which are transmitted to Jefferson City for deposit. Our review of cash procedures noted the number of photo tickets sold is not reconciled to the actual dollars collected. Checks are not restrictedly endorsed immediately upon receipt, and the duties of receiving, recording, and transmitting receipts are not adequately segregated. Additionally, the stamp fund is not maintained at a constant, predetermined balance and the state purchased postage meter is not always being used solely for state business.

The Department of Corrections (DOC) contracts with the St. Charles Community College (SCCC) to provide educational services at NECC. Contract expenditures totaled approximately \$596,000 for the year ended June 30, 2003. Costs associated with the program are accumulated by the college's business office throughout the month and are billed directly to the DOC-Central Office. A careful review of supporting documentation is necessary to substantiate the validity, propriety, and reasonableness of amounts billed by the college for monthly program expense. Because NECC personnel are more familiar with the college personnel and services being provided, it appears essential that these detailed comparisons of billings to supporting documentation be performed at the facility level prior to submitting the billings to DOC-Central Office for payment.

NECC operates a canteen with commissions to be used for recreational, religious, and education services that benefit the offenders. Our review noted that canteen commissions are being spent in areas other than those listed by state law.

NECC appears to be underutilizing their state-owned vehicles. Thirteen of the 32 state owned vehicles were driven less than 15,000 miles during the year ended June 30, 2003, and six of these vehicles were driven less than 5,000 miles during this time period. Low mileage can often indicate that a facility has too many vehicles or is not using them efficiently.

The NECC has already implemented all of the State Auditor's recommendations.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

DEPARTMENT OF CORRECTIONS
NORTHEAST CORRECTIONAL CENTER

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Gary B. Kempker, Director
Department of Corrections
and
Jim Moore, Superintendent
Northeast Correctional Center
Bowling Green, MO 63334

We have audited the Department of Corrections, Northeast Correctional Center. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2003 and 2002. The objectives of this audit were to:

1. Review institutional compliance with certain legal provisions, regulations, and departmental policies.
2. Review the efficiency and the effectiveness of certain management practices and operations.
3. Review certain revenues received and certain expenditures made by the correctional center.

Our methodology to accomplish these objectives included reviewing the correctional center's revenues, expenditures, contracts, applicable legal provisions, rules, regulations, and policies, and other pertinent procedures and documents; interviewing various personnel of the correctional center and other state personnel; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. We also performed tests of certain controls to obtain evidence regarding the effectiveness of their design and operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of

noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the correctional center's management and was not subjected to the procedures applied in the audit of the Department of Corrections, Northeast Correctional Center.

The accompanying Management Advisory Report presents our findings arising from our audit of the Department of Corrections, Northeast Correctional Center.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

December 9, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Debra S. Lewis, CPA
Audit Staff:	Chris Vetter
	Kate Petschonek

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

DEPARTMENT OF CORRECTIONS
NORTHEAST CORRECTIONAL CENTER
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Cash Procedures
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The Northeast Correctional Center (NECC) receives money from photo sales, dry cleaning, and vendor refunds, which are then transmitted to the applicable agency in Jefferson City for deposit. The NECC also maintains a stamp fund which allows employees to purchase stamps at the facility. Our review of cash procedures noted the following concerns:

- A. The number of photo tickets sold is not reconciled to the actual dollars collected. Visitors can purchase a ticket from the photo machine that they present to the photographer to have a picture taken. The photo machine is emptied every Thursday by the business manager and the monies are transmitted to Jefferson City for deposit. The monies emptied from the machine are not reconciled to the number of tickets sold. To ensure all amounts are properly accounted for, photo tickets sold should be reconciled to the amounts collected from the machine and to amounts transmitted.
- B. Checks received are not restrictively endorsed by the business office immediately upon receipt. Instead, checks are restrictively endorsed prior to transmittal to the Department of Corrections (DOC) - Central Office on Mondays, Wednesdays, and/or Fridays. To reduce the risk of loss, theft, or misuse of funds, checks should be restrictively endorsed when received.
- C. The duties of receiving, recording, and transmitting receipts are not adequately segregated and there is no indication that a supervisory review of the accounting records is conducted. One person is responsible for receipting the monies and also transmitting those monies to Jefferson City. To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurances that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and transmitting monies from that of recording receipts. If proper segregation of duties cannot be achieved, at a minimum there should be a supervisory review of reconciliations between receipt records and transmittals to the DOC - Central Office.
- D. The stamp fund is not maintained at a constant, predetermined balance. In addition, the state purchased postage meter is not always being used solely for state business.

NECC maintains a stamp fund that is used for the benefit of employees. However, this fund is not being maintained on an imprest basis, meaning the fund should be maintained at a constant balance, and the cash on hand plus the value of all stamps on hand should always equal a predetermined balance. Periodically, the fund should be counted and reconciled to the imprest balance by an independent person to ensure the funds are being accounted for properly, to detect any errors, and to help prevent these monies from being misused.

In addition, the state purchased postage meter is sometimes used for employees' personal business instead of the employees' buying stamps from the stamp fund. The postage meter was recently used for sending care packages to employees currently serving in the military overseas. The employees paid for their usage; however, these monies were placed in the stamp fund. We found no indication these monies were deposited back into General Revenue Fund which pays for the meter postage.

WE RECOMMEND the NECC:

- A. Ensure photo tickets purchased are reconciled to actual monies collected.
- B. Require all checks be restrictively endorsed immediately upon receipt.
- C. Adequately segregate the duties of receiving, recording, and transmitting monies. At a minimum, there should be a documented supervisory review of reconciliations between receipts and transmittals.
- D. Maintain the stamp fund on an imprest basis and establish procedures for periodic independent reviews and reconciliations of the balance. In addition, the NECC should ensure that the postage meter is used solely for state business and that any reimbursements received are deposited into the General Revenue Fund.

AUDITEE'S RESPONSE

- A. *Northeast Correctional Center will be implementing a procedure for the photo-ticket machines where the tickets will be numbered and a count of tickets sold can be determined. The beginning and ending numbers for each week will be recorded on a form that will be maintained in the picture machine. The difference will be multiplied by \$2.00 (cost of ticket) to determine how much should be in the machine. This will be done for each machine. The coins will then be taken to the bank and counted by their coin-sorting machine. A receipt will be obtained from bank personnel to document total of currency. The money will be returned to the institution as paper currency. A second employee will count the money again and the amount will be verified with the receipt total. This money will be recorded using current procedures and a transmittal will be prepared for the cash to be sent to Inmate Banking. Inmate Banking will then deposit the money to the canteen fund. Implementation of this plan occurred on March 15, 2004.*

- B. *The restrictive endorsement of all checks for deposit to the Department of Corrections' General Revenue or Inmate Canteen Fund was implemented per verbal recommendation from auditors. Implemented prior to the completion of audit fieldwork.*
- C. *All checks and cash received are entered in a journal. The transmittal is prepared by one of the account clerks and is reviewed and initialed by the other account clerk or the Business Manager prior to being sent to Central Office. The runner signs for the transmittal when he picks it up for delivery. Receiving Central Office personnel also signs for the transmittal. When a copy of the transmittal is returned to the facility, Business Office personnel will verify that checks and cash are deposited to the appropriate account. The Business Manager will periodically review the receipts and transmittals, initialing all receipts and transmittals reviewed. Implementation of this plan occurred on March 15, 2004.*
- D. *Money from the stamp fund was returned to General Revenue Fund and all money owed for shipping packages was repaid. NECC continues to maintain a stamp fund for the convenience of staff, funded by the NECC Personnel Club. The Personnel Club treasurer and the Business Manager keep it at a \$50.00 balance that is reviewed periodically. Implemented prior to the completion of audit fieldwork.*

2. Educational Services

Billings for educational services are not being reviewed at the facility level. The Department of Corrections contracts with St. Charles Community College (SCCC) to provide educational services at NECC. Contract expenditures totaled approximately \$596,000 for the year ended June 30, 2003. Several individuals are employed full-time by the college to provide these adult basic education services. These individuals work out of classroom space maintained at the NECC. Costs associated with the program are accumulated by the college's business office throughout the month and are billed directly to the DOC – Central Office. NECC personnel indicated they do not see the billings, thus it appears the billings are not being reviewed at the facility level.

A careful review of supporting documentation (invoices, expense reimbursement claims, etc.) is necessary, at least on a periodic basis, to substantiate the validity, propriety, and reasonableness of amounts billed by the college for monthly program expenses. Because NECC personnel are more familiar with the college personnel and services being provided, it appears essential that these detailed comparisons of billings to supporting documentation be performed at the facility level prior to submitting the billings to DOC-Central Office for payment. Without such procedures in place, inappropriate billings and/or errors could occur and go undetected.

WE RECOMMEND the NECC work with the college and DOC-Central Office to obtain and/or review, at least on a periodic basis, all supporting documentation for charges billed and resolve any questions or discrepancies prior to payment.

AUDITEE'S RESPONSE

St. Charles Community College personnel at NECC will provide copies of invoices for items ordered to NECC Business Office personnel. Upon receipt of the items ordered, a detailed comparison of billings to supporting documentation will be performed at the facility level prior to submitting the billings to Central Office for payment. The comparison will be jointly completed by NECC and SCCC personnel. After verifying quantities received with billing quantities both will initial and date invoice. Implementation of this plan occurred on April 1, 2004.

3. Food Inventories

Monthly inventory counts are not verified by someone independent of food services. In addition, random counts are not being conducted on a monthly basis. During the year ended June 30, 2003, the NECC served over 2.1 million meals to offenders with food costs of approximately \$1,437,200, and an average cost per meal of \$0.67. The institution maintains perpetual inventory records for the food items maintained.

Food service employees perform the monthly physical counts of food inventories. These employees also have custody of the inventory. We scanned the computer generated inventory summaries for the period January through October 2003 and noted that only five of the ten months had the signature of an employee not regularly assigned to the food service section. In addition, we noted random counts of at least ten items were conducted for only two of the ten months reviewed.

These practices are in violation of the DOC policy IS10-1.15, which states that the physical inventory count must be verified by an institutional employee, designated by the chief administrative officer, who is not assigned to the food service section. In addition, the policy states that the associate superintendent of operations/designee will perform regular random counts of at least ten items once a month. An independent verification and random counts enhances the controls over the food inventories.

WE RECOMMEND the NECC ensure monthly inventory counts are verified by someone not assigned to food services. In addition, random counts should be conducted on a monthly basis, as required.

AUDITEE'S RESPONSE

Northeast Correctional Center will assign non-food service staff to verify the food inventory each month. Monthly random counts will be conducted each month at the direction of the Associate Superintendent of Operations. Implementation of this plan occurred in March 2004.

4. Canteen Procedures

NECC operates a canteen for the offenders' benefit. The canteen stocks and sells numerous products such as soda, tobacco products, snack foods, radios, and televisions. Goods sold in the canteen are marked up 25 percent over cost and the commissions are to be used for recreational, religious, and educational services that benefit the offenders. Monthly inventories of items in stock are conducted. Our review of the canteen noted the following concerns:

- A. Perpetual inventory records do not adequately document adjustments made in the inventory balances and, as a result, perpetual inventory records are not always accurate. We noted several instances where an inventory adjustment was made to reduce the balance with no explanation of why the adjustment was made. Accurate and complete inventory records are necessary to properly account for and safeguard the inventories.
- B. Canteen commissions are being spent in areas other than those listed by state law. According to Section 217.195.2, RSMo 2000, profits from correctional center canteens are to be used "for the benefit of the offenders in the improvement of recreational, religious, or educational services". However, the Canteen Committee's meeting minutes indicate that expenditures were approved for washing machine repairs, irons, ironing boards, and microwaves which do not appear to comply with state law. NECC personnel stated that the statute has been interpreted to allow the commissions to be spent in any areas that benefit the offenders.

WE RECOMMEND the NECC:

- A. Maintain complete and accurate inventory records and document why changes are made to the inventory balances.
- B. Ensure canteen commissions only be used for recreational, religious, and educational expenditures, in accordance with state law.

AUDITEE'S RESPONSE

- A. *Canteen staff have been instructed to make a notation of the reason for any inventory adjustments. A new POS-based inventory system is being developed, which should increase the accuracy and usefulness of inventory information. Implementation of this plan occurred March 15, 2004.*
- B. *The department concurs and will discontinue expenditures other than those for educational, religious, and recreational purposes.*

5. State-Owned Vehicles

NECC appears to be underutilizing their state-owned vehicles. The NECC has 32 state-owned vehicles that are primarily used to transport clients, to patrol the facility grounds, and for employee travel. Thirteen of the 32 (41 percent) state-owned vehicles were driven less than 15,000 miles during the year ended June 30, 2003, and six of these vehicles were driven less than 5,000 miles during this time period. Low mileage can often indicate that a facility has too many vehicles or is not using them efficiently. Based on this underutilization, it appears the NECC management should consider reducing the size of its vehicle fleet.

WE RECOMMEND the NECC evaluate the need for each vehicle and ensure each vehicle is effectively utilized.

AUDITEE'S RESPONSE

Prior to the conclusion of the audit, the Departmental fleet coordinator evaluated the fleet at NECC. Most of the vehicles with low mileage were determined to be special-use vehicles. The ones that were not have been moved into more regular fleet use.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

DEPARTMENT OF CORRECTIONS
NORTHEAST CORRECTIONAL CENTER
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Northeast Correctional Center (NECC) is located in Bowling Green. First opened in 1998, NECC is a high-medium security institution housing male offenders and consisting of 9 housing units designed to accommodate 200 male offenders each, a multi-purpose building, an offender segregation building designed to accommodate 163 offenders, a medical unit plus infirmary, two gymnasiums, a vocational department teaching computer repair skills, a vocational office systems factory, a comprehensive juvenile housing and programming department designed to accommodate 12 offenders, a garage, a power plant, maintenance department, and administrative offices. On June 30, 2003, the NECC housed 1,954 offenders.

The administrative building contains the administrative offices and offender visiting areas. The central services building, which is over 800 feet in length, houses the medical unit plus infirmary, food service area, chapel, library, academic school, warehouse, laundry, manufacturing industries area, and the vocational education computer repair program.

NECC offers a G.E.D. program and a vo-tech computer repair program called "Computers for Schools" for offenders. Contract staff from St. Charles Community College manages the education and vo-tech departments. The education area is comprised of eight classrooms and three testing rooms. Each teacher is certified in Adult Basic Education and is assisted by an offender tutor. Offenders are required to complete their G.E.D. in order to be eligible for parole or premium job assignments. The Computers for Schools is a hands on training program that teaches the offenders how to clean and refurbish a personal computer and how to use current software programs.

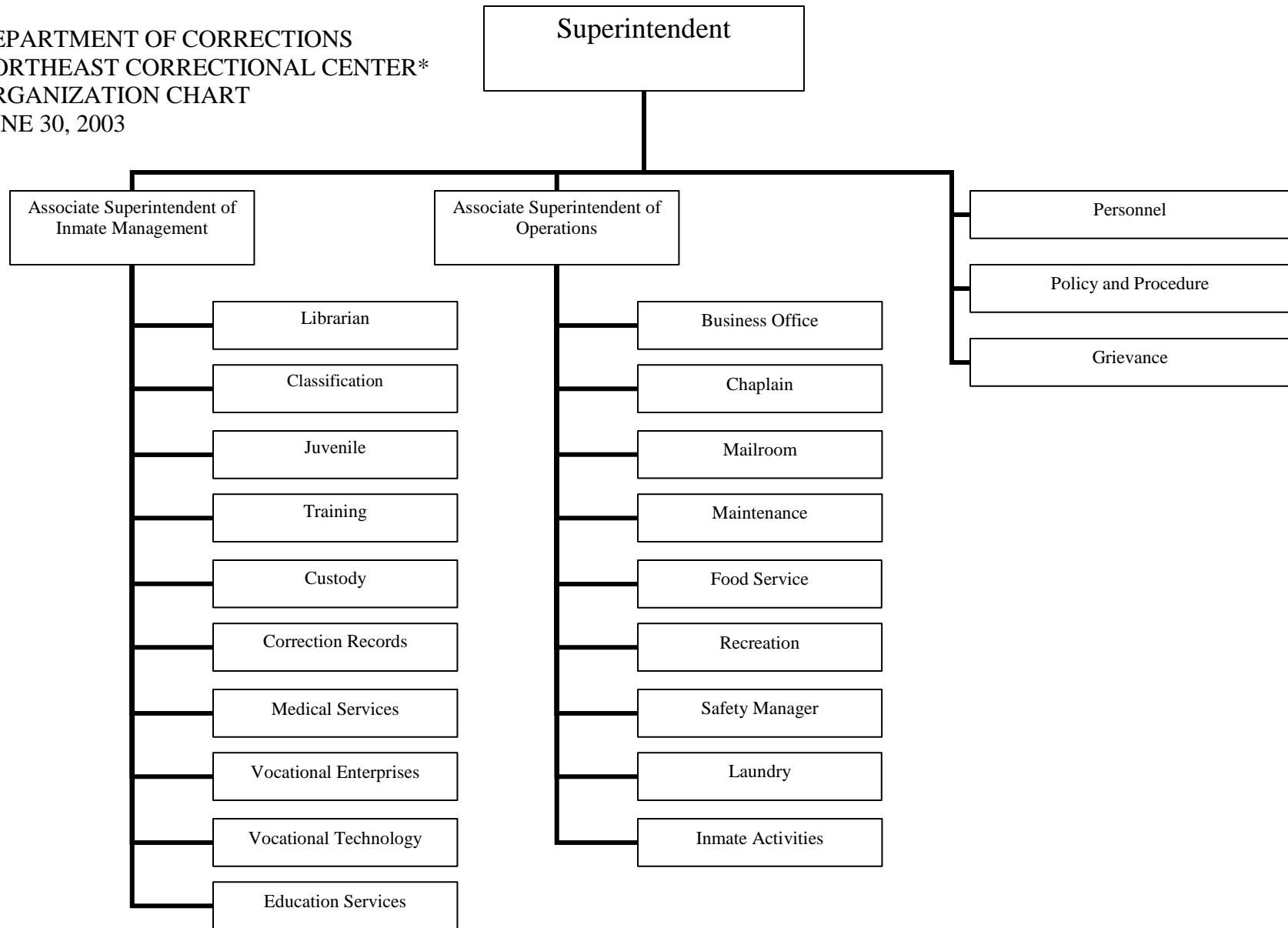
NECC has authorized a maximum of 100 volunteers to assist with operating its volunteer programs. Volunteers provide services in recreation, religion, treatment, and education. Among the volunteer services provided are sign language classes, Cage Your Rage, and Long Distance Dads. Volunteers also sponsor offender organizations such as Alcoholics Anonymous, Narcotics Anonymous, NAACP, and Vietnam Veterans.

The perimeter is secured by three, 12 foot-high fences. The inner fence has an electronic motion detection system and is topped with razor sharp barbed wire, the middle fence is electric, and the outer fence is rowed with razor sharp barbed wire every four feet. The facility is surrounded by a private asphalt road that is used by a constantly roving vehicular patrol for additional security. The facility is situated on 92 acres.

Jim Moore has served as the facility superintendent since May 2003.

An organization chart and financial data follow:

DEPARTMENT OF CORRECTIONS
NORTHEAST CORRECTIONAL CENTER*
ORGANIZATION CHART
JUNE 30, 2003



* Only personnel at the management level are included on this organization chart. There are numerous staff within each department.

Appendix A

DEPARTMENT OF CORRECTIONS
NORTHEAST CORRECTIONAL CENTER
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES (See Note)

		Year Ended June 30,					
		2003			2002		
		Appropriation Authority	Expenditures	Lapsed Balances	Appropriation Authority	Expenditures	Lapsed Balances
GENERAL REVENUE FUND							
Personal Service	\$	14,133,375	13,278,181	855,194	14,659,318	13,285,619	1,373,699
Total General Revenue Fund	\$	14,133,375	13,278,181	855,194	14,659,318	13,285,619	1,373,699

Note: The appropriations presented above are used to account for and control the facility's expenditures from amounts appropriated to the facility by the General Assembly. The facility administers transactions from the appropriations presented above. However, the state treasurer as fund custodian and the Office of Administration provide administrative control over the fund resources within the authority prescribed by the General Assembly. This does not represent all expenditures of the facility. Some expenditures relating to state facilities are charged to department-wide appropriations and not identified by facility. Expenditures charged to the department-wide appropriations that are identified to Northeast Correctional Center are noted in Appendix B.

The lapsed balances include the following withholdings made at the Governor's request:

		Year Ended June 30,	
		2003	2002
Personal Service	\$	843,390	1,351,780
Total	\$	843,390	1,351,780

Appendix B

DEPARTMENT OF CORRECTIONS
NORTHEAST CORRECTIONAL CENTER
COMPARATIVE STATEMENT OF EXPENDITURES (FROM APPROPRIATIONS)

	Year Ended June 30,			
	2003		2002	
	Expenditures From Facility Appropriations	Expenditures From Department-Wide Appropriations For NECC	Expenditures From Facility Appropriations	Expenditures From Department-Wide Appropriations For NECC
Salaries & Wages	\$ 13,278,181	547,164	13,285,619	400,859
Travel, In-State	0	13,273	0	13,802
Fuel & Utilities	0	1,358,557	0	1,429,795
Supplies	0	1,501,575	0	1,401,625
Professional Development	0	289	0	12,472
Communication Service & Supplies	0	31,719	0	38,359
Professional Services	0	622,056	0	869,520
Housekeeping & Janitor Services	0	63,439	0	85,943
Maintenance & Repair (M&R) Services	0	189,246	0	178,732
Computer Equipment	0	7,922	0	84,609
Motorized Equipment	0	0	0	1,671
Office Equipment	0	21,103	0	36,795
Other Equipment	0	68,283	0	83,791
Property & Improvements	0	0	0	1,051
Equipment Rental & Leases	0	8,330	0	1,734
Miscellaneous Expenses	0	232,266	0	238,140
Total Expenditures	\$ 13,278,181	4,665,222	13,285,619	4,878,898



DEPARTMENT OF SOCIAL SERVICES
MEDICAID ELIGIBILITY

**From The Office Of State Auditor
Claire McCaskill**

*Management weaknesses increase the risk
ineligible recipients remain active in the
Medicaid program.*

Report No. 2004-29
April 27, 2004
www.auditor.mo.gov

PERFORMANCE AUDIT



Office of
Missouri State Auditor
Claire McCaskill

April 2004

Management Weaknesses Increase the Risk Ineligible Recipients Remain Active in the Medicaid Program

This audit reviewed the controls and procedures used by the Department of Social Services to determine Medicaid eligibility. Auditors also focused on the potential unnecessary Medicaid program costs paid by the state when recipients were incorrectly determined eligible for benefits or remained eligible beyond limits established in state and federal regulations.

More than 40 percent of Medicaid recipients had no recent eligibility reevaluation

Caseworkers are not performing annual eligibility redeterminations as required by federal and state regulations. As of June 30, 2003, eligibility had not been redetermined for a year or more for 383,004 of 934,453 recipients (41 percent). In July 2002, caseworkers were notified they could stop doing routine eligibility redeterminations. Officials said caseworkers could not keep up with their current workload given staffing available under current budget limits. Instead, these caseworkers were to use various computer-generated data matches and exception reports to identify changes for recipients that could impact eligibility and focus on those cases. However, our analysis identified numerous weaknesses in the match and report processes impacting identification and review of recipient eligibility status. (See page 3)

Social security numbers not being obtained on all recipients

Federal regulations require a Medicaid recipient furnish a valid social security number (SSN) to receive benefits, but auditors found caseworkers were not obtaining valid SSNs on all recipients. As of June 30, 2003, auditors identified nearly 45,000 active Medicaid recipients without a SSN or an invalid SSN in department computer systems. Federal regulations do not allow states to deny or delay benefits pending obtaining or verification of a SSN, but auditors found 67 percent of these recipient's cases had been open at least a year. Review of case documentation for a sample of these recipients indicated 30 percent of recipients with no reported SSN did not have one noted in their case file and nearly 50 percent of invalid SSNs were the result of caseworker input errors. In addition, auditors found a monthly exception report listing recipients with no or an invalid SSN was inadvertently discontinued, which went unnoticed until auditors identified it. Obtaining valid SSNs for all recipients (including children) is an important step in ensuring only eligible individuals receive Medicaid services. (See page 5)

State allowing some recipients to remain Medicaid eligible beyond their age limit

Children who are 19 are normally no longer eligible for Medicaid. As of July 2003, auditors identified 2,510 recipients over age 19 who received nearly \$1.3 million in Medicaid services after they became ineligible. Caseworkers have access to a report

YELLOW SHEET

showing recipients reaching age limits, but they said they have no time to review the report or did not receive it timely. (See page 6)

Some deceased recipients are not being identified

Procedures to identify recipients who have died are not as effective as possible. Auditors identified 1,112 active recipients the department's death match analysis had not identified. Medicaid payments totaling at least \$144,000 were made for these recipients after their death. Auditors used historic death records and different match criteria to identify the deceased recipients. (See page 7)

Matches to wages and unemployment benefits not being done

Computer matches to verify wages and unemployment benefits on active Medicaid employees were stopped in July 2000 unbeknownst to officials until auditors identified it. Federal regulations require state officials to verify wages when a person applies for Medicaid and quarterly thereafter, and verify unemployment benefits. A recipient's unreported job or wage changes would likely be missed by caseworkers without these matches. (See page 10)

Faulty edit causes unnecessary program costs

Auditors identified 111 recipients who were active on Medicaid as of June 30, 2003, whose Medicaid eligibility start date preceded their birth date. This problem resulted in unnecessary costs of at least \$35,000. A system edit is supposed to ensure Medicaid eligibility is not started before a recipient's birth date; however, starting in March 2000, this edit was not being applied to newborns being added to the mother's case. As of January 2004, division officials were working to correct the edit problem. (See page 10)

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**DEPARTMENT OF SOCIAL SERVICES
MEDICAID ELIGIBILITY**

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CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Steve Roling, Director
Department of Social Services
Jefferson City, MO 65102

The State Auditor's Office audited the Department of Social Services practices and procedures for determining recipients' eligibility for Medicaid benefits. The objectives of this audit were to evaluate (1) the controls used to determine Medicaid eligibility and (2) the potential unnecessary Medicaid program costs due to recipients being incorrectly determined eligible for benefits or remaining eligible because staff did not conduct required reviews of eligibility timely.

Audit results indicated ineligible and potentially ineligible recipients remained active in the Medicaid program. Caseworkers did not follow state and federal rules for establishing and verifying eligibility, or review cases identified as exceptions in the management control system. Managers did not properly oversee casework and were not aware that some exception reports in the management control system were inadvertently eliminated.

We conducted the audit in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such tests of the procedures and records as were considered appropriate under the circumstances.

Claire McCaskill
State Auditor

The following auditors contributed to this report:

Director of Audits:	William D. Miller, CIA, CGFM
Assistant Director of Audits:	Jon Halwes, CPA, CGFM
In-Charge Auditor:	Tara Shah, CPA
Audit Staff:	Kenneth Allman
	George Atkinson
	Andria Hendricks
	Lori Melton, CPA
	Frank Verslues

RESULTS AND RECOMMENDATIONS

Weak Medicaid Eligibility Procedures Increase Risk for Ineligible Recipients in the Program

Management decisions and weak internal controls have resulted in thousands of ineligible or potentially ineligible recipients continuing to receive services under Medicaid and other state medical assistance programs. Caseworkers no longer perform routine eligibility redeterminations on Medicaid cases at least annually as required by state and federal law. Officials placed reliance on numerous computer-generated matches and exception reports produced for caseworkers to identify recipients whose eligibility criteria may have changed. However, several of these matches and reports were either not working as these officials thought or were not being sufficiently used by caseworkers either through inaction or lack of communication. Officials explained staffing shortages led to the de-emphasis on case redeterminations, but had no explanation why the weaknesses with the matches and reports went undetected in some cases for a significant length of time.

Background

The Department of Social Services - Family Support Division¹ (FSD) determines eligibility for the majority of recipients for various department administered medical assistance programs including Medicaid and State Children's Health Insurance Program (SCHIP). The department's Division of Medical Services administers these programs. Some recipients receive Medicaid benefits through a fee for service arrangement, while others receive benefits through a managed care plan. Under managed care, recipients select a health plan and a primary care provider within the plan to access healthcare services. The state pays the health plans a per person amount each month (capitation payment) to cover all health benefits. SCHIP is operated under the state's Medicaid program, but federal matching funds come from a federal grant program other than Medicaid. The Department of Health and Human Services – Centers for Medicare and Medicaid Services oversees and has federal responsibility for the Medicaid and SCHIP programs. Medicaid and SCHIP costs are approximately 61 and 72 percent, respectively paid from federal funding. All dollar amounts presented in this report represent both the state and federal share. At June 30, 2003, there were 958,634 recipients active in a department medical assistance program.

Federal regulations² state an agency must require, as a condition of eligibility, each individual (including children) requesting Medicaid services to furnish his or her social security number (SSN). The state cannot deny or delay services to an otherwise eligible applicant pending issuance or verification of the individual's SSN by the federal Social Security Administration (SSA). State and federal regulations³ require redetermination of a recipient's Medicaid eligibility at least every 12 months. Recipients who do not or cannot provide SSNs when they apply for benefits must provide the SSNs before or when the annual eligibility redetermination is done.

¹ Eligibility for a limited portion of Medicaid population is determined by the department's Children's Division.

² 42 CFR 435.910.

³ 42 CFR 435.916 and 13 CSR 40-2.020.

The state must verify each applicant's SSN with the SSA to ensure the SSN was issued to the applicant, and to determine whether additional SSNs were issued to the applicant.

Medicaid eligibility guidelines are broadly set under federal rules. States, upon federal approval, set eligibility criteria for various Medicaid programs. In general, any Missouri citizen is Medicaid eligible if she/he (1) is permanently and totally disabled or (2) is age 65 and meets the following criteria:

- Has net income less than \$599 per month and total non-exempt assets valued under \$1,000 for an individual.
- Has net income less than \$829 per month and total non-exempt assets valued under \$2,000 for a couple.
- Is a United States citizen or eligible legal immigrant.

These recipients receive services on a fee for service basis. Children under age 19 and their parents or caretakers are eligible for Medicaid or SCHIP depending on the percentage of a family's income related to the federal poverty level and similar citizenship criteria as noted above. These recipients may receive services on a fee for service or managed care basis depending upon where they live in the state.⁴ The state can recover capitation payments made to managed care companies after a recipient dies or becomes ineligible for benefits.

Annual eligibility redeterminations were not performed

FSD caseworkers are not performing annual eligibility redeterminations as required by federal and state regulations. As of June 30, 2003, the FSD had not redetermined eligibility within a year or more for 383,004 of 934,453 recipients (41 percent). Table 1.1 shows a breakdown of the time since the last eligibility redetermination for these recipients.

Table 1.1: Eligibility Redetermination Lapsed Time

Time since last redetermination	Number of Recipients
1-2 years	233,898
2-3 years	68,602
3-4 years	36,889
4-5 years	18,648
5 years or more	24,967
Total recipients	383,004

Source: Family Support Division's computer system

In July 2002, the FSD deputy director notified caseworkers they could stop doing routine eligibility redeterminations. FSD officials said caseworkers could not keep up with their current workload given staffing available under current budget limits. Instead, these caseworkers were to use various computer-generated data matches and exception reports to identify income, resources, institutional residence and age changes for recipients that could impact eligibility and

⁴ See the Medical Assistance section on www.dss.mo.gov/pr_family.htm for more detail on eligibility criteria for the various Medicaid programs and the SCHIP program.

focus on those cases. However, our analysis identified numerous weaknesses in the match and report processes:⁵

- An exception report for caseworkers listing recipients who did not furnish SSNs or furnished invalid SSNs was inadvertently discontinued by a computer program change.
- Matches with state Department of Labor and Industrial Relations' wage and unemployment records were discontinued in July 2000.
- Death record matches used incomplete data.
- Caseworkers did not receive some exception reports timely or at all.
- Caseworkers did not review cases listed on exception reports.
- A system edit was stopped in 2000 which resulted in failure to identify some recipients' eligibility start dates preceded their birth dates.

As of June 30, 2003, 52 percent (12,600 of 24,181) of recipients whose eligibility is determined by the Children's Division did not have an eligibility redetermination date reported in the division's computer system for at least a year. A division program specialist explained subsidy case specialists are responsible for performing the annual eligibility redeterminations on adoption and legal guardianship subsidy cases; however, the division does not require the Children's Division caseworker to obtain information from the annual redetermination for entry into the division's computer system. Therefore, there is no assurance eligibility redeterminations are being done as required by federal regulations.

Recipients losing food stamp assistance may no longer be Medicaid eligible

Audit tests on food stamp cases closed during fiscal year 2003 indicated 9 of 35 recipients (26 percent) had active Medicaid cases which should have closed at the time the food stamp cases closed.⁶ The Medicaid cases should have closed because the recipient had either (1) moved out of state, (2) the caseworker was unable to locate the person or (3) the recipient's income or resources exceeded Medicaid limits. These recipients received medical care and had claims of approximately \$19,000 after they should have lost their eligibility. Eligibility criteria for the food stamp and Medicaid programs differ; however, changes that result in closing a food stamp case increase the risk the recipient's Medicaid case may also need to close. Federal regulation⁷ requires recertification of eligibility for most food stamp recipients every 6 months.

FSD caseworkers said they do not always update the Medicaid case information when reviewing food stamp eligibility because the Medicaid eligibility redetermination forms are cumbersome and take too much time. In addition, there are situations where a recipient will have different Medicaid and food stamp caseworkers. A Medicaid program specialist said there are no procedures for communication between these caseworkers regarding changes in pertinent case information.

⁵ See Appendix II, page 17, for detail on the matches and data inquiries done for the program.

⁶ Our analysis identified 14,444 Medicaid recipients at June 30, 2003 whose food stamp case closed during fiscal year 2003 and the reason for the food stamp closing could have affected their Medicaid eligibility.

⁷ 7 CFR 273.10.

Weaknesses in obtaining valid social security numbers for recipients

Caseworkers are not obtaining valid SSNs on all applicable recipients. Federal regulations require a SSN to be furnished as a condition of eligibility for most Medicaid recipients.⁸ As of June 30, 2003, the divisions' computer systems listed 44,753 active Medicaid recipients (5 percent of approximately 949,000 recipients) who did not have a SSN or had an invalid SSN. About 95 percent of these recipients were age 18 or less. Since federal regulations say states cannot deny or delay benefits to an eligible applicant pending issuance or verification of a SSN, it is expected some recipients would not have SSNs for a short period of time. However, approximately 67 percent (29,820 of 44,753) of these recipients' cases had been open for at least a year.

There is a risk recipients who do not have a SSN or have an invalid SSN are ineligible for Medicaid benefits. Table 1.2 indicates the breakdown of the recipients without SSNs or invalid SSNs by program and division responsible for managing the recipients' eligibility:

Table 1.2: No or Invalid Social Security Number Breakdown

Program	Division	Recipients	Recipients	Total
		without	with an	
		SSN	Invalid SSN	Recipients
Medicaid	Family Support	36,275	1,024	37,299
	Children's Division	1,592	45	1,637
SCHIP	Family Support	5,615	202	5,817
Totals		43,482	1,271	44,753

Source: Family Support Division and Children's Division computer systems

In addition, as of June 30, 2003, the FSD's computer system indicated 10,236 recipients⁹ SSNs were not verified by the SSA as required by federal regulations.¹⁰ For the SSA to verify a SSN, 5 fields must match: first name, last name, middle name, date of birth, and sex. Errors could result from intentional or unintentional misreporting by the recipient, and data entry mistakes. SSN verification problems increase the risk these recipients may be ineligible for benefits.

Our test of 60 recipients without SSNs disclosed caseworkers failed to enter the reported SSN in the computer system for 42 (70 percent) of the recipients. A separate review of 21 recipients with invalid SSNs noted caseworkers made input errors for 10 (nearly 50 percent) of the SSNs in the system.¹¹ Also, we identified 10 recipients who apparently provided fake SSN cards to

⁸ Recipients enrolled in Medical Assistance based on Section 1619 (a) and (b) of the Social Security act, newborns under age 1 with a special level of care, the Blind Pension program, and state General Relief program, are not required to furnish SSNs as a requirement of eligibility. At June 30, 2003, nearly 9,600 recipients were in these programs.

⁹ Exceeds the 1,271 our analysis identified because our match using the Texas State Auditor's office software was limited to whether a recipient's SSN was valid based on the SSA's numbering criteria and when the SSN was issued compared to the recipient's reported birth date. The department's SSA match will determine whether the SSN was issued to the person reporting the SSN using the criteria noted above.

¹⁰ 42 CFR 435.910.

¹¹ The test of recipients with invalid SSNs included 29 recipients; however, inadequate documentation in the case file for 8 recipients did not allow fault to be determined.

support their reported SSN. We turned information on these 10 recipients over to the department's Welfare Investigation unit in February 2004.

FSD caseworkers said they often approve recipients for Medicaid with an agreement to provide their SSN within 10 days. However, they said these agreements are informal and not tracked. A Children's Division program specialist said there are no formal policies and no priority for the division's caseworkers to obtain or verify SSNs for children in the division's system. Also, the division has no policies for caseworkers to process claims for recovery of costs when recipients are determined to have been ineligible for benefits.

No management tools to track cases with SSN problems

A monthly exception report designed for caseworkers to identify recipients who are missing a SSN in the system or those whose SSNs came back unverified by the SSA was inadvertently discontinued by a programming change made to the FSD computer system. The last known date it was run was February 2001. FSD officials did not know the report had been discontinued until we brought it to their attention. This report would have identified the 41,890 recipients without a SSN and the 10,236 recipients which were unverified by the SSA whose eligibility is determined by the FSD.

SSNs not requested from the Social Security Administration

FSD caseworkers were not following up with the SSA to obtain a SSN for applicants or recipients when they claimed they could not remember it. According to federal regulations,¹² if an individual has previously been issued a SSN but they cannot recall it, the department must request the SSA to furnish the number. FSD officials said they thought this regulation was amended in 1992 because of changes implemented by the SSA, and believed they could no longer request an individual's SSN from the SSA. However, a federal official from the Health and Human Services - Centers for Medicare and Medicaid Services, the federal agency responsible for the regulation, told us this rule has not been changed. A SSA official confirmed a process is still in place for states to obtain SSN information on recipients. Consequently, caseworkers could have and should have asked the SSA for the recipient's SSN.

Recipients exceeded the age limit

Procedures to close cases with age ineligible children are not effective. Children reaching age 19 are normally no longer Medicaid eligible. As of July 2003, we identified 2,510 recipients age 19 or older for whom \$1,278,779 in Medicaid payments were made after they became ineligible. Caseworkers receive a monthly report,¹³ which includes

Nearly \$1.3 million
in services to age
ineligible
recipients

¹² 42 CFR 435.910.

¹³ This age exception report documents FSD Medicaid recipients age 1, 6 and 19 who may no longer be eligible for the Medicaid program category they are included under. Children age 1 and 6 will likely remain eligible under a different Medicaid program category, while children age 19 will likely no longer be Medicaid eligible.

recipients who are 19 years old or older, to use for reviewing eligibility.¹⁴ Caseworkers we contacted at four FSD local offices said they had no time to review the reports because they had too many cases to manage. In addition, clerical staff responsible for distributing the reports in the larger local offices (ie. Jackson County, St. Louis County, and city of St. Louis) said caseworkers did not receive the reports in a timely manner due to a lack of report distribution coordination. For example, the December 2003 report was received by the FSD central office's mailroom for distribution on December 31, 2003. However, as of January 27, 2004, at least one caseworker said she still had not received the report.

To compensate for cases not being closed timely, the Division of Medical Services (DMS) monthly reviews and cancels the managed care enrollment for children prior to their 19th birthday which places them in the fee for service system. However, our review of the July 2003 age exception report prepared for FSD caseworkers indicated 732 of the 2,510 recipients (29 percent) on the report age 19 or older were still in managed care. DMS staff could not explain why these recipients were still in the managed care system and could not research the problem because the monthly reports used to determine which recipients to remove from the managed care system were not retained. Our review indicated the problem could partially result from the DMS exception report not being cumulative. Only children turning 19 in the next month are listed in each monthly report. If recipients are overlooked or missed on a report, they will not be listed on subsequent reports.

Although the caseworkers we spoke to indicated they did not have the time necessary to review the age exception reports, a computer system change in August 2003 resulted in many of these cases being reviewed. In August 2003, a new indicator was added to the age exception report which caused recipients who were not properly coded as a parent to be identified as a child age 19 or older. Caseworkers were instructed to review these cases and correct the parent coding. Due to this additional review by caseworkers, many of the age 19 and older recipients on the age exception report were reviewed and closed. By November 2003, 70 percent of the July exception cases had been closed. However, the November exception report, which reported 3,057 recipients age 19 or older, still listed 128 recipients at least 1 year older than age 19.

Some deceased recipients are not being identified

The FSD's procedures to identify recipients who have died are not as effective as possible. Our analysis identified 1,112 active recipients the division's death match analysis had not identified. Medicaid payments totaling at least \$144,000 were made for these recipients after their death. Weaknesses identified in the division's review process include:

- Failure to match recipients against historic death records.
- Using match criteria that allows deceased recipients to go undetected.
- Failure to always use available online inquiry systems.

¹⁴ A parent(s) or caretaker(s) may be covered for medical assistance if a child under the age of 19 is active on the case. However, if the child turns 19 and they are the only child in the household, the entire family would become ineligible for benefits.

Currently a monthly match is performed with Department of Health and Senior Services – Bureau of Vital Statistics (DHSS) records of individuals who died in Missouri in the previous month. This procedure does not detect if an individual applies for assistance and reports a relative (i.e. child) who died prior to the month being tested because any death prior to the previous month is not included in the match.

The division's match requires an exact match of four fields¹⁵ for the recipient to be considered deceased. If the recipient is the only member on the case, the case will be automatically closed by the FSD's computer system. If the recipient is part of a case with other recipients, a report is sent to the recipient's caseworker to close the recipient and evaluate eligibility for others on the case. Other analysis using less strict criteria would allow caseworkers to identify recipients whose names have misspellings or other data entry errors in the division's or DHSS's computer data. While these cases should not be automatically closed, they could be added to the other cases which are already supposed to be reviewed under the division's current procedures.

By obtaining historic death data from the DHSS and using other criteria, we identified additional recipients who were active on Medicaid cases who were deceased. Those criteria used various combinations of recipient data (1) first name, (2) middle name, (3) last name, (4) date of birth, and (5) SSN to match against historical state death records. For example some matches resulted from matching the first, last, and middle name and the date of birth and others resulted from matching date of birth and SSN. The criteria also allowed for name spelling errors.

Caseworkers did not regularly use DHSS or SSA online inquiry systems at initial application for benefits or during a case follow-up to identify potential deceased recipients. FSD officials said the caseworkers are expected to use the SSA inquiry to verify SSA benefit information at time of application, but there is no requirement to use this inquiry for death information. To evaluate if the inquiry would be useful to identify applicants or recipients who may be deceased, we tested 23 recipients we identified in our matches and located death information on 15 of them in the SSA system.¹⁶ Caseworkers told us they knew about an on-line inquiry to DHSS death data, but this inquiry required them to know the recipient was deceased and the month and year of the death. Another DHSS on-line death data inquiry only requires the caseworkers to know the SSN of the recipient; however, many of the caseworkers we spoke with were not aware of this inquiry.

Unnecessary costs not recouped on some cases

While reviewing system data for some of the deceased recipients determined by our analysis, we identified approximately \$55,000 in unnecessary capitation payments that had not been recouped for 16 managed care recipients. These cases had been reported to recipients' caseworkers to update the case status. Caseworkers cannot backdate a recipient's end eligibility date to his or her date of death. They can only enter the date the death was identified. The DMS has procedures to match Medicaid recipients who have case changes to historical DHSS death records to identify potential capitation payments

¹⁵ The four fields used by the department for its death match are: SSN, the first four characters of the last name, the first character of the first name, and the recipient's date of birth.

¹⁶ The system will only report the death of people receiving SSA benefits.

that should be recouped. Fourteen of these 16 recipients had no SSN in the divisions' computer systems and thus could not be matched in the DMS procedure. The other two did not have a SSN in the DHSS death records and likewise could not have been matched. Recoupment of capitation payments on deceased recipients identified by caseworkers outside of the normal FSD death match process may not occur due to such data and match limitations. Caseworker system manuals did not provide specific instructions on procedures to follow for such identified deaths to ensure unnecessary payments could be recovered.

Children removed from their home may affect eligibility

Cases where children are active on Medicaid simultaneously in the FSD and the Children's Division are not being appropriately monitored. At June 30, 2003, there were 1,082 recipients who had active Medicaid cases in the FSD and Children's Division systems. Caseworkers receive daily alerts when a child is removed from the home of a Medicaid family and into the custody of the Children's Division. A monthly report of these cases is also made available to caseworkers; however, it only reports children for the month an alert was sent. The report is not cumulative as FSD officials had thought.

When a child is removed from a family's home, the Medicaid eligibility of that family as well as other types of assistance, including Temporary Assistance for Needy Families (cash assistance) may be affected. A Medicaid case is immediately opened under the administration of the Children's Division at the time the division takes custody and each case in both divisions may remain open up to 60 days.¹⁷ The FSD's computer systems do not indicate which cases may be open up to 60 days. As a result, unless the caseworker is separately tracking these cases, necessary case closing may not occur. Examples of two cases where the Children's Division removed the children from the home and we identified eligibility errors follow:

- Three children in the family home were removed and the only adult on the case was kept active on Medicaid. The children were removed in March 2003 and as of our review in October 2003, the children were still out of the home. Therefore, the adult on this case should have lost her Medicaid eligibility but did not. The state paid \$2,014 in claims during the time the adult was ineligible.
- Four children who were active on Medicaid were removed from their mother in December 1999 and placed with their grandparents. The grandparents were awarded legal custody in March 2002 and began receiving guardianship payments through the Children's Division. However, the grandparents were already receiving cash assistance on a FSD established case at the time of the original placement of the children. Both types of cash payments should not have been received. This error resulted in the state overpaying \$12,622 from March 2002 through November 2003.

¹⁷ If there is a plan to return the child back to the home within 60 days, it will be agreed upon during a meeting that caseworkers from the FSD and Children's Division will attend. Such a plan will allow a family's FSD Medicaid case to remain open.

Matches of recipients to wages and unemployment compensation payments were not done

The matches with the Division of Employment Security¹⁸ to verify wages and unemployment compensation on active Medicaid recipients were stopped in July 2000. FSD officials were unaware the matches had stopped until we brought it to their attention in September 2003. A program specialist determined these matches were stopped by the department's food stamp unit because unit officials believed a different inquiry provided the same results. However, this other inquiry is performed only during the initial application approval process and possibly during follow-up reviews on the case. A recipient's unreported job or wage changes would likely be missed by caseworkers without these matches. Federal regulations¹⁹ require the department to verify (1) wages during the application period and at least on a quarterly basis and (2) unemployment compensation from the time the recipient reports their loss of employment and for at least the 3 subsequent months or until the benefits are exhausted. As of January 2004, these matches have not been restarted.

Ongoing verification
not done
since July 2000

Some local offices are not using their management reports

Twenty of 115 local offices (17 percent) did not access and print all exception reports which are used by caseworkers for management of their Medicaid cases. FSD central office provides caseworkers and supervisors with both hard copy reports sent through the mail and electronic reports which are to be printed out by local office clerical staff. A log is not maintained to indicate what reports were sent to each office, when they were sent, and if they were accessed. A system file of the recent electronic reports sent in the past few days is all that is maintained and information system staff stated this file is not monitored by any personnel to determine if reports are accessed.

We selected a time period to review the system to determine if the local offices were accessing the electronic reports. We noted the St. Louis County office had many significant reports which were not being printed. For the period reviewed, the office²⁰ did not print 67 of the 70 electronic reports sent. These unprinted management reports included (1) reports indicating children who have been removed from the family home, and (2) alerts regarding children reaching the various age criteria which need review. The office supervisor only had staff access and print certain reports.

An internal computer system edit check was not working properly

We identified 111 recipients who were active on Medicaid as of June 30, 2003, whose Medicaid eligibility start date preceded their birth date. This problem resulted in unnecessary costs of at least \$35,000.

A system edit is supposed to ensure Medicaid eligibility is not started before the recipient's birth date; however, starting in March 2000, this edit was not being applied to newborns being added

¹⁸ Part of the Department of Labor and Industrial Relations.

¹⁹ 42 CFR 435.948.

²⁰ As of June 30, 2003, 11 percent of the Medicaid recipients were from St. Louis County.

to the mother's case. A backup control in the DMS' Medicaid information system blocks claims before a recipient's birth date, but it is only applied on fee for service recipients. Forty-seven of the 111 recipients identified were in the managed care system where the edit is not applied. Six of the recipients had an eligibility start date of exactly a year before their birth date and the rest had start dates 6 months or less before their birth date. The state paid up to an extra full year of managed care capitation payments at the approximately \$500 per month²¹ newborn rate resulting in the unnecessary costs. As of January 2004, the division's system programmers were working on this edit error.

Conclusions

Weak controls have allowed recipients to remain eligible for benefits when they may not be. Both the FSD and the Children's Division management are not complying with federal SSN requirements for Medicaid eligibility. The Children's Division has no procedures to process recoupments on cases. Strengthened controls in both divisions will save the state money and increase the assurance only eligible recipients receive Medicaid benefits.

Recommendations

We recommend the Director, Department of Social Services:

- 1.1 Ensure case redeterminations are performed in accordance with federal regulation. If staffing limits compliance with these requirements, procedures should be established to ensure cases with the most risk for potential ineligibility are reviewed timely. Those cases would include recipients:
 - Determined to be ineligible for food stamps or other assistance programs.
 - Where the division's computer system reports invalid or no SSN.
 - Reaching age eligibility limits.
 - Who are dually eligible under a separate Children's Division case.
 - Noted on exception reports provided to the local offices.
- Funds should be recouped as applicable on these cases.
- 1.2 Ensure policies established for caseworkers to use relevant information obtained during other assistance eligibility redeterminations to evaluate a recipient's continued Medicaid eligibility are complete. Establish monitoring procedures to ensure those policies are complied with.
- 1.3 Review the available options to obtain recipient SSNs from the SSA.
- 1.4 Establish procedures to ensure exception reports, interagency matches and computer system edits are functioning as intended. Restart the SSN exception report and the wage and unemployment matches with the Division of Employment Security. Correct the edit

²¹ A newborn capitation rate of approximately \$500 a month is charged for recipients under age 1. When the child turns 1, this rate decreases to approximately \$85 a month.

which ensures a Medicaid recipient's eligibility cannot precede his or her birth date. Adjust the children taken from the home report so the output is cumulative with cases from previous periods continuing to be reported until closed or resolved.

- 1.5 Revise procedures used to match Medicaid recipients to DHSS records to include a history of prior and current month death records. In addition, allow the match criteria to be more flexible to identify more possible matches of deceased recipients. Establish procedures for caseworkers to follow when a recipient's death is identified outside the normal FSD death match process to ensure unnecessary costs are recovered.
- 1.6 Ensure caseworkers are aware of and use all available inquiries which provide death information to assist in determining an applicant's initial and continued eligibility.
- 1.7 Establish procedures to ensure the management reports being sent to the caseworkers and/or supervisors are being timely accessed and used.
- 1.8 Establish policies to require Children's Division caseworkers to obtain redetermination information from subsidy specialist to ensure annual reviews are being completed as federally required. The information obtained should be used to update the system.
- 1.9 Establish procedures to obtain SSNs for all Children's Division recipients and submit those SSNs to the SSA for verification as federally required.
- 1.10 Establish policies to ensure costs are recovered on applicable cases when a Children's Division recipient is determined to be ineligible.

Department of Social Services Comments

- 1.1 *Income Maintenance Caseworkers responsible for Medicaid eligibility determinations are staffed at 46% of need, according to statutorily-mandated caseload standards. This is why in July 2002, we did what the audit now suggests. We advised staff to direct their limited time to cases that had higher potential for changes to their eligibility. (The audit references this memo on page 3.) Through the Governor's Program Integrity Initiative in his budget proposal, we are also planning to strengthen this process by automating the connection between Food Stamp recertifications and corresponding Medicaid cases, and making changes to the system to make wage match data more meaningful to caseworkers.*

To do routine annual redeterminations on the remaining Medicaid cases (those without a corresponding Food Stamp case) would require additional staff. A fiscal note for this provision in a recent legislative proposal was estimated at approximately \$14 million annually.

- 1.2 *It is our current policy to use relevant information from other assistance eligibility redeterminations in evaluating continuing Medicaid eligibility, as such ex parte determinations are a federal program requirement. Through the Governor's Program Integrity Initiative in his budget proposal, we will strengthen the current process by*

automating the connection between Food Stamp recertifications and corresponding Medicaid cases.

- 1.3 Eligibility is based on resource and asset levels, not on receipt of SSNs. While the audit correctly points out that federal regulations require Medicaid recipients to furnish their SSN, those same regulations do not allow the state to delay approval of Medicaid benefits pending the issuance of the SSN. We do not believe the receipt of SSNs would result in any material savings.*

Children account for 95% of the recipients for whom the SSN has not been reported in our system. The primary reason FSD does not have these SSNs is the allocation of our scarce resources. If staff had the time or resources to follow up, parents would likely provide the SSNs. The purpose of obtaining the SSN is to allow FSD to obtain income and asset information from other systems. While this is more important for adults, it is unlikely that having the child's SSN would result in our receiving information that would cause ineligibility.

The audit continues to erroneously state on page 6 that we believed federal regulations regarding SSNs changed in 1992, when they did not. What we have actually reported to audit staff and provided documentation to audit staff was that in 1992, SSA implemented a change to our process that prohibited us from assisting clients with applying for numbers or replacement numbers, with automatic feedback of that number to our system. This change was pointed out to indicate that when SSA took away this important tool, it became more difficult to ensure that SSNs were recorded in our system.

- 1.4 The reports identified as discontinued have been restarted, and the edits have been or are being corrected.*
- 1.5 We will explore revising the match of Medicaid recipients to DHSS death records to include records other than the current month.*

Making the death match criteria more flexible may result in incorrect closing of cases. Thus, doing so would result in more exception reports for workers to review. We will review our current match criteria to ensure we have the right balance on this issue.

- 1.6 We will ensure that workers are aware of all available death inquiries; however, we believe death matches are the most efficient way to deal with needed case closings due to death. It would be inefficient for staff to check death inquiry screens on every case, on the chance that a client has died.*
- 1.7 We will discuss this recommendation with our local managers. We believe there may again be diminishing returns to focusing time and attention on monitoring the access and use of these reports. With further development of automated systems, we will provide such information to field staff in a more useful format, utilizing technology and system alerts. This will also provide a mechanism for supervisory and management follow-up that is not available in the current system.*

- 1.8 *On an annual basis, the Children's Division Adoption Specialists review the adoption subsidy agreement with the family and update any changes needed in the subsidy file and in the subsidy contract system. In many contracts/agreements, no changes are made and eligibility continues. The information, including the Medicaid eligibility is captured in the family's case file. However, the Children's Division will review its automated system to determine if it's federally required to capture this information in its computer system.*
- 1.9 *The Children's Division currently has policy requiring staff to obtain social security numbers; a memo will be sent to staff to remind them of this policy. However, lack of an SSN does not mean that they are not eligible for Health Care Coverage.*
- 1.10 *As previously stated, the Children's Division is already working with the Division of Medical Services to recover inappropriate payments made to the Managed Care organizations as individual cases are identified.*

Auditor's Comment

- 1.3 Missing or invalid SSNs in the department's computer systems also impact the identification of recipients who have moved out of the state or who have died. Obtaining valid SSNs for all recipients (including children) is an important step in ensuring only eligible individuals receive Medicaid services.

In fall 2003, FSD officials made the comments we report on page 6. This 1992 SSA procedural change did not affect the federal regulation. Another SSA procedure still exists for states to obtain a recipient's SSN from the SSA.

OBJECTIVES, SCOPE AND METHODOLOGY

Objectives

The objectives of this audit were to evaluate (1) the controls used to determine Medicaid eligibility and (2) the potential unnecessary Medicaid program costs due to recipients being incorrectly determined eligible for benefits, or remaining eligible because staff did not conduct required reviews of eligibility timely.

Scope and Methodology

Auditors conducted fieldwork during July 2003 through February 2004. Auditors performed the following procedures:

- Reviewed federal and state regulations regarding Medicaid eligibility.
- Discussed federal Medicaid eligibility regulations with officials from the federal Department of Health and Human Services - Centers for Medicare and Medicaid Services.
- Interviewed staff from local Family Support Division (FSD) and Children's Division offices and central office management officials from those divisions regarding policies and procedures used to determine and redetermine Medicaid eligibility.
- Tested selected controls used to determine Medicaid eligibility.
- Obtained computer data of all Medicaid recipients at June 30, 2003, and 2002 from the FSD and the Children's Division. Validation of the data indicated some record information could not be relied on, but the majority of the data for these records was accurate. Selected data elements that were not considered reliable were excluded from consideration in our analysis. The June 30, 2003, data was matched with software obtained from the Texas State Auditor's office to identify recipients with invalid social security numbers. The data underlying the software was obtained from current and historical Social Security Administration records. The software checks for certain conditions including number format and date of issue, but does not validate that an entered social security number corresponds to a particular individual. Additional analysis was done to identify recipients who could no longer be eligible due to age, death, or failure to report a social security number to the state.
- Contacted caseworkers to discuss the eligibility status for various test samples of the identified potentially ineligible recipients.
- Obtained medical claims data from the Division of Medical Services for recipients identified as being potentially ineligible for Medicaid benefits.

APPENDIX I

- Interviewed Medicaid program officials from four states (Arkansas, Georgia, Iowa and Texas) to determine Medicaid eligibility determination and redetermination procedures in those states.

Recipients whose continued eligibility appeared to be questionable were reported to department officials so the case could be reviewed.

MEDICAID ELIGIBILITY MATCHES AND INQUIRIES

Table II.1 lists the data source, match purpose and frequency for various matches against federal and state databases to evaluate a person's eligibility upon initial application and eligibility redetermination. Table II.2 lists the source and data inquiries used by caseworkers to evaluate eligibility.

Table II.1: Medicaid Eligibility Matches

Source	Match	Frequency
Federal		
Social Security Administration	Social security number verification	Quarterly
	Beneficiary social security retirement and disability information	Monthly
	Supplemental security income (SSI)	Monthly
Internal Revenue Service	Income verification	Annually
DHHS - Administration for Children and Families	Public Assistant Recipient Information System (PARIS) - an interstate recipient match program	Quarterly
Missouri		
Department of Health and Senior Services	Death records	Monthly
Family Support Division	Child support payments	Monthly
State Lottery	Lottery winnings	Monthly
Department of Corrections	Imprisoned persons	Quarterly
DLIR - Division of Employment Security	Unemployment compensation Wages	Daily ¹ Quarterly ¹

¹ As discussed on page 10, these matches have not been performed since 2000 due to management oversight.
Source: Family Support Division records

Table II.2: Medicaid Eligibility Inquiries

Source	Inquiry
Federal	
Social Security Administration	Third party query – Allows inquiries on social security income, supplemental security income, and Medicare benefits
Immigration and Naturalization Service	Systematic alien verification for entitlements
Missouri	
Missouri Automated Child Support System	Child support payments
DLIR - Division of Employment Security	Income verification and unemployment compensation
Department of Health and Senior Services	Birth records inquiry Death records inquiry
Non-Governmental Source	
The Work Number (TALX Corporation)	Employment and income verification

Source: Family Support Division records



**CHILDREN'S TRUST FUND BOARD
TWO YEARS ENDED JUNE 30, 2003**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-28
April 9, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

April 2004

The following report is our audit of the Children's Trust Fund Board.

The State Auditor conducted a financial and compliance audit of the Children's Trust Fund Board (CTFB) for the two years ended June 30, 2003. The State Auditor issued an unqualified opinion on the board's financial statements. In addition, the audit did not note any material instances of noncompliance nor any material weaknesses in internal controls. The State Auditor conducts this regular audit as a voluntary service as requested by the Children's Trust Fund Board.

The CTFB was established by state statute to provide child abuse and neglect public awareness programs throughout the state. Under statutory provisions, any individual or corporation may designate a part or all of his/her income tax refund to be contributed to the Children's Trust Fund. Additional funding is derived from contributions made directly to the Children's Trust Fund, fees on marriage licenses, certified copies of marriage licenses, vital records, and federal grants. Program disbursements of \$2.6 and \$3.0 million were distributed to recipient programs in fiscal years 2003 and 2002 respectively.

During our audit, we noted the CTFB did not adequately monitor the home visitation services contracts. The CTFB disbursed approximately \$363,000 and \$361,500 related to these contracts during fiscal year 2003 and fiscal year 2002, respectively.

All reports are available on our website: www.auditor.mo.gov

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CHILDREN’S TRUST FUND BOARD

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON
THE FINANCIAL STATEMENTS**

Honorable Bob Holden, Governor
and
Members of the Children's Trust Fund Board
and
Bill Heberle, Executive Director
Jefferson City, MO 65102

We have audited the accompanying Statement of Receipts, Disbursements, and Changes in Cash and Investments and Statement of Appropriations and Expenditures of the Children's Trust Fund of the Children's Trust Fund Board as of and for the years ended June 30, 2003 and 2002. These financial statements are the responsibility of the board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting or the state's legal budgetary basis of accounting, which are comprehensive bases of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash and investments and the appropriations and expenditures of the Children's Trust Fund of the Children's Trust Fund Board

as of and for the years ended June 30, 2003 and 2002, on the bases of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated January 9, 2004, on our consideration of the board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying financial information listed as supplementary data in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the board's management and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.

An integral part of the board's funding comes from federal awards. Those federal awards are reported on in the State of Missouri Single Audit Report issued by the State Auditor's office. The single audit is conducted in accordance with the provisions of U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.



Claire McCaskill
State Auditor

January 9, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Peggy Schler, CPA
In-Charge Auditor:	Jeffrey Wilson
Audit Staff:	Cara Wolfe
	Lamine Bah



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

Honorable Bob Holden, Governor
and
Members of the Children's Trust Fund Board
and
Bill Heberle, Executive Director
Jefferson City, MO 65102

We have audited the financial statements of the Children's Trust Fund Board as of and for the years ended June 30, 2003 and 2002, and have issued our report thereon dated January 9, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of the Children's Trust Fund Board are free of material misstatement, we performed tests of the board's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of the Children's Trust Fund Board, we considered the board's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one

or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the management of the Children's Trust Fund Board and other applicable government officials. However, pursuant to Section 29.270, RSMo, 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

January 9, 2004 (fieldwork completion date)

Financial Statements

Exhibit A

CHILDREN'S TRUST FUND BOARD
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH AND INVESTMENTS

	Year Ended June 30,	
	2003	2002
RECEIPTS		
Contributions	\$ 380,149	252,149
Marriage license fees	970,870	831,205
Vital records sales	617,274	605,447
Intergovernmental receipts	125,875	412,939
Registration fees	0	4,935
Interest	89,143	160,100
Interagency receipts	360,163	340,885
Miscellaneous refunds	16,425	803
Total Receipts	<u>2,559,899</u>	<u>2,608,463</u>
DISBURSEMENTS		
Personal service	170,239	162,429
Expense and equipment	106,869	116,484
Program disbursements	2,623,428	3,065,101
Office lease	13,860	13,860
Total Disbursements (Note 3)	<u>2,914,396</u>	<u>3,357,874</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(354,497)	(749,411)
OTHER FINANCING SOURCES (USES)		
Transfers in (Note 4)	167,874	158,295
Transfers out (Note 4)	<u>(82,746)</u>	<u>(81,709)</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS AND OTHER FINANCING SOURCES (USES)	(269,369)	(672,825)
CASH AND INVESTMENTS BALANCE, JULY 1	<u>3,579,584</u>	<u>4,252,409</u>
CASH AND INVESTMENTS BALANCE, JUNE 30	\$ <u><u>3,310,215</u></u>	<u><u>3,579,584</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

CHILDREN'S TRUST FUND BOARD

COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30,					
	2003			2002		
	Appropriations	Expenditures	Lapsed Balances	Appropriations	Expenditures	Lapsed Balances
CHILDREN'S TRUST FUND						
Program disbursements	\$ 3,360,000	2,647,276	712,724	3,360,000	3,094,337	265,663
Personal service	183,921	170,239	13,682	183,291	162,429	20,862
Expense and equipment	146,239	83,021	63,218	146,239	87,248	58,991
Office lease	21,540	13,860	7,680	35,400	13,860	21,540
Total Children's Trust Fund	<u>\$ 3,711,700</u>	<u>2,914,396</u>	<u>797,304</u>	<u>3,724,930</u>	<u>3,357,874</u>	<u>367,056</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

CHILDREN'S TRUST FUND BOARD
NOTES TO THE FINANCIAL STATEMENTS

Notes to the Financial Statements:

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present only selected data for the Children's Trust Fund of the Children's Trust Fund Board.

Receipts, disbursements, and changes in cash and investments are presented in Exhibit A for the Children's Trust Fund. Appropriations from this fund are expended by or for the board for restricted purposes.

Appropriations, presented in Exhibit B, are not separate accounting entities. They do not record the assets, liabilities, and equity or other balances of the related funds but are used only to account for and control the board expenditures from amounts appropriated by the General Assembly.

Expenditures presented for each appropriation may not reflect the total cost of the related activity. Other direct and indirect costs provided by the board and other state agencies are not allocated to the applicable fund or program.

B. Basis of Accounting

The Statement of Receipts, Disbursements, and Changes in Cash and Investments, Exhibit A, prepared on the cash basis of accounting, presents amounts when they are received or disbursed.

The Statement of Appropriations and Expenditures, Exhibit B, is presented on the state's legal budgetary basis of accounting. Expenditures generally consist of amounts paid by June 30, with no provision for lapse period expenditures unless the Office of Administration approves an exception. Amounts encumbered at June 30 must be either canceled or paid from the next year's appropriations.

However, the General Assembly may authorize continuous (biennial) appropriations, for which the unexpended balances at June 30 of the first year of the 2-year period are reappropriated for expenditure during the second year. Therefore, such appropriations have no lapsed balances at the end of the first year.

The cash basis of accounting and the budgetary basis of accounting differ from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and

measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Fiscal Authority and Responsibility

The board administers transactions in the Children's Trust Fund. The state treasurer as fund custodian and the Office of Administration provide administrative control over fund resources within the authority prescribed by the General Assembly.

The Children's Trust Fund was established by Section 210.173, RSMo, to receive gifts, grants, and federal monies for establishing and developing programs to prevent or alleviate child abuse or neglect and for paying the administrative costs of the Children's Trust Fund Board. Appropriations from the fund authorize disbursements as directed by the Children's Trust Fund Board in accordance with the provisions under Sections 210.170 through 210.174, RSMo. Any monies remaining in the fund are perpetually maintained for the purposes of the fund.

D. Employee Fringe Benefits

In addition to the social security system, employees are covered by the Missouri State Employees' Retirement System (MOSERS) (a noncontributory plan) and may participate in the state's health care, optional life insurance, cafeteria, and deferred compensation and deferred compensation incentive plans. The optional life insurance and cafeteria plans involve only employee contributions or payroll reductions. The deferred compensation plan involves employee payroll deferrals and the deferred compensation incentive plan a state contribution for each employee who participates in the deferred compensation plan and has been employed by the state for at least 1 year.

The state's required contributions for employee fringe benefits are paid from the same funds as the related payrolls. Those contributions are for MOSERS (retirement, basic life insurance, and long-term disability benefits); social security and medicare taxes; health care premiums; and the deferred compensation incentive amount.

Employee fringe benefits in the financial statements at Exhibit A are the transfers from the Children's Trust Fund for costs related to salaries paid from that fund. Transfers related to salaries are not appropriated by agency and thus are not presented in the financial statement at Exhibit B.

2. Cash and Investments

The balance of the Children's Trust Fund is pooled with other state funds and invested by the state treasurer. In accordance with Section 210.173, RSMo 2002, the Children's Trust Fund maintains a perpetual reserve of \$1 million which is not available for expenditure.

3. Transfers

The transfer in amounts are income tax contributions designated by individual and corporate taxpayers on their income tax returns under the provisions of Section 210.174, RSMo.

The transfer out amounts include the Children's Trust Fund's proportional share of the refunds paid back to Missouri taxpayers under Article X, Sections 16 through 24 of the Constitution of Missouri (Hancock Amendment), employee fringe benefits, allocation of costs in support of the state's central services to the General Revenue Fund, and other as follows:

	<u>Year Ended June 30,</u>	
	<u>2003</u>	<u>2002</u>
Hancock Amendment refunds	\$ 1,341	0
Employee fringe benefits	49,533	49,788
Cost Allocation	31,339	31,339
Other	<u>533</u>	<u>582</u>
Total transfers out	\$ <u>82,746</u>	<u>81,709</u>

Supplementary Data

Schedule

CHILDREN'S TRUST FUND BOARD
COMPARATIVE STATEMENT OF EXPENDITURES (FROM APPROPRIATIONS)

	Year Ended June 30,			
	2003	2002	2001	2000
Salaries and wages	\$ 170,239	162,429	155,691	173,500
Travel, in-state	11,157	9,355	8,945	10,600
Travel, out-of-state	0	161	6,619	5,561
Fuel and utilities	3,198	3,726	2,590	3,316
Supplies	24,767	23,851	0	0
Administrative supplies	0	0	19,868	18,842
Merchandising supplies	0	0	5,377	3,941
Repair, maintenance, and usage supplies	0	0	327	359
Specific use supplies	0	0	15	18,907
Professional development	3,595	1,225	4,460	4,838
Communication service and supplies	5,787	6,055	7,445	7,057
Business services	0	0	62,706	49,540
Professional services	50,245	61,967	4,627	7,990
Housekeeping and janitorial services	1,269	0	266	139
Maintenance and repair services	809	844	0	0
Equipment maintenance and repair services	0	0	1,075	949
Computer equipment	0	60	47	329
Office equipment	0	0	178	1,527
Other equipment	0	420	0	0
Real property rentals and leases	14,460	14,471	16,445	15,415
Equipment rental and leases	1,509	67	0	0
Building and equipment rentals	0	0	1,802	535
Miscellaneous expenses	3,933	8,062	13,162	9,499
Refunds	0	80	0	0
Program distributions	2,623,428	3,065,101	2,736,594	1,770,612
Total Expenditures	\$ <u>2,914,396</u>	<u>3,357,874</u>	<u>3,048,239</u>	<u>2,103,456</u>

Note: Certain classifications of expenditures changed during the four-year period, which may affect the comparability of the amounts.

The accompanying Notes to the Financial Statements are an integral part of this statement.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Finding

CHILDREN'S TRUST FUND BOARD
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDING

We have audited the financial statements of the Children's Trust Fund Board as of and for the years ended June 30, 2003 and 2002, and have issued our report thereon dated January 9, 2004.

During our audit, we identified a certain management practice which we believe could be improved. Our audit was not designed to be a detailed study of every system, procedure, and transaction. Accordingly, the finding presented in the following Management Advisory Report should not be considered all-inclusive of areas needing improvement.

Contract Management

The Children's Trust Fund Board (CTFB) does not adequately monitor the home visitation services contracts.

The CTFB has a monitoring policy which requires CTFB employees to review all contractors through an on-site visit or via telephone, depending on the level of funding received, at least once every 5 years. There was no documentation the CTFB performed monitoring reviews of the Home Visitation Services contracts. The CTFB disbursed approximately \$363,000 and \$361,500 related to these contracts during FY 2003 and FY 2002, respectively.

Although no on-site or telephone monitoring was performed by the CTFB, annual reports were filed with the CTFB. Outcome measures were included in the annual reports and appeared to be in compliance with the contract requirements; however, without performing periodic on-site visits, the CTFB cannot determine the reported outcome measures are accurate. As a result, the CTFB, cannot be sure the monies paid to the contractor were used in compliance with the contract.

WE RECOMMEND the CTFB ensure adequate monitoring procedures are performed for home visitation services contracts.

AUDITEE'S RESPONSE

The Executive Director indicated the CTFB plans to amend the contract with the home visitation provider to state an onsite-monitoring visit will be conducted by June 30, 2004.

This report is intended for the information and use of the management of the Children's Trust Fund Board and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

STATISTICAL SECTION

History, Organization, and
Statistical Information

CHILDREN'S TRUST FUND BOARD HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Children's Trust Fund Board was established by Section 210.170, RSMo, to provide child abuse and neglect public awareness programs throughout the state. Under the provisions of Section 210.174, RSMo, any individual or corporation may designate a part or all of his/her income tax refund to be contributed to the Children's Trust Fund. Additional funding is derived from contributions made directly to the Children's Trust Fund, fees on marriage licenses, certified copies of marriage licenses, vital records, and federal grants.

Effective August 28, 2002, Section 210.170, RSMo, increased the number of board members from seventeen to twenty-one. Seventeen members are appointed by the governor with the advice and consent of the Senate. Members serve until their successor is appointed. Two members of the Missouri House of Representatives are appointed by the speaker of the House and two members of the Missouri Senate are appointed by the president pro tem of the Senate. Members of the Senate and House of Representatives serve on the Children's Trust Fund Board until their term in the House or Senate expires. At June 30, 2003, the Children's Trust Fund Board had twenty members and one vacancy. Members serving on the board as of June 2003 were:

<u>Members</u>	<u>City</u>	<u>Term Expires</u>
Dudley McCarter	St. Louis	September 2004
Terry Bloomberg	St. Louis	September 2006
Sam Burton	Rolla	September 2004
Mildred Jamison	Florissant	September 2002
Reverend Robert Marty	Mexico	September 2006
James Monteleone, M.D.	Town & Country	September 2002
Nanci Bobrow, Ph.D.	St. Louis	September 2006
Lynne M. Cooper, D. Min.	St. Louis	September 2005
Shawn Griffin, M.D.	St. Joseph	October 2005
Emmy McClelland	Webster Groves	September 2003
Kaye Steinmetz	Rolla	September 2002
Kay Lynne Myers	Kansas City	September 2006
Christy Broce	Raytown	September 2006
Sarah Long	Poplar Bluff	September 2005
Daniel "Duke" McVey	Jefferson City	September 2000
Senator Patrick Dougherty (public member)	St. Louis	September 2005
Representative Vicki Riback-Wilson	Columbia	
Representative Lanie Black	Jefferson City	
Senator Carl Vogel	Jefferson City	
Senator Harold Caskey	Butler	

The board is empowered to enter into contracts with public or private agencies, schools, or qualified individuals to establish community-based educational and service programs focused on the prevention of child abuse and neglect. The programs include crisis care, home visiting, counseling, and support groups. The board also provides public education about the problem of child abuse and neglect. These programs include crisis care, home visiting, counseling, and support groups. The board also provides public education about the problem of child abuse and neglect and how Missouri citizens can contribute to prevention efforts.

The board may appoint an executive director to perform administrative duties. Bill Heberle was appointed Executive Director in November 1998. Three other employees perform various administrative and clerical tasks.



**FOLLOW-UP OF CHILD ABUSE AND NEGLECT
REPORTING AND RESPONSE SYSTEM**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-27
April 8, 2004
www.auditor.mo.gov**

PERFORMANCE AUDIT



Office Of The
State Auditor Of Missouri
Claire McCaskill

April 2004

Child abuse hotline unit improved how it classifies calls, but more timely contact with child victims is needed along with increased monitoring of cases

This report addresses the Department of Social Services' progress on the seven recommendations most related to children's safety made in our first Child Abuse Hotline report (issued December 2000). Of these recommendations, the department has implemented three, partially implemented three and not implemented one. The audit concluded that while some improvements have been made since the previous report, further improvements are needed.

In fiscal year 2003, the hotline unit handled 108,685 hotline calls, and determined 79 percent needed investigation or follow-up by local offices. In this follow-up report, auditors focused on the case handling of children who had at least seven hotline calls made on their behalf over a two and a half-year period in Jackson and Greene counties and St. Louis. These 45 children and the 371 separate hotline calls included some children who died of abuse/neglect, despite more than two previous hotline calls. The following highlights the areas showing improvement and areas with continued weaknesses.

Weaknesses continue in case management at local offices

In responding to this report, department officials said insufficient staff and funding have limited their ability to address the case management deficiencies noted below.

Overdue reports resulted in some service delays to children

Overall, auditors found 39 percent of the abuse/neglect reports were overdue by 3 months (similar to 36 percent in the first audit), and 45 percent of the reports reviewed were not completed in 30 days as required. Auditors found at least two cases in which slow report completion led to the child and family not receiving services for months. In one case, a young girl with extensive medical problems possibly caused by her mother did not have a services case opened until six months after the first call. In addition, a services case involving an 11-year-old boy allegedly choked by his brother was not opened until six months after the initial call. (See page 9)

Initial contacts with children to ensure safety not timely

Auditors found caseworkers did not always follow policy in how quickly to contact a child who was the subject of a hotline call. Face-to-face visits are supposed to occur within 24 hours of a call considered an "investigation" and within 72 hours of a call deemed a

(over)

YELLOW SHEET

“family assessment.” Auditors found that in 16 percent of the cases tested caseworkers did not see the child within the required time frame. In one case, it took 13 days before a caseworker contacted a young teenage boy who had been kicked out of his house and threatened with harm if he returned and harmed other household members. Auditors also found in 19 percent of the investigations reviewed caseworkers did not interview the children apart from the alleged perpetrator or other influential parties. (See page 11)

Abuse/neglect service cases not always closely monitored, one involved a fatality

Auditors found caseworkers did not adequately follow-up on family centered service cases—those cases where it was determined services were needed. In such cases, a caseworker is supposed to closely monitor the child and family through several face-to-face and collateral contacts to help prevent further abuse and keep the family together. Auditors found caseworkers did not make the appropriate number of contacts in 19 of 41 cases reviewed. In one possible high-risk sexual abuse case, the caseworker had not made contact for three months, despite a policy requiring multiple face-to-face contacts or contacts with collaterals during that period. In a fatality case, a caseworker responsible for monitoring a 5-year-old child with a degenerative medical condition only checked on the child’s medical treatment with the mother, and did not confirm treatment with a physician. The child eventually died from lack of medical attention. (See page 12)

Improvements made

Call takers and caseworkers have more specific decision-making guidance in responding to calls

The prior report suggested Missouri follow 12 other states which use a Structured Decision Making process to help hotline call takers and local caseworkers to more accurately and consistently decide how to respond to a case. Division officials began implementing screening tools in the local offices in September 2002 to determine risk levels and whether to open a case for services. However, further guidance and training is needed. Auditors found in 10 percent of 70 calls tested the case facts did not support how the caseworkers decided a case should be handled. Division officials began implementing a new screening tool in the hotline unit in December 2003. A new protocol system is to be fully implemented after planned testing and necessary revisions are completed. (See page 6)

Percentage of incorrectly classified calls decreased

The prior report disclosed 3 percent of the calls deemed “unable to investigate” should have been investigated. In the current audit, auditors found 1 percent of “unable to investigate” calls to be incorrectly classified. In addition, hotline call takers are now required to check for prior hotline calls on a child and track the “unable to investigate” calls in a database for future reference, both of which did not occur before the first audit. (See page 7)

All reports are available on our website: www.auditor.mo.gov

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ABBREVIATIONS

DSS	Department of Social Services
SAO	State Auditor's Office
SDM	Structured Decision Making
UTI	Unable to Investigate



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Steve Roling, Director
Department of Social Services
Jefferson City, MO 65102

The state received over 108,000 hotline calls during fiscal year 2003 regarding child abuse and neglect, and case workers were asked to respond to most of these calls. The State Auditor's Office (SAO) issued a report titled Child Abuse and Neglect Reporting and Response System in December 2000 disclosing numerous deficiencies needing attention to improve the safety of Missouri's children. This follow-up report addresses (1) the status of seven prior recommendations directly relating to child safety, and (2) improvements needed in local office handling of child abuse and neglect cases involving children known to the system.

While some improvements have been made since the previous report, further improvements are needed. The department has implemented some features of structured decision making in its hotline unit and field operations, and continues to implement other improvements. We found weaknesses in the handling of child abuse and neglect report cases by caseworkers at local offices. Improvements needed include: timely completion of child abuse and neglect reports, the proper tracking of reports, timely and appropriate child victim and family contacts and interviews, increased service monitoring, and improved accuracy of report conclusions. These weaknesses can leave Missouri children at risk of abuse and neglect.

We continue to believe the recommendations in our December 2000 report should be fully implemented, and we have made some additional recommendations to address problems found in the handling of cases at local offices. In commenting on a draft of this report, the director stated he is committed to continuing to improve the department's efforts to protect these children while overcoming systemic obstacles such as staffing levels and compensation.

We conducted our work in accordance with applicable standards contained in Government Auditing Standards, issued by the Comptroller General of the United States, and included such tests of the procedures and records as were considered appropriate under the circumstances.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

The following staff contributed to this report:

Director of Audits:	Kirk R. Boyer
Audit Manager:	Gregory A. Slinkard, CPA, CIA
Auditor-in-Charge:	Christina Davis
Audit Staff:	Terri Crader
	Kelly Davis, CPA

RESULTS AND RECOMMENDATIONS

Continued Improvements Are Needed to Decrease Risk to Children

The Department of Social Services (DSS) has taken steps to implement child safety-related recommendations made in our previous report.¹ While some improvements have been made since the previous report, further improvements are needed. We continued to find weaknesses in the department's handling of child abuse and neglect calls, both at the hotline unit and after they are referred to local offices for review and follow-up. Weaknesses in the local office caseworkers' handling of child abuse and neglect cases included untimely completion of child abuse and neglect reports and procedures not being followed to ensure child safety. These weaknesses exist, at least in part, because DSS has not taken necessary action to correct problems previously reported, has not adequately monitored the related activities, or not provided adequate guidance to the local caseworkers. As a result, Missouri children can continue to be left at risk of abuse and neglect.

Background

The Child Abuse and Neglect Hotline Unit received 108,685 hotline calls of suspected abuse and neglect during fiscal year 2003.² The unit is responsible for obtaining enough information from the caller to determine the seriousness of the situation and whether a caseworker needs to assist the child. Hotline workers screen each call and classify a call as either a child abuse and neglect report, a services-needed referral, or as unable to investigate (UTI). Any calls classified as either a child abuse and neglect report or a services-needed referral are forwarded to the appropriate local office, which were 85,688 during fiscal year 2003.³ When a local office receives a child abuse and neglect report, a caseworker is to ensure the child is safe—through either an investigation if the caseworker believes the child is in imminent danger or a family assessment if the situation is deemed less serious. Once the child's initial safety is ensured, the caseworker is then required to monitor the child's situation and determine whether services should be provided to the family. While the family is receiving services, caseworkers are to monitor the family's progress and continue to ensure child safety. When a referral is received by a local office, a caseworker is required to contact the caller within 3 days to discuss the child's situation.

In December 2000, we issued a report on the Child Abuse and Neglect Reporting and Response System disclosing ineffective system management and some children being unnecessarily exposed to risk. The report recommended DSS implement a structured decision making (SDM) process in all aspects of the hotline response system—call receipt, screening, risk assessment, service, and placement decisions. The Children's Research Center, a division of the National Council on Crime and Delinquency, developed SDM to help guide decision making by providing useful, reliable and valid information on which to base decisions supported by actuarial research. SDM objectives are to:

¹ Audit of Child Abuse and Neglect Reporting and Response System (SAO Report No. 2000-132, December 28, 2000).

² In August 2003, the Child Abuse and Neglect Hotline Reporting and Response System was moved to DSS' newly-created Children's Division. The system was previously under the Division of Family Services.

³ DSS has 115 local offices, with at least one office in each county.

- introduce structure to critical decision points in the child welfare system,
- increase the consistency and validity of decision-making,
- target resources to families most at risk, and
- improve the effectiveness of child protective services.

Our 2000 report noted 12 states had implemented some elements of the SDM process, including Michigan, which had used the process longer than most of the other states. Michigan officials indicated SDM has been a better system than other systems they have experienced. If designed and implemented properly, it can help assist hotline personnel and caseworkers make difficult decisions related to child safety.

Scope and methodology

Our 2000 report included over 30 recommendations to improve the system. However, our current work followed up only on the seven prior recommendations we considered most directly related to child safety and evaluated certain case management practices in more detail.⁴

To evaluate calls made to the hotline unit which were classified as UTI, we selected a statistically random sample of 69⁵ calls from a population of 3,786 UTI calls received from April to June 2003. We evaluated the UTI classification, supervisory review, completeness of documentation, and the review of prior calls by hotline personnel.

To assess division control systems over its call response log, we reviewed data on approximately 7,000 calls received during July 2003. We scanned the call response log and division reports to determine if division controls appropriately monitored the system and to ensure calls were being retrieved from the system and handled by the local offices in a timely manner.

To determine whether the local offices took appropriate actions on cases involving children known to the system (the subject of multiple prior calls), our current work involved an in-depth review of specific cases. To accomplish this, we selected 45 children's cases in three local offices—Greene County, Jackson County, and the city of St. Louis—based on the following criteria:

- child abuse or neglect hotline calls in June 2003 on a child having seven or more prior incidents reported since January 1, 2001 (the applicable children may have already been known to the system before that date),
- children who died due to child abuse and neglect in the previous three years having over 2 previous incidents reported (prior to the incident that resulted in their death), or
- calls about children made to the SAO hotline.

We reviewed the case files of these 45 children, involving 371 separate hotline calls classified as child abuse and neglect reports or referrals, and tested the incidents for various attributes relating to division policy and child safety. The number of incidents varied by attribute tested because

⁴ See Appendix I for the remaining recommendations and their status, according to the division.

⁵ See Appendix II.

certain attributes did not apply to all incidents. We interviewed responsible caseworkers and supervisors as necessary.

We reviewed applicable state and federal laws and regulations, division policies and procedures, and policies and procedures from various other states. During our work, we interviewed area and local employees, supervisors, and state level officials, and performed audit tests related to hotline unit decisions and case handling decisions. We also visited the Cole County office to assist in our planning efforts.

We obtained comments on a draft of this report during a meeting with the DSS director and division officials on March 11, 2004, and in a letter dated March 23, 2004. We incorporated their comments as appropriate. We conducted our work from July to December 2003.

Follow up of prior recommendations

Of the seven recommendations most related to child safety, DSS has fully implemented three, partially implemented three, and not implemented one. Table 1 presents the status of those recommendations as of December 2003.

Table 1: Status of Recommendations Most Related to Child Safety

Prior Recommendations	Status
1. Implement a SDM tool to increase consistency and accuracy in making intake, screening, risk assessment, service, and placement decisions.	Partially implemented
2. Improve the hotline unit quality control review process to ensure unable-to-investigate decisions are appropriate.	Partially implemented
3. Require hotline unit call takers check division records for prior reports of abuse on the child or family and document that check.	Implemented
4. Ensure unable-to-investigate worksheets document completely and appropriately the phone reports of abuse received by the hotline unit.	Implemented
5. Enter unable-to-investigate records into the automated Production System and retain them.	Implemented
6. Ensure reports are retrieved and acted on by field office workers by establishing a quality control system that requires the hotline unit to reconcile reports sent to local offices to reports printed and taken off the system for action.	Partially implemented
7. Ensure the child abuse and neglect investigations and/or family assessments are completed within the required time frame.	Not implemented

Source: Prepared by SAO.

Status of SDM implementation

DSS continues to implement SDM tools to help hotline unit personnel screen calls. While SDM tools have been implemented in the local offices, we found weaknesses in the caseworkers' use of these tools.

DSS continues to implement SDM features and other improvements

Division officials told us they have evaluated recommendations made to them through various reviews conducted by our office and other agencies. They prioritized those recommendations and focused initially on changes to the hotline unit. The hotline unit changes include technology upgrades and the creation of a new system for receiving and classifying calls. The division also plans to upgrade its phone system with a queuing system designed to prevent busy signals for callers.

Our 2000 report recommended SDM tools be developed and implemented to increase the consistency and accuracy of decisions (recommendation 1). During 2001 and 2002, the division developed SDM tools to help the hotline unit make investigation and family assessment tracking decisions. The division also developed and implemented local office SDM tools designed for use during the investigation and family assessment process. DSS trained caseworkers and implemented SDM tools in the local offices between September 2002 and May 2003.

Division officials told us they began implementing SDM screening tools in the hotline unit in December 2003. Division officials added they plan to continue implementing a protocol system in the hotline unit that incorporates SDM features while offering more specific guidance to call takers. Officials said this system is to give call takers guided direction to help ask pertinent questions and make appropriate decisions based on a call's facts and circumstances. According to division officials, they conducted new system training of selected call takers in December 2003 and testing in March 2004. The protocol system is to be fully implemented after planned testing and necessary revisions are completed.

More guidance is needed to ensure caseworkers properly use SDM tools

Caseworkers inconsistently used or documented SDM tools designed to determine risk levels or whether to open a case for services. DSS had not adequately monitored caseworkers' use of these tools or provided caseworkers any subsequent SDM follow-up training.

In the city of St. Louis and Cole County, we noted seven instances where caseworkers did not complete the second part of the SDM safety assessment form even though the children were determined to be safe. Division policy requires the entire form to be completed in all cases to initially determine and document whether the child is safe, conditionally safe, or unsafe in the home during the investigation or family assessment. Two caseworkers told us they did not complete the form because it was not required

when the child was determined to be safe. However, officials responsible for these offices told us the form is required to be fully completed in all cases.

The SDM risk assessment tool uses a risk-based approach to evaluate what further action should be taken in the case, including whether a case should be opened for services and the frequency of contacts needed with a family on an open case. The risk assessment weighs family characteristics to determine likelihood of further abuse. The facts of the case did not support the risk assessment for 10 percent (7 of 70) of applicable incidents reviewed. One caseworker stated he was unsure whether to use characteristics noted by caseworkers in prior calls or to treat each incident on its own merit.

Based on the conclusion of the report and the risk level determined, the SDM tools provide caseworkers a framework to determine what services should be provided. We found 16 percent (11 of 70) of the applicable case status decisions were not supported by case facts and risk levels assessed. Although we determined services had been provided, the exceptions noted included families with ongoing service cases, and families who were receiving services through other programs.

Improvements noted in hotline unit's handling of abuse and neglect calls

Our 2000 report noted hotline personnel (1) classified some calls as UTI when action could have been taken, (2) failed to always indicate if they checked for previous reports of abuse or neglect, and (3) failed to fully document calls on manual worksheets (recommendations 2, 3 and 4). In addition, hotline unit supervisors were not adequately monitoring taped calls and did not maintain a record of UTI calls for two months after a call had been taken (recommendations 2 and 5).

We found the following hotline unit improvements have been made:

- hotline unit guidelines require call takers to check previous calls as appropriate,
- quality control reviews have been implemented,⁶
- call information was found to be adequately documented for the items tested, and
- UTI information was being maintained in a database.

However, continued improvement is needed in the following area.

Calls incorrectly classified as UTI have declined

The percentage of misclassified UTI calls has decreased. Our 2000 report noted the hotline unit left some children at risk by classifying some calls as UTI when the calls actually met child abuse and neglect or referral criteria. The prior report concluded 3 percent of UTI calls tested were incorrectly classified and some action should have been taken, which means DSS personnel took no action related to these calls.

⁶ Supervisors are required to review 10 percent of hotline calls. The 10 percent goal had not yet been met as of December 2003, but supervisors were performing more thorough reviews of UTI calls than during the previous audit, according to hotline unit management.

Based on our current work, we projected the hotline unit incorrectly classified an estimated 55 calls in our study population of 3,786 as UTI (representing an error rate of over 1 percent of the calls tested⁷). The one exception noted in our sample of 69 calls dealt with several young children living in a home with no utilities. It was reported the mother was using dirty water from outside for unknown purposes in the house. According to a hotline official, the call was not classified as a child abuse and neglect report because it was believed a lack of utilities alone did not meet the legal criteria of a report. The call taker documented the call would be classified as a UTI because the caller did not know how the dirty water was being used. That is, hotline staff stated outside water used to flush a toilet would not be considered a problem, but using it for drinking water would be considered neglect. However, a different hotline worker prepared an abuse and neglect report based on a subsequent call reporting the same concern involving the same family, and referred it to the field for action. The second hotline worker documented that even though the caller could not confirm how the outside water was used, it should be checked out.

Division policy defines a UTI as a call where there are no child neglect and abuse allegations or a case where insufficient identifying information is provided by the caller to conduct an investigation. In addition, division policy requires a call to be classified as a child abuse and neglect report if the report meets the definition of abuse/neglect described in the statutes. Section 210.110, RSMo 2000, defines neglect as the "failure to provide by those responsible for the care, custody, and control of the child, the proper or necessary support, education as required by law, nutrition or medical, surgical, or any other care necessary for the child's well-being." If a call does not meet this criteria, the hotline unit may prepare a preventive service referral when the facts and circumstances demonstrate the need for intervention or services to prevent child abuse and neglect from occurring. Based on the policy and criteria, the first call should not have been classified as a UTI. The inconsistent manner in which these two calls were handled also demonstrates the need for more guidance to be provided to call takers.

Controls need improvement to ensure timely action on referrals to the field

The 2000 report noted DSS had no assurance local offices acted on child abuse or neglect hotline calls (recommendation 6), and concluded some children were left at risk as some calls were not being retrieved from the automated referral system in a timely manner. As a result, the division issued corrective policy and established central office reviews to ensure personnel follow the policy.

We found improvements have been made, but additional referral system control safeguards are needed. We found four of the approximately 7,000 calls received in July 2003 had not been properly retrieved and removed from the automated referral system as of October 2003. In addition, we noted one call initially sent to a local office had been properly acknowledged as being received; however, that office subsequently transferred the call to another local office where it was not properly acknowledged as received for 24 days. Further review disclosed the children's situations involved in each of these calls had been acted upon by division caseworkers;

⁷ See Appendix II.

however, some county and area offices were not performing the call acceptance procedures properly, causing the calls to remain on the log. Division officials stated a memo was re-sent to county and area offices outlining the correct procedures in February 2004.

Our review also disclosed that although the division had found no problems with the referral system since management reviews were initiated two years ago, it was not getting complete information covering all counties and areas of the state. Division officials told us this problem was due to a programming error and corrective action has been taken.

Weaknesses continue in case management at local offices

In our 2000 report, we highlighted problems with the untimely completion of child abuse and neglect reports along with recommended improvements. We also highlighted problems with local office personnel inconsistently classifying child abuse or neglect calls as family assessment or investigation for the same or similar types of cases. In our follow-up work relating to 45 children's cases, we found these problems continue. We also found weaknesses in caseworkers' handling of cases involving children subject to multiple child abuse or neglect calls. Caseworkers had not followed procedures in contacting and interviewing children and monitoring services provided to families. In addition, we found caseworkers' conclusions were not always accurate on cases. These weaknesses can be attributed to either a lack of guidance being provided to the local caseworkers or inadequate monitoring of the cases.

In responding to a draft of this report, the director said he does not have sufficient staff or funding to address most case management deficiencies. A division official indicated DSS budgeted 1,382 caseworker positions in the fiscal year 2004 budget, or 75 percent of the Council on Accreditation benchmark for staffing to workload ratios. Absent DSS data, we found the 20 caseworkers responsible for child abuse and neglect reports we reviewed averaged 25 cases; ranging from 10 to 40 cases per worker, based on our 45 selected cases.

Continued weaknesses completing timely reports

Untimely completion of reports continues to be a problem. Our 2000 report disclosed 4,482 overdue child abuse and neglect reports as of February 3, 2000, and 36 percent had been overdue more than 3 months. We recommended the division ensure the child abuse and neglect investigations/family assessments be completed within the required time frame (recommendation 7). As of February 21, 2004, DSS records showed 4,071 overdue child abuse and neglect reports, and 39 percent had been overdue more than 3 months. Our current work also found 45 percent (116 of 256) of the child abuse and neglect reports reviewed were not completed within 30 days. We also found 17 percent (43 of 256) of the reports reviewed had conclusions of probable cause, or services needed, indicating a risk of service delays. Division officials and two caseworkers told us high caseloads and understaffing was a primary reason for overdue reports and delayed services.

State law requires local offices to conduct an investigation or family assessment for each child abuse and neglect report. The resulting child abuse and neglect reports must be

completed within 30 days, unless good cause for the failure to complete the investigation is documented in the information system.⁸ We found only 24 percent (28 of 116) of the overdue reports reviewed had a documented reason for the delayed conclusion. Reasons cited by two caseworkers for not documenting the cause for the delay in a case's conclusion included: a belief that local office management did not view it as important, and the time involved in preparing documentation justifying the delay and getting it approved.

Division officials stated the portion of the report process that is most often delayed is the paperwork, and the actual investigation or family assessment had likely been completed and a service case opened. However, we found at least two instances where a service case was not opened until after the report was concluded. A family centered services case for one family was not opened until the case was concluded six months after the incident, due to the report being combined with subsequent calls. This case involved a situation where a young girl was suffering from extensive medical problems which may have been caused or contributed to by the mother. In another instance, a report received in October 2002 involving an 11-year-old boy being choked by his older brother was not concluded until March 2003. The family centered services case was not opened until April 2003, six months after the report was received, even though the mother needed help controlling the brother who had severe behavioral problems.

Incidents not properly tracked as investigations or family assessments

Local office personnel continued to inconsistently classify child abuse or neglect calls for family assessment or investigation handling for the same or similar types of cases.⁹ Our 2000 report attributed this inconsistency to caseworker confusion regarding when to perform family assessments and the level of judgment permitted in the decision-making process. Our current work found personnel did not track 7 percent (14 of 214) of the applicable incidents reviewed as required by division policy. Generally, the exceptions we found involved child abuse and neglect reports being handled as family assessments rather than as investigations. The tracking decision is important to a child's safety because it affects the timing of initial contact with the child, possible law enforcement involvement, and the manner of interviewing.

One of the exceptions involved young children being left in a car unattended. The responsible caseworker did not remember why she made the decision to perform a family assessment instead of an investigation. She looked at the file again and said, from reading the report, it may be that she compared this to other incidents she has been assigned involving children left in the car and thought this was not as serious. She said the children were unattended for only five minutes. In addition, the incident occurred outside a convenience store so the car was fairly close to where the parents were, rather

⁸ Section 210.145(12), RSMo 2000.

⁹ The two-track system (family assessment/investigation) provides the caseworker flexibility in determining the type of initial contact required. For cases of serious abuse, investigations are performed which require initial face-to-face contact within 24 hours and law enforcement notification. For less serious cases, a family assessment is performed which does not require law enforcement notification, and the time allowed for initial contact is longer.

than in a large retail store parking lot where the kids would be hundreds of feet from the parents. Overall, she could not explain her decision aside from not considering it a serious situation, and she said it did not occur on a hot day.

Effective December 2003, the division now requires the hotline unit to make the family assessment/investigation tracking decisions before the child abuse and neglects reports are sent to the local offices. Division officials told us bringing this decision function to the hotline unit should help ensure proper and consistent decisions.

Procedures not followed in contacting and interviewing children

We also found caseworkers did not always follow required policy in the initial contacts with children and their families or in conducting interviews. Once the decision to perform an investigation or family assessment is made, the caseworker is to initiate contact with the family to ensure the child's immediate safety, according to division policy. For investigations, initial contact must be a face-to-face visit with the child within 24 hours of the report being made. For family assessments, initial contact must be face-to-face within 72 hours as long as the child's safety has been ensured within 24 hours.

Our review of cases disclosed caseworkers did not initially see the child victims within the appropriate timeframe in 16 percent (30 of 184) of applicable incidents. The following examples illustrate weaknesses found:

- One caseworker did not visit a child until 13 days after the reported abuse. The incident involved a young teen-age boy whose custodial aunt reportedly kicked him out of her house and threatened to harm him if he harmed her or other members of her family again. The caseworker stated an initial attempt at contact was made, but the boy and family were not available. The caseworker said she subsequently went on vacation and did not attempt contact again for 13 days.
- Another caseworker failed to make timely initial contact with a young girl who was reportedly being abused and neglected by her step-mother, only verifying the child's immediate safety by contacting the child's father. The father and child both lived with the child's step-mother. This caseworker stated she believes she took the appropriate action given the division's previous contact with the family.

Two other caseworkers stated they did not see children within the required time-frame because either reported addresses were not current or the parents did not keep appointments.

For abuse or neglect reports deemed serious enough to warrant investigations, division policy requires caseworkers to interview each child victim separately from other victims and their parents or the alleged perpetrator. This policy has been established to help ensure the child is safe, does not feel inhibited to discuss the events that occurred, and is not coached by an influential party.

We found caseworkers responsible for 19 percent (10 of 52) of the investigations reviewed did not interview children apart from the alleged perpetrator or other influential parties. In one case, a caseworker interviewed a 12-year-old in the presence of his grandmother. The caseworker documented in the case narrative she could tell the child was reluctant to say anything negative about the mother, the alleged perpetrator, in front of the grandmother. This caseworker has since retired; therefore, we could not determine why the caseworker conducted the interview in this manner.

Three caseworkers we interviewed indicated they are aware of the division policy requiring children to be interviewed separately. However, one caseworker indicated he does not always insist on a separate interview unless the circumstances or nature of the allegations warrant such action. Another caseworker indicated that he generally interviews the child separately, but in the past did not always document this.

Inadequate service monitoring

We also found caseworkers did not adequately follow-up on a substantial number of family centered services cases reviewed. According to division policy, family centered services are typically provided when a child abuse or neglect incident is concluded to be probable cause (the abuse most likely occurred) or services needed. Family centered services are intended to offer the necessary help and prevent further abuse while maintaining the family in the home.

Of the applicable incidents we reviewed prior to the introduction of SDM tools where a case was opened for services, the number of contacts with the families required by policy were not made in 41 percent (7 of 17) of the instances. Prior to the introduction of the SDM tools, family centered services workers were required to make at least one face-to-face visit with the family per month, according to division policy. A family in one area was not seen by a family centered service worker until two months after their case was opened and a caseworker was assigned. The case involved a chronic neglect situation and the children were eventually taken into state custody.

Of the incidents reviewed after SDM tools were introduced where a case was opened for services, the appropriate number of contacts were not made in 50 percent (12 of 24) of the applicable incidents. For those cases opened using SDM tools, there is a matrix to determine the appropriate number of face-to-face contacts that must be made with the family by the family centered services caseworker and the number of contacts that must be made with other parties who are working with the family. The number of contacts is based on the risk level determined for the family, with an increased number of contacts required for higher risk families. We interviewed two family centered services workers and they cited a lack of time as the reason for not making the required contacts.

One report reviewed—for possible sexual abuse—represented the fourth child abuse and neglect report for a 4-year-old child (two prior family assessments and one investigation). The caseworker decided the child's risk of further abuse was high and a family centered services case should be opened. According to division policy, a service case with high

risk requires the following minimum monthly contacts with the family: two overall face-to-face contacts by the division or other collaterals, one face-to-face contact by division workers, and three collateral contacts. The family centered service worker made no face-to-face contacts or contacts with collaterals for three months, according to case documentation.

In a death case reviewed, a family centered services case had been opened to monitor whether a 5-year-old child with a serious degenerative medical condition was receiving proper medical attention. This was the child's third report for serious neglect issues. The family centered services worker only asked the mother whether the child had been taken to her physician and received medication, but did not verify this information with the physician, according to case file documentation and the physician's affidavit. The child eventually died due to complications from her medical condition as a result of receiving little or no medical attention or medication.

Report conclusions not always accurate

We found 7 percent (15 of 207) of caseworkers' conclusions were not supported by the case facts and documentation. Under SDM, conclusions reached in child abuse and neglect reports are very important in determining whether or not to open a family centered service case to help ensure child safety, or to close the case with no further division involvement, according to division policy.

According to division policy, if a caseworker decides to open a case, the risk level and conclusion also help determine the amount of follow-up contact with the family needed to ensure child safety and prevent further abuse. In one case reviewed, the conclusion stated services were needed by the family and the family declined; however, case documentation indicated the family was agreeable to receiving services. We also noted one case where the caseworker concluded the family could not be located; however, the reported information included possible locations of the family that were not investigated further. The caseworker did not remember why the other information was not used.

Conclusions

Protecting children who cannot protect themselves is an important responsibility of all stakeholders, including DSS. The state received over 100,000 calls during 2003 for children being abused or neglected, and caseworkers were asked to respond to most of these calls. Our 2000 report offered a number of recommendations designed to help improve the state's ability to protect these children. Our current work found some weaknesses continued and identified other areas DSS can improve to better ensure children are safe.

Some child safety-related recommendations made in our 2000 report have not been fully implemented, resulting in continued weaknesses. As such, some children may be left in harms way after someone concerned about their safety has notified DSS. While some progress has been made in implementing features of a SDM model, further improvements are needed. These

improvements include additional training on the usage of SDM tools in the local offices to improve consistency in case handling.

While improvements were noted in the hotline unit—the state’s initial contact point for child safety, we found some calls are incorrectly classified as UTI and better controls are needed over the call referral system to ensure local offices take appropriate and timely action to ensure children are safe. These controls would include ensuring local and area offices properly accept calls.

During our current work, we reviewed DSS’ actions involving 45 children, most of whom involved numerous abuse or neglect calls. We found local office handling of these child abuse and neglect reports needs improvement in regards to timely report completion, case tracking decisions, timely and appropriate child victim contacts and interviews, accurate report conclusions and increased service monitoring.

Case management is critical to ensuring children have continued safe environments. Furthermore, caseworkers can face many difficult decisions in high-risk situations, and may be assigned to a child’s situation initially handled by another worker. As such, it is critical that children involved in abuse or neglect reports are seen and interviewed as required and the report conclusions are accurately and clearly documented.

If a caseworker decides family centered services would help improve a child’s situation, then contacts made by the caseworkers with these families are critical in monitoring the families’ progress toward their goals and reducing risk to the children. However, DSS cannot ensure children in these potentially high-risk homes are not susceptible to further abuse and neglect unless caseworkers perform adequate follow-up with the families.

Recommendations

We continue to believe the recommendations in our 2000 report should be implemented. Based on our current work, the DSS director should also take action to improve local offices’ handling of child abuse and neglect cases to help address child safety issues. We recommend the DSS director ensure local offices:

1. Follow division policy regarding timely initial contacts with child victims, interviewing children separately during investigations, and adequately documenting contacts and interviews;
2. Conduct appropriate follow-up visits and collateral checks for family centered service cases; and
3. Accurately document case facts and circumstances in report conclusions.

Agency Comments

1. *We believe that our staff are doing a good job in assuring safety of children during a child abuse/neglect investigation and/or Family Assessment. Additional training is now being planned to further institutionalize the use of Structured Decision Making and our new documentation form (CPS-1). Like other state child welfare agencies, the Division is currently in the process of developing a Program Improvement Plan in response to the recently completed Federal Child and Family Services Review. This will lay out a plan to address a variety of issues relating to improved practice, within the context of our given resources.*
2. *We shall address this issue within the self-assessment process to be implemented within each judicial circuit and the Program Improvement Plan now under development.*
3. *We shall address this issue within the self-assessment process to be implemented within each judicial circuit and the Program Improvement Plan now under development.*

STATUS OF OTHER PRIOR RECOMMENDATIONS

This appendix presents the status of other recommendations made in the previous report on the Child Abuse and Neglect Reporting and Response System dated December 28, 2000. The status of these recommendations is based on a written communication provided by department officials since the previous report was issued and/or the department's response to the prior recommendation. Based on the information provided, 11 of these recommendations have been implemented, 2 have been partially implemented, 9 have not been implemented, and 3 cannot be implemented at this time. A formal follow-up of these recommendations was not performed during the current audit. The recommendations are presented in the order they were presented in the prior report.

Recommendation	Status	Comments
Retain tape recordings of hotline calls for possible use in future criminal prosecutions or for review board hearings.	Implemented.	
Establish a peer review quality control system to ensure policies and practices are consistently followed and applied throughout the DFS child abuse and neglect response system.	Implemented.	
Readdress the DFS study of overturns by the Child Abuse and Neglect Review Board on appeal of probable cause findings and take appropriate corrective action as suggested in the report.	Partially implemented.	The division indicated this is an ongoing process.
Establish quality controls that ensure the child abuse central registry and local case records are appropriately corrected to remove the probable cause finding when the alleged perpetrator wins an overturn on appeal.	Implemented.	
Develop a quality control system to ensure DFS is represented at Child Abuse and Neglect Review Board hearings as required by statute.	Implemented.	
Ensure children's services workers are provided adequate guidance and training on their responsibility to make appropriate decisions on whether to represent DFS custody children in probable cause finding appeal hearings.	Implemented.	

APPENDIX I

Recommendation	Status	Comments
Send perpetrator notification letters by certified return receipt requested mail.	Not implemented.	The division disagreed with this recommendation.
Redefine hotline unit criteria definitions for preventive service referral classifications to better allow for the best interest of children to be served.	Not implemented.	The division disagreed with the finding indicating current policy met or exceeded statutory mandates.
Provide better policy and guidance to field staff on handling of preventive service referrals.	Implemented.	
Improve the understanding of the child abuse and neglect system by mandated reporters and the public by improving the quality and quantity of detailed information easily available. The DFS should increase efforts to explain what can be expected from the system.	Not implemented.	The division indicated at the time of the previous audit it had numerous initiatives in place to educate mandated reporters and disagreed with this recommendation.
Send responses to mandated reporters on the outcome of every call and the reasons for action or inaction.	Not implemented.	The division disagreed with this recommendation citing that policies were already in place to take action on every mandated report call and to notify them of the outcome.
Ensure hotline unit call takers make clear to mandated reporters what action can be expected based on the information provided.	Implemented.	
Develop methods to identify and disseminate best practices throughout the DFS system.	Implemented.	
Ensure DFS children's services goals are valid and measurable.	Not implemented.	The division indicated this was a single instance and was corrected prior to our review.

APPENDIX I

Recommendation	Status	Comments
Ensure all accreditation council and other appropriate standards available as staffing planning tools are used to establish staffing allocations and future needs and goals.	See comment.	The director agrees with this recommendation; however, he does not have the budgetary means to implement it.
Perform time and workload studies to help determine needed staff allocations.	Not implemented.	The division indicated it uses caseload standards set by the Council on Accreditation.
Relocate open staff positions from areas unable to fill positions to areas where the positions can be filled, when necessary or beneficial.	Implemented.	
Develop a special team of investigators to assist “problem” areas and help ease the local offices’ caseloads. This team could be sent to help counties who are having problems completing child abuse and neglect cases and making initial contacts on cases within the required time frames.	Not implemented.	The division felt this would not be necessary if fully staffed.
Increase salaries for both social worker and supervisor positions to make DFS jobs more competitive with surrounding states and private organizations who hire social workers.	See comment.	The director agrees with this recommendation; however, he does not have the budgetary means to implement it.
Provide increased financial compensation to workers who obtain advanced degrees or certifications.	See comment.	The director agrees with this recommendation; however, he does not have the budgetary means to implement it.

APPENDIX I

Recommendation	Status	Comments
Ensure each full time children's services social worker is provided with a state-owned cellular phone.	Implemented.	At the time of the previous audit, the division indicated 629 cell phones had been made available to staff.
Provide children's services social workers with laptop computers and standard automated forms and letters, and/or dictation equipment and transcription services.	Implemented.	
Provide specialized training for: <ul style="list-style-type: none"> • Front line staff and supervisors on how to use the two track (investigation/family assessment) system to achieve the best possible results and to meet DFS management goals for the system. • Staff involved in child abuse and neglect investigations. This training should teach staff to adequately investigate, document and present investigation cases, increasing child safety and decreasing overturns on alleged perpetrator appeals. • Supervisors and county directors who supervise child abuse and neglect investigations and family assessments, but have no clinical experience in protective services. 	Partially implemented.	The division indicated the implementation of this recommendation is ongoing.

APPENDIX I

Recommendation	Status	Comments
Develop investigative teams for low population county groups to ensure specially trained workers and supervisors handle child abuse and neglect cases. These employees should not have other duties that interfere with their primary children's services functions.	Not implemented.	The division indicated this recommendation was cost prohibitive.
Make better use of the compensatory time monitoring system to more effectively manage its accumulation and use. Compensatory time should be: <ul style="list-style-type: none">• Used before annual leave.• Used within a reasonable time frame.• Monitored for purposes of planning future staff allocations and identifying staffing problems or inequities.	Not implemented.	The division disagreed with this recommendation indicating it believed current policy was sufficient.

Source: Prepared by SAO based on DSS responses.

SAMPLE METHODOLOGY AND RESULTS

This appendix describes how we identified a study population and our sampling methodologies for one probability sample.

Audit Universe for Calls Classified as Unable to Investigate (UTI)

To measure the number of calls the hotline unit incorrectly classified as UTI, we reviewed a probability sample of 69 cases from a study population of 3,786 calls classified as UTI by the hotline unit during April, May, and June 2003. We based the sample size on a 95 percent confidence level with a 7 percent sampling precision and an expected error rate of 10 percent.

Based on the results of the sample, we estimate for 1.45 percent of the study population, or 55 calls classified as UTI, policy had not been followed when classifying the calls as a UTI.

Table II.1 displays the sample results.

Table II.1: Calls Incorrectly Classified as UTI

Category	Result
Sample Size	69
Calls Incorrectly Classified as UTI	1
Point Estimate Error Rate	1.45%
Point Estimate Quantity	55
Upper Limit Error Rate	7.77%
Upper Limit Estimate Quantity	294
Lower Limit Error Rate	.03%
Lower Limit Estimate Quantity	1

DEPARTMENT OF SOCIAL SERVICES COMMENTS



**MISSOURI
DEPARTMENT OF SOCIAL SERVICES**

P. O. BOX 1527
BROADWAY STATE OFFICE BUILDING
JEFFERSON CITY
65102-1527
TELEPHONE: 573-751-4815, FAX: 573-751-3203

BOB HOLDEN
GOVERNOR

Steve Roling
DIRECTOR

RELAY MISSOURI
for hearing and speech impaired
TEXT TELEPHONE
1-800-735-2966
VOICE
1-800-735-2466

March 23, 2004

The Honorable Claire McCaskill
Missouri State Auditor
Truman State Office Building, Room 880
P.O. Box 869
Jefferson City, Missouri 65101

Dear Ms. McCaskill:

The Children's Division's response to the audit report on the Child Abuse and Neglect Reporting and Response System is attached. We would first like to thank you for your time spent on this report and appreciate your acknowledgements relating to our efforts to improve the system. Additionally, we wish to thank you for making changes to the first draft of the report following our exit interview on March 11, 2004.

The Children's Division has many dedicated staff who are committed to assuring the safety of Missouri's children who come to our attention. We believe that Missouri has sound policy within its child welfare program, but we acknowledge that there may be gaps between our policy and practice in some instances, given our current staffing levels and resources. We have been addressing these matters on an internal and external basis, and will continue with our efforts to improve the entire continuum of child welfare services. In addition to our ongoing efforts, the Governor has recommended funding for the first year of a five year plan which will assist the Children's Division in meeting the standards put forth by the Council on Accreditation, a nationally recognized accreditation body. We believe this commitment will augment what we are already doing and result in better outcomes for Missouri's children and their families.

The observations of this report will be considered as we move forward in our efforts to improve our child welfare service system in a meaningful manner for the children and families we serve.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Steve Roling'.

Steve Roling
Director

BW/JCH/SR

cc: Frederic M. Simmens

AN EQUAL OPPORTUNITY/AFFIRMATIVE ACTION EMPLOYER
services provided on a nondiscriminatory basis

**MISSOURI DEPARTMENT OF SOCIAL SERVICES
CHILDREN'S DIVISION**

**RESPONSE TO THE FOLLOW-UP AUDIT OF THE
CHILD ABUSE AND NEGLECT REPORTING AND RESPONSE SYSTEM**

The Department of Social Services, Children's Division has reviewed the draft audit report (follow-up of the Child Abuse and Neglect Reporting and Response System) and appreciate the acknowledgements relating to our efforts to improve the system. Much effort has been undertaken within the past eighteen months to improve the entire continuum of child welfare service delivery. Other improvements are forthcoming as we strive to become the best system possible.

This audit began in June 2003, at a time when the Children's Division had just implemented Structured Decision Making (SDM) in the field. This was to better enable our staff in local offices to assess safety and risk during investigations and family assessments and to make key casework decisions based upon the assessed safety and risk. At the same time, the Division was in the process of implementing SDM principles at the Child Abuse and Neglect Hotline Unit (CANHU). The Division requested a postponement of the audit, believing additional time might provide a better picture on how these changes are impacting practice and policy and resulting in better outcomes for children and their families.

To strive for yet greater consistency among CANHU staff and to address any emergent calls more quickly, the Division developed protocol at the Hotline modeled after what is used by emergency medical system dispatchers. The SDM principles which were designed with the assistance of the Children's Research Center are embedded within this protocol. We sought the assistance of mandated reporters in establishing these key questions that staff must ask in each call. Testing and training continue on the use of the protocol.

Furthermore, the Division is upgrading the hardware used at the CANHU. This includes a queue system to get to emergent calls more quickly and to reduce the number of busy signals and better accommodate our call volume. We will be able to monitor the incoming calls, and real-time call center statistics when other hardware improvements are soon made.

We also believe the Audit Report generally indicates our field staff within the local offices are seeing children in a timely manner to assure safety during child abuse/neglect investigations and family assessments. We acknowledge that information obtained during these contacts is not always entered into the automated information system in a timely manner. We believe that much of

this is due to staffing shortages of the social service workers (75% of need) who complete the investigations/assessments and document the case activities, the lack of supervisors (68% of need) who review and sign off on the cases, and the lack of clerical support staff (43.5% of need) who enter the information into the system. We are optimistic that additional staff and resources may be forthcoming as the Division moves toward becoming nationally accredited, per Council of Accreditation standards.

We believe that Missouri has sound child welfare policy that reflects the best practice standards within the field. We are now conducting a comprehensive review and analysis of our practice as we prepare our Program Improvement Plan in response to the recently completed federal Child and Family Service Review. Additionally, we will be initiating a self-assessment process within each judicial circuit that will carefully look at the child welfare practice and outcomes of our staff within their local systems. This two-fold review and analysis of our practice will better enable our Division to respond to our high expectations and those of the general public.

There are several areas within the Audit Report to which the Division takes exception to, or believes the public needs further information.

- Of the seven prior recommendations (CA/N Audit 2000) most related to child safety, the Auditor notes that three have been fully implemented. We believe those listed as partially implemented have been addressed, are being tested, or are viewed as an ongoing process. The one recommendation listed as not implemented concerns investigations or family assessments not being completed within the required timeframe. As noted above, staffing shortages impact our ability to sufficiently address this concern.
- We appreciate the noted improvements concerning Unable to Investigate (UTI) calls found on page 7 of the Audit Report. Suggestions made within the previous audit have been helpful to us in reducing the percentage of total calls classified as UTI (16.7% in 2003, compared to 25% in 1999). The Division takes exception to the example listed on page 8 of the Audit Report concerning the dirty water and living conditions. We note that the audit team found concern with only one of the 69 cases which were reviewed. Our review determined that the first call qualified as a UTI as it lacked information relating to an adverse effect on the children. The second call provided additional information relating to the living conditions and the adverse impact on the children, and the call was then classified as a CA/N report.
- Page 7 referenced that more guidance is needed to ensure Division staff properly use SDM tools. It is the Division's policy that a safety assess-

ment be completed on each investigation and family assessment including those times when the child is found to be safe prior to the completion of the tool. It is also the Division's policy that caseworkers consider prior reports when completing the risk assessment to determine further action and needed services. We will review, clarify, and provide additional training covering the use of the SDM tools, including the use of prior reports.

- Page 9 referenced the continued weaknesses in completing timely reports. We believe our staff do a good job in assuring the safety of children when responding to a CA/N report, but our documentation and data entry is often not completed within thirty days. Our policy manual is clear on the statutory time frames for concluding a report, having that information entered with the automated information system, and what procedures are to be used in a delayed conclusion. Our agency expects the time frames to be followed by staff but recognizes that with existing staffing levels, all timeframes may not be met. We are concerned that service delivery may have been delayed in some cases referenced within the report and will address this issue within the self-assessment process to be implemented within each judicial circuit and the Program Improvement Plan now under development.
- Page 10 reported that incidents are not properly tracked as investigations or family assessments. On December 22, 2003, all of the CANHU staff began implementing the SDM Track Assignment. The Track Assignment Guidelines are designed to determine if the screened-in report is an Investigation or Family Assessment. The local office will review the report to assess whether the appropriate track has been assigned or whether additional information received warrants a track change. The degree these changes occur at the local level will be monitored throughout the state.
- Page 11 reported that procedures are not followed in contacting and interviewing children. The Division again has specific policy and procedure outlined regarding timeframes for contact with victims. These concerns will be brought forth within the self-assessment process to be implemented within each judicial circuit and the Program Improvement Plan now under development.
- Page 12 reports inadequate service monitoring. We are concerned that service delivery may be compromised by inconsistent monitoring and will address this issue within a self-assessment process to be implemented within each judicial circuit and the Program Improvement Plan now under development. The case contact guidelines specified within the SDM model, which are based on assessed risk, will be further trained.

- Page 13 addresses report conclusions which are not always accurate. The audit report referenced one instance in which the case record information seemed contradictory and that the family may have been willing to accept services, even though another part of the file indicated otherwise. Another case example indicated that the whereabouts of the family was unknown when this may not have been the case. We shall address this issue within a self-assessment process to be implemented within each judicial circuit and the Program Improvement Plan now under development.

In summary, we believe the Division has good policy and we recognize that there is a need for improvement in our practice when implementing the policy. Barriers to implementation are dependent on a variety of factors such as limited resources, sufficient and ongoing training, and effective supervision. We will address these practice issues within the next six months as we complete and submit our Program Improvement Plan to the federal government and begin our circuit self-assessments. Additional resources will be needed for Missouri to realize lasting system change in child welfare. The Children's Division will need a long-term commitment from the state and the necessary investments in order to reduce caseloads, increase training for front-line staff and supervisors, increase our prevention efforts, and to realize the positive outcomes which are expected.

Recommendations:

Concerning the 25 other recommendations from the previous audit (December 2000), the Division has implemented 11 and partially implemented 2 as these are ongoing efforts. Another nine were not implemented because the Division disagreed with the Auditors conclusion or lacked the necessary financial resources for implementation. Lastly, another three were not implemented as they were outside of the Division's scope of authority.

Our specific responses to the three recommendations within the current Audit Report are as follows:

1. Follow division policy regarding timely initial contacts with child victims, interviewing children separately during investigations, and adequately documenting contacts and interviews;

Division Response: We believe that our staff are doing a good job in assuring safety of children during a child abuse/neglect investigation and/or Family Assessment. Additional training is now being planned to further institutionalize the use of Structured Decision Making and our new documentation form (CPS-1). Like other state child welfare agen-

cies, the Division is currently in the process of developing a Program Improvement Plan in response to the recently completed Federal Child and Family Services Review. This will lay out a plan to address a variety of issues relating to improved practice, within the context of our given resources.

2. Conduct appropriate follow-up visits and collateral checks for family centered service cases;

Division Response: We shall address this issue within the self-assessment process to be implemented within each judicial circuit and the Program Improvement Plan now under development.

3. Accurately document case facts and circumstances in report conclusions.

Division Response: We shall address this issue within the self-assessment process to be implemented within each judicial circuit and the Program Improvement Plan now under development.

JCH/BW
03/23/04



**BUTLER COUNTY, MISSOURI
TWO YEARS ENDED DECEMBER 31, 2002**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-26
April 1, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

March 2004

IMPORTANT: The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Butler County, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also provide a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and it does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Butler County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- Budgets were not prepared for some county funds, and expenditures were not adequately monitored causing actual expenditures to exceed budgeted amounts for several county funds. In addition, the county's annual published financial statements are not complete. Prior audits have also addressed the county's budgetary practices and published financial statements, and while county officials concurred with our prior recommendations, no corrective action has been taken.
- Bids were not always solicited nor was bid documentation always retained by the county for various purchases. While the county provided some explanations, documentation of the contacts and sole source procurement was not maintained or recorded in the County Commission minutes. Additionally, the county made payments totaling \$20,000 and \$20,200 during 2002 and 2001, respectively for economic development without requiring supporting documentation of the services provided.
- In November 2001, the County Commission obtained a three-year loan for \$216,017 with an interest rate of 4.625 percent to purchase some road and bridge equipment. This loan may constitute long-term debt and the County Commission has no legal authority to enter into such an agreement.
- Centralized records are not maintained of time sheets, annual leave, sick leave, and compensatory time earned, taken and accumulated for all county employees.

(over)

YELLOW SHEET

As a result, some payroll expenditures were processed without adequate supporting documentation. Additionally, some employees are allowed to use county vehicles to commute to and from work, and some amounts were not reported on W-2 forms.

- The Board for the Care of the Handicapped received approximately \$535,000 in property taxes during 2002 and 2001, but only met annually to approve and monitor the distribution of these funds to various not-for-profit organizations. Payments to these organizations are made by the County Commission based on the schedules established by the annual budget. In addition, there was no documentation that the Board received financial and service information as required by each organization's contract to enable the Board to monitor the monies provided. The Board responded that they have felt an increased confidence in the management of the organizations, and have not seen the need for as many board meetings. However, given the concerns noted, it is questionable whether the Board meeting only one time per year is enough to fulfill the fiduciary duties they have been appointed to perform.
- Cash receipt procedures for the County Collector need improvement. Partial payments totaling \$6,132 are held in cash, cash receipts are used to cash personal checks for county employees, and some refunds were made in cash. In addition, the County Collector's annual settlements did not reflect drainage district tax collections totaling \$366,705 and \$343,693 for the years ended February 28, 2003 and 2002, respectively.
- The Sheriff does not have a formal policy for follow-up collection efforts on unpaid incarceration costs billed to other political subdivisions. In addition, the total of the prisoners' monies in the Sheriff's commissary checking account is not reconciled to the total of the individual prisoner balances. Further, documentation was not always adequate to support \$20,400 in mileage paid to the sheriff during 2002 and 2001 for patrolling, and procedures surrounding civil mileage need to be improved.

Also included in the audit are recommendations related to the county's schedule of federal awards, officials' salaries, collateral securities, property tax and computer controls, and general fixed asset records. The audit also suggests improvements in the procedures of the County Treasurer, Prosecuting Attorney, Circuit Clerk, Probate, Public Administrator, and Senior Citizen's Service Board.

All reports are available on our website: www.auditor.mo.gov

BUTLER COUNTY, MISSOURI

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BUTLER COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Butler County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Butler County, Missouri, as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Butler County, Missouri, and comparisons of such information with the corresponding budgeted information for

various funds of the county as of and for the years ended December 31, 2002 and 2001, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated November 13, 2003, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Butler County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above.



Claire McCaskill
State Auditor

November 13, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Donna Christian, CPA, CGFM
In-Charge Auditor:	Amy Baker
Audit Staff:	Jay Ross
	Troy Royer
	Monte Davault
	Roberta Bledsoe



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission
and
Officeholders of Butler County, Missouri

We have audited the financial statements of various funds of Butler County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated November 13, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of various funds of Butler County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Butler County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition

in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Butler County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

November 13, 2003 (fieldwork completion date)

Financial Statements

Exhibit A-1

BUTLER COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 650,829	4,741,994	4,911,311	481,512
Special Road and Bridge	149,343	3,102,147	2,919,103	332,387
Assessment	5,719	340,219	330,341	15,597
Law Enforcement Training	128	8,733	4,752	4,109
Prosecuting Attorney Training	623	1,377	777	1,223
Prosecuting Attorney Bad Check	15,571	59,466	51,233	23,804
Law Enforcement Complex	463,076	1,222,155	1,370,249	314,982
Prosecuting Attorney Delinquent Tax	1,421	1,147	135	2,433
Eastern Capital Improvement	164,996	776,862	567,017	374,841
Western Capital Improvement	261,793	779,502	535,321	505,974
Board for the Care of the Handicapped	88,452	351,478	244,361	195,569
Division of Youth Services	60,289	109,555	127,848	41,996
Drainage District #12	2,978	3,041	420	5,599
Domestic Violence	384	14,642	14,332	694
Thirty-Sixth Judicial Justice Court Escrow	216,008	64,044	0	280,052
Jail Commissary	1,036	50,179	49,898	1,317
DARE	473	2,248	367	2,354
Sheriff Drug	6,726	3,727	1,889	8,564
Recorder User Fee	69,784	34,081	0	103,865
Emergency 911	24,421	184,662	54,046	155,037
Sheriff Civil Fee	39,336	35,770	71,584	3,522
Special Election	1,596	101,873	98,487	4,982
Senior Citizen's Service	64,432	176,131	159,977	80,586
Community Development Block Grant	1,500	402,600	403,100	1,000
Division I Interest	2,857	544	1,914	1,487
Division II Interest	367	188	252	303
Division III Interest	1,180	100	95	1,185
Law Library	65,599	25,242	29,138	61,703
Total	\$ 2,360,917	12,593,707	11,947,947	3,006,677

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

BUTLER COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 852,989	4,381,953	4,584,113	650,829
Special Road and Bridge	287,009	2,299,088	2,436,754	149,343
Assessment	14,451	317,636	326,368	5,719
Law Enforcement Training	12,166	10,565	22,603	128
Prosecuting Attorney Training	495	1,783	1,655	623
Prosecuting Attorney Bad Check	6,734	51,938	43,101	15,571
Law Enforcement Complex	555,811	1,223,352	1,316,087	463,076
Prosecuting Attorney Delinquent Tax	768	2,304	1,651	1,421
Prosecuting Attorney Crime Reduction	271	0	271	0
Eastern Capital Improvement	227,819	701,188	764,011	164,996
Western Capital Improvement	225,723	691,573	655,503	261,793
Board for the Care of the Handicapped	116,779	197,937	226,264	88,452
Division of Youth Services	77,810	264,632	282,153	60,289
Drainage District #12	773	2,625	420	2,978
Domestic Violence	266	20,237	20,119	384
Thirty-Sixth Judicial Justice Court Escrow	134,197	81,811	0	216,008
Jail Commissary	5,803	35,892	40,659	1,036
DARE	1,023	2,276	2,826	473
Sheriff Drug	6,552	1,589	1,415	6,726
Recorder User Fee	45,973	23,811	0	69,784
Emergency 911	97,231	171,215	244,025	24,421
Sheriff Civil Fee	34,095	41,915	36,674	39,336
Special Election	81	38,742	37,227	1,596
Senior Citizen's Service	52,728	172,373	160,669	64,432
Community Development Block Grant	967	234,845	234,312	1,500
Division I Interest	2,029	1,099	271	2,857
Division II Interest	815	193	641	367
Division III Interest	1,259	137	216	1,180
Law Library	63,791	24,177	22,369	65,599
Total	\$ 2,826,408	10,996,886	11,462,377	2,360,917

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

BUTLER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TOTALS - VARIOUS FUNDS</u>						
RECEIPTS	\$ 10,508,049	11,988,902	1,480,853	9,955,420	10,564,062	608,642
DISBURSEMENTS	11,411,985	11,353,471	58,514	11,291,045	11,043,899	247,146
RECEIPTS OVER (UNDER) DISBURSEMENTS	(903,936)	635,431	1,539,367	(1,335,625)	(479,837)	855,788
CASH, JANUARY 1	2,224,982	2,224,982	0	2,704,819	2,704,819	0
CASH, DECEMBER 31	1,321,046	2,860,413	1,539,367	1,369,194	2,224,982	855,788
<u>GENERAL REVENUE FUND</u>						
RECEIPTS						
Property taxes	397,500	413,922	16,422	358,000	399,625	41,625
Sales taxes	1,690,000	1,696,269	6,269	1,675,000	1,694,924	19,924
Intergovernmental	655,650	688,048	32,398	661,150	611,364	(49,786)
Charges for services	502,000	566,197	64,197	467,000	500,778	33,778
Interest	27,000	5,459	(21,541)	30,000	28,302	(1,698)
Other	502,100	489,599	(12,501)	431,150	278,460	(152,690)
Transfers in	933,000	882,500	(50,500)	839,000	868,500	29,500
Total Receipts	4,707,250	4,741,994	34,744	4,461,300	4,381,953	(79,347)
DISBURSEMENTS						
County Commissioner	106,500	109,160	(2,660)	102,673	105,780	(3,107)
County Clerk	144,127	148,031	(3,904)	137,775	146,765	(8,990)
Elections	98,150	63,914	34,236	51,650	19,226	32,424
Buildings and grounds	438,500	441,269	(2,769)	413,000	412,508	492
Employee fringe benefit	711,700	895,191	(183,491)	618,200	704,677	(86,477)
County Treasurer	69,978	62,791	7,187	67,601	61,179	6,422
County Collector	163,227	138,085	25,142	150,217	122,084	28,133
Recorder of Deeds	165,427	157,946	7,481	153,872	152,483	1,389
Circuit Clerk	34,800	14,894	19,906	37,800	20,852	16,948
Associate Circuit Court	29,000	13,553	15,447	29,500	36,715	(7,215)
Associate Circuit (Probate)	31,600	11,525	20,075	34,100	15,877	18,223
Court administration	8,850	2,808	6,042	10,550	6,882	3,668
Public Administrator	105,163	91,602	13,561	102,676	99,138	3,538
Sheriff	1,186,145	1,110,148	75,997	1,132,543	1,087,144	45,399
Jail	541,571	549,313	(7,742)	528,993	543,474	(14,481)
Prosecuting Attorney	253,772	245,858	7,914	239,211	229,442	9,769
Juvenile Offices	239,000	191,436	47,564	252,220	227,116	25,104
County Coroner	52,354	45,166	7,188	51,439	34,824	16,615
Child Support Enforcement	218,028	220,882	(2,854)	209,878	208,385	1,493
DYSG Tracker	6,375	4,241	2,134	23,393	17,291	6,102
Public health and welfare service	12,200	7,710	4,490	12,000	9,686	2,314
Debt service	54,500	35,202	19,298	46,270	34,353	11,917
Other	280,843	316,742	(35,899)	252,790	288,232	(35,442)
Transfers out	0	33,844	(33,844)	8,830	0	8,830
Emergency Fund	200,000	0	200,000	200,000	0	200,000
Total Disbursements	5,151,810	4,911,311	240,499	4,867,181	4,584,113	283,068
RECEIPTS OVER (UNDER) DISBURSEMENTS	(444,560)	(169,317)	275,243	(405,881)	(202,160)	203,721
CASH, JANUARY 1	650,829	650,829	0	852,989	852,989	0
CASH, DECEMBER 31	206,269	481,512	275,243	447,108	650,829	203,721

Exhibit B

BUTLER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	134,000	143,260	9,260	124,000	138,460	14,460
Sales taxes	695,000	726,972	31,972	625,000	687,110	62,110
Intergovernmental	1,288,600	2,228,170	939,570	1,272,000	1,461,369	189,369
Charges for services	0	0	0	300	0	(300)
Interest	10,000	2,260	(7,740)	20,000	10,841	(9,159)
Other	700	1,485	785	12,900	1,308	(11,592)
Total Receipts	2,128,300	3,102,147	973,847	2,054,200	2,299,088	244,888
DISBURSEMENTS						
Salaries	1,010,000	1,077,311	(67,311)	1,010,000	1,003,510	6,490
Employee fringe benefit	431,500	434,434	(2,934)	421,500	409,490	12,010
Supplies	380,000	353,757	26,243	399,000	350,434	48,566
Insurance	65,000	63,947	1,053	45,000	42,449	2,551
Road and bridge materials	82,000	59,390	22,610	182,000	134,280	47,720
Equipment repairs	30,000	31,421	(1,421)	14,000	40,762	(26,762)
Rentals	3,000	113	2,887	3,000	1,212	1,788
Equipment purchases	10,000	5,257	4,743	10,000	7,009	2,991
Construction, repair, and maintenance	210,000	451,703	(241,703)	210,000	402,257	(192,257)
Storm cleanup	0	365,867	(365,867)	0	0	0
Other	54,000	75,903	(21,903)	46,000	45,351	649
Total Disbursements	2,275,500	2,919,103	(643,603)	2,340,500	2,436,754	(96,254)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(147,200)	183,044	330,244	(286,300)	(137,666)	148,634
CASH, JANUARY 1	149,343	149,343	0	287,009	287,009	0
CASH, DECEMBER 31	2,143	332,387	330,244	709	149,343	148,634
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	315,840	323,059	7,219	301,000	298,379	(2,621)
Charges for services	13,750	16,093	2,343	15,000	15,900	900
Interest	2,500	863	(1,637)	3,000	2,660	(340)
Other	2,000	204	(1,796)	3,000	697	(2,303)
Transfers in	0	0	0	8,830	0	(8,830)
Total Receipts	334,090	340,219	6,129	330,830	317,636	(13,194)
DISBURSEMENTS						
Assessor	331,287	330,341	946	328,827	326,368	2,459
Total Disbursements	331,287	330,341	946	328,827	326,368	2,459
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,803	9,878	7,075	2,003	(8,732)	(10,735)
CASH, JANUARY 1	5,719	5,719	0	14,451	14,451	0
CASH, DECEMBER 31	8,522	15,597	7,075	16,454	5,719	(10,735)

Exhibit B

BUTLER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	3,500	3,061	(439)	3,400	3,780	380
Charges for services	2,200	3,708	1,508	5,000	2,154	(2,846)
Interest	300	0	(300)	100	343	243
Other	4,000	1,814	(2,186)	2,000	4,288	2,288
Transfers in	0	150	150	0	0	0
Total Receipts	10,000	8,733	(1,267)	10,500	10,565	65
DISBURSEMENTS						
Sheriff	10,000	4,752	5,248	12,500	22,603	(10,103)
Total Disbursements	10,000	4,752	5,248	12,500	22,603	(10,103)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	3,981	3,981	(2,000)	(12,038)	(10,038)
CASH, JANUARY 1	128	128	0	12,166	12,166	0
CASH, DECEMBER 31	128	4,109	3,981	10,166	128	(10,038)
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for services	1,350	925	(425)	1,500	951	(549)
Interest	0	0	0	100	0	(100)
Other	800	452	(348)	500	832	332
Total Receipts	2,150	1,377	(773)	2,100	1,783	(317)
DISBURSEMENTS						
Prosecuting Attorney	2,500	777	1,723	2,000	1,655	345
Total Disbursements	2,500	777	1,723	2,000	1,655	345
RECEIPTS OVER (UNDER) DISBURSEMENTS	(350)	600	950	100	128	28
CASH, JANUARY 1	623	623	0	495	495	0
CASH, DECEMBER 31	273	1,223	950	595	623	28
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Intergovernmental	500	997	497	0	0	0
Charges for services	50,000	58,257	8,257	45,000	50,269	5,269
Interest	350	212	(138)	200	348	148
Other	0	0	0	500	1,321	821
Total Receipts	50,850	59,466	8,616	45,700	51,938	6,238
DISBURSEMENTS						
Prosecuting Attorney	48,049	51,233	(3,184)	43,960	43,101	859
Total Disbursements	48,049	51,233	(3,184)	43,960	43,101	859
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,801	8,233	5,432	1,740	8,837	7,097
CASH, JANUARY 1	15,571	15,571	0	6,734	6,734	0
CASH, DECEMBER 31	18,372	23,804	5,432	8,474	15,571	7,097

Exhibit B

BUTLER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT COMPLEX FUND</u>						
RECEIPTS						
Sales taxes	1,190,000	1,211,368	21,368	1,100,000	1,191,923	91,923
Interest	35,000	10,787	(24,213)	45,000	31,429	(13,571)
Other	0	0	0	500	0	(500)
Total Receipts	1,225,000	1,222,155	(2,845)	1,145,500	1,223,352	77,852
DISBURSEMENTS						
Debt service	500,000	516,562	(16,562)	495,000	511,462	(16,462)
Other	9,000	3,687	5,313	9,000	4,625	4,375
Transfers out	850,000	850,000	0	800,000	800,000	0
Total Disbursements	1,359,000	1,370,249	(11,249)	1,304,000	1,316,087	(12,087)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(134,000)	(148,094)	(14,094)	(158,500)	(92,735)	65,765
CASH, JANUARY 1	463,076	463,076	0	555,811	555,811	0
CASH, DECEMBER 31	329,076	314,982	(14,094)	397,311	463,076	65,765
<u>PROSECUTING ATTORNEY DELINQUENT TAX FUND</u>						
RECEIPTS						
Intergovernmental	1,800	1,147	(653)	1,575	2,171	596
Other	0	0	0	0	133	133
Total Receipts	1,800	1,147	(653)	1,575	2,304	729
DISBURSEMENTS						
Prosecuting Attorney	2,000	135	1,865	2,000	1,651	349
Total Disbursements	2,000	135	1,865	2,000	1,651	349
RECEIPTS OVER (UNDER) DISBURSEMENTS	(200)	1,012	1,212	(425)	653	1,078
CASH, JANUARY 1	1,421	1,421	0	768	768	0
CASH, DECEMBER 31	1,221	2,433	1,212	343	1,421	1,078
<u>PROSECUTING ATTORNEY CRIME REDUCTION FUND</u>						
RECEIPTS						
Charges for service:				0	0	0
Total Receipts				0	0	0
DISBURSEMENTS						
Prosecuting Attorney				271	271	0
Total Disbursements				271	271	0
RECEIPTS OVER (UNDER) DISBURSEMENTS				(271)	(271)	0
CASH, JANUARY 1				271	271	0
CASH, DECEMBER 31				0	0	0

Exhibit B

BUTLER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>EASTERN CAPITAL IMPROVEMENT FUND</u>						
RECEIPTS						
Sales taxes	550,000	605,688	55,688	550,000	595,967	45,967
Intergovernmental	0	75,000	75,000	0	0	0
Interest	8,000	3,014	(4,986)	15,000	8,721	(6,279)
Other	85,000	93,160	8,160	0	96,500	96,500
Total Receipts	643,000	776,862	133,862	565,000	701,188	136,188
DISBURSEMENTS						
Road and bridge materials	390,000	262,637	127,363	460,000	459,606	394
Equipment	300,000	300,630	(630)	200,000	304,405	(104,405)
Other	10,000	3,750	6,250	11,000	0	11,000
Total Disbursements	700,000	567,017	132,983	671,000	764,011	(93,011)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(57,000)	209,845	266,845	(106,000)	(62,823)	43,177
CASH, JANUARY 1	164,996	164,996	0	227,819	227,819	0
CASH, DECEMBER 31	107,996	374,841	266,845	121,819	164,996	43,177
<u>WESTERN CAPITAL IMPROVEMENT FUND</u>						
RECEIPTS						
Sales taxes	550,000	605,688	55,688	550,000	595,967	45,967
Intergovernmental	0	75,000	75,000	0	0	0
Interest	8,000	3,014	(4,986)	15,000	8,721	(6,279)
Other	89,500	95,800	6,300	0	86,885	86,885
Total Receipts	647,500	779,502	132,002	565,000	691,573	126,573
DISBURSEMENTS						
Road and bridge materials	443,500	270,861	172,639	460,000	455,270	4,730
Equipment	300,000	260,710	39,290	200,000	173,677	26,323
Other	10,000	3,750	6,250	11,000	26,556	(15,556)
Total Disbursements	753,500	535,321	218,179	671,000	655,503	15,497
RECEIPTS OVER (UNDER) DISBURSEMENTS	(106,000)	244,181	350,181	(106,000)	36,070	142,070
CASH, JANUARY 1	261,793	261,793	0	225,723	225,723	0
CASH, DECEMBER 31	155,793	505,974	350,181	119,723	261,793	142,070
<u>BOARD FOR THE CARE OF THE HANDICAPPED FUND</u>						
RECEIPTS						
Property taxes	194,000	344,136	150,136	153,000	191,081	38,081
Intergovernmental	1,500	3,680	2,180	1,500	1,880	380
Interest	6,000	3,662	(2,338)	10,000	4,976	(5,024)
Total Receipts	201,500	351,478	149,978	164,500	197,937	33,437
DISBURSEMENTS						
Contractual services	240,794	241,935	(1,141)	246,321	224,872	21,449
Office expenditure:	2,000	2,426	(426)	2,000	1,392	608
Total Disbursements	242,794	244,361	(1,567)	248,321	226,264	22,057
RECEIPTS OVER (UNDER) DISBURSEMENTS	(41,294)	107,117	148,411	(83,821)	(28,327)	55,494
CASH, JANUARY 1	88,452	88,452	0	116,779	116,779	0
CASH, DECEMBER 31	47,158	195,569	148,411	32,958	88,452	55,494

Exhibit B

BUTLER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>DIVISION OF YOUTH SERVICES FUND</u>						
RECEIPTS						
Intergovernmental	206,375	109,555	(96,820)	220,000	235,329	15,329
Other	0	0	0	2,000	29,303	27,303
Total Receipts	206,375	109,555	(96,820)	222,000	264,632	42,632
DISBURSEMENTS						
Salaries and fringe benefit:	206,375	127,848	78,527	189,835	282,153	(92,318)
Other	0	0	0	44,450	0	44,450
Total Disbursements	206,375	127,848	78,527	234,285	282,153	(47,868)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(18,293)	(18,293)	(12,285)	(17,521)	(5,236)
CASH, JANUARY 1	60,289	60,289	0	77,810	77,810	0
CASH, DECEMBER 31	60,289	41,996	(18,293)	65,525	60,289	(5,236)
<u>DRAINAGE DISTRICT #12 FUND</u>						
RECEIPTS						
Property taxes	2,500	3,041	541	3,000	2,585	(415)
Interest	50	0	(50)	100	40	(60)
Total Receipts	2,550	3,041	491	3,100	2,625	(475)
DISBURSEMENTS						
Flood control	500	420	80	500	420	80
Total Disbursements	500	420	80	500	420	80
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,050	2,621	571	2,600	2,205	(395)
CASH, JANUARY 1	2,978	2,978	0	773	773	0
CASH, DECEMBER 31	5,028	5,599	571	3,373	2,978	(395)
<u>DOMESTIC VIOLENCE FUND</u>						
RECEIPTS						
Intergovernmental	7,000	6,760	(240)	6,000	11,752	5,752
Charges for services	9,000	7,882	(1,118)	8,500	8,456	(44)
Interest	0	0	0	200	29	(171)
Total Receipts	16,000	14,642	(1,358)	14,700	20,237	5,537
DISBURSEMENTS						
Domestic violence shelte	16,000	14,332	1,668	14,000	20,119	(6,119)
Total Disbursements	16,000	14,332	1,668	14,000	20,119	(6,119)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	310	310	700	118	(582)
CASH, JANUARY 1	384	384	0	266	266	0
CASH, DECEMBER 31	384	694	310	966	384	(582)

Exhibit B

BUTLER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>THIRTY-SIXTH JUDICIAL JUSTICE COURT ESCROW FUND</u>						
RECEIPTS						
Interest	5,000	1,703	(3,297)	4,500	6,477	1,977
Other	60,334	62,341	2,007	79,100	75,334	(3,766)
Total Receipts	65,334	64,044	(1,290)	83,600	81,811	(1,789)
DISBURSEMENTS						
Salaries	0	0	0	63,900	0	63,900
Other	0	0	0	100,000	0	100,000
Total Disbursements	0	0	0	163,900	0	163,900
RECEIPTS OVER (UNDER) DISBURSEMENTS	65,334	64,044	(1,290)	(80,300)	81,811	162,111
CASH, JANUARY 1	216,008	216,008	0	134,197	134,197	0
CASH, DECEMBER 31	281,342	280,052	(1,290)	53,897	216,008	162,111
<u>JAIL COMMISSARY FUND</u>						
RECEIPTS						
Charges for service:	32,000	50,179	18,179	36,500	35,856	(644)
Interest	50	0	(50)	200	36	(164)
Total Receipts	32,050	50,179	18,129	36,700	35,892	(808)
DISBURSEMENTS						
Sheriff	30,000	40,398	(10,398)	34,700	32,159	2,541
Transfers out	0	9,500	(9,500)	5,500	8,500	(3,000)
Total Disbursements	30,000	49,898	(19,898)	40,200	40,659	(459)
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,050	281	(1,769)	(3,500)	(4,767)	(1,267)
CASH, JANUARY 1	1,036	1,036	0	5,803	5,803	0
CASH, DECEMBER 31	3,086	1,317	(1,769)	2,303	1,036	(1,267)
<u>DARE FUND</u>						
RECEIPTS						
Interest	0	0	0	15	8	(7)
Other	1,500	2,248	748	1,000	2,268	1,268
Total Receipts	1,500	2,248	748	1,015	2,276	1,261
DISBURSEMENTS						
Sheriff	1,400	367	1,033	800	2,826	(2,026)
Total Disbursements	1,400	367	1,033	800	2,826	(2,026)
RECEIPTS OVER (UNDER) DISBURSEMENTS	100	1,881	1,781	215	(550)	(765)
CASH, JANUARY 1	473	473	0	1,023	1,023	0
CASH, DECEMBER 31	573	2,354	1,781	1,238	473	(765)

Exhibit B

BUTLER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SHERIFF DRUG FUND</u>						
RECEIPTS						
Intergovernmental	0	0	0	500	0	(500)
Interest	200	0	(200)	300	264	(36)
Other	500	3,727	3,227	100	1,325	1,225
Total Receipts	700	3,727	3,027	900	1,589	689
DISBURSEMENTS						
Sheriff	1,500	1,889	(389)	1,500	1,415	85
Total Disbursements	1,500	1,889	(389)	1,500	1,415	85
RECEIPTS OVER (UNDER) DISBURSEMENTS	(800)	1,838	2,638	(600)	174	774
CASH, JANUARY 1	6,726	6,726	0	6,552	6,552	0
CASH, DECEMBER 31	5,926	8,564	2,638	5,952	6,726	774
<u>RECORDER USER FEE FUND</u>						
RECEIPTS						
Charges for service:	20,000	32,951	12,951	17,000	21,743	4,743
Interest	0	1,130	1,130	1,000	2,068	1,068
Total Receipts	20,000	34,081	14,081	18,000	23,811	5,811
DISBURSEMENTS						
Recorder of Deeds	85,000	0	85,000	45,000	0	45,000
Total Disbursements	85,000	0	85,000	45,000	0	45,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(65,000)	34,081	99,081	(27,000)	23,811	50,811
CASH, JANUARY 1	69,784	69,784	0	45,973	45,973	0
CASH, DECEMBER 31	4,784	103,865	99,081	18,973	69,784	50,811
<u>EMERGENCY 911 FUND</u>						
RECEIPTS						
Charges for service:	169,000	184,198	15,198	160,000	168,248	8,248
Interest	2,000	464	(1,536)	4,000	2,967	(1,033)
Total Receipts	171,000	184,662	13,662	164,000	171,215	7,215
DISBURSEMENTS						
Salaries	100,000	0	100,000	25,000	0	25,000
Equipment	0	2,645	(2,645)	40,000	38,660	1,340
Utilities	48,000	49,169	(1,169)	116,008	143,968	(27,960)
Other	5,000	2,232	2,768	52,942	36,397	16,545
Transfers out	0	0	0	0	25,000	(25,000)
Total Disbursements	153,000	54,046	98,954	233,950	244,025	(10,075)
RECEIPTS OVER (UNDER) DISBURSEMENTS	18,000	130,616	112,616	(69,950)	(72,810)	(2,860)
CASH, JANUARY 1	24,421	24,421	0	97,231	97,231	0
CASH, DECEMBER 31	42,421	155,037	112,616	27,281	24,421	(2,860)

Exhibit B

BUTLER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SHERIFF CIVIL FEE FUND</u>						
RECEIPTS						
Charges for services	40,000	35,732	(4,268)	35,000	40,751	5,751
Interest	1,100	38	(1,062)	1,200	1,164	(36)
Total Receipts	41,100	35,770	(5,330)	36,200	41,915	5,715
DISBURSEMENTS						
Sheriff	1,770	48,584	(46,814)	1,350	1,674	(324)
Transfers out	40,000	23,000	17,000	35,000	35,000	0
Total Disbursements	41,770	71,584	(29,814)	36,350	36,674	(324)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(670)	(35,814)	(35,144)	(150)	5,241	5,391
CASH, JANUARY 1	39,336	39,336	0	34,095	34,095	0
CASH, DECEMBER 31	38,666	3,522	(35,144)	33,945	39,336	5,391
<u>SPECIAL ELECTION FUND</u>						
RECEIPTS						
Intergovernmental	0	34,580	34,580	29,000	650	(28,350)
Interest	0	0	0	0	15	15
Other	0	33,599	33,599	0	38,077	38,077
Transfers in	0	33,694	33,694	0	0	0
Total Receipts	0	101,873	101,873	29,000	38,742	9,742
DISBURSEMENTS						
Elections	0	98,487	(98,487)	29,000	37,227	(8,227)
Total Disbursements	0	98,487	(98,487)	29,000	37,227	(8,227)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	3,386	3,386	0	1,515	1,515
CASH, JANUARY 1	1,596	1,596	0	81	81	0
CASH, DECEMBER 31	\$ 1,596	4,982	3,386	81	1,596	1,515

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

BUTLER COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Butler County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Board for the Care of the Handicapped, or the Senior Citizen's Service Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Senior Citizen's Service Fund	2002 and 2001
Community Development Block Grant Fund	2002 and 2001
Division I Interest Fund	2002 and 2001
Division II Interest Fund	2002 and 2001
Division III Interest Fund	2002 and 2001
Law Library Fund	2002 and 2001

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Special Road and Bridge Fund	2002 and 2001
Law Enforcement Complex Fund	2002 and 2001
Jail Commissary Fund	2002 and 2001
Sheriff Civil Fee Fund	2002 and 2001
Special Election Fund	2002 and 2001
Prosecuting Attorney Bad Check Fund	2002
Board for the Care of the Handicapped Fund	2002
Sheriff Drug Fund	2002
Law Enforcement Training Fund	2001
Eastern Capital Improvement Fund	2001
Division of Youth Services Fund	2001
Domestic Violence Fund	2001
DARE Fund	2001
Emergency 911 Fund	2001

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements for the years ended December 31, 2002 and 2001, did not include the Community Development Block Grant Fund and Law Library Fund.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase

agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

Cash includes both deposits and investments. In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of deposits and investments. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions. Investments are securities and other assets acquired primarily for the purpose of obtaining income or profit.

Deposits

The county's deposits at December 31, 2002 and 2001, were entirely covered by federal depositary insurance or by an irrevocable standby letter of credit issued by a Federal Home Loan Bank.

However, because of significantly higher bank balances at certain times during the year, uninsured and uncollateralized balances existed at those times although not at year-end.

To protect the safety of county deposits, Section 110.020, RSMo 2000, requires depositaries to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

Investments

The only investments of the various funds at December 31, 2002 and 2001, were U.S. government securities with reported amounts of \$2,568,000 and \$1,248,000, respectively, (which approximated fair value).

These investments were held by the county's custodial bank in the county's name.

3. Prior Period Adjustment

The Unclaimed Fee Fund's cash balance at January 1, 2001, of \$32 as previously stated has been omitted to reflect only special revenue funds and not agency funds on the financial statements.

The Special Election Fund's cash balance of \$81 at January 1, 2001, was not previously reported but has been added.

Supplementary Schedule

Schedule

BUTLER COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
U. S. DEPARTMENT OF AGRICULTURE				
	Passed through state			
	Department of Social Services -			
10.550	Food Donation	N/A	\$ 10,039	6,364
	Office of Administration -			
10.665	Schools and Roads - Grants to States	N/A	100,540	15,084
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
	Passed through state			
	Department of Economic Development -			
14.228	Community Development Block Grants/State' Program	98-pf-06	11,875	50,000
		99-pf-035	393,300	20,085
		99-pf-52	9,300	164,227
		2002-ED-01	17,682	0
	Program Total		<u>432,157</u>	<u>234,312</u>
	Department of Social Services -			
14.231	Emergency Shelter Grants Program	ERO164-0418	0	1,211
		ERO164-0442	2,528	4,752
		ERO164-0488	4,232	0
	Program Total		<u>6,760</u>	<u>5,963</u>
U.S. DEPARTMENT OF JUSTICE				
	Direct programs:			
16.unknown	Equitable Sharing of Seized and Forfeited Property	N/A	3,727	0
	Passed through			
	State Department of Public Safety -			
16.540	Juvenile Justice and Delinquency Prevention - Allocatio to States	ERO172076	100,025	240,427
		ERO172077	5,277	14,986
	Program Total		<u>105,302</u>	<u>255,413</u>
16.575	Crime Victim Assistance	2000-VOCA-0007	12,453	3,930
16.579	Byrne Formula Grant Program	99-NCD11-060	0	14,385
		99-NCD11-061	5,993	6,453
		01-NCD11-020	5,115	0
	Program Total		<u>11,108</u>	<u>20,838</u>

Schedule

BUTLER COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
U. S. DEPARTMENT OF TRANSPORTATION				
	Passed through state			
	Highway and Transportation Commission			
20.205	Highway Planning and Construction	BRO-012(15)	491,808	8,100
		BRO-012(19)	22,445	375,815
		BRO-012(21)	34,022	0
	Program Total		<u>548,275</u>	<u>383,915</u>
GENERAL SERVICES ADMINISTRATION				
	Passed through state Office of Administration			
39.003	Donation of Federal Surplus Personal Property	N/A	4,685	20,078
FEDERAL EMERGENCY MANAGEMENT AGENCY				
	Passed through state Department of Public Safety			
83.544	Public Assistance Grant	FEMA-1412-DR	762,982	0
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
	Passed through state			
	Department of Social Services -			
93.563	Child Support Enforcement	N/A	135,301	128,532
	Total Expenditures of Federal Awards		\$ <u><u>2,133,329</u></u>	<u><u>1,074,429</u></u>

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

Notes to the Supplementary Schedule

BUTLER COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Butler County, Missouri, except for the programs accounted for in the Health Center Fund. Federal awards for that fund have been audited and separately reported on by other independent auditors for its years ended December 31, 2002 and 2001.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Food Distribution Program (CFDA number 10.550) represent the dollar value assigned to commodities based on prices provided by the state Department of Social Services. Amounts for the Donation of Federal Surplus Personal Property Program (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt.

2. Subrecipients

Of the federal expenditures presented in the schedule, the county provided federal awards to subrecipients as follows:

Federal CFDA Number	Program Title	Amount Provided	
		Year Ended December 31,	
		2002	2001
14.228	Community Development Block Grants/State's Program	\$ 432,157	234,312
14.231	Emergency Shelter Grants Program	6,760	5,963
16.579	Byrne Formula Grant Program	11,108	20,838

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of Butler County, Missouri

Compliance

We have audited the compliance of Butler County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Butler County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance

with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 02-1.

Internal Control Over Compliance

The management of Butler County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 02-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

This report is intended for the information and use of the management of Butler County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

November 13, 2003 (fieldwork completion date)

Schedule

BUTLER COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2002 AND 2001

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

Material weaknesses identified?

_____ yes x no

Reportable conditions identified that are
not considered to be material weaknesses?

_____ yes x none reported

Noncompliance material to the financial statements
noted?

_____ yes x no

Federal Awards

Internal control over major programs:

Material weaknesses identified?

_____ yes x no

Reportable conditions identified that are
not considered to be material weaknesses?

 x yes _____ none reported

Type of auditor's report issued on compliance for
major programs:

Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of OMB
Circular A-133?

 x yes _____ no

Identification of major programs:

CFDA or
Other Identifying

<u>Number</u>	<u>Program Title</u>
14.228	Community Development Block Grants/State's Program
20.205	Highway Planning and Construction Program
83.544	Public Assistance Grant

Dollar threshold used to distinguish between Type A
and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes the audit finding that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

02-1. Schedule of Expenditures of Federal Awards

Federal Grantor:	U.S. Department of Housing and Urban Development
Pass-Through Grantor:	Department of Economic Development
Federal CFDA Number:	14.228
Program Title:	Community Development Block Grants/State's Program
Pass-Through Entity	
Identifying Number:	98-pf-06, 99-pf-035, 99-pf-52
Award Years:	2002 and 2001
Questioned Costs:	Not Applicable

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-012-15, BRO-012-19, BRO-012-21
Award Years:	2002 and 2001
Questioned Costs:	Not Applicable

Federal Grantor:	Federal Emergency Management Agency
Pass-Through Grantor:	Department of Public Safety
Federal CFDA Number:	83.544
Program Title:	Public Assistance Grant
Pass-Through Entity	
Identifying Number:	FEMA-1412-DR-MO
Award Years:	2002 and 2001
Questioned Costs:	Not Applicable

Section .31(b) of Circular A-133, *Audit of States, Local Governments, and Non Profit Organizations*, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the schedule of expenditures of federal awards to the State Auditor's Office as a part of the annual budget.

The county does not have adequate procedures in place to track federal awards for the preparation of the SEFA. For the SEFA to adequately reflect the county's federal expenditures, it is necessary that all federal expenditures be properly reported. For the years ended December 31, 2002 and 2001, the county's SEFA was not accurate. In total, expenditures were understated by approximately \$608,286 for 2002 and overstated by approximately \$10,844 for 2001. Compilation of the SEFA requires consulting county financial records and requesting information from other departments and officials. Considering the overall incompleteness of the SEFA, it appears the County Clerk's efforts to prepare an accurate and complete SEFA were inadequate.

Without an accurate and timely SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal funds.

WE RECOMMEND the County Clerk prepare a complete and accurate schedule of expenditures of federal awards.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Clerk provided the following response:

I agree and admit that we missed some of the programs. The 2003 SEFA Schedule will be more complete.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

BUTLER COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 2000, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

BUTLER COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

This section represents the Summary Schedule of Prior Audit Findings, which was prepared by the county's management.

00-1. Schedule of Expenditures of Federal Awards

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Off-System Bridge Replacement and Rehabilitation Program
Pass-Through Entity	
Identifying Number:	Hargrove-STP99, BRO-012-14, BRO-012-15, and BRO-012-16
Award Year:	2000 and 1999
Questioned Costs:	Not Applicable

The county obtained advance payments of expenses which did not comply with reimbursement requirements of the program.

Recommendation:

The County comply with the requirements to pay expenses prior to submitting a request for reimbursement and discontinue the practice of obtaining advances on this program.

Status:

Implemented. During our review of payments, we noted the county had procedures in place to comply with program reimbursement requirements.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

BUTLER COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Butler County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated November 13, 2003. We also have audited the compliance of Butler County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001, and have issued our report thereon dated November 13, 2003.

We also have audited the operations of elected officials with funds other than those presented in the financial statements. As applicable, the objectives of this audit were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable legal provisions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our audit, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Because the Health Center Board is audited and separately reported on by other independent auditors, the related fund is not presented in the financial statements. However, we reviewed those audit reports and other applicable information.

Our audit was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our audit of the elected county officials and the other county board referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned

Costs. These findings resulted from our audit of the financial statements of Butler County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

1. Officials' Salaries

- A. Section 50.333.13 RSMo, enacted in 1997, allowed the salary commission meeting in 1997 to provide mid-term increases for associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioners' terms had been increased from two years to four years. While the 1997 salary commission minutes did not address the issue of such mid-term raises, in 1999 Butler County's Associate County Commissioners' salaries were each increased approximately \$5,849 yearly, according to information from the County Clerk.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of that statute. The Supreme Court held that this section of the statute violated Article VII, Section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county and municipal officers during the term in office. This case, *Laclede County v. Douglass et al.*, holds that all raises given pursuant to this statute section are unconstitutional. On June 5, 2001, the State Auditor notified all third class counties of the Supreme Court decision and recommended that each county document its review of the impact of the opinion, as well as plans to seek repayment.

Based upon the Supreme Court decision, the raises given to each of the Associate Commissioners, totaling approximately \$11,698 for the two years ended December 31, 2000, should be repaid. Although the County Commissioners are aware of the Supreme Court opinion, a formal decision has not been made regarding repayment.

- B. The Prosecuting Attorney did not receive compensation equal to that of an Associate Circuit Judge as required by Section 56.265, RSMo 2000 for a full-time prosecutor. The county failed to adjust the Prosecuting Attorney's salary annually and applied the same percentage used for other county officials' salaries. This resulted in the Prosecuting Attorney receiving \$3,499, \$3,849, and \$7,460 less than the Associate Circuit Judge in 2002, 2001, and 2000, respectively. The County Commission should review this situation to determine if the Prosecuting Attorney was underpaid and whether any reimbursement is necessary.

WE RECOMMEND the County Commission:

- A. Review the impact of the decision and develop a plan for obtaining repayment of the salary overpayments.

- B. Review the salary payments made each year to the Prosecuting Attorney.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *We will review the legal impact of the Supreme Court's decision, consult legal counsel, and develop a plan accordingly.*
- B. *We will pay the Prosecuting Attorney back in 2004.*

2. Budgetary Procedures

The County Clerk and County Commission are responsible for preparing and approving a county budget and publishing an annual financial statement. Prior audit reports have addressed the inadequacy of the county's budgetary practices and published financial statements. Butler County's 2002 and 2001 budgets and published financial statements revealed the following deficiencies:

- A. Formal budgets were not prepared for various county funds and budgets were not obtained from other county officials for some county funds held outside the county treasury for the years ended December 31, 2002 and 2001. Chapter 50, RSMo 2000, requires the preparation of annual budgets for all funds to present a complete financial plan for the ensuing year. By preparing or obtaining budgets for all county funds and activities, the County Commission is able to more effectively evaluate all county financial resources.
- B. Actual expenditures exceeded budgeted amounts in the following funds:

Fund		Year Ended December 31,	
		2002	2001
Special Road and Bridge	\$	643,603	96,254
Law Enforcement Complex Fund		11,249	12,087
Jail Commissary		19,898	459
Special Election		98,487	8,227
Sheriff Civil		29,814	324
Prosecuting Attorney Bad Check Fund		3,184	N/A
Board for the Care of the Handicapped		1,567	N/A
Sheriff Drug Fund		389	N/A
Law Enforcement Training Fund		N/A	10,103
Eastern Capital Improvement Fund		N/A	93,011
Division of Youth Services		N/A	47,868
Domestic Violence		N/A	6,119
DARE		N/A	2,026
Emergency 911		N/A	10,075

While the County Clerk prepared quarterly reports comparing budgeted and actual expenditures for the various officials, the county's procedures and reports are not resulting in effective monitoring of the various budgets. It was ruled in *State Ex. Rel. Strong v. Cribb*, 364 Mo. 1122, 273 SW2d (1954), that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess expenditures, amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's Office. In addition, Section 50.622, RSMo 2000, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend its budget.

- C. A review of the annual financial statement published by the county noted the following concerns:
1. The county's published financial statements are not complete. Information contained in the published financial statements did not include appropriate revenue and expenditure detail as required by Section 50.800, RSMo 2000. Revenues are not presented by source and expenditure detail is not shown for many of the smaller county funds.
 2. The annual published financial statements did not include the financial activity of two county funds as required. Section 50.800, RSMo 2000,

provides that the financial statements are required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for all county funds.

To adequately inform the citizens of the county's financial activities, all monies received and disbursed by the county should be presented in the level of detail required by law and should be reconciled to the county's financial information.

Chapter 50, RSMo 2000, prescribes the procedures to be used by the county to prepare and approve the annual budget and to publish the county's financial statements. It is important for the county to follow these procedures so they can properly monitor the financial status of the county and keep the residents of the county informed about county operations.

Conditions similar to Parts A, B, and C. were noted in our prior reports. Although the County Commission and County Clerk stated they concurred with our prior recommendations, no corrective action has been taken.

WE RECOMMEND the County Commission:

- A. Ensure financial information for all county funds is included in the budgets and that separate budgets are prepared for each fund.
- B. Not authorize expenditures in excess of budgeted amounts.
- C. Publish financial statements in accordance with state law and ensure all required financial information for all county funds is properly reported in the annual financial statements.

AUDITEE'S RESPONSE

The County Commission and the County Clerk provided the following responses:

- A. *We will attempt to do better for budgets prepared for 2004.*
- B. *In the future, we will look at preparing amendments if necessary.*
- C. *We concur, and will include more detail in the 2003 financial statement published in 2004.*

3.**Payroll Procedures**

Some payroll expenditures were processed without adequate supporting documentation. The county under-reported medicare wages in error. In addition, some employees commute to and from work in county vehicles.

A. Centralized records are not maintained of time sheets, annual leave, sick leave, and compensatory time earned, taken, and accumulated for all county employees. The County Clerk indicated these records are to be maintained by each individual office but our review noted that some offices are not maintaining these records. The payroll clerk pays the employees the same amount each pay period unless told otherwise. A review of employee payroll records identified the following concerns:

1. A payroll check was issued in error for approximately \$596 to a part-time employee in the Collector's office. The error was discovered and the check was voided in the county's computer system, but the county did not obtain possession of the actual check. It was discovered four months later that the check was cashed by the employee. No effort has been made by the county to recover the amount of the check. Because time sheets were not prepared by this employee, it is unclear if payment was earned.
2. The Road and Bridge department supervisor is tracking the time worked by the Road and Bridge employees and submitting time summaries to the County Clerk's office; however, the employees are not preparing individual time sheets. The employees do not review the time summaries prepared by the supervisor.

The Fair Labor Standards Act (FLSA) requires employers to keep accurate records of actual time worked by employees, including compensatory time earned, taken, or paid. The time records should be prepared and signed by the employee, verified for accuracy, approved by the applicable supervisor, and filed in a central location with the County Clerk's payroll records. In addition, the County Clerk should prepare payroll on the basis of properly submitted time sheets.

B. The County Clerk's office withholds taxes from compensation paid to the employees, and reports these withholdings quarterly to the Internal Revenue Service. For the fourth quarter of 2002 and 2001 medicare wages were under-reported by \$3,647 and \$7,797 resulting in medicare taxes to be under-paid by \$106 and \$226, respectively. Subsequent to our review, the county received a notice from the Internal Revenue Service regarding medicare wages under reported in 2001; however, penalties and interest have not yet been determined.

The Internal Revenue Code requires employers to withhold and remit federal income taxes; report wages on W-2 forms; pay their share of social security and medicare on

the compensation paid to employees; and ensure W-4 forms are completed by all employees. In addition, Section 143.191, RSMo 2000, requires employers to withhold state income taxes from wages and establishes requirements for reporting wages. The county should determine the total taxes due the applicable taxing authorities and make the required payments.

- C. Three Road and Bridge employees and a Sheriff employee are allowed to use county vehicles to commute to and from work. The County Commission indicated these employees are on-call 24 hours a day for emergency situations; however, there is no documentation in the employee manual.

Internal Revenue Service (IRS) reporting guidelines indicate personal commuting mileage is a reportable fringe benefit. Furthermore, IRS guidelines require the full value of the provided vehicle to be reported if the employer does not require the submission of detailed logs which distinguish between business and personal usage. Such logs are not maintained for the highway department or the sheriff vehicles and are not required by the county.

Procedures have not been established to ensure that IRS regulations are followed. As a result, the county may be subject to penalties and/or fines for failure to report all taxable benefits.

- D. Uniform allowances of \$85 a month were paid to the Sheriff and deputies during the two years ended December 31, 2002. The Sheriff and deputies are not required to submit invoices or an itemized expense report to support the allowance, nor are uniform allowances reported on W-2 forms.

IRS Regulations 1.62(h) and 31.3401(a)-4(b) specifically require employee business expenses not accounted for to the employer to be considered gross income and payroll taxes to be withheld from the undocumented payments.

Conditions similar to Parts A, C, and D. were noted in prior reports.

WE RECOMMEND the County Commission:

- A. Require centralized records be maintained by the County Clerk's office of time worked, vacation, sick leave, and overtime earned, used, and accumulated. Consider action to recover the payroll check of \$596 that was issued in error to the part-time employee of the Collector's office. Require time sheets to be prepared and signed by Road and Bridge employees and properly reviewed and approved by the Road and Bridge supervisor prior to being submitted to the County Clerk's office.
- B. Implement payroll procedures to ensure that all payroll and payroll tax reporting is complete and correct and ensure a supervisory review is completed and documented.

- C. Comply with IRS guidelines for reporting fringe benefits related to county-owned vehicles. In addition, the county should establish a written policy for road and bridge employees regarding the appropriate use of county vehicles for commuting purposes.
- D. Require employees to submit invoices or itemized expense reports for uniform allowances or report the payments as other income on the employees' W-2 forms.

AUDITEE'S RESPONSE

The County Commission and the County Clerk provided the following responses:

- A. *We concur. We have resolved the \$596 with the Collector's office, and we will require timesheets and leave records for all offices not currently complying. We will devise a system to resolve the Road and Bridge situation.*
- B. *The payroll tax issue is resolved and we believe we are properly complying with the law.*
- C. *We will establish a written policy regarding the appropriate use of county vehicles.*
- D. *We are currently working with a CPA to resolve this issue.*

4. County Treasurer's Procedures

The County Treasurer accounts for the receipts and disbursements of the various county funds and several agency funds. The County Treasurer maintains several bank accounts some of which contain significant differences between book and bank balances. In addition, the interest allocation methods are not documented.

- A. As of December 31, 2002, the County Treasurer maintained twelve checking accounts. In addition, old outstanding checks dating back to 1999 totaled \$910 at December 31, 2002. A large number of bank accounts and old outstanding checks create additional and unnecessary record keeping and increases the likelihood that errors will occur in recording transactions. (See Part B. below.)

Overall efficiency could be improved by reducing the number of accounts and combining funds in as few accounts and investment vehicles as possible. Consolidating existing accounts would also allow funds to be pooled for increased investment opportunities. In addition, an attempt should be made to locate the payees of the old outstanding checks and the checks should be reissued, if possible. If the payee cannot be located, various statutory provisions provide for the disposition of unclaimed monies. Routine procedures should be established to investigate checks outstanding for a considerable time.

- B. Although the County Treasurer formally documented bank reconciliations for the county's bank accounts, unreconciled differences fluctuated between months and she did not always investigate significant differences noted.

For example, the December 31, 2002 reconciled bank balance reported on the semi-annual settlement exceeded the various funds' book balances by \$9,328; however, the settlement was not accurate. We identified two outstanding checks that were not recorded and the outstanding balance in the payroll checking account totaling \$2,490 is not reflected in a county fund. The remaining difference of \$6,838 is attributed to an unreconciled difference in the County Revenue bank account. While the County Treasurer has adjusted for the outstanding checks, there is no documentation of follow-up on the remaining amounts. Similar discrepancies have existed in the County Revenue December 31 bank reconciliations since at least 1995.

Reconciling the Treasurer's fund ledgers to the bank accounts ensures that the records are in balance and that sufficient cash is available for the payment of all county expenditures. The Treasurer should attempt to determine the reasons for differences between the fund ledger and the bank accounts and the County Commission should be consulted to determine the proper correcting entry for any unexplained differences.

- C. The County Treasurer allocates interest earned to various funds she believes are required per statute to receive interest earned on balances. However, the County Treasurer uses various methods to allocate interest, and does not retain documentation of how the allocation is computed. In addition, the Thirty-sixth Judicial Justice Court Escrow Fund and Emergency 911 Fund were not included in this interest allocation process even though the balances of the two funds totaled \$435,090 at December 31, 2002. To ensure interest is equitably distributed the County Treasurer should retain interest allocation documentation.

Conditions similar to Parts A. and B. have been reported in our four prior reports.

WE RECOMMEND the County Treasurer:

- A. Consider reducing the number of bank accounts maintained, and attempt to resolve the old outstanding checks and establish routine procedures to investigate checks outstanding for a considerable time.
- B. Reconcile the fund ledger to the county's bank accounts. Investigate and correct identified differences. Finally, consult the County Commission to determine the proper correcting entry for all unexplained differences.
- C. Retain documentation of interest distributions.

AUDITEE'S RESPONSE

The County Treasurer provided the following responses:

- A. *We are in the process of closing one account now and we will keep in mind closing additional accounts in the future. All of the old outstanding checks, except for \$98 have been disposed of and I am investigating the \$98 currently.*
- B. *Most of this difference is due to reconciliations dating back to 1995, and I will consult with the County Commission and determine the proper correcting entry by April 30, 2004.*
- C. *Beginning in June 2004, I will maintain more detailed documentation of interest allocations.*

5. Collateral Securities

Collateral securities pledged by the county's depository bank to cover deposits of the County Treasurer and County Collector were insufficient by approximately \$8.2 million and \$8.3 million on January 15, 2003 and January 18, 2002, respectively.

Section 110.020, RSMo 2000, provides the value of the securities pledged shall at all times be not less than 100 percent of the actual amount on deposit less the amount insured by the Federal Deposit Insurance Corporation. Inadequate collateral securities leave county funds unsecured and subject to loss in the event of a bank failure.

The county apparently has not adequately monitored the level of bank activity. To ensure sufficient collateral securities are pledged, the county should monitor the level of bank activity and notify the depository bank when additional securities need to be pledged.

A similar condition was noted in the prior audit.

WE AGAIN RECOMMEND the County Commission ensure adequate collateral securities are pledged to protect county funds. This can be done by monitoring bank activity and providing timely notice to the depository banks of the need for additional collateral securities.

AUDITEE'S RESPONSE

The County Commission provided the following response:

We will work with the Treasurer to ensure the funds are adequately secured at all times.

The County Treasurer provided the following response:

I contacted the bank and additional securities were pledged in January 2004 to resolve this issue.

Controls over the preparation of the property tax books and the county's computer system are not adequate. The county is not in compliance with various statutes regarding the segregation of duties involving the tax books. Prior audit reports have also addressed the inadequacy of the county's property tax book procedures. While the County Commission and County Clerk responded in the 1998 audit, as well as other previous audits, that recommendations would be implemented, conditions have not improved.

The County Commission and County Clerk have failed to implement the procedures necessary to adequately comply with state law regarding tax books. The County Assessor enters the tax rates, the County Collector extends the taxes, and the County Assessor prints the tax books.

- A. The County Clerk does not maintain an account book with the County Collector. An account book would summarize all taxes charged to the County Collector, monthly collections, delinquent credits, abatements and additions, and protested amounts by tax book. These figures would be verified by the County Clerk from aggregate abstracts, court orders, monthly statements of collections and the tax books. These verifications are the County Clerk's means of ensuring the amount of taxes charged to the County Collector is complete and accurate.

Section 51.150(2), RSMo 2000, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury. A properly maintained account book can be used by the County Commission to verify the County Collector's annual settlements.

- B. While the County Clerk reviews some of the tax statements for accuracy, he does not verify the current and back tax books for accuracy. A review should include, verification of individual entries in the back tax book and footing total tax book charges. The County Clerk is responsible for the accuracy of the personal and real estate tax books and the amounts with which the County Collector is charged. Failure to perform adequate reviews of the tax books could result in errors and irregularities going undetected.

Section 140.050, RSMo 2000, requires the County Clerk to make the back tax book and charge the County Collector with the aggregate amount of taxes, interest, and County Clerk's fees contained in the back tax books.

- C. The property tax system is utilized by the County Clerk, the County Assessor, and the County Collector. The financial system is utilized by the County Clerk and the Treasurer. During our review of the internal controls over these systems, we noted the following concerns:
1. Access to the property tax programs and data files is not adequately restricted. As a result, the assessment data is accessible to the Collector and the property tax data is accessible to the Assessor. Passwords are not changed on a periodic basis to ensure confidentiality. There is less assurance that passwords are effectively limiting access to the property tax data files and programs to only those individuals who need access for their job responsibilities. Passwords should be unique, changed periodically to reduce the possibility of unauthorized users, and utilized to restrict individuals' access to only those data files and programs they need to accomplish their jobs.
 2. The Treasurer and the County Clerk back up the financial data; however, the backup disks are not stored at an off-site location. Backups of computer information provide a means of recreating destroyed data. Failure to store the computer backup disks off-site results in the backups being susceptible to the same damage as the original data on the computer. Backup disks should be maintained and stored off-site to provide increased assurance that county data can be recreated.

WE RECOMMEND the County Commission work with the applicable county officials to:

- A. Ensure the County Clerk maintains an account book with the County Collector.
- B. Ensure the County Clerk formally verifies the accuracy of the tax books.
- C.1. Ensure access to specific computer programs/data files is restricted to authorized individuals through a system of passwords and security codes. Passwords should be unique by individual and changed periodically.
2. Ensure backup disks are prepared and stored in a secure, off-site location.

AUDITEE'S RESPONSE

The County Commission and County Clerk provided the following responses:

- A&B. *During 2004, we will begin to utilize computer software we have obtained to aid us in implementing these recommendations.*
- C. *We will develop a password system and a back-up system by March 31, 2004.*

7.**Expenditures**

Controls and procedures over county expenditures need improvements. Bids were not always solicited and documentation was not always retained. Some county expenditures were made for economic development and for a retail study without supporting documentation.

- A. Bids were not always solicited or advertised nor was bid documentation always retained for various purchases by the county. Examples of items purchased for which bid documentation could not be located are as follows:

Item or Service	Cost
Jail Food (purchased from one vendor during the two years ending December 31, 2002)	\$ 83,090
Cleaning Supplies (purchased during the two years ending December 31, 2002)	64,623
Office Supplies (purchased during the two years ending December 31, 2002)	54,701
Uniform Rental/Cleaning Services (purchased during the two years ending December 31, 2002)	31,876
Food for Edgewood Home (purchased during the two years ending December 31, 2002)	21,635
Radio Equipment	17,983
Road Signs	9,002
HVAC Repairs	7,500
Sheriff Computer Equipment	6,945
Truck repairs	5,703
Computer software – Sheriff Department	5,010

In addition, the County Commission has not solicited bids for property and liability insurance since December 1998.

The County Commission indicated bids are sometimes solicited through telephone calls, direct contact with vendors, or the product or service was only available from one vendor in the area; however, documentation of these contacts and sole source procurement was not maintained or recorded in the County Commission minutes.

Section 50.660, RSMo 2000, requires the advertisement for bids for any purchases of \$4,500 or more, from any one person, firm, or corporation during any period of ninety days. Bidding procedures for major purchases provide a framework for the economical management of county resources and helps to assure the county receives fair value by contracting with the lowest and best bidder. Competitive bidding

ensures all interested parties are given an equal opportunity to participate in county business. To show full compliance with state law, documentation of bids should include, at minimum, a listing of vendors from whom bids were requested, a copy of the requestor proposal, a newspaper publication notice when applicable, a copy of all bids received, a summary of the basis and justification for awarding the bid, documentation of all discussions with vendors, and bid specifications designed to encourage competitive bidding. If bids cannot be obtained and sole source procurement is necessary, the official commission minutes should reflect the necessitating circumstances.

- B. The County Commission approved payments to Poplar Bluff Industries, Inc. for economic development without requiring or retaining adequate supporting documentation. Payments of \$20,000 and \$20,200 were made to Poplar Bluff Industries during the years ended December 31, 2002 and 2001, respectively. In February 2002 and 2001, engagement letters/contracts were obtained from Poplar Bluff Industries indicating they would handle all industrial and economic development needs of the county. Included in these agreements were specifications of services to be provided and progress reporting requirements. However, there was no evidence that the county obtained any additional documentation of services provided. The failure to adequately track the progress requirements could prevent the county from adequately monitoring the actual services received and from determining whether the amounts paid were reasonable compared to the services rendered.

To ensure the validity and propriety of expenditures, adequate supporting documentation should be obtained for all payments to vendors. Progress reports should be obtained to allow the commission a basis for adequately monitoring the services received and determining whether the amount paid was reasonable compared to the services rendered.

- C. During the year ended December 31, 2001, the county paid the Poplar Bluff Chamber of Commerce \$2,250 for their portion of a retail study. The County had no supporting documentation for this payment and a copy of the retail study had to be obtained directly from the Poplar Bluff Chamber of Commerce. In addition, there was no contract documenting the rights and obligations of each party and no documentation to support the county's share of the project costs.

Failure to adequately plan, solicit services and document agreements related to county projects may result in misunderstandings between the parties involved and unnecessary expenditures for the county.

In addition, Section 432.070, RSMo 2000, prohibits a county from making a contract unless it is in writing.

- D. In November 2001, the County Commission obtained a loan for \$216,017 to purchase road and bridge equipment. The interest rate for the loan is 4.625 percent and the loan is payable over a three-year period. As such, this loan may constitute long-term debt and the County Commission has no legal authority to enter into such an agreement.

The county should not enter into any indebtedness except as authorized by state law or constitutional provisions. Counties are authorized to borrow funds through bonds, tax anticipation notes, and protested warrants as provided by Chapters 50 and 108, RSMo, or issue bonds as authorized in the Missouri Constitution.

A condition similar to Part B. has been reported in our prior reports.

WE RECOMMEND the County Commission:

- A. Solicit bids for all purchases in accordance with state law and maintain documentation of bids. If bids cannot be obtained and sole source procurement is necessary, the official commission minutes should reflect the necessitating circumstances.
- B. Obtain adequate supporting documentation for all payments to vendors and require detailed documentation to ensure payments are reasonable.
- C. Enter into written agreements for all services which specify all duties to be performed and the compensation to be paid.
- D. Ensure monies are borrowed in accordance with the provisions of state law.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *During 2004, we will follow the bid law and maintain documentation of bids.*
- B&C. *During 2004, we will obtain written contracts and strive to obtain adequate supporting documentation.*
- D. *We will ensure future purchases are obtained through lease purchase.*

8.**General Fixed Assets**

The County Commission or its designee is responsible for maintaining a complete detailed record of county property. Currently, it is each county official's responsibility to maintain an inventory listing of the fixed assets in their office. Inventories are not always completed annually, and the inventory listings do not always include information applicable to the item, such as cost and date of acquisition. Additions to the inventory listing are not reconciled to equipment expenditures to ensure all fixed assets are properly recorded. During our review of equipment purchases, we noted 7 of 12 items, totaling approximately \$110,000, were not recorded on the county's general fixed asset listing.

Adequate general fixed asset records are necessary to secure better internal control over county property, meet statutory requirements, and provide a basis for determining proper insurance coverage required on county property.

Section 49.093, RSMo 2000, provides the county officer of each county department shall annually inspect and inventory county property used by that department with an individual original value of \$250 or more and any property with an aggregate original value of \$1,000 or more. After the first inventory is taken, an explanation of material changes shall be attached to subsequent inventories. All remaining property not inventoried by a particular department shall be inventoried by the County Clerk. The reports required by this section shall be signed by the County Clerk.

A similar condition was noted in our prior report.

WE RECOMMEND the County Commission establish a written policy related to the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, discuss procedures for the handling of asset dispositions, and any other concerns associated with county property.

AUDITEE'S RESPONSE

The County Commission provided the following response:

We will make an effort to request an inventory from every office this year.

9.**Board for the Care of the Handicapped**

The Board for the Care of the Handicapped received approximately \$344,000 and \$191,000 in property taxes during 2002 and 2001, respectively. The Board met annually and the minutes did not adequately report decisions. The Board expenditures exceeded budgeted amounts.

- A. The Board is not adequately monitoring the use of monies provided to the various not-for-profit (NFP) organizations. The Board meets only one time a year to approve funding for the various organizations. The County Commission then approves periodic payments to the organizations based upon schedules established by the annual budget or periodic requests received. The contracts with these organizations require information regarding the number of individuals served, monthly financial reports, or other documentation that would enable the Board to monitor the use of monies provided to these organizations; however, there was no documentation that the Board received any of this information. In addition, any audit reports for these organizations are apparently not submitted to the Board for review, and minutes of the one meeting are not signed attesting to their accuracy.

Without adequate documentation to indicate how the funds were spent or how many developmentally disabled individuals received services, the Board has no assurance that monies distributed to organizations are expended in compliance with statutory provisions and as intended by the Board. In addition, reviewing the audit reports of these organizations may provide additional information to the Board for better monitoring of the organizations.

- B. Actual expenditures exceeded budgeted amounts for the year ended December 31, 2002 by \$1,567. As the board meets only annually, it appears they do not periodically monitor expenditures. It was ruled in *State ex rel. Strong V. Cribb* 364 Mo. 1122, 273 SW2d 246 (1954), that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess expenditures, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. In addition, Section 50.622, RSMo 2000, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend its budget.

WE RECOMMEND the Board for the Care of the Handicapped:

- A. Adequately monitor the use of monies provided to NFP organizations. In addition, ensure board minutes are signed by the secretary as preparer and by the Board President to attest to their completeness and accuracy.
- B. Ensure the annual budget includes reasonable estimates of expenditures and keep expenditures within budgetary limits. Extenuating circumstances should be fully documented and budgets properly revised.

AUDITEE'S RESPONSE

The Board for the Care of the Handicapped provided the following responses:

- A. *It is the viewpoint of the Board, as we have discussed among ourselves on numerous occasions, that we should meet on an as-needed basis. There have been past years in which we met more frequently when a building project was underway by one of the agencies we fund, or when monies were tighter and we felt the need to monitor our income and expenses more closely.*

Recent years have seen a much smoother financial operation; the agencies have done a good job with their budget requests and have needed no changes during the years. We have felt an increased confidence in the management of the agencies and have not seen the need for as many board meetings. Our board is a strictly voluntary group of individuals who are conscientious and interested in the operations of each of the NFP organizations we fund; however, we choose to meet only when the situation demands it, and lately the demands have been few. In our opinion, it would be more difficult to retain the current board members and/or attract new ones if we met unnecessarily often.

Some of our board members do have ongoing contacts with the agencies and, if they saw the need or knew the law demanded it, it would ask for a general board meeting to discuss their concerns. Again, during 2003, that situation did not occur.

In summary, our board takes its task seriously and will gladly meet whenever situations arise which demand our attention, our discussions, and our votes.

- B. *The total expenditures of \$244,360.90 included dividing payments to ADAPT between completing their 2001 budget (\$2,141) and paying out most of their 2002 budget (\$63,999). ADAPT operates on a different fiscal year than we do and this is the most efficient way to handle that fact. I assume we can solve this discrepancy each year by simply making our current year budget include any unfunded amount from the previous year. In the case mentioned, ADAPT's budget for 2002 would have been stated at \$67,141. We will note this suggestion of yours and will fix things for 2004.*

AUDITOR'S COMMENT

- A. Given the concerns noted, it is questionable whether the Board meeting only one time per year is enough to fulfill the fiduciary duties they have been appointed to perform.

10. County Collector's Accounting Controls and Procedures
--

The County Collector's office processed property taxes totaling in excess of \$14.1 million and \$13.6 million during the years ended February 28, 2003 and 2002, respectively. Cash receipt procedures need improvement, annual settlements did not properly reflect all tax collections, and written agreements are not obtained for the collection of taxes for river and drainage districts.

- A. The County Collector accepts cash, checks, and money orders for the payment of property taxes. The tax receipts are marked paid by the County Collector but do not indicate the method of payment. In addition, the composition of tax receipts is not reconciled to the composition of bank deposits. See Part B. below.

To properly reconcile receipts to deposits and ensure all monies are being deposited intact, the method of payment should be indicated on all tax receipts, and the composition of receipts should be reconciled to the composition of deposits.

- B. The County Collector does not deposit receipts intact. During our review we noted the following concerns:

1. Monies received for partial payments of property taxes are held in cash in the County Collector's vault until full payment is received. A cash count performed on November 12, 2003 showed partial payments of \$6,132 on hand.
2. Cash receipts are used to cash personal checks for county employees.
3. Cash refunds were also made for overpayments of taxes and licenses paid by check.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, all receipts should be deposited intact daily or when the accumulated receipts exceed \$100 and deposits should be reconciled to the daily abstracts. In addition, personal checks should not be cashed with official tax receipts and refunds should be made by check.

- C. The County Collector's annual settlements did not reflect drainage district tax collections totaling \$366,705 and \$343,693 for the two years ended February 28, 2003 and 2002, respectively. In addition, the annual settlement filed for the year

ended February 28, 2003 showed collections exceeded distributions by approximately \$4,500. The County Collector had no explanation for the differences.

Section 139.160, RSMo 2000, requires the County Collector to report on all monies received. When some sources of revenue are not reported, the County Commission cannot properly examine and approve the County Collector's annual settlement.

- D. The County Collector collects taxes for six drainage districts. Five of these drainage districts were created by the Circuit Court, and the County Collector retains fees of two percent of collections. The County Collector indicated she has informal agreements with the districts to collect taxes and retain fees. However, Sections 52.275 and 432.070, RSMo 2000, would appear to require a contract with the county and that it be in writing.

The county should determine if any part of the commissions retained from these collections should be paid to the General Revenue Fund for any county costs involved in the collection of the districts' taxes. The County Collector retained approximately \$15,649 for district commissions during the two years ended February 28, 2003.

WE RECOMMEND the County Collector:

- A. Indicate the method of payment on all paid tax statements. In addition, reconcile the composition of paid tax statements to the composition of deposits.
- B. Deposit all monies received for partial payments intact daily and ensure deposits are reconciled to the daily abstracts. In addition, the County Collector should discontinue the practice of cashing personal checks from tax receipts, and make refunds by check.
- C. File complete and accurate annual settlements.
- D. Enter into a written agreement for the collection of taxes and the amount of fees to be retained. In addition, the contract should address any county costs involved in the tax collection process.

AUDITEE'S RESPONSE

The County Collector provided the following responses:

- A. *We make daily deposits and the amount of the deposit equals the collections. We do not mark the receipts as cash or check, but we can determine which receipts are paid by cash and which are paid by check.*

- B. *It has been our policy to accept money from taxpayers and hold it for them. This is not a partial payment, but a service to the taxpayer.*

A few small checks are cashed for county employees, but not from cash receipts. These few checks are usually \$10.00 or \$20.00 and cashed from change we have on hand. In the future, all refunds will be made by check.

- C. *With regard to the differences between collections and distributions reported on the annual settlement for the year ending February 28, 2003, this annual settlement is in error. I am enclosing a schedule showing the total amount collected and the amount distributed and the difference of \$48.22.*

- D. *We collect taxes for six drainage districts. One of these districts is under the jurisdiction of the County Commission and five of them are under the jurisdiction of the Circuit Court. The taxes collected for the district under the jurisdiction of the county are reported each month and turned over to the county and no commissions are taken and they are included in annual settlements.*

Taxes collected for the districts under the jurisdiction of the Circuit Court are paid directly to the district, and commissions deducted from the collections. These districts have their own auditors.

One of the duties of the Collector as set out in the statutes is to collect drainage taxes and the method of compensation is stated. I do not feel these tax collections should be included in the annual settlement for the county. I will discuss a written agreement with the districts at their next meeting.

11. Prosecuting Attorney

The Prosecuting Attorney's office collects court-ordered restitution, bad check restitution, and bad check collection fees. The Prosecuting Attorney's office processes receipts over \$195,000 annually. Improvements are needed in internal control and accounting procedures used by the Prosecuting Attorney's office.

- A. Accounting duties for bad check processing are not adequately segregated. The bad check clerk is primarily responsible for receiving, recording, depositing, and disbursing monies for Prosecuting Attorney bad check fees and bad check restitution payments. In addition, a documented supervisory review is not performed by the Prosecuting Attorney.

Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and depositing receipts from recording and reconciling receipts. If proper segregation of duties cannot be achieved, at a

minimum, periodic supervisory reviews of the records should be performed and documented.

- B. An adequate system to account for all bad check complaints received by the Prosecuting Attorney's office, timely processing, and the subsequent disposition of these complaints have not been established. Currently, Butler County merchants complete an unnumbered complaint form at the time the bad check is turned over to the Prosecuting Attorney for collection. The Prosecuting Attorney has not established procedures to ensure all bad check complaint forms are accounted for properly and that all collections on bad checks are properly handled in a timely manner.

To ensure all bad checks turned over to the Prosecuting Attorney are handled and accounted for properly, a sequential number should be assigned to each bad check complaint form or bad check received and a log should contain information such as the assigned number, the merchant, issuer of the check, the amount of the check, the amount of the administrative fee, and the disposition of the bad check, including the date payment was received and transmitted to the merchant and the County Treasurer or the criminal case in which charges were filed or other disposition.

- C. We noted the following concerns regarding receipts:

1. Receipt slips are not issued for some monies received by the bad check office. To adequately account for all receipts, pre-numbered receipt slips should be issued for all monies received and the numerical sequence accounted for properly.
2. Bad check and court-ordered restitution payments and fees are not deposited in the Prosecuting Attorney's bank accounts or transmitted to the County Treasurer on a timely basis. Deposits/transmittals are made approximately once a week regardless of when received or the amounts on hand. A cash count on October 30, 2003, noted approximately \$6,500 in receipts on hand, which had been received since the last deposit/transmittal on October 24, 2003. The cash count included two money orders dated October 3 and October 10, 2003, which were in a file and had not been processed.

In addition, partial payments are sometimes held until payment is received in full. We noted three money orders received in April 2001 were not deposited or disbursed until January 2002.

To adequately safeguard receipts and to reduce the risk of loss, theft, or misuse of funds, receipts should be recorded immediately upon receipt and deposited daily or when accumulated receipts exceed \$100.

3. Cashiers checks and money orders received are not restrictively endorsed immediately upon receipt by the Prosecuting Attorney bad check office. Instead, the endorsement is applied at the time the payments are processed into the bad check computer system. To reduce the risk of loss or misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt.
- D. In June 1999, the Prosecuting Attorney's office opened a new bad check restitution checking account. This account had old outstanding checks over one year old of approximately \$765 at December 31, 2002. In addition, the old bad check restitution checking account still remains open with a balance of approximately \$5,137 at December 31, 2002, consisting of old outstanding checks dating back to 1992.

Sections 50.470 through 50.500, RSMo 2000, provide for certain monies to be turned over to the County Treasurer for credit to the Unclaimed Fees Fund and Sections 447.500 through 447.595, RSMo 2000, provide for some unclaimed property to be distributed to the state's Unclaimed Property Section.

- E. The Prosecuting Attorney has not established a formal policy specifying when the court should be notified of unpaid cases. In addition, specific procedures have not been established to ensure follow-up collection efforts are adequate. During our review of court-ordered restitution and bad check restitution case files, collection procedures and efforts were not always made timely and there was no clear policy of follow-up collection efforts to be taken or timing of the efforts. For example, we noted several instances where cases were handled inconsistently, such as additional time to make payment was provided to some individuals. No formal approval of additional time to make payment was documented by the Prosecuting Attorney.

The Prosecuting Attorney should establish written procedures for collecting delinquent unpaid restitution and fees. Such procedures should consist of generating periodic reports of cases with balances due and follow up on those for which payments are not being made. In addition, information regarding cases with delinquent payments and significant balances due should be regularly provided to the Prosecuting Attorney for review and assessment of follow-up collection efforts or other court action which may be necessary.

Conditions similar to Parts A, B, C, and E. were noted in prior reports.

WE RECOMMEND the Prosecuting Attorney:

- A. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented in the bad check office.
- B. Implement procedures to adequately account for bad checks received, process bad checks in a timely manner, and account for the ultimate disposition.

- C.1. Issue pre-numbered receipt slips for all monies received and account for the numerical sequence of receipt slips.
- 2. Deposit or transmit restitution and bad check fees daily or when accumulated receipts exceed \$100 and retain a listing documenting the monies that were transmitted or deposited.
- 3. Restrictively endorse cashiers checks and money orders immediately upon receipt.
- D. Attempt to contact the payees of old outstanding checks. If the payees cannot be located, the balance should be distributed in accordance with applicable statutory provisions and close the old bad check restitution bank account.
- E. Maintain a complete and accurate listing of delinquent unpaid court ordered restitution and bad check restitution and fees. In addition, written procedures should be established and implemented for pursuing the collection of such delinquent amounts.

AUDITEE'S RESPONSE

The Prosecuting Attorney provided the following responses:

- A. *The bad check department is uniquely in a site by itself, with one full time employee and a part-time employee. It is not possible for one party to receive funds and another to disburse the funds. But each month at the time of bank reconciliation, the open items ledger is brought up to date and balanced with the check book. If discrepancies are found they are brought to the attention of the prosecutor and corrections are made. This is done by someone outside of the bad check department. We will randomly check a deposit once a month beginning January 2004.*
- B. *At the time bad checks are received they are to be entered into the computer bounce back program and given a number. The program should be able to give a listing of all checks. When the checks are paid that information is also entered into the computer. We will start a monthly printout of checks entered for each business as checks are received.*
- C. *Regarding receipts and money deposits.*
 - 1. *This is something I will try to implement. Though this office receives a great deal of money orders payable to merchants, these are written in a notebook and a record is kept.*
 - 2. *This is something we will try to improve upon. Money is kept locked in the office until the deposit has been made. But, I will insist that money is deposited on a more timely basis.*

We will start immediately to require that no money orders be left in the files and that if a merchant does not want to receive a partial payment, money will be deposited into the trust account.

3. *All money orders or checks will be endorsed immediately upon receipt for deposit only.*

- D. *We are stopping payment on the checks noted in the audit. Checks that can be reissued with a new address will be done and the other money will be looked at to see what needs to be transferred to the unclaimed property section.*

The old check restitution account has been completely audited and the money has been accounted for to the best ability of one of the secretaries. We will disburse these funds in March, 2004.

- E. *We have a policy for notifying probation officers of unpaid balances in the criminal restitution cases. We will work on getting the same implemented for the bad check restitution. Also, I will have a report prepared each month listing cases with their unpaid balances for our records.*

Also, the inconsistencies you noted in giving some people additional time to make payments is strictly from a humanistic point. If they call and have circumstances that make it impossible for them to pay by a certain deadline we will extend that time. (i.e.: if they receive a government check on the first of the month). This is generally noted on the paper work and no formal document is produced. The prosecutor is aware and gives the authority to extend time for payment to the collection clerk. The prosecutor makes the determination to waive fees.

12. Sheriff's Accounting Controls and Procedures

The Sheriff handled receipts totaling approximately \$625,000 and \$442,000 during the years ended December 31, 2002 and 2001, respectively. We noted several concerns including procedures have not been established for collecting delinquent board bills, billing rates have not been established in a written contract, and the commissary account balance is not reconciled to the individual inmate account balances.

- A. The Sheriff has not established a formal policy for follow up collection efforts for unpaid incarceration costs billed to other political subdivisions. A civil/criminal clerk tracks and bills incarceration costs incurred by other political subdivisions. Payments from the political subdivisions are received and deposited by the civil/criminal clerk. Our review of the billing files as of October 22, 2003, revealed the Sheriff's Office had accounts receivable of \$17,585 of which \$6,970 date back to 2000 and 2001.

The Sheriff should establish written procedures for collecting delinquent incarceration billings. Such procedures should consist of generating periodic reports of billings with balances due and follow up on those for which payments have not been received.

- B. The county houses prisoners for various political subdivisions and does not have any written contracts. The county received approximately \$267,890 and \$90,225 for housing prisoners during the years ended December 31, 2002 and 2001, respectively. Currently, the Sheriff's department charges other counties \$45 a day; however, the City of Poplar Bluff is charged a reduced rate of \$35 a day, per inmate. While the Sheriff indicated the various rates are established, because the City of Poplar Bluff Police Department helps the Sheriff's deliver papers within the city limits, there is no documentation of this agreement.

The County Commission and Sheriff should develop written contracts with those entities regarding inmate housing and related fees. The County Commission and Sheriff should periodically review the costs of operating the jail, including any indirect costs, and establish an appropriate billing rate for all political subdivisions housing prisoners in the county jail.

Section 432.070, RSMo 2000, states all contracts entered into by the county shall be in writing and shall be signed by each of the parties or their agents. In addition to being required by statute, written contracts are necessary to document the duties and responsibilities of each party.

- C. The total of the prisoners' monies in the Sheriff's commissary checking account is not reconciled to the total of the individual prisoner balances. Inmate balances are maintained on computer files but the balances cannot be reconciled to the total in the account. According to the Sheriff's records, the individual inmates' accounts totaled \$9,982 at September 30, 2003. However, the reconciled bank balance was \$11,197 and \$1,215 could not be identified to a specific inmate. Reconciliations between receipts, disbursements, and individual balances and the total in this account are necessary to ensure all monies received are accounted for properly and errors in recording amounts in inmate and commissary balances are detected. This account had significant problems in the past, and while some improvements have been made, some control weaknesses still exist.
- D. Checks received are not always restrictively endorsed immediately upon receipt. To reduce the risk of loss or misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt.
- E. The Sheriff and his deputies received mileage reimbursements totaling approximately \$230,000 annually for patrolling, transporting prisoners, and serving papers for attorneys, courts, and other counties relating to civil and criminal cases. The following concerns were noted:

1. Documentation was not always adequate to support approximately \$20,400 in mileage paid to the Sheriff during 2002 and 2001 for patrolling. While deputies appeared to include details (such as odometer readings, destination and purpose) on mileage and dispatch reports used to support the mileage claims, documentation of these details were not always available for the Sheriff. As a result, approximately \$20,400 has been paid to the Sheriff without adequate supporting documentation.
2. Civil service fees and mileage are collected by the Sheriff's Department, deposited into the sheriff's fee account and the mileage is paid directly to the deputies who performed the paper service. Mileage relating to criminal cases such as transporting prisoners, criminal service, and patrolling are paid to the deputies from the county's General Revenue Fund monthly. There are no procedures in place to ensure that reimbursements paid directly to the deputies for civil mileage have not already been reimbursed by the General Revenue Fund. For the two years ended December 31, 2002, approximately \$22,000 was paid from the Sheriff's fee account for civil mileage which may have been also reimbursed by the General Revenue Fund.

WE RECOMMEND the County Commission and Sheriff:

- A. Establish written procedures for pursuing the collection of such delinquent amounts.
- B. Establish a billing rate appropriate for housing inmates in the County jail, and enter into written contracts as required by law.
- C. Reconcile the individual prisoner and commissary balances to the total of the monies in the account on a monthly basis.
- D. Restrictively endorse all checks immediately upon receipt.
- E.1. Maintain adequate documentation to support mileage claims.
2. Establish procedures to ensure that mileage costs paid for civil paper service from the Sheriff's fee account have not already been reimbursed by the General Revenue Fund. Consider requiring all paper service fees to be remitted to the County Treasurer and discontinue reimbursing mileage costs from the Sheriff's fee account.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. In 2004, we will establish written procedures.*
- B. New billing rates have been established.*
- E.1. In 2004, the county will maintain adequate documentation to support mileage claims.*
- 2. In 2004, the County Commission will work with the sheriff to create an appropriate and accurate procedure regarding civil paper service fees.*

The Sheriff provided the following responses:

- A. These delinquent accounts are the result of many of the other county sheriffs refusing to pay for only a night or two of accommodation. They feel if they had to pick up one of our prisoners, then they would not charge for them and vice versa. We have discontinued billing other sheriff's with the exception of the surrounding counties we do a reasonable amount of business with. We have not had any problem with them paying. If they do not pay we will re-bill.*
- B. The Butler County Justice Center now has an agreement signed with all the counties we do regular business with.*

The city of Poplar Bluff's budget does not run out until October. We will renegotiate with them at that time. They can not change their billing until then.

- C. The sheriff and staff agreed to start a new account for the inmates starting February 1, 2004. All monies from previous accounts will be paid out as soon as possible and any excess monies that cannot be accounted for will be put into commissary account to be paid to general revenue.*
- D. All checks are now stamped immediately when we receive them.*
- E.1. The Sheriff will have daily logs for documentation of mileage he is paid for.*
- 2. The reserve deputies will be serving the majority of the papers, with the exception of emergency papers. When a deputy has to serve a paper he will subtract that mileage from his regular criminal mileage.*

13.

Circuit Clerk's Accounting Controls

During the two years ended December 31, 2002, the Circuit Clerk deposited approximately \$2.3 million into the fee account for fines and costs for criminal and civil cases. Open items listing of liabilities did not reconcile to the cash balance.

The Circuit Clerk maintains a listing of liabilities for the fee account. At December 31, 2002, the reconciled cash balance of \$191,266 exceeded the open items listing of liabilities by approximately \$7,300. In addition, old open items dating back to 1999 and prior totaling approximately \$2,300 are still being held.

A complete and accurate listing of open items should be prepared monthly and reconciled to the cash balance to ensure records are in balance and sufficient funds are available for the payment of all liabilities. Further, the Circuit Clerk should attempt to determine the reasons for the differences and if proper disposition of the unidentified monies cannot be determined, these monies should be disposed of in accordance with state law. In addition, the status of old open items should be routinely reviewed to determine if any disbursement is necessary. If disbursement is possible, but proper payees cannot be located the monies should be disposed of in accordance with state law. Various statutory provisions including Sections 447.500 through 447.995, RSMo, provide for the disposition of unclaimed monies.

WE RECOMMEND the Circuit Clerk reconcile the open items listings to the cash balance monthly. An attempt should be made to investigate the unidentified monies. In addition, establish procedures to routinely review the status of old open items. Any unclaimed or unidentified monies should be disposed of in accordance with state law.

AUDITEE'S RESPONSE

The Circuit Clerk provided the following response:

From 1988 to 1998 we did from 1 to 8 open items reports each year. In February, 1999, on the advise of the auditors, we started doing the open items reports each month and will continue to do this. These reports are available to the auditors at any time.

On December 31, 2002 we had an open items balance of \$9,596.85. A total of \$2,269.12 was accounted for on old fee sheets and we paid this to the county as unclaimed funds on September 29, 2003. At the end of December, 2003 we had approximately \$7,300.00 in open items. We have gone through the old fee sheets back to the mid-seventies and cannot account for this \$7,300.00. We will be glad to comply with the recommendations.

The Probate Division clerks received approximately \$132,000 and \$126,000 during 2002 and 2001, respectively. Accounting duties were not adequately segregated, monies were not deposited timely, and \$533 in the Probate account was not identified to a specific case.

- A. Accounting duties are not adequately segregated. One individual is responsible for receiving, depositing and disbursing monies, preparing bank reconciliations and maintaining the accounting records for each bank account. There is no documentation that an independent review of deposits and accounting records is performed.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. If proper segregation cannot be achieved, at a minimum, an independent person, such as the Associate Circuit Judge should review and initial bank reconciliations and agree recorded receipts to deposits. Proper supervision and documented reviews help ensure that financial records are properly maintained and help detect errors on a timely basis.

- B. Monies received are not deposited on a timely basis. In addition, the method of payment (cash, check, or money order) is not indicated on the one-write receipt slips and reconciled to the composition of the amounts deposited. A cash count on September 4, 2003, disclosed checks on hand totaling \$270 were subsequently deposited on September 8, 2003.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited intact daily or when accumulated receipts exceed \$100. In addition, to ensure receipts are accounted for properly and deposited intact, the composition of receipts should be indicated on the one-write receipt slips and should be reconciled to the composition of bank deposits.

- C. Monthly listings of open items are prepared for the Probate account; however, as of December 31, 2002, the Probate reconciled bank balance of \$4,780 exceeded the open items listing by \$533. In addition, the unidentified amount often varied from month to month.

The Probate Division should continue to attempt to determine the reasons for these differences. If proper disposition of the unidentified monies cannot be determined and the unreconciled difference remains at a constant amount, these monies should be disposed of in accordance with state law.

A similar condition was noted in prior reports.

WE RECOMMEND the Probate Division:

- A. Segregate accounting duties to the extent possible or ensure periodic independent reviews are performed and documented.
- B. Deposit receipts intact daily or when accumulated receipts exceed \$100. In addition, ensure the method of payment is indicated on all receipt slips and reconcile the composition of receipts to the composition of bank deposits.
- C. Determine reason for all unidentified cash balances and investigate fluctuations in the unidentified balance. After final review, all unidentified balances should be disposed of in accordance with the unclaimed property statutes.

AUDITEE'S RESPONSE

Associate Circuit Judge William J. Clarkson provided the following responses:

- A. *The probate account is kept separate from all other accounts in the office and managed by one person. In the future all receipts, deposits and bank reconciliations will be independently checked and confirmed by the Associate Circuit Judge before filing.*
- B. *Because of staffing deficiencies daily deposits are not always possible. We will endeavor to make deposits on a regular basis which will be at least twice a week. Large deposits, which are rare, will be addressed as necessary and special considerations made.*
- C. *We will monitor the overage for a period of time to determine the customary and usual amount. Once satisfied that this amount is no longer necessary for open files it will be disbursed to the county authority.*

15. Public Administrator's Controls and Procedures

The Public Administrator acts as the court appointed personal representative for wards or decedent estates of the Probate Court. During the two years ended December 31, 2002, the Public Administrator handled approximately 240 cases. Annual settlements filed by the Public Administrator were not always filed in a timely manner. Four of the seven annual settlements we reviewed were filed three to five months late. The Associate Circuit Judge indicated the court notifies the Public Administrator, however some annual settlements are still filed late. Section 473.540, RSMo 2000, requires the Public Administrator to file with the court an annual settlement for each ward on the anniversary of the date of becoming the personal representative.

WE RECOMMEND the Public Administrator ensure annual settlements are filed on a timely basis.

AUDITEE'S RESPONSE

The Public Administrator provided the following response:

I try to do settlements in a timely manner, yet sometimes, I have something I feel that for the client is more important at that time. I have spent many hours on a missing client, and it has put me behind. I feel client interaction is important. I also had a co-worker ill, so I tried to cover for them and keep the cost to the county down. I am not trying to make excuses, just writing the truth. Thank you so very much, and I am working hard to file on a timely basis.

16. Senior Citizen's Service Board

The Senior Citizen's Service Board receives approximately \$170,000 annually. The Senior Citizen's Service Board budgets were not complete and board minutes were not signed.

- A. The Senior Citizen's Service Board budgets are not complete. The budgets do not include a comparative statement of actual receipts and disbursements for the two previously completed fiscal years, and the beginning and ending cash balance information was not provided. In addition, the Senior Citizen's Service Board did not perform a reconciliation of prior year's beginning cash, receipts, and disbursements to the ending cash balance. The accounting system reported accurate amounts, but these amounts were not reflected on the budget.

Amounts for the two previous years provide comparative information to help evaluate the reasonableness of the budget estimates for the upcoming year and the preparation of the cash reconciliation would help ensure the accuracy of cash balance information presented. In addition, Chapter 50, RSMo 2000, requires the preparation of annual budgets for all funds to present a complete financial plan for the ensuing year.

- B. The board minutes are prepared and signed by the board secretary, but the minutes are not signed by the Board President. The board minutes should be signed by the Board President to provide an independent attestation that the minutes are a correct record of the matters discussed and actions taken during the board's meetings.

WE RECOMMEND the Senior Citizen's Service Board:

- A. Ensure budgets are complete and accurate.
- B. Ensure board minutes are signed by the Board President to attest to their completeness and accuracy.

AUDITEE'S RESPONSE

The Senior Citizen's Service Board provided the following responses:

- A. We now have the correct budget form from the County Clerk's office, and we will ensure all information required by statute is included in the 2004 budget.*
- B. Board minutes are now being signed.*

Follow-Up on Prior Audit Findings

BUTLER COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Butler County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 1998 and our Special Review of the Butler County Sheriff's Office for the period March 1, 1998 through June 8, 1999. The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Budgetary Practices and Published Financial Statements

- A. Formal budgets were not prepared for various county funds.
- B. The county did not have procedures in place to ensure the county's budget documents were properly prepared and accurately presented financial activities of the county.
- C. The county did not budget sufficient funds in the emergency fund budget within the General Revenue Fund's estimated disbursements.
- D. Disbursements exceeded the approved budgets for ten county funds.
- E. The county's published financial statements were not accurate or complete and the financial statements did not include the financial activity of several county funds.

Recommendation:

The County Commission:

- A. Ensure financial information for all county funds is included in the budgets and that separate budgets are prepared for each fund.
- B. Ensure the budget document contains complete and accurate information about the county's finances and agrees to the County Treasurer's records. In addition, the County Commission and County Clerk should thoroughly review the budget document before it is finalized and filed with the State Auditor's Office.
- C. Budget the emergency fund in the General Revenue Fund in an amount equal to at least three percent of total estimated receipts in accordance with state law.

- D. And the Board for the Care of the Handicapped and the Division I and Division II courts keep disbursements within the budgetary limits. If additional funds are received which could not be estimated when the budget was adopted, the County Commission should amend the budget by following the procedures required by state law.
- E. Publish financial statements in accordance with state law and ensure all required financial information for all county funds is reconciled to the county's financial records and properly reported in the annual financial statements.

Status:

A, D

&E. Not implemented. See MAR finding number 2.

B. Implemented.

C. Implemented. During 2002 and 2001, the county budgeted more than the required three percent minimum.

2. Property Tax Controls and Procedures

A. Controls over property tax additions and abatements were not adequate.

B. The County Clerk did not maintain an account book with the County Collector.

C. The County Clerk did not recalculate, on a test basis, the tax book extensions, page totals, or grand total of the tax books to verify the tax books charged to the County Collector.

Recommendation:

The County Clerk:

- A. Prepare prenumbered addition and abatement court orders from information received directly from the Assessor's Office and periodically reconcile additions and abatements to changes made to the property tax books. The Assessor should maintain copies of the information that is given to the County Clerk. In addition, the County Commission should review and approve all additions and abatements on a more timely basis.
- B. Establish and maintain an account book of the County Collector's transactions, and the County Commission make use of this account book to verify the County Collector's annual settlements.

- C. Review the tax books for accuracy, test individual tax bills and tax book page totals for accuracy, and document all procedures performed.

Status:

- A. Partially implemented. While the County Commission approves all additions and abatements, the County Clerk does not reconcile additions and abatements to property tax books. See MAR finding number 6.

B&C. Not implemented. See MAR finding number 6.

3. Collateral Security

The county did not formally monitor its bank balances to ensure that the county's depository banks pledged sufficient collateral securities.

Recommendation:

The County Commission:

Ensure adequate collateral securities are pledged to protect the county's funds. This can be done by monitoring bank activity and providing timely notice to the depository banks of the need for additional collateral securities to be pledged.

Status:

Not implemented. See MAR finding number 5.

4. County Commission Minutes

The County Clerk did not prepare adequate records of the meetings of the County Commission.

Recommendation:

The County Commission:

Ensure a complete record of meetings is prepared and approved on a timely basis.

Status:

Implemented.

5. Personnel Policies and Procedures

- A. Annual leave, sick leave and compensatory time balances were not centrally maintained and were not always compared to monthly employee time sheets to ensure their accuracy.
- B. Time sheets were not maintained by the County Clerk's Office for Sheriff Road Deputies, Sheriff Detectives and the Road and Bridge employees. In addition, time sheets were not always signed by the employee and the employee's supervisor.
- C. Three Road and Bridge employees were allowed to use county vehicles to commute to and from work. Their personal commuting mileage was not reported as an employee fringe benefit.
- D. The Sheriff and deputies were not required to submit invoices or an itemized expense report to support the uniform allowance, nor was the allowance reported on the W-2 forms.

Recommendation:

The County Commission:

- A. Require the County Clerk to maintain centralized leave records and ensure those records reconcile to the employees' time sheets.
- B. Ensure time sheets are signed by all employees and the employee's supervisor to provide supporting documentation for payroll expenditures.
- C. Comply with IRS guidelines for reporting fringe benefits related to county-owned vehicles. In addition, the county should establish a written policy for road and bridge employees regarding the appropriate use of county vehicles for commuting purposes.
- D. Require employees to submit invoices or itemized expense reports for uniform allowances or report the payments as other income on the employees' W-2 forms.

Status:

A, C

&D. Not implemented. See MAR finding number 3.

- B. Partially implemented. The Sheriff's employees submit time sheets to the County Clerk; however, the Road and Bridge employees do not submit time sheets. See MAR finding number 3.

6. General Fixed Assets

- A. The county did not have formal procedures for disposing of county owned property.
- B. Property records were not maintained in a manner that allows beginning balances, additions, and deletions for each year to be reconciled to balances at the end of each year and property purchases were not reconciled to the additions per the inventory records.
- C. The duties of fixed asset custody and performing inventory counts were not adequately segregated.

Recommendation:

The County Clerk:

- A. Document the County Commission's approval of all property dispositions and remove all disposed assets from the inventory totals in a timely manner.
- B. Maintain fixed asset records in a manner that beginning balances, additions, and deletions can be reconciled to year end balances and reconcile fixed asset purchases per the expenditure records to additions per the inventory records.
- C. Provide an adequate segregation of duties between the custody of fixed assets and the performance of inventory counts.

Status:

A-C. Not implemented. See MAR finding number 8.

7. Documentation of County Expenditures

The County Commission approved payments for some expenditures without requiring or retaining adequate supporting documentation.

Recommendation:

The County Commission:

Obtain adequate supporting documentation for all payments to vendors and ensure contracts are sufficiently detailed.

Status:

Not implemented. See MAR finding number 7.

8. Assessment Fund Reimbursements

The County Clerk did not reconcile assessment reimbursements claims to actual expenditures and did not ensure that the reimbursement claim forms were properly completed and accurately calculated.

Recommendation:

The County Clerk:

Contact the State Tax Commission regarding this situation and take appropriate action to correct the overpayments. In addition, the County Commission should ensure assessment reimbursement claims are reconciled to the expenditure records, are properly completed, and accurately calculated.

Status:

Implemented. The State Tax Commission withheld \$2,000 from the 1999 third quarter assessment reimbursement.

9. Associate Circuit Division's Accounting Controls and Procedures

Monthly listings of open items (liabilities) were not prepared and reconciled to the cash balances to ensure the records were in balance and that sufficient cash was available for the payment of all liabilities.

Recommendation:

The Associate Circuit Division:

Prepare a monthly open items listing and reconcile it to the monthly cash records. The Division should determine reasons for all unidentified cash balances, make adjustments to the accounting records for identified differences, and investigate fluctuations in the unidentified balance in a timely manner. After final review, all unidentified balances should be disposed of in accordance with the unclaimed property statutes.

Status:

Implemented.

10. County Clerk's Accounting Controls and Procedures/Missing Funds

- A. The County Clerk's Office did not have adequate controls in place to ensure the proper safeguarding of county revenue from theft, misuse or loss. Receipts were not issued for all monies received and cash receipts were not transmitted intact to the

County Treasurer. When receipt slips were compared to transmittals, at least \$136 of receipts were not transmitted to the County Treasurer.

B. Checks and money orders were not restrictively endorsed immediately upon receipt.

C. Accounting duties were not adequately segregated.

Recommendation:

The County Clerk:

A. Establish adequate controls to properly safeguard county revenue from theft, misuse or loss. Issue receipt slips for all monies, transmit monies received intact and obtain a receipt slip from the Treasurer at the time of transmittal. Ensure that transmittals indicate which receipts are included in the transmittal and reconcile the cash, checks, and money orders received to the composition of receipt slips and transmittals. The County Clerk should discontinue the practice of cashing personal checks. In addition, the County Clerk should attempt to recover the missing receipts.

B. Restrictively endorse all checks and money orders immediately upon receipt.

C. Adequately segregate accounting duties or ensure periodic supervisory reviews are performed and documented.

Status:

A. Implemented. The missing receipts were not recovered; however, receipts are issued for all monies and transmitted intact.

B&C. Implemented.

11. County Collector's Accounting Controls and Procedures

A. The County Collector accepted cash, checks and money orders for payment of property taxes but did not indicate the method of payment on the receipts.

B. The County Collector did not deposit receipts intact.

Recommendation:

The County Collector:

A. Ensure the method of payment is indicated on all property tax receipts. The cash, checks, and money orders received per the receipts should be reconciled to the composition of bank deposits.

- B. Deposit all monies received for partial payments intact daily and ensure deposit slips indicate which receipts are included in the deposit. In addition, the practice of cashing checks should be discontinued.

Status:

A&B. Not implemented. See MAR finding number 10.

12. County Treasurer's Accounting and Banking Procedures

- A. The County Treasurer maintained sixteen checking accounts, three investment accounts, and two certificates of deposit. This large number of accounts caused additional record keeping and increased the likelihood that errors could occur in recording transactions.
- B. The County Treasurer did not formally document bank reconciliations nor did the Treasurer reconcile the fund ledger balances to the county's bank accounts or to the check stubs. The December 31, 1998 book balances of the funds maintained in the County Revenue bank account exceeded the reconciled bank account balance.
- C. Interest earned on funds was not allocated to those funds. All of the interest earned was allocated to the General Revenue Fund, Special Road and Bridge Fund, and the Assessment Fund instead of the particular fund that earned the interest.

Recommendation:

The County Treasurer:

- A. Reduce the number of bank accounts maintained.
- B. Perform and adequately document bank reconciliations and reconcile the fund ledger to the county's bank accounts. Investigate and correct identified differences. Finally, consult the County Commission to determine the proper correcting entry for all unexplained differences.
- C. Allocate the interest earned on the County Fund bank account in accordance with the state statutes and various Attorney General opinions.

Status:

A-C. Not implemented. See MAR finding number 4.

13. Juvenile Office Accounting Controls and Procedures

- A. The Juvenile Office did not maintain a restitution ledger to account for restitution assessed, collected, and distributed for each case.
- B. Victim receipt slips did not always indicate the case number or the applicable juvenile's name.
- C. The payee information on many of the money orders on hand was blank and the Juvenile Office did not appear to have consistent procedures to ensure monies were distributed in a timely manner.
- D. Cash balances on hand were not reconciled to records of amounts owed to victims.
- E. The duties of receiving, recording, and custody of juvenile office restitution receipts were not adequately segregated.

Recommendation:

The Juvenile Office:

- A. Maintain a restitution ledger to ensure complete documentation of juvenile restitution activity including but not limited to: juvenile and victim names, amount of restitution ordered and due to each victim, restitution payments received (including receipt date and number), balance of restitution due from the juvenile, distributions to victims (including receipt date and number), balance due to each victim, and the balance of cash on hand.
- B. Record the juvenile name(s) and case number(s) on victim receipt slips.
- C. Ensure the payee information is properly completed for all money orders on hand and distribute restitution to victims in a timely manner.
- D. Reconcile cash balances on hand to amounts owed to victims.
- E. Adequately segregate accounting duties to the extent possible to provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. If duties cannot be adequately segregated, at a minimum, there should be a documented supervisory review to ensure receipts agree to amounts posted to case files and to ensure the open items lists agree to monies on hand.

Status:

- A,
C-E. Implemented.

- B. Not implemented. The receipts slips do not indicate the case number or juvenile's name; however, the victim must sign the receipt slip to indicate receiving the restitution. Although not repeated in our current MAR, our recommendation remains as stated above.

14. Probate Division's Accounting Controls and Procedures

- A. Monthly listings of open items were not prepared for the Dissolution account, instead the open case ledger was maintained and cases were lined out when disbursed.
- B. Case fee sheet totals and the open case ledger were not reconciled to the one-write on a monthly basis to ensure accuracy.

Recommendation:

The Probate Division:

- A. Prepare monthly open items listings for the Dissolution account, determine reasons for all unidentified cash balances and investigate fluctuations in the unidentified balance. After final review, all unidentified balances should be disposed of in accordance with the unclaimed property statutes.
- B. Reconcile case fee sheet totals to the open case ledger and the one-write on a monthly basis.

Status:

A&B. Implemented.

15. Prosecuting Attorney's Accounting Controls and Procedures

- A. Accounting and bookkeeping duties were not adequately segregated.
- B. The Prosecuting Attorney's procedures for issuing receipt slips did not provide adequate documentation of monies received by the office.
- C. Checks and money orders received were not restrictively endorsed immediately upon receipt and were not kept in a secure location until time of deposit or transmittal to the County Treasurer and/or merchant.
- D. Bad check and court-ordered restitution payments and fees were not deposited in the Prosecuting Attorney's bank accounts or transmitted to the County Treasurer on a timely basis.

- E. Court-ordered restitution and bad check collections received and disbursed were not receipted or recorded in a cash control.
- F. An adequate system to account for all bad checks received as well as the subsequent disposition of these bad checks had not been established.
- G. Monthly listings of open items (liabilities) were not prepared and, consequently, open items were not reconciled with cash balances.
- H. The Prosecuting Attorney had not established a formal policy specifying when the court should be notified of unpaid cases and specific procedures had not been established to ensure follow up collection efforts were adequate.

Recommendation:

The Prosecuting Attorney:

- A. Adequately segregate accounting and bookkeeping duties to the extent possible. At a minimum, the Prosecuting Attorney should perform documented reviews of the work performed.
- B. Issue prenumbered receipt slips for all monies received, account for the numerical sequence of receipt slips, reconcile cash, checks, and money orders received to the composition of bank deposits and ensure all records are retained in accordance with state law.
- C. Restrictively endorse checks and money orders made payable to the Prosecuting Attorney immediately upon receipt and forward checks and money orders made payable to merchants promptly. In addition, receipts should be kept in a secure location until deposited or transmitted.
- D. Deposit or transmit restitution and bad check fees daily or when accumulated receipts exceed \$100 and retain a listing documenting the monies that were transmitted or deposited.
- E. Record all receipts, disbursements, and cash balances on a cash control ledger and reconcile monthly bank balances to monies held in trust.
- F. Implement procedures to adequately account for bad checks received as well as the ultimate disposition through the use of sequential numbers assigned to each bad check complaint form and a log to account for the numerical sequence and ultimate disposition of each bad check.

- G. Prepare a monthly listing of open items and reconcile it to the cash balance. An attempt should be made to investigate the unidentified monies and any monies remaining unidentified should be disbursed in accordance with state law.
- H. Maintain a complete and accurate listing of delinquent unpaid court ordered restitution and bad check restitution and fees. In addition, written procedures should be established and implemented for pursuing the collection of such delinquent amounts.

Status:

A-D

F&H. Not implemented. See MAR finding number 11.

E&G. Implemented.

16. Sheriff's Accounting Controls and Procedures

- A. The duties of receipting, recording, disbursing, and reconciling the fee account and bond account financial records were not adequately segregated.
- B.
 - 1) Receipt slips were not always issued for bond monies received.
 - 2) Checks and money orders received and deposited in the fee account for civil and criminal fees were not endorsed immediately upon receipt.
- C. Monthly listings of open items (liabilities) were not prepared for the fee account.
- D. The Sheriff had not established a formal policy for follow up collection efforts for unpaid incarceration costs billed to other political subdivisions.
- E. Monies received for gun permit fees were deposited to the fee account and remitted to the County Treasurer but were not included on the Sheriff's monthly report of fees filed with the County Commission.
- F. The duties related to seized property were not adequately segregated.
- G. Due to concerns noted on the inmate and commissary account, a special review is being performed of these areas.

Recommendation:

The Sheriff:

- A. Segregate the duties of receipting, recording, disbursing, and reconciling cash. There should be a supervisory review of reconciliations between receipts and deposits and bank reconciliations should be reviewed and signed by the Sheriff or another designated individual independent of cash duties.
- B.1. Issue prenumbered receipt slips for bond monies immediately upon receipt and account for their numerical sequence.
 - 2. Restrictively endorse checks and money orders immediately upon receipt.
- C. Prepare a monthly listing of open items and reconcile it to the fee account cash balance.
- D. Maintain a complete and accurate listing of delinquent incarceration billings. In addition, written procedures should be established and implemented for pursuing the collections of such delinquent amounts.
- E. Ensure all fees collected are reported to the County Commission on a monthly basis in accordance with state law.
- F. Segregate the duties of custody and record-keeping related to seized property or provide for periodic independent inventories of seized property and the evidence log.
- G. No recommendation made.

Status:

A, B.1,
C,E,
&F. Implemented.

B.2,
D. Not implemented. See MAR finding number 12.

**SPECIAL REVIEW OF
BUTLER COUNTY SHERIFF'S OFFICE
FOR THE PERIOD MARCH 1, 1998 THROUGH JUNE 8, 1999**

1. Missing Funds

The Inmate Account was short \$10,217, and commissary sales were not reported in a timely manner and \$11,000 in commissary sales were not reported at all.

Recommendation:

The Sheriff:

Work with law enforcement officials regarding any criminal prosecution and to obtain restitution of the missing funds.

Status:

Charges were dismissed.

2. Accounting Controls and Procedures

- A. Receipt slips were not issued for monies received from or for inmates. Receipt slips were not prenumbered and did not identify the method of payment.
- B. Receipt slips were not reconciled to deposits, and were not reconciled to inmate's accounts.
- C. Monies received were not adequately safeguarded prior to deposit.
- D. Errors were made and not detected, in calculating the amount of monies to be transferred to the Commissary Account. Sales were not reported in a timely manner.
- E. The inmate account ledger was not reconciled to the inmate bank account.
- F. Segregate the duties of receiving, recording, depositing, and reconciling. If segregation of duties cannot be achieved, at a minimum the accounting records should be periodically reviewed by a supervisor or someone independent of those duties.
- G. Perpetual inventory records were not maintained, and were not reconciled to an actual physical inventory on hand.

Recommendations:

The Sheriff:

- A. Ensure prenumbered receipt slips are issued for all monies received and the composition of the receipt is noted on the receipt slip.
- B. Ensure receipt slips are reconciled to deposits, including the composition of the receipt slips to the composition of deposits. In addition, amounts recorded on the computer should be reconciled to receipts slips and deposits.
- C. Ensure monies are adequately safeguarded until deposited.
- D. Ensure purchases are recorded promptly to the inmates' accounts and the total sale amount transferred to the Commissary Account.
- E. Ensure the Inmate Account balance is reconciled monthly to inmates balances. Any differences should be immediately followed up on and resolved. In addition, all refunds should be promptly recorded to the inmates' accounts.
- F. Ensure accounting duties are adequately segregated or an independent review is made of the records and reconciliations.
- G. Ensure perpetual inventory records are maintained and periodically reconciled to a physical inventory.

Status:

A-D

F&G. Implemented.

E. Not implemented. See MAR finding number 12.

STATISTICAL SECTION

History, Organization, and
Statistical Information

BUTLER COUNTY, MISSOURI HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

Organized in 1849, the county of Butler was named after William O. Butler, a Mexican War General. Butler County is a county-organized, third-class county and is part of the Thirty-Sixth Judicial Circuit. The county seat is Poplar Bluff.

Butler County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 1,100 miles of county roads and 365 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 33,529 in 1980 and 40,867 in 2000. The following chart shows the county's change in assessed valuation since 1980:

	Year Ended December 31,					
	2002	2001	2000	1999	1985*	1980**
	(in millions)					
Real estate	\$ 237.3	233.2	213.1	207.0	131.7	49.3
Personal property	103.4	92.8	90.7	81.5	20.8	17.7
Railroad and utilities	15.6	15.2	16.6	15.3	21.3	17.9
Total	\$ 356.3	341.2	320.4	303.8	173.8	84.9

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Butler County's property tax rates per \$100 of assessed valuations were as follows:

	Year Ended December 31,			
	2002	2001	2000	1999
General Revenue Fund	\$.1100	.1100	.1100	.1100
Special Road and Bridge Fund	.0400	.0400	.0400	.0400
Health Center Fund	.1000	.1000	.1000	.1000
Developmentally Disabled Fund	.1000	.1000	.0500	.0500
Senior Citizen's Service Fund	.0500	.0500	.0500	.0500

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28 (29),			
	2003	2002	2001	2000
State of Missouri	108,722	105,101	98,452	93,029
General Revenue Fund	415,830	404,353	373,963	351,666
Special Road and Bridge Fund	146,662	142,163	134,214	126,191
Assessment Fund	166,117	159,964	148,852	138,129
Health Center Fund	358,226	346,874	328,695	308,020
Developmentally Disabled Fund	353,738	325,984	166,448	158,729
School districts	10,561,654	10,216,871	9,568,374	8,928,091
Community College	866,204	839,041	794,826	743,747
Ambulance district	63,715	61,793	61,634	59,539
Fire protection districts	492,584	474,651	455,886	405,663
Senior Citizen Board	177,126	171,426	162,426	152,369
Drainage Districts	369,380	346,557	350,723	346,589
Tax Sale Surplus Fund	3,113	12,643	1,931	1,306
Cities	74,799	75,769	71,860	67,639
County Clerk	1,131	1,105	1,033	1,015
Publication Fees	7,051	5,641	4,535	3,075
Tax Maintenance Fund	15,326	0	0	0
County Employees' Retirement	82,558	83,623	93,162	75,480
Commissions and fees:				
General Revenue Fund	239,049	230,101	220,745	197,606
County Collector	8,067	7,582	7,697	7,475
Total	\$ 14,511,052	14,011,242	13,045,456	12,165,358

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),			
	2003	2002	2001	2000
Real estate	93	89	88	88 %
Personal property	80	86	87	82
Railroad and utilities	100	100	100	100

Butler County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$.0050	None	50	%
Road and Bridge Capital Improvements	.0025	None	None	
Butler County Corrections Center	.0025	None	None	

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2003	2002	2001	2000	1999
County-Paid Officials:					
Joe Humphrey, Presiding Commissioner	\$	33,899	32,595	31,645	31,645
Robert L. Myers, Associate Commissioner		31,760	30,539	29,649	28,509
Jeffrey Darnell, Associate Commissioner		31,760	30,539		
Gene Hart, Associate Commissioner				29,649	28,509
Debby Lundstrom, Recorder of Deeds		48,127	46,276	44,928	43,196
John L. Dunivan, County Clerk		48,127	46,276	44,980	43,196
Kevin Barbour, Prosecuting Attorney		92,501	92,151	89,922	87,235
Bill R. Heaton, Sheriff		52,000	50,000	44,845	44,120
Bonita I. Conover, County Treasurer		35,611	34,364	33,285	31,965
Larry Cotrell, County Coroner		17,110	16,452	15,973	15,358
Sharron Payne, Public Administrator		48,127	46,276		
Thomas J. Cox, Public Administrator (1)				245,589	173,490
Brenda Fox, County Collector (2), year ended February 28 (29),	56,309	54,143	52,832	49,276	
Marion Tibbs, County Assessor (3), year ended August 31,		49,027	47,176	45,828	44,096

(1) Includes fees received from probate cases. The salary reported represents gross fees as reported by the Public Administrator to the Secretary of State. In addition, \$118,529 and \$107,493 was expended from fees during 2000 and 1999, respectively, as reported to the Secretary of State.

(2) Includes \$8,067, \$7,582, \$7,697 and \$7,475, respectively, of commissions earned for collecting property taxes for drainage districts.

(3) Includes \$900 annual compensation received from the state.

State-Paid Officials:

Wanda Ellsworth, Circuit Clerk	47,300	47,300	46,127	44,292
John Bloodworth, Associate Circuit Judge	96,000	96,000	97,382	87,235
William Clarkson, Associate Circuit Judge	96,000	96,000	97,382	87,235



REVIEW OF THE IMPACT OF HB1150's IMPLEMENTATION

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-25
March 31, 2004
www.auditor.mo.gov**



Office Of The
State Auditor Of Missouri
Claire McCaskill

March 2004

The following report contains information on taxing authorities in St. Louis County.

State law requires the Missouri State Auditor to annually check all taxing jurisdictions throughout Missouri as to their compliance with the tax limitation provisions of state law including the Hancock Amendment.

As a follow up to the Review of 2003 Property Tax Rates, we reviewed the impact of House Bill No. 1150, Second Regular Session, 91st General Assembly after its first year of implementation.

The objective of this review was to analyze the impact of the first year of implementation of HB1150 in St. Louis County. The total revenue allowed by HB1150 for the 268 levies affected in St. Louis County was \$1,273,044,631 and is substantially the same amount of revenue as allowed under the prior method. HB1150 appears to have had a limited overall impact on total property tax revenues but shifted \$12.8 million of taxes from residential property tax payers to commercial, agricultural, and personal property tax payers.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

REVIEW OF THE IMPACT OF HB1150'S IMPLEMENTATION

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Members of the General Assembly
Jefferson City, MO 65102

The State Auditor's Office is required to annually review local property tax rates of all taxing authorities in the state, (see report #2003-124). House Bill No. 1150, Second Regular Session, 91st General Assembly revised Section 137.073, RSMo, to require a separate calculation of each tax rate by subclass of property (i.e., residential, agricultural, commercial, and personal property). Implementation of this legislation began in St. Louis County in 2003 and is scheduled to begin statewide in 2005. This separate review was necessary because the impact of this legislation was not included with our annual review of the 2003 property tax rates.

The objective of this review was to analyze the impact of the first year of implementation of HB1150 passed by the legislature in 2002.

The total revenue allowed by HB1150 for the 268 levies affected in St. Louis County was \$1,273,044,631 and is substantially the same amount of revenue as allowed under the prior method. HB1150 appears to have had a limited overall impact on total property tax revenues but shifted \$12.8 million of taxes from residential property tax payers to commercial, agricultural, and personal property tax payers.

A handwritten signature in black ink that reads "Claire McCaskill".

Claire McCaskill
State Auditor

January 11, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits: Thomas J. Kremer, CPA
Tax Rate Supervisor: Becky Webb

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

Background

The State Auditor's Office and county officials assist local government officials in determining the data necessary to complete the tax rate computations. Taxing authorities are required to file data supporting the proposed property tax rates with the county, using forms prescribed by the Auditor. The data is reviewed and a finding is returned to both the county and the taxing authority advising whether the proposed rates comply with Missouri law.

House Bill No. 1150, Second Regular Session, 91st General Assembly revised Section 137.073, RSMo, to require a separate calculation of each tax rate by subclass of property (i.e., residential, agricultural, commercial, and personal property). Implementation of this legislation began in St. Louis County in 2003 and is scheduled to begin statewide in 2005.

Results

The State Auditor received substantiating data and reviewed 320 tax rates for the 173 taxing authorities in St. Louis County in 2003. This review excluded the 52 debt service levies in St. Louis County, as this calculation was not affected by HB1150. To review the impact of the implementation of HB1150, we reviewed the 2003 property tax rate calculation for the 268 levies in St. Louis County that were affected by the new legislation. See Appendix I for a listing of the levies included in this review.

The total revenue allowed by HB1150 for the 268 levies affected in St. Louis County was \$1,273,044,631 and is substantially the same amount of revenue as allowed under the prior method. HB1150 appears to have had a limited overall impact on total property tax revenues but shifted \$12.8 million of taxes from residential property tax payers to commercial, agricultural, and personal property tax payers. Table 1.1 below shows the breakdown of the difference in the allowed revenue due to HB1150 and the percentage of total actual revenue by subclass. The largest percentage change in allowed revenues was 10.25% in agricultural, but its overall affect is minimized since agricultural only represents 0.04% of the actual revenues levied.

**Table 1.1: Differences in Allowed Revenue Due to HB1150 &
Percentage of Total Actual Revenue by Subclass**

Subclass	Difference in Allowed Revenue	Percent of Total Actual Revenue
Residential	1.86% Decrease	54.70%
Agricultural	10.25% Increase	0.04%
Commercial	1.32% Increase	23.51%
Personal Property	3.27% Increase	21.75%

In general, HB1150 appears to have decreased more residential levies, had little impact on agricultural levies, and increased more of the commercial and personal property levies. Table 1.2 below shows the highest percentage of levies impacted by HB1150 for each subclass of property.

Table 1.2: Highest Percentage of Levies Impacted by HB1150 for Each Subclass of Property

Subclass	Percentage & Impact
Residential	76.87% Decreased
Agricultural	67.91% No Change
Commercial	64.55% Increased
Personal Property	72.76% Increased

In addition, the total revenue from actual levies was 93.08% of the revenue allowed under HB1150. This indicates some taxing authorities in St. Louis County voluntarily reduced their tax rates in 2003. Table 1.3 lists the percentage of actual revenue levied compared to the revenue allowed by HB1150.

Table 1.3: Percentage of Actual Revenue Levied Compared to the Revenue Allowed by HB1150

Subclass	Percentage
Residential	93.51%
Agricultural	89.32%
Commercial	92.37%
Personal Property	92.77%

OBJECTIVE, SCOPE, AND METHODOLOGY

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

The objective of this review was to analyze the impact of the first year of implementation of House Bill No. 1150, Second Regular Session, 91st General Assembly.

Scope

The State Auditor's Office is required by Section 137.073.6, RSMo, to annually review local property tax rates of all taxing authorities in the state to determine whether local governing boards have levied taxes in accordance with state law, and in particular, to determine whether local property tax rates have been adjusted to ensure that property reassessments are revenue neutral. The scope of this review was limited to determining the impact of the implementation of HB1150.

Review Methodology

To review the impact of the implementation of HB1150, we reviewed the 2003 property tax rate calculation for the 268 levies in St. Louis County that were affected by the new legislation. This review excluded the 52 debt service levies in St. Louis County, as this calculation was not affected by HB1150.

Information from Appendix VI "Listing of Tax Rates for Local Governments Using HB1150" from our Review of 2003 Property Tax Rates report #2003-124 was obtained. This information includes the political subdivision name, purpose of levy, and assessed valuation, ceiling, and actual levy broken down by each subclass of property (i.e. residential, agricultural, commercial, and personal property).

The prior method ceiling was then calculated by taking the tax rate computed using the prior method from the tax rate forms and adding any election data or use of amendment 2 to the rate. This prior method ceiling is the maximum tax rate that could have been levied in 2003 had HB1150 not been implemented and each levy only calculated one tax rate.

For a basis for comparison, the revenue generated by the HB1150 ceiling, the prior method ceiling, and the actual levy for each subclass of property was calculated. The revenue generated is computed by multiplying the tax rate by the assessed valuation and dividing by 100. We then totaled the revenue generated by each levy by subclass to give the total revenue generated for the levy.

Each levy in Appendix I contains the following, so that the impact of HB1150 can be determined by levy:

- political subdivision name,
- levy purpose,
- HB1150 ceiling's assessed valuation, rate, and revenue for each subclass and the total revenue,

- prior method ceiling's assessed valuation, rate, and revenue for each subclass and the total revenue,
- difference in revenue due to HB1150 for each subclass and the total revenue (note: this is the impact of HB1150),
- actual levy's assessed valuation, rate and revenue for each subclass and the total

Each levy's data was totaled to produce the total revenue from HB1150 ceiling, prior method ceiling, and the difference in revenue allowed due to HB1150 for each subclass and the total. The percentage difference in allowed revenue was calculated by taking the difference in revenue allowed and dividing it by the revenue allowed by the HB1150 ceiling. The difference totaled by subclass and the percentage difference in allowed revenue indicates the impact of HB1150 by subclass and total revenue allowed.

The actual levy's revenue generated was also totaled for each subclass and the total. The percentage of total actual levy was calculated by taking the revenue generated for each subclass and dividing it by the total revenue for the actual levy. This shows the breakdown of which subclass is actually paying the most or least property taxes. Finally, the percentage of actual revenue levied was compared to the revenue allowed by HB1150. The percentage of HB1150 ceiling was calculated by taking the revenue generated by the actual levy and dividing it by the revenue allowed by the HB1150 ceiling for each subclass and the total. This was calculated to see if political subdivisions were levying their full tax rate ceiling allowed by HB1150 in 2003 or took voluntary reductions.

APPENDIX

LISTING OF LEVIES AFFECTED BY HB1150 IN 2003

Political Subdivision Name	Levy Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property			Total Revenue
		Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	
St. Louis County														
City of Bella Villa	General Revenue													
	HB1150 Ceiling	5,352,680	0.2960	15,844	0	0.0000	0	464,463	0.3040	1,412	1,189,466	0.3080	3,664	20,920
	Prior Method Ceiling	5,352,680	0.2983	15,967	0	0.2983	0	464,463	0.2983	1,385	1,189,466	0.2983	3,548	20,900
	Difference			-123			0			27			116	20
	Actual Levy	5,352,680	0.0000	0	0	0.0000	0	464,463	0.0000	0	1,189,466	0.0000	0	0
City of Bellefontaine Neighbors	General Revenue													
	HB1150 Ceiling	53,085,750	0.2290	121,566	5,310	0.2450	13	9,639,594	0.2480	23,906	16,213,317	0.2360	38,263	183,748
	Prior Method Ceiling	53,085,750	0.2329	123,637	5,310	0.2329	12	9,639,594	0.2329	22,451	16,213,317	0.2329	37,761	183,861
	Difference			-2,071			1			1,455			502	-113
	Actual Levy	53,085,750	0.1500	79,629	5,310	0.1500	8	9,639,594	0.1500	14,459	16,213,317	0.1500	24,320	118,416
Village of Bellerive Acres	General Revenue													
	HB1150 Ceiling	3,130,650	0.6180	19,347	0	0.0000	0	150,180	0.7090	1,065	592,709	0.7670	4,546	24,958
	Prior Method Ceiling	3,130,650	0.6440	20,161	0	0.6440	0	150,180	0.6440	967	592,709	0.6440	3,817	24,945
	Difference			-814			0			98			729	13
	Actual Levy	3,130,650	0.6180	19,347	0	0.0000	0	150,180	0.7090	1,065	592,709	0.7670	4,546	24,958
Village of Bel Nor	General Revenue													
	HB1150 Ceiling	13,900,718	0.2810	39,061	0	0.0000	0	291,930	0.2930	855	2,854,950	0.2930	8,365	48,281
	Prior Method Ceiling	13,900,718	0.2836	39,422	0	0.2836	0	291,930	0.2836	828	2,854,950	0.2836	8,097	48,347
	Difference			-361			0			27			268	-66
	Actual Levy	13,900,718	0.2810	39,061	0	0.0000	0	291,930	0.2930	855	2,854,950	0.2930	8,365	48,281
Village of Bel Ridge	General Revenue													
	HB1150 Ceiling	8,312,520	0.3300	27,431	0	0.0000	0	6,777,514	0.3300	22,366	0	0.0000	0	49,797
	Prior Method Ceiling	8,312,520	0.3303	27,456	0	0.3303	0	6,777,514	0.3303	22,386	0	0.3303	0	49,842
	Difference			-25			0			-20			0	-45
	Actual Levy	8,312,520	0.3300	27,431	0	0.0000	0	6,777,514	0.3300	22,366	0	0.0000	0	49,797
City of Berkeley	General Revenue													
	HB1150 Ceiling	34,591,600	0.7780	269,123	11,660	1.0000	117	94,918,911	0.7700	730,876	50,639,843	0.9080	459,810	1,459,926
	Prior Method Ceiling	34,591,600	0.8100	280,192	11,660	0.8100	94	94,918,911	0.8100	768,843	50,639,843	0.8100	410,183	1,459,312
	Difference			-11,069			23			-37,967			49,627	614
	Actual Levy	34,591,600	0.7780	269,123	11,660	1.0000	117	94,918,911	0.7700	730,876	50,639,843	0.9080	459,810	1,459,926
	Pension													
	HB1150 Ceiling	34,591,600	0.1100	38,051	11,660	0.1100	13	94,918,911	0.1100	104,411	50,639,843	0.1100	55,704	198,179
	Prior Method Ceiling	34,591,600	0.1100	38,051	11,660	0.1100	13	94,918,911	0.1100	104,411	50,639,843	0.1100	55,704	198,179
	Difference			0			0			0			0	0
	Actual Levy	34,591,600	0.1100	38,051	11,660	0.1100	13	94,918,911	0.1100	104,411	50,639,843	0.1100	55,704	198,179

LISTING OF LEVIES AFFECTED BY HB1150 IN 2003

Political Subdivision Name	Levy Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property			Total Revenue
		Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	
City of Beverly Hills	General Revenue													
	HB1150 Ceiling	2,095,370	0.2200	4,610	0	0.0000	0	1,069,834	0.2290	2,450	955,180	0.2320	2,216	9,276
	Prior Method Ceiling	2,095,370	0.2251	4,717	0	0.2251	0	1,069,834	0.2251	2,408	955,180	0.2251	2,150	9,275
	Difference			-107			0			42			66	1
	Actual Levy	2,095,370	0.2160	4,526	0	0.0000	0	1,069,834	0.2250	2,407	955,180	0.2280	2,178	9,111
City of Breckenridge Hills	General Revenue													
	HB1150 Ceiling	16,900,200	0.2830	47,828	0	0.0000	0	8,582,015	0.2840	24,373	0	0.0000	0	72,201
	Prior Method Ceiling	16,900,200	0.2832	47,861	0	0.2832	0	8,582,015	0.2832	24,304	0	0.2832	0	72,165
	Difference			-33			0			69			0	36
	Actual Levy	16,900,200	0.2000	33,800	0	0.0000	0	8,582,015	0.2000	17,164	0	0.0000	0	50,964
City of Brentwood	General Revenue													
	HB1150 Ceiling	102,368,890	0.2030	207,809	0	0.0000	0	69,967,760	0.2130	149,031	40,458,316	0.2070	83,749	440,589
	Prior Method Ceiling	102,368,890	0.2068	211,699	0	0.2068	0	69,967,760	0.2068	144,693	40,458,316	0.2068	83,668	440,060
	Difference			-3,890			0			4,338			81	529
	Actual Levy	102,368,890	0.0000	0	0	0.0000	0	69,967,760	0.2130	149,031	40,458,316	0.2070	83,749	232,780
	Library													
	HB1150 Ceiling	102,368,890	0.1750	179,146	0	0.0000	0	69,967,760	0.1840	128,741	40,458,316	0.1790	72,420	380,307
	Prior Method Ceiling	102,368,890	0.1787	182,933	0	0.1787	0	69,967,760	0.1787	125,032	40,458,316	0.1787	72,299	380,264
	Difference			-3,787			0			3,709			121	43
	Actual Levy	102,368,890	0.1750	179,146	0	0.0000	0	69,967,760	0.1840	128,741	40,458,316	0.1790	72,420	380,307
	Pension													
	HB1150 Ceiling	102,368,890	0.2310	236,472	0	0.0000	0	69,967,760	0.2420	169,322	40,458,316	0.2350	95,077	500,871
	Prior Method Ceiling	102,368,890	0.2351	240,669	0	0.2351	0	69,967,760	0.2351	164,494	40,458,316	0.2351	95,118	500,281
	Difference			-4,197			0			4,828			-41	590
	Actual Levy	102,368,890	0.2310	236,472	0	0.0000	0	69,967,760	0.2420	169,322	40,458,316	0.2350	95,077	500,871
City of Bridgeton	General Revenue													
	HB1150 Ceiling	98,327,050	0.2470	242,868	124,630	0.2500	312	241,047,785	0.2410	580,925	0	0.0000	0	824,105
	Prior Method Ceiling	98,327,050	0.2428	238,738	124,630	0.2428	303	241,047,785	0.2428	585,264	0	0.2428	0	824,305
	Difference			4,130			9			-4,339			0	-200
	Actual Levy	98,327,050	0.1600	157,323	124,630	0.1600	199	241,047,785	0.2330	561,641	0	0.0000	0	719,163
Village of Calverton Park	General Revenue													
	HB1150 Ceiling	7,526,030	0.2860	21,524	0	0.0000	0	417,253	0.2930	1,223	2,012,311	0.2980	5,997	28,744
	Prior Method Ceiling	7,526,030	0.2887	21,728	0	0.2887	0	417,253	0.2887	1,205	2,012,311	0.2887	5,810	28,743
	Difference			-204			0			18			187	1
	Actual Levy	7,526,030	0.2000	15,052	0	0.0000	0	417,253	0.2000	835	2,012,311	0.2000	4,025	19,912

LISTING OF LEVIES AFFECTED BY HB1150 IN 2003

Political Subdivision Name	Levy Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property			Total Revenue
		Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	
City of Charlack	General Revenue													
	HB1150 Ceiling	5,384,370	0.2490	13,407	0	0.0000	0	1,708,123	0.2570	4,390	2,163,858	0.2570	5,561	23,358
	Prior Method Ceiling	5,384,370	0.2526	13,601	0	0.2526	0	1,708,123	0.2526	4,315	2,163,858	0.2526	5,466	23,382
	Difference			-194			0			75			95	-24
	Actual Levy	5,384,370	0.2490	13,407	0	0.0000	0	1,708,123	0.2540	4,339	2,163,858	0.2570	5,561	23,307
City of Clarkson Valley	General Revenue													
	HB1150 Ceiling	74,197,980	0.1340	99,425	5,640	0.1420	8	5,069,160	0.1390	7,046	11,040,094	0.1530	16,891	123,370
	Prior Method Ceiling	74,197,980	0.1365	101,280	5,640	0.1365	8	5,069,160	0.1365	6,919	11,040,094	0.1365	15,070	123,277
	Difference			-1,855			0			127			1,821	93
	Actual Levy	74,197,980	0.1340	99,425	5,640	0.1420	8	5,069,160	0.1390	7,046	11,040,094	0.1530	16,891	123,370
City of Clayton	General Revenue													
	HB1150 Ceiling	316,609,430	0.6620	2,095,954	0	0.0000	0	303,760,131	0.6870	2,086,832	83,255,192	0.7000	582,786	4,765,572
	Prior Method Ceiling	316,609,430	0.6768	2,142,813	0	0.6768	0	303,760,131	0.6768	2,055,849	83,255,192	0.6768	563,471	4,762,133
	Difference			-46,859			0			30,983			19,315	3,439
	Actual Levy	316,609,430	0.5810	1,839,501	0	0.0000	0	303,760,131	0.5810	1,764,846	83,255,192	0.5810	483,713	4,088,060
City of Cool Valley	General Revenue													
	HB1150 Ceiling	5,286,560	0.1610	8,511	0	0.0000	0	4,341,029	0.1650	7,163	3,467,380	0.1650	5,721	21,395
	Prior Method Ceiling	5,286,560	0.1633	8,633	0	0.1633	0	4,341,029	0.1633	7,089	3,467,380	0.1633	5,662	21,384
	Difference			-122			0			74			59	11
	Actual Levy	5,286,560	0.1610	8,511	0	0.0000	0	4,341,029	0.1650	7,163	3,467,380	0.1650	5,721	21,395
City of Country Club Hills	General Revenue													
	HB1150 Ceiling	4,155,530	0.7050	29,296	0	0.0000	0	782,260	0.6730	5,265	1,294,198	0.7390	9,564	44,125
	Prior Method Ceiling	4,155,530	0.7078	29,413	0	0.7078	0	782,260	0.7078	5,537	1,294,198	0.7078	9,160	44,110
	Difference			-117			0			-272			404	15
	Actual Levy	4,155,530	0.6830	28,382	0	0.0000	0	782,260	0.6730	5,265	1,294,198	0.6830	8,839	42,486
	Parks & Recreation													
	HB1150 Ceiling	4,155,530	0.3220	13,381	0	0.0000	0	782,260	0.3080	2,409	1,294,198	0.3380	4,374	20,164
	Prior Method Ceiling	4,155,530	0.3236	13,447	0	0.3236	0	782,260	0.3236	2,531	1,294,198	0.3236	4,188	20,166
	Difference			-66			0			-122			186	-2
	Actual Levy	4,155,530	0.3120	12,965	0	0.0000	0	782,260	0.3080	2,409	1,294,198	0.3120	4,038	19,412
	Health													
	HB1150 Ceiling	4,155,530	0.1810	7,522	0	0.0000	0	782,260	0.1740	1,361	1,294,198	0.1900	2,459	11,342
	Prior Method Ceiling	4,155,530	0.1820	7,563	0	0.1820	0	782,260	0.1820	1,424	1,294,198	0.1820	2,355	11,342
	Difference			-41			0			-63			104	0
	Actual Levy	4,155,530	0.1750	7,272	0	0.0000	0	782,260	0.1740	1,361	1,294,198	0.1750	2,265	10,898

LISTING OF LEVIES AFFECTED BY HB1150 IN 2003

Political Subdivision Name	Levy Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property			Total Revenue
		Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	
Village of Country Life Acres	General Revenue													
	HB1150 Ceiling	5,835,620	0.3590	20,950	0	0.0000	0	64,743	0.4430	287	427,358	0.4280	1,829	23,066
	Prior Method Ceiling	5,835,620	0.3645	21,271	0	0.3645	0	64,743	0.3645	236	427,358	0.3645	1,558	23,065
	Difference			-321			0			51			271	1
	Actual Levy	5,835,620	0.3590	20,950	0	0.0000	0	64,743	0.4430	287	427,358	0.4280	1,829	23,066
City of Crestwood	General Revenue													
	HB1150 Ceiling	133,883,830	0.2610	349,437	150	0.0000	0	78,259,695	0.2700	211,301	34,587,938	0.2790	96,500	657,238
	Prior Method Ceiling	133,883,830	0.2663	356,533	150	0.2663	0	78,259,695	0.2663	208,406	34,587,938	0.2663	92,108	657,047
	Difference			-7,096			0			2,895			4,392	191
	Actual Levy	133,883,830	0.2500	334,710	150	0.0000	0	78,259,695	0.2500	195,649	34,587,938	0.2500	86,470	616,829
City of Creve Coeur	General Revenue													
	HB1150 Ceiling	352,307,330	0.0900	317,077	8,410	0.0950	8	268,356,680	0.0930	249,572	0	0.0000	0	566,657
	Prior Method Ceiling	352,307,330	0.0908	319,895	8,410	0.0908	8	268,356,680	0.0908	243,668	0	0.0908	0	563,571
	Difference			-2,818			0			5,904			0	3,086
	Actual Levy	352,307,330	0.0700	246,615	8,410	0.0700	6	268,356,680	0.0700	187,850	0	0.0000	0	434,471
City of Crystal Lake Park	General Revenue													
	HB1150 Ceiling	10,905,170	0.7790	84,951	0	0.0000	0	48,440	0.7820	379	1,442,395	0.8080	11,655	96,985
	Prior Method Ceiling	10,905,170	0.7822	85,300	0	0.7822	0	48,440	0.7822	379	1,442,395	0.7822	11,282	96,961
	Difference			-349			0			0			373	24
	Actual Levy	10,905,170	0.7700	83,970	0	0.0000	0	48,440	0.7700	373	1,442,395	0.7700	11,106	95,449
City of Dellwood	General Revenue													
	HB1150 Ceiling	22,539,370	0.2210	49,812	0	0.0000	0	6,190,700	0.2490	15,415	8,025,581	0.2350	18,860	84,087
	Prior Method Ceiling	22,539,370	0.2284	51,480	0	0.2284	0	6,190,700	0.2284	14,140	8,025,581	0.2284	18,330	83,950
	Difference			-1,668			0			1,275			530	137
	Actual Levy	22,539,370	0.2200	49,587	0	0.0000	0	6,190,700	0.2400	14,858	8,025,581	0.0000	0	64,445
City of Des Peres	General Revenue													
	HB1150 Ceiling	158,538,480	0.2390	378,907	157,180	0.3690	580	70,040,080	0.2500	175,100	0	0.0000	0	554,587
	Prior Method Ceiling	158,538,480	0.2423	384,139	157,180	0.2423	381	70,040,080	0.2423	169,707	0	0.2423	0	554,227
	Difference			-5,232			199			5,393			0	360
	Actual Levy	158,538,480	0.0000	0	157,180	0.0000	0	70,040,080	0.0000	0	0	0.0000	0	0
City of Edmundson	General Revenue													
	HB1150 Ceiling	3,079,570	0.3880	11,949	0	0.0000	0	19,456,500	0.3880	75,491	0	0.0000	0	87,440
	Prior Method Ceiling	3,079,570	0.3884	11,961	0	0.3884	0	19,456,500	0.3884	75,569	0	0.3884	0	87,530
	Difference			-12			0			-78			0	-90
	Actual Levy	3,079,570	0.3400	10,471	0	0.0000	0	19,456,500	0.3400	66,152	0	0.0000	0	76,623

LISTING OF LEVIES AFFECTED BY HB1150 IN 2003

Political Subdivision Name	Levy Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property			Total Revenue
		Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	
City of Ellisville	General Revenue													
	HB1150 Ceiling	103,666,730	0.4030	417,777	44,690	0.6500	290	69,805,565	0.4170	291,089	33,904,382	0.4170	141,381	850,537
	Prior Method Ceiling	103,666,730	0.4098	424,826	44,690	0.4098	183	69,805,565	0.4098	286,063	33,904,382	0.4098	138,940	850,012
	Difference			-7,049			107			5,026			2,441	525
	Actual Levy	103,666,730	0.1500	155,500	44,690	0.1500	67	69,805,565	0.1500	104,708	33,904,382	0.0000	0	260,275
City of Eureka	General Revenue													
	HB1150 Ceiling	98,621,470	0.4690	462,535	213,880	0.6500	1,390	32,318,279	0.4910	158,683	33,372,348	0.4910	163,858	786,466
	Prior Method Ceiling	98,621,470	0.4777	471,115	213,880	0.4777	1,022	32,318,279	0.4777	154,384	33,372,348	0.4777	159,420	785,941
	Difference			-8,580			368			4,299			4,438	525
	Actual Levy	98,621,470	0.3730	367,858	213,880	0.3730	798	32,318,279	0.3900	126,041	33,372,348	0.3900	130,152	624,849
City of Ferguson	General Revenue													
	HB1150 Ceiling	96,765,640	0.4370	422,866	7,220	0.4500	32	39,681,524	0.4460	176,980	41,681,723	0.4500	187,568	787,446
	Prior Method Ceiling	96,765,640	0.4423	427,994	7,220	0.4423	32	39,681,524	0.4423	175,511	41,681,723	0.4423	184,358	787,895
	Difference			-5,128			0			1,469			3,210	-449
	Actual Levy	96,765,640	0.4370	422,866	7,220	0.4410	32	39,681,524	0.4460	176,980	41,681,723	0.4500	187,568	787,446
	Parks & Recreation													
	HB1150 Ceiling	96,765,640	0.1830	177,081	7,220	0.2000	14	39,681,524	0.1900	75,395	41,681,723	0.1980	82,530	335,020
	Prior Method Ceiling	96,765,640	0.1879	181,823	7,220	0.1879	14	39,681,524	0.1879	74,562	41,681,723	0.1879	78,320	334,719
	Difference			-4,742			0			833			4,210	301
	Actual Levy	96,765,640	0.1830	177,081	7,220	0.1870	14	39,681,524	0.1890	74,998	41,681,723	0.1970	82,113	334,206
City of Flordell Hills	General Revenue													
	HB1150 Ceiling	2,737,600	0.5140	14,071	0	0.0000	0	832,981	0.5400	4,498	0	0.0000	0	18,569
	Prior Method Ceiling	2,737,600	0.5201	14,238	0	0.5201	0	832,981	0.5201	4,332	0	0.5201	0	18,570
	Difference			-167			0			166			0	-1
	Actual Levy	2,737,600	0.5140	14,071	0	0.0000	0	832,981	0.5400	4,498	0	0.0000	0	18,569
City of Florissant	General Revenue													
	HB1150 Ceiling	289,049,560	0.1140	329,516	29,150	0.1300	38	98,238,957	0.1190	116,904	96,596,250	0.1200	115,916	562,374
	Prior Method Ceiling	289,049,560	0.1164	336,454	29,150	0.1164	34	98,238,957	0.1164	114,350	96,596,250	0.1164	112,438	563,276
	Difference			-6,938			4			2,554			3,478	-902
	Actual Levy	289,049,560	0.0000	0	29,150	0.0000	0	98,238,957	0.0000	0	96,596,250	0.0000	0	0
City of Frontenac	General Revenue													
	HB1150 Ceiling	129,508,400	0.5340	691,575	0	0.0000	0	29,454,974	0.5700	167,893	19,123,320	0.5530	105,752	965,220
	Prior Method Ceiling	129,508,400	0.5421	702,065	0	0.5421	0	29,454,974	0.5421	159,675	19,123,320	0.5421	103,668	965,408
	Difference			-10,490			0			8,218			2,084	-188
	Actual Levy	129,508,400	0.5340	691,575	0	0.0000	0	29,454,974	0.5700	167,893	19,123,320	0.5530	105,752	965,220

LISTING OF LEVIES AFFECTED BY HB1150 IN 2003

Political Subdivision Name	Levy Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property			Total Revenue
		Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	
City of Glendale	General Revenue													
	HB1150 Ceiling	97,623,620	0.5030	491,047	0	0.0000	0	4,636,478	0.4600	21,328	15,283,036	0.5190	79,319	591,694
	Prior Method Ceiling	97,623,620	0.5033	491,340	0	0.5033	0	4,636,478	0.5033	23,335	15,283,036	0.5033	76,920	591,595
	Difference			-293			0			-2,007			2,399	99
	Actual Levy	97,623,620	0.5030	491,047	0	0.0000	0	4,636,478	0.4600	21,328	15,283,036	0.5190	79,319	591,694
	Pension													
	HB1150 Ceiling	97,623,620	0.0970	94,695	0	0.0000	0	4,636,478	0.0900	4,173	15,283,036	0.1000	15,283	114,151
	Prior Method Ceiling	97,623,620	0.0971	94,793	0	0.0971	0	4,636,478	0.0971	4,502	15,283,036	0.0971	14,840	114,135
	Difference			-98			0			-329			443	16
	Actual Levy	97,623,620	0.0970	94,695	0	0.0000	0	4,636,478	0.0900	4,173	15,283,036	0.1000	15,283	114,151
Town of Grantwood Village	General Revenue													
	HB1150 Ceiling	16,690,010	0.2410	40,223	92,080	0.2460	227	847,391	0.2260	1,915	2,770,966	0.2610	7,232	49,597
	Prior Method Ceiling	16,690,010	0.2432	40,590	92,080	0.2432	224	847,391	0.2432	2,061	2,770,966	0.2432	6,739	49,614
	Difference			-367			3			-146			493	-17
	Actual Levy	16,690,010	0.2390	39,889	92,080	0.2450	226	847,391	0.2220	1,881	2,770,966	0.2590	7,177	49,173
City of Greendale	General Revenue													
	HB1150 Ceiling	4,277,350	0.5940	25,407	0	0.0000	0	186,170	0.5530	1,030	0	0.0000	0	26,437
	Prior Method Ceiling	4,277,350	0.5918	25,313	0	0.5918	0	186,170	0.5918	1,102	0	0.5918	0	26,415
	Difference			94			0			-72			0	22
	Actual Levy	4,277,350	0.5940	25,407	0	0.0000	0	186,170	0.5530	1,030	0	0.0000	0	26,437
Village of Hanley Hills	General Revenue													
	HB1150 Ceiling	7,362,890	0.3880	28,568	0	0.0000	0	591,061	0.1670	987	2,441,768	0.4500	10,988	40,543
	Prior Method Ceiling	7,362,890	0.3897	28,693	0	0.3897	0	591,061	0.3897	2,303	2,441,768	0.3897	9,516	40,512
	Difference			-125			0			-1,316			1,472	31
	Actual Levy	7,362,890	0.3880	28,568	0	0.0000	0	591,061	0.1670	987	2,441,768	0.4500	10,988	40,543
City of Hazelwood	General Revenue													
	HB1150 Ceiling	153,226,230	0.7670	1,175,245	188,360	0.7780	1,465	179,840,148	0.7700	1,384,769	120,137,917	0.7780	934,673	3,496,152
	Prior Method Ceiling	153,226,230	0.7711	1,181,527	188,360	0.7711	1,452	179,840,148	0.7711	1,386,747	120,137,917	0.7711	926,383	3,496,109
	Difference			-6,282			13			-1,978			8,290	43
	Actual Levy	153,226,230	0.7500	1,149,197	188,360	0.7500	1,413	179,840,148	0.7500	1,348,801	120,137,917	0.7500	901,034	3,400,445
Village of Hillsdale	General Revenue													
	HB1150 Ceiling	1,451,370	0.5000	7,257	0	0.0000	0	2,336,291	0.5000	11,681	3,713,573	0.5000	18,568	37,506
	Prior Method Ceiling	1,451,370	0.5000	7,257	0	0.5000	0	2,336,291	0.5000	11,681	3,713,573	0.5000	18,568	37,506
	Difference			0			0			0			0	0
	Actual Levy	1,451,370	0.5000	7,257	0	0.0000	0	2,336,291	0.5000	11,681	3,713,573	0.5000	18,568	37,506

LISTING OF LEVIES AFFECTED BY HB1150 IN 2003

Political Subdivision Name	Levy Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property			Total Revenue
		Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	
City of Huntleigh	General Revenue													
	HB1150 Ceiling	25,362,640	0.3250	82,429	9,640	0.1900	18	385,041	0.3370	1,298	1,980,670	0.3280	6,497	90,242
	Prior Method Ceiling	25,362,640	0.3255	82,555	9,640	0.3255	31	385,041	0.3255	1,253	1,980,670	0.3255	6,447	90,286
	Difference			-126			-13			45			50	-44
	Actual Levy	25,362,640	0.2000	50,725	9,640	0.1900	18	385,041	0.2000	770	1,980,670	0.2000	3,961	55,474
City of Jennings	General Revenue													
	HB1150 Ceiling	52,216,080	0.9700	506,496	0	0.0000	0	14,464,782	1.0000	144,648	16,532,658	1.0000	165,327	816,471
	Prior Method Ceiling	52,216,080	0.9814	512,449	0	0.9814	0	14,464,782	0.9814	141,957	16,532,658	0.9814	162,252	816,658
	Difference			-5,953			0			2,691			3,075	-187
	Actual Levy	52,216,080	0.9700	506,496	0	0.0000	0	14,464,782	1.0000	144,648	16,532,658	1.0000	165,327	816,471
	Pension													
	HB1150 Ceiling	52,216,080	0.1800	93,989	0	0.0000	0	14,464,782	0.1850	26,760	16,532,658	0.1850	30,585	151,334
	Prior Method Ceiling	52,216,080	0.1816	94,824	0	0.1816	0	14,464,782	0.1816	26,268	16,532,658	0.1816	30,023	151,115
	Difference			-835			0			492			562	219
	Actual Levy	52,216,080	0.1800	93,989	0	0.0000	0	14,464,782	0.1800	26,037	16,532,658	0.1800	29,759	149,785
	General Revenue													
	HB1150 Ceiling	936,400	1.0000	9,364	0	0.0000	0	1,177,151	1.0000	11,772	686,589	1.0000	6,866	28,002
	Prior Method Ceiling	936,400	1.0000	9,364	0	1.0000	0	1,177,151	1.0000	11,772	686,589	1.0000	6,866	28,002
	Difference			0			0			0			0	0
	Actual Levy	936,400	0.7500	7,023	0	0.0000	0	1,177,151	0.7500	8,829	686,589	0.7500	5,149	21,001
City of Kinloch	General Revenue													
	HB1150 Ceiling	936,400	1.0000	9,364	0	0.0000	0	1,177,151	1.0000	11,772	686,589	1.0000	6,866	28,002
	Prior Method Ceiling	936,400	1.0000	9,364	0	1.0000	0	1,177,151	1.0000	11,772	686,589	1.0000	6,866	28,002
City of Kirkwood	Difference			0			0			0			0	0
	Actual Levy	936,400	0.7500	7,023	0	0.0000	0	1,177,151	0.7500	8,829	686,589	0.7500	5,149	21,001
	Parks & Recreation													
	HB1150 Ceiling	370,160,990	0.1860	688,499	130	0.0000	0	68,302,073	0.1890	129,091	75,532,170	0.2000	151,064	968,654
	Prior Method Ceiling	370,160,990	0.1885	697,753	130	0.1885	0	68,302,073	0.1885	128,749	75,532,170	0.1885	142,378	968,880
	Difference			-9,254			0			342			8,686	-226
	Actual Levy	370,160,990	0.1330	492,314	130	0.0000	0	68,302,073	0.1330	90,842	75,532,170	0.1330	100,458	683,614
	Library													
	HB1150 Ceiling	367,831,920	0.2150	790,839	130	0.0000	0	66,795,123	0.2120	141,606	73,166,900	0.2350	171,942	1,104,387
	Prior Method Ceiling	367,831,920	0.2175	800,034	130	0.2175	0	66,795,123	0.2175	145,279	73,166,900	0.2175	159,138	1,104,451
	Difference			-9,195			0			-3,673			12,804	-64
	Actual Levy	367,831,920	0.2150	790,839	130	0.0000	0	66,795,123	0.2120	141,606	73,166,900	0.2350	171,942	1,104,387
	Pension													
	HB1150 Ceiling	370,160,990	0.1670	618,169	130	0.0000	0	68,302,073	0.1680	114,747	75,532,170	0.1820	137,469	870,385
	Prior Method Ceiling	370,160,990	0.1696	627,793	130	0.1696	0	68,302,073	0.1696	115,840	75,532,170	0.1696	128,103	871,736
	Difference			-9,624			0			-1,093			9,366	-1,351
	Actual Levy	370,160,990	0.1610	595,959	130	0.0000	0	68,302,073	0.1580	107,917	75,532,170	0.1790	135,203	839,079

LISTING OF LEVIES AFFECTED BY HB1150 IN 2003

Political Subdivision Name	Levy Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property			Total Revenue
		Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	
City of Ladue	General Revenue													
	HB1150 Ceiling	437,922,270	0.4490	1,966,271	1,990	1.0000	20	36,034,477	0.4530	163,236	52,185,885	0.4560	237,968	2,367,495
	Prior Method Ceiling	437,922,270	0.4499	1,970,212	1,990	0.4499	9	36,034,477	0.4499	162,119	52,185,885	0.4499	234,784	2,367,124
	Difference			-3,941			11			1,117			3,184	371
	Actual Levy	437,922,270	0.4490	1,966,271	1,990	1.0000	20	36,034,477	0.4530	163,236	52,185,885	0.4560	237,968	2,367,495
City of Lakeshire	General Revenue													
	HB1150 Ceiling	11,250,830	0.0900	10,126	0	0.0000	0	171,231	0.0980	168	0	0.0000	0	10,294
	Prior Method Ceiling	11,250,830	0.0904	10,171	0	0.0904	0	171,231	0.0904	155	0	0.0904	0	10,326
	Difference			-45			0			13			0	-32
	Actual Levy	11,250,830	0.0900	10,126	0	0.0000	0	171,231	0.0900	154	0	0.0000	0	10,280
Village of Mackenzie	General Revenue													
	HB1150 Ceiling	1,203,290	0.1720	2,070	0	0.0000	0	43,189	0.1950	84	268,334	0.1850	496	2,650
	Prior Method Ceiling	1,203,290	0.1748	2,103	0	0.1748	0	43,189	0.1748	75	268,334	0.1748	469	2,647
	Difference			-33			0			9			27	3
	Actual Levy	1,203,290	0.1720	2,070	0	0.0000	0	43,189	0.1950	84	268,334	0.1850	496	2,650
City of Manchester	General Revenue													
	HB1150 Ceiling	189,939,350	0.3720	706,574	400	0.6100	2	37,213,918	0.3140	116,852	43,267,790	0.4100	177,398	1,000,826
	Prior Method Ceiling	189,939,350	0.3703	703,345	400	0.3703	1	37,213,918	0.3703	137,803	43,267,790	0.3703	160,221	1,001,370
	Difference			3,229			1			-20,951			17,177	-544
	Actual Levy	189,939,350	0.0500	94,970	400	0.0500	0	37,213,918	0.0500	18,607	43,267,790	0.0500	21,634	135,211
City of Maplewood	General Revenue													
	HB1150 Ceiling	50,607,520	0.4830	244,434	0	0.0000	0	28,607,360	0.5310	151,905	18,874,773	0.5670	107,020	503,359
	Prior Method Ceiling	50,607,520	0.5131	259,667	0	0.5131	0	28,607,360	0.5131	146,784	18,874,773	0.5131	96,846	503,297
	Difference			-15,233			0			5,121			10,174	62
	Actual Levy	50,607,520	0.4830	244,434	0	0.0000	0	28,607,360	0.5310	151,905	18,874,773	0.5670	107,020	503,359
	Pension													
	HB1150 Ceiling	50,607,520	0.2090	105,770	0	0.0000	0	28,607,360	0.2300	65,797	18,874,773	0.2450	46,243	217,810
	Prior Method Ceiling	50,607,520	0.2220	112,349	0	0.2220	0	28,607,360	0.2220	63,508	18,874,773	0.2220	41,902	217,759
	Difference			-6,579			0			2,289			4,341	51
	Actual Levy	50,607,520	0.2090	105,770	0	0.0000	0	28,607,360	0.2300	65,797	18,874,773	0.2450	46,243	217,810
	Capital Projects-Temp													
	HB1150 Ceiling	50,607,520	0.2280	115,385	0	0.0000	0	28,607,360	0.2510	71,804	18,874,773	0.2680	50,584	237,773
	Prior Method Ceiling	50,607,520	0.2426	122,774	0	0.2426	0	28,607,360	0.2426	69,401	18,874,773	0.2426	45,790	237,965
	Difference			-7,389			0			2,403			4,794	-192
	Actual Levy	50,607,520	0.2280	115,385	0	0.0000	0	28,607,360	0.2510	71,804	18,874,773	0.2680	50,584	237,773

LISTING OF LEVIES AFFECTED BY HB1150 IN 2003

Political Subdivision Name	Levy Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property			Total Revenue
		Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	
Village of Marlborough	General Revenue													
	HB1150 Ceiling	10,819,110	0.1030	11,144	0	0.0000	0	6,683,010	0.1100	7,351	4,450,594	0.1110	4,940	23,435
	Prior Method Ceiling	10,819,110	0.1067	11,544	0	0.1067	0	6,683,010	0.1067	7,131	4,450,594	0.1067	4,749	23,424
	Difference			-400			0			220			191	11
	Actual Levy	10,819,110	0.1000	10,819	0	0.0000	0	6,683,010	0.1000	6,683	4,450,594	0.1000	4,451	21,953
City of Normandy	General Revenue													
	HB1150 Ceiling	16,067,560	0.4000	64,270	0	0.0000	0	3,259,000	0.4000	13,036	5,535,725	0.4000	22,143	99,449
	Prior Method Ceiling	16,067,560	0.4000	64,270	0	0.4000	0	3,259,000	0.4000	13,036	5,535,725	0.4000	22,143	99,449
	Difference			0			0			0			0	0
	Actual Levy	16,067,560	0.4000	64,270	0	0.0000	0	3,259,000	0.4000	13,036	5,535,725	0.4000	22,143	99,449
City of Northwoods	General Revenue													
	HB1150 Ceiling	17,898,750	0.3700	66,225	0	0.0000	0	2,442,893	0.3830	9,356	6,155,649	0.4150	25,546	101,127
	Prior Method Ceiling	17,898,750	0.3820	68,373	0	0.3820	0	2,442,893	0.3820	9,332	6,155,649	0.3820	23,515	101,220
	Difference			-2,148			0			24			2,031	-93
	Actual Levy	17,898,750	0.3600	64,436	0	0.0000	0	2,442,893	0.3600	8,794	6,155,649	0.3600	22,160	95,390
Village of Norwood Court	General Revenue													
	HB1150 Ceiling	2,963,820	0.3040	9,010	0	0.0000	0	211,080	0.3500	739	967,565	0.3450	3,338	13,087
	Prior Method Ceiling	2,963,820	0.3158	9,360	0	0.3158	0	211,080	0.3158	667	967,565	0.3158	3,056	13,083
	Difference			-350			0			72			282	4
	Actual Levy	2,963,820	0.0000	0	0	0.0000	0	211,080	0.0000	0	967,565	0.0000	0	0
City of Oakland	General Revenue													
	HB1150 Ceiling	17,019,060	0.2230	37,953	0	0.0000	0	1,612,960	0.2390	3,855	3,031,337	0.2370	7,184	48,992
	Prior Method Ceiling	17,019,060	0.2261	38,480	0	0.2261	0	1,612,960	0.2261	3,647	3,031,337	0.2261	6,854	48,981
	Difference			-527			0			208			330	11
	Actual Levy	17,019,060	0.2230	37,953	0	0.0000	0	1,612,960	0.2390	3,855	3,031,337	0.2370	7,184	48,992
City of Olivette	General Revenue													
	HB1150 Ceiling	105,111,970	0.7190	755,755	0	0.0000	0	47,888,013	0.7340	351,498	32,713,683	0.7790	254,840	1,362,093
	Prior Method Ceiling	105,111,970	0.7333	770,786	0	0.7333	0	47,888,013	0.7333	351,163	32,713,683	0.7333	239,889	1,361,838
	Difference			-15,031			0			335			14,951	255
	Actual Levy	105,111,970	0.7190	755,755	0	0.0000	0	47,888,013	0.7340	351,498	32,713,683	0.7790	254,840	1,362,093
	Pension													
	HB1150 Ceiling	105,111,970	0.1490	156,617	0	0.0000	0	47,888,013	0.1520	72,790	32,713,683	0.1620	52,996	282,403
	Prior Method Ceiling	105,111,970	0.1520	159,770	0	0.1520	0	47,888,013	0.1520	72,790	32,713,683	0.1520	49,725	282,285
	Difference			-3,153			0			0			3,271	118
	Actual Levy	105,111,970	0.1490	156,617	0	0.0000	0	47,888,013	0.1520	72,790	32,713,683	0.1620	52,996	282,403

LISTING OF LEVIES AFFECTED BY HB1150 IN 2003

Political Subdivision Name	Levy Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property			Total Revenue
		Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	
City of Overland	General Revenue													
	HB1150 Ceiling	82,384,090	0.0930	76,617	0	0.0000	0	71,747,652	0.0970	69,595	41,226,608	0.0970	39,990	186,202
	Prior Method Ceiling	82,384,090	0.0953	78,512	0	0.0953	0	71,747,652	0.0953	68,376	41,226,608	0.0953	39,289	186,177
	Difference			-1,895			0			1,219			701	25
	Actual Levy	82,384,090	0.0750	61,788	0	0.0000	0	71,747,652	0.0970	69,595	41,226,608	0.0750	30,920	162,303
	Pension													
	HB1150 Ceiling	82,384,090	0.1400	115,338	0	0.0000	0	71,747,652	0.1450	104,034	41,226,608	0.1460	60,191	279,563
	Prior Method Ceiling	82,384,090	0.1429	117,727	0	0.1429	0	71,747,652	0.1429	102,527	41,226,608	0.1429	58,913	279,167
	Difference			-2,389			0			1,507			1,278	396
	Actual Levy	82,384,090	0.1400	115,338	0	0.0000	0	71,747,652	0.1450	104,034	41,226,608	0.1460	60,191	279,563
City of Pagedale	General Revenue													
	HB1150 Ceiling	8,290,180	0.2890	23,959	0	0.0000	0	10,395,619	0.2760	28,692	6,404,875	0.3500	22,417	75,068
	Prior Method Ceiling	8,290,180	0.2991	24,796	0	0.2991	0	10,395,619	0.2991	31,093	6,404,875	0.2991	19,157	75,046
	Difference			-837			0			-2,401			3,260	22
	Actual Levy	8,290,180	0.2890	23,959	0	0.0000	0	10,395,619	0.2760	28,692	6,404,875	0.3500	22,417	75,068
City of Pasadena Hills	General Revenue													
	HB1150 Ceiling	9,220,800	0.2950	27,201	0	0.0000	0	45,040	0.3800	171	1,875,740	0.3100	5,815	33,187
	Prior Method Ceiling	9,220,800	0.2978	27,460	0	0.2978	0	45,040	0.2978	134	1,875,740	0.2978	5,586	33,180
	Difference			-259			0			37			229	7
	Actual Levy	9,220,800	0.2950	27,201	0	0.0000	0	45,040	0.3800	171	1,875,740	0.3100	5,815	33,187
Village of Pasadena Park	General Revenue													
	HB1150 Ceiling	3,460,650	0.2930	10,140	0	0.0000	0	17,830	0.3090	55	802,748	0.3090	2,480	12,675
	Prior Method Ceiling	3,460,650	0.2957	10,233	0	0.2957	0	17,830	0.2957	53	802,748	0.2957	2,374	12,660
	Difference			-93			0			2			106	15
	Actual Levy	3,460,650	0.2930	10,140	0	0.0000	0	17,830	0.3090	55	802,748	0.3090	2,480	12,675
City of Pine Lawn	General Revenue													
	HB1150 Ceiling	9,610,870	0.2580	24,796	0	0.0000	0	2,616,640	0.2580	6,751	3,523,926	0.2580	9,092	40,639
	Prior Method Ceiling	9,610,870	0.2577	24,767	0	0.2577	0	2,616,640	0.2577	6,743	3,523,926	0.2577	9,081	40,591
	Difference			29			0			8			11	48
	Actual Levy	9,610,870	0.2580	24,796	0	0.0000	0	2,616,640	0.2580	6,751	3,523,926	0.2580	9,092	40,639
City of Richmond Heights	General Revenue													
	HB1150 Ceiling	135,341,680	0.5520	747,086	0	0.0000	0	103,689,220	0.5900	611,766	34,123,513	0.6030	205,765	1,564,617
	Prior Method Ceiling	135,341,680	0.5728	775,237	0	0.5728	0	103,689,220	0.5728	593,932	34,123,513	0.5728	195,459	1,564,628
	Difference			-28,151			0			17,834			10,306	-11
	Actual Levy	135,341,680	0.2900	392,491	0	0.0000	0	103,689,220	0.2900	300,699	34,123,513	0.2900	98,958	792,148

LISTING OF LEVIES AFFECTED BY HB1150 IN 2003

Political Subdivision Name	Levy Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property			Total Revenue
		Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	
City of Richmond Heights - continued	Library													
	HB1150 Ceiling	135,341,680	0.1900	257,149	0	0.0000	0	103,689,220	0.2030	210,489	34,123,513	0.2070	70,636	538,274
	Prior Method Ceiling	135,341,680	0.1969	266,488	0	0.1969	0	103,689,220	0.1969	204,164	34,123,513	0.1969	67,189	537,841
	Difference			-9,339			0			6,325			3,447	433
	Actual Levy	135,341,680	0.1900	257,149	0	0.0000	0	103,689,220	0.2030	210,489	34,123,513	0.2070	70,636	538,274
	Pension													
	HB1150 Ceiling	135,341,680	0.3190	431,740	0	0.0000	0	103,689,220	0.3410	353,580	34,123,513	0.3480	118,750	904,070
	Prior Method Ceiling	135,341,680	0.3312	448,252	0	0.3312	0	103,689,220	0.3312	343,419	34,123,513	0.3312	113,017	904,688
	Difference			-16,512			0			10,161			5,733	-618
	Actual Levy	135,341,680	0.3190	431,740	0	0.0000	0	103,689,220	0.3200	331,806	34,123,513	0.3200	109,195	872,741
Village of Riverview	General Revenue													
	HB1150 Ceiling	11,051,790	0.2930	32,382	0	0.0000	0	1,801,241	0.2990	5,386	3,000,471	0.3120	9,361	47,129
	Prior Method Ceiling	11,051,790	0.2970	32,824	0	0.2970	0	1,801,241	0.2970	5,350	3,000,471	0.2970	8,911	47,085
	Difference			-442			0			36			450	44
	Actual Levy	11,051,790	0.2930	32,382	0	0.0000	0	1,801,241	0.2930	5,278	3,000,471	0.2930	8,791	46,451
City of Rock Hill	General Revenue													
	HB1150 Ceiling	42,435,510	0.3100	131,550	0	0.0000	0	15,440,171	0.3060	47,247	11,797,140	0.3540	41,762	220,559
	Prior Method Ceiling	42,435,510	0.3168	134,436	0	0.3168	0	15,440,171	0.3168	48,914	11,797,140	0.3168	37,373	220,723
	Difference			-2,886			0			-1,667			4,389	-164
	Actual Levy	42,435,510	0.3100	131,550	0	0.0000	0	15,440,171	0.3060	47,247	11,797,140	0.3540	41,762	220,559
	Library													
	HB1150 Ceiling	42,435,510	0.3170	134,521	0	0.0000	0	15,440,171	0.3130	48,328	11,797,140	0.3600	42,470	225,319
	Prior Method Ceiling	42,435,510	0.3233	137,194	0	0.3233	0	15,440,171	0.3233	49,918	11,797,140	0.3233	38,140	225,252
	Difference			-2,673			0			-1,590			4,330	67
	Actual Levy	42,435,510	0.3170	134,521	0	0.0000	0	15,440,171	0.3130	48,328	11,797,140	0.3600	42,470	225,319
City of St Ann	General Revenue													
	HB1150 Ceiling	67,591,310	0.1660	112,202	0	0.0000	0	46,226,630	0.1730	79,972	24,251,721	0.1930	46,806	238,980
	Prior Method Ceiling	67,591,310	0.1734	117,203	0	0.1734	0	46,226,630	0.1734	80,157	24,251,721	0.1734	42,052	239,412
	Difference			-5,001			0			-185			4,754	-432
	Actual Levy	67,591,310	0.1600	108,146	0	0.0000	0	46,226,630	0.1600	73,963	24,251,721	0.0000	0	182,109
City of St George	General Revenue													
	HB1150 Ceiling	9,627,185	0.1350	12,997	0	0.0000	0	147,500	0.0000	0	2,121,714	0.1390	2,949	15,946
	Prior Method Ceiling	9,627,185	0.1347	12,968	0	0.1347	0	147,500	0.1347	199	2,121,714	0.1347	2,858	16,025
	Difference			29			0			-199			91	-79
	Actual Levy	9,627,185	0.1350	12,997	0	0.0000	0	147,500	0.0000	0	2,121,714	0.1390	2,949	15,946

LISTING OF LEVIES AFFECTED BY HB1150 IN 2003

Political Subdivision Name	Levy Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property			Total Revenue
		Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	
City of St John	General Revenue													
	HB1150 Ceiling	31,154,140	0.3660	114,024	0	0.0000	0	7,908,280	0.3580	28,312	11,729,827	0.4490	52,667	195,003
	Prior Method Ceiling	31,154,140	0.3840	119,632	0	0.3840	0	7,908,280	0.3840	30,368	11,729,827	0.3840	45,043	195,043
	Difference			-5,608			0			-2,056			7,624	-40
	Actual Levy	31,154,140	0.3660	114,024	0	0.0000	0	7,908,280	0.3580	28,312	11,729,827	0.4490	52,667	195,003
City of Shrewsbury	General Revenue													
	HB1150 Ceiling	61,396,810	0.4100	251,727	0	0.0000	0	25,053,767	0.3930	98,461	18,576,107	0.4370	81,178	431,366
	Prior Method Ceiling	61,396,810	0.4105	252,034	0	0.4105	0	25,053,767	0.4105	102,846	18,576,107	0.4105	76,255	431,135
	Difference			-307			0			-4,385			4,923	231
	Actual Levy	61,396,810	0.3900	239,448	0	0.0000	0	25,053,767	0.3900	97,710	18,576,107	0.3900	72,447	409,605
City of Sunset Hills	General Revenue													
	HB1150 Ceiling	155,150,510	0.0840	130,326	234,620	0.1000	235	84,274,020	0.0850	71,633	43,130,612	0.0900	38,818	241,012
	Prior Method Ceiling	155,150,510	0.0853	132,343	234,620	0.0853	200	84,274,020	0.0853	71,886	43,130,612	0.0853	36,790	241,219
	Difference			-2,017			35			-253			2,028	-207
	Actual Levy	155,150,510	0.0600	93,090	234,620	0.0600	141	84,274,020	0.0600	50,564	43,130,612	0.0600	25,878	169,673
Village of Sycamore Hills	General Revenue													
	HB1150 Ceiling	3,749,510	0.2490	9,336	0	0.0000	0	393,994	0.2170	855	1,036,014	0.2560	2,652	12,843
	Prior Method Ceiling	3,749,510	0.2482	9,306	0	0.2482	0	393,994	0.2482	978	1,036,014	0.2482	2,571	12,855
	Difference			30			0			-123			81	-12
	Actual Levy	3,749,510	0.2490	9,336	0	0.0000	0	393,994	0.2170	855	1,036,014	0.2560	2,652	12,843
	Health													
	HB1150 Ceiling	3,749,510	0.1160	4,349	0	0.0000	0	393,994	0.1010	398	1,036,014	0.1190	1,233	5,980
	Prior Method Ceiling	3,749,510	0.1153	4,323	0	0.1153	0	393,994	0.1153	454	1,036,014	0.1153	1,195	5,972
	Difference			26			0			-56			38	8
	Actual Levy	3,749,510	0.1160	4,349	0	0.0000	0	393,994	0.1010	398	1,036,014	0.1190	1,233	5,980
City of Town and Country	General Revenue													
	HB1150 Ceiling	344,305,470	0.5370	1,848,920	60,270	0.9000	542	185,830,255	0.5480	1,018,350	97,975,516	0.5790	567,278	3,435,090
	Prior Method Ceiling	344,305,470	0.5465	1,881,629	60,270	0.5465	329	185,830,255	0.5465	1,015,562	97,975,516	0.5465	535,436	3,432,956
	Difference			-32,709			213			2,788			31,842	2,134
	Actual Levy	344,305,470	0.0000	0	60,270	0.0000	0	185,830,255	0.0000	0	97,975,516	0.0000	0	0
	Dispatch													
	HB1150 Ceiling	344,305,470	0.0290	99,849	60,270	0.0300	18	185,830,255	0.0290	53,891	97,975,516	0.0300	29,393	183,151
	Prior Method Ceiling	344,305,470	0.0290	99,849	60,270	0.0290	17	185,830,255	0.0290	53,891	97,975,516	0.0290	28,413	182,170
	Difference			0			1			0			980	981
	Actual Levy	344,305,470	0.0000	0	60,270	0.0000	0	185,830,255	0.0000	0	97,975,516	0.0000	0	0

LISTING OF LEVIES AFFECTED BY HB1150 IN 2003

Political Subdivision Name	Levy Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property			Total Revenue
		Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	
Village of Twin Oaks	General Revenue													
	HB1150 Ceiling	4,309,160	0.3990	17,194	0	0.0000	0	3,414,082	0.4000	13,656	0	0.0000	0	30,850
	Prior Method Ceiling	4,309,160	0.3995	17,215	0	0.3995	0	3,414,082	0.3995	13,639	0	0.3995	0	30,854
	Difference			-21			0			17			0	-4
	Actual Levy	4,309,160	0.0000	0	0	0.0000	0	3,414,082	0.2000	6,828	0	0.0000	0	6,828
City of University City	General Revenue													
	HB1150 Ceiling	348,636,070	0.6590	2,297,512	0	0.0000	0	37,574,270	0.6710	252,123	63,785,416	0.6980	445,222	2,994,857
	Prior Method Ceiling	348,636,070	0.6659	2,321,568	0	0.6659	0	37,574,270	0.6659	250,207	63,785,416	0.6659	424,747	2,996,522
	Difference			-24,056			0			1,916			20,475	-1,665
	Actual Levy	348,636,070	0.6480	2,259,162	0	0.0000	0	37,574,270	0.6590	247,614	63,785,416	0.6860	437,568	2,944,344
	Library													
	HB1150 Ceiling	348,636,070	0.2870	1,000,586	0	0.0000	0	37,574,270	0.2920	109,717	63,785,416	0.3040	193,908	1,304,211
	Prior Method Ceiling	348,636,070	0.2902	1,011,742	0	0.2902	0	37,574,270	0.2902	109,041	63,785,416	0.2902	185,105	1,305,888
	Difference			-11,156			0			676			8,803	-1,677
	Actual Levy	348,636,070	0.2810	979,667	0	0.0000	0	37,574,270	0.2850	107,087	63,785,416	0.2990	190,718	1,277,472
	Pension													
	HB1150 Ceiling	348,636,070	0.1860	648,463	0	0.0000	0	37,574,270	0.1890	71,015	63,785,416	0.1970	125,657	845,135
	Prior Method Ceiling	348,636,070	0.1878	654,739	0	0.1878	0	37,574,270	0.1878	70,564	63,785,416	0.1878	119,789	845,092
	Difference			-6,276			0			451			5,868	43
	Actual Levy	348,636,070	0.0000	0	0	0.0000	0	37,574,270	0.0000	0	63,785,416	0.0000	0	0
Village of Uplands Park	General Revenue													
	HB1150 Ceiling	1,677,970	0.3820	6,410	0	0.0000	0	60,034	0.5000	300	609,271	0.3910	2,382	9,092
	Prior Method Ceiling	1,677,970	0.3873	6,499	0	0.3873	0	60,034	0.3873	233	609,271	0.3873	2,360	9,092
	Difference			-89			0			67			22	0
	Actual Levy	1,677,970	0.3200	5,370	0	0.0000	0	60,034	0.3200	192	609,271	0.3200	1,950	7,512
City of Valley Park	General Revenue													
	HB1150 Ceiling	47,970,440	0.6310	302,693	7,100	0.0000	0	10,267,660	0.6890	70,744	16,997,580	0.6850	116,433	489,870
	Prior Method Ceiling	47,970,440	0.6511	312,336	7,100	0.6511	46	10,267,660	0.6511	66,853	16,997,580	0.6511	110,671	489,906
	Difference			-9,643			-46			3,891			5,762	-36
	Actual Levy	47,970,440	0.5700	273,432	7,100	0.0000	0	10,267,660	0.5700	58,526	16,997,580	0.5700	96,886	428,844
City of Velda City	General Revenue													
	HB1150 Ceiling	4,530,470	0.3700	16,763	0	0.0000	0	180,520	0.4040	729	1,459,393	0.3820	5,575	23,067
	Prior Method Ceiling	4,530,470	0.3740	16,944	0	0.3740	0	180,520	0.3740	675	1,459,393	0.3740	5,458	23,077
	Difference			-181			0			54			117	-10
	Actual Levy	4,530,470	0.3400	15,404	0	0.0000	0	180,520	0.3400	614	1,459,393	0.3400	4,962	20,980

LISTING OF LEVIES AFFECTED BY HB1150 IN 2003

Political Subdivision Name	Levy Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property			Total Revenue
		Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	
Village of Velda Village Hills	General Revenue													
	HB1150 Ceiling	3,745,590	0.3520	13,184	0	0.0000	0	209,061	0.3870	809	1,296,847	0.3780	4,902	18,895
	Prior Method Ceiling	3,745,590	0.3598	13,477	0	0.3598	0	209,061	0.3598	752	1,296,847	0.3598	4,666	18,895
	Difference			-293			0			57			236	0
	Actual Levy	3,745,590	0.3560	13,334	0	0.0000	0	209,061	0.3920	820	1,296,847	0.3830	4,967	19,121
City of Vinita Park	General Revenue													
	HB1150 Ceiling	6,275,920	0.2190	13,744	0	0.0000	0	23,513,470	0.2320	54,551	10,221,686	0.2290	23,408	91,703
	Prior Method Ceiling	6,275,920	0.2291	14,378	0	0.2291	0	23,513,470	0.2291	53,869	10,221,686	0.2291	23,418	91,665
	Difference			-634			0			682			-10	38
	Actual Levy	6,275,920	0.2190	13,744	0	0.0000	0	23,513,470	0.2320	54,551	10,221,686	0.2290	23,408	91,703
Village of Vinita Terrace	General Revenue													
	HB1150 Ceiling	1,352,640	0.0400	541	0	0.0000	0	829,565	0.0470	390	0	0.0000	0	931
	Prior Method Ceiling	1,352,640	0.0424	574	0	0.0424	0	829,565	0.0424	352	0	0.0424	0	926
	Difference			-33			0			38			0	5
	Actual Levy	1,352,640	0.0400	541	0	0.0000	0	829,565	0.0470	390	0	0.0000	0	931
	Health													
	HB1150 Ceiling	1,352,640	0.1270	1,718	0	0.0000	0	829,565	0.1500	1,244	0	0.0000	0	2,962
	Prior Method Ceiling	1,352,640	0.1358	1,837	0	0.1358	0	829,565	0.1358	1,127	0	0.1358	0	2,964
	Difference			-119			0			117			0	-2
	Actual Levy	1,352,640	0.1270	1,718	0	0.0000	0	829,565	0.1320	1,095	0	0.0000	0	2,813
City of Warson Woods	General Revenue													
	HB1150 Ceiling	39,738,460	0.4270	169,683	0	0.0000	0	6,476,629	0.4470	28,951	6,253,822	0.4470	27,955	226,589
	Prior Method Ceiling	39,738,460	0.4318	171,591	0	0.4318	0	6,476,629	0.4318	27,966	6,253,822	0.4318	27,004	226,561
	Difference			-1,908			0			985			951	28
	Actual Levy	39,738,460	0.4270	169,683	0	0.0000	0	6,476,629	0.4470	28,951	6,253,822	0.4470	27,955	226,589
City of Webster Groves	General Revenue													
	HB1150 Ceiling	302,800,100	0.2700	817,560	0	0.0000	0	34,286,314	0.2790	95,659	54,319,778	0.2800	152,095	1,065,314
	Prior Method Ceiling	302,800,100	0.2725	825,130	0	0.2725	0	34,286,314	0.2725	93,430	54,319,778	0.2725	148,021	1,066,581
	Difference			-7,570			0			2,229			4,074	-1,267
	Actual Levy	302,800,100	0.2700	817,560	0	0.0000	0	34,286,314	0.2790	95,659	54,319,778	0.2800	152,095	1,065,314
	Library													
	HB1150 Ceiling	302,800,100	0.1740	526,872	0	0.0000	0	34,286,314	0.1790	61,373	55,374,878	0.1790	99,121	687,366
	Prior Method Ceiling	302,800,100	0.1748	529,295	0	0.1748	0	34,286,314	0.1748	59,932	55,374,878	0.1748	96,795	686,022
	Difference			-2,423			0			1,441			2,326	1,344
	Actual Levy	302,800,100	0.1740	526,872	0	0.0000	0	34,286,314	0.1790	61,373	55,374,878	0.1790	99,121	687,366

LISTING OF LEVIES AFFECTED BY HB1150 IN 2003

Political Subdivision Name	Levy Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property			Total Revenue
		Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	
City of Webster Groves - continued	Streets													
	HB1150 Ceiling	302,800,100	0.1740	526,872	0	0.0000	0	34,286,314	0.1800	61,715	54,319,778	0.1810	98,319	686,906
	Prior Method Ceiling	302,800,100	0.1757	532,020	0	0.1757	0	34,286,314	0.1757	60,241	54,319,778	0.1757	95,440	687,701
	Difference			-5,148			0			1,474			2,879	-795
	Actual Levy	302,800,100	0.1740	526,872	0	0.0000	0	34,286,314	0.1800	61,715	54,319,778	0.1810	98,319	686,906
	Pension													
	HB1150 Ceiling	302,800,100	0.1400	423,920	0	0.0000	0	34,286,314	0.1440	49,372	54,319,778	0.1450	78,764	552,056
	Prior Method Ceiling	302,800,100	0.1406	425,737	0	0.1406	0	34,286,314	0.1406	48,207	54,319,778	0.1406	76,374	550,318
	Difference			-1,817			0			1,165			2,390	1,738
	Actual Levy	302,800,100	0.1400	423,920	0	0.0000	0	34,286,314	0.1440	49,372	54,319,778	0.1450	78,764	552,056
City of Wellston	General Revenue													
	HB1150 Ceiling	3,753,620	0.6000	22,522	0	0.0000	0	6,921,225	0.5850	40,489	5,135,611	0.6000	30,814	93,825
	Prior Method Ceiling	3,753,620	0.5934	22,274	0	0.5934	0	6,921,225	0.5934	41,071	5,135,611	0.5934	30,475	93,820
	Difference			248			0			-582			339	5
	Actual Levy	3,753,620	0.6000	22,522	0	0.0000	0	6,921,225	0.6000	41,527	5,135,611	0.6000	30,814	94,863
Village of Westwood	General Revenue													
	HB1150 Ceiling	13,377,400	0.0600	8,026	0	0.0000	0	1,478,526	0.0710	1,050	0	0.0000	0	9,076
	Prior Method Ceiling	13,377,400	0.0615	8,227	0	0.0615	0	1,478,526	0.0615	909	0	0.0615	0	9,136
	Difference			-201			0			141			0	-60
	Actual Levy	13,377,400	0.0600	8,026	0	0.0000	0	1,478,526	0.0710	1,050	0	0.0000	0	9,076
City of Winchester	General Revenue													
	HB1150 Ceiling	12,244,980	0.2010	24,612	0	0.0000	0	2,037,020	0.2230	4,543	2,741,913	0.2610	7,156	36,311
	Prior Method Ceiling	12,244,980	0.2132	26,106	0	0.2132	0	2,037,020	0.2132	4,343	2,741,913	0.2132	5,846	36,295
	Difference			-1,494			0			200			1,310	16
	Actual Levy	12,244,980	0.2010	24,612	0	0.0000	0	2,037,020	0.2230	4,543	2,741,913	0.2610	7,156	36,311
City of Woodson Terrace	General Revenue													
	HB1150 Ceiling	18,554,839	0.2190	40,635	0	0.0000	0	17,423,600	0.2300	40,074	21,159,950	0.2510	53,111	133,820
	Prior Method Ceiling	18,554,839	0.2345	43,511	0	0.2345	0	17,423,600	0.2345	40,858	21,159,950	0.2345	49,620	133,989
	Difference			-2,876			0			-784			3,491	-169
	Actual Levy	18,554,839	0.2200	40,821	0	0.0000	0	17,423,600	0.2200	38,332	21,159,950	0.2200	46,552	125,705
Ferguson Municipal Pub Library Dist	General Revenue													
	HB1150 Ceiling	96,765,640	0.2160	209,014	7,220	0.0000	0	39,681,524	0.2190	86,903	41,919,953	0.2200	92,224	388,141
	Prior Method Ceiling	96,765,640	0.2175	210,465	7,220	0.2175	16	39,681,524	0.2175	86,307	41,919,953	0.2175	91,176	387,964
	Difference			-1,451			-16			596			1,048	177
	Actual Levy	96,765,640	0.2160	209,014	7,220	0.0000	0	39,681,524	0.2190	86,903	41,919,953	0.2200	92,224	388,141

LISTING OF LEVIES AFFECTED BY HB1150 IN 2003

Political Subdivision Name	Levy Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property			Total Revenue
		Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	
Maplewood Public Library	General Revenue													
	HB1150 Ceiling	50,647,520	0.2190	110,918	0	0.0000	0	28,607,360	0.2260	64,653	26,571,253	0.2420	64,302	239,873
	Prior Method Ceiling	50,647,520	0.2265	114,717	0	0.2265	0	28,607,360	0.2265	64,796	26,571,253	0.2265	60,184	239,697
	Difference			-3,799			0			-143			4,118	176
	Actual Levy	50,647,520	0.2190	110,918	0	0.0000	0	28,607,360	0.2260	64,653	26,571,253	0.2420	64,302	239,873
St Louis County Library	General Revenue													
	HB1150 Ceiling	8,872,086,270	0.1730	15,348,709	7,399,710	0.2000	14,799	3,953,437,344	0.1780	7,037,118	3,506,835,008	0.1850	6,487,645	28,888,271
	Prior Method Ceiling	8,872,086,270	0.1764	15,650,360	7,399,710	0.1764	13,053	3,953,437,344	0.1764	6,973,863	3,506,835,008	0.1764	6,186,057	28,823,333
	Difference			-301,651			1,746			63,255			301,588	64,938
	Actual Levy	8,872,086,270	0.1400	12,420,921	7,399,710	0.1400	10,360	3,953,437,344	0.1400	5,534,812	3,506,835,008	0.1400	4,909,569	22,875,662
Valley Park Community Library	General Revenue													
	HB1150 Ceiling	20,318,800	0.1700	34,542	1,510	0.1700	3	6,853,620	0.1700	11,651	12,667,426	0.1700	21,535	67,731
	Prior Method Ceiling	20,318,800	0.1700	34,542	1,510	0.1700	3	6,853,620	0.1700	11,651	12,667,426	0.1700	21,535	67,731
	Difference			0			0			0			0	0
	Actual Levy	20,318,800	0.1700	34,542	1,510	0.1700	3	6,853,620	0.1700	11,651	12,667,426	0.1700	21,535	67,731
Affton Fire Protection District	General Revenue													
	HB1150 Ceiling	292,759,220	0.7590	2,222,042	720	0.7940	6	51,326,749	0.7890	404,968	81,648,991	0.7940	648,293	3,275,309
	Prior Method Ceiling	292,759,220	0.7695	2,252,782	720	0.7695	6	51,326,749	0.7695	394,959	81,648,991	0.7695	628,289	3,276,036
	Difference			-30,740			0			10,009			20,004	-727
	Actual Levy	292,759,220	0.7590	2,222,042	720	0.7940	6	51,326,749	0.7890	404,968	81,648,991	0.7940	648,293	3,275,309
	Ambulance													
	HB1150 Ceiling	292,759,220	0.1740	509,401	720	0.2000	1	51,326,749	0.1810	92,901	81,648,991	0.1820	148,601	750,904
	Prior Method Ceiling	292,759,220	0.1765	516,720	720	0.1765	1	51,326,749	0.1765	90,592	81,648,991	0.1765	144,110	751,423
	Difference			-7,319			0			2,309			4,491	-519
	Actual Levy	292,759,220	0.1740	509,401	720	0.2000	1	51,326,749	0.1810	92,901	81,648,991	0.1820	148,601	750,904
	Pension													
	HB1150 Ceiling	292,759,220	0.0610	178,583	720	0.0700	1	51,326,749	0.0630	32,336	81,648,991	0.0640	52,255	263,175
	Prior Method Ceiling	292,759,220	0.0618	180,925	720	0.0618	0	51,326,749	0.0618	31,720	81,648,991	0.0618	50,459	263,104
	Difference			-2,342			1			616			1,796	71
	Actual Levy	292,759,220	0.0610	178,583	720	0.0700	1	51,326,749	0.0630	32,336	81,648,991	0.0640	52,255	263,175
	Dispatch													
	HB1150 Ceiling	292,759,220	0.0260	76,117	720	0.0000	0	51,326,749	0.0270	13,858	81,648,991	0.0270	22,045	112,020
	Prior Method Ceiling	292,759,220	0.0264	77,288	720	0.0264	0	51,326,749	0.0264	13,550	81,648,991	0.0264	21,555	112,393
	Difference			-1,171			0			308			490	-373
	Actual Levy	292,759,220	0.0260	76,117	720	0.0000	0	51,326,749	0.0270	13,858	81,648,991	0.0270	22,045	112,020

LISTING OF LEVIES AFFECTED BY HB1150 IN 2003

Political Subdivision Name	Levy Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property			Total Revenue
		Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	
Metro West Fire Protection District	General Revenue													
	HB1150 Ceiling	981,783,520	0.5390	5,291,813	1,228,890	0.6500	7,988	153,237,993	0.5740	879,586	218,002,781	0.5610	1,222,996	7,402,383
	Prior Method Ceiling	981,783,520	0.5463	5,363,483	1,228,890	0.5463	6,713	153,237,993	0.5463	837,139	218,002,781	0.5463	1,190,949	7,398,284
	Difference			-71,670			1,275			42,447			32,047	4,099
	Actual Levy	981,783,520	0.5390	5,291,813	1,228,890	0.6500	7,988	153,237,993	0.5740	879,586	218,002,781	0.5610	1,222,996	7,402,383
	Ambulance													
	HB1150 Ceiling	981,783,520	0.2780	2,729,358	1,228,890	0.3000	3,687	153,237,993	0.2960	453,584	218,002,781	0.2890	630,028	3,816,657
	Prior Method Ceiling	981,783,520	0.2817	2,765,684	1,228,890	0.2817	3,462	153,237,993	0.2817	431,671	218,002,781	0.2817	614,114	3,814,931
	Difference			-36,326			225			21,913			15,914	1,726
	Actual Levy	981,783,520	0.2780	2,729,358	1,228,890	0.3000	3,687	153,237,993	0.2960	453,584	218,002,781	0.2890	630,028	3,816,657
	Pension													
	HB1150 Ceiling	981,783,520	0.1020	1,001,419	1,228,890	0.1100	1,352	153,237,993	0.1090	167,029	218,002,781	0.1060	231,083	1,400,883
	Prior Method Ceiling	981,783,520	0.1034	1,015,164	1,228,890	0.1034	1,271	153,237,993	0.1034	158,448	218,002,781	0.1034	225,415	1,400,298
	Difference			-13,745			81			8,581			5,668	585
	Actual Levy	981,783,520	0.1020	1,001,419	1,228,890	0.1100	1,352	153,237,993	0.1090	167,029	218,002,781	0.1060	231,083	1,400,883
	Dispatch													
	HB1150 Ceiling	981,783,520	0.0470	461,438	1,228,890	0.0480	590	153,237,993	0.0480	73,554	218,002,781	0.0480	104,641	640,223
	Prior Method Ceiling	981,783,520	0.0478	469,293	1,228,890	0.0478	587	153,237,993	0.0478	73,248	218,002,781	0.0478	104,205	647,333
	Difference			-7,855			3			306			436	-7,110
	Actual Levy	981,783,520	0.0470	461,438	1,228,890	0.0480	590	153,237,993	0.0480	73,554	218,002,781	0.0480	104,641	640,223
Black Jack Fire Protection District	General Revenue													
	HB1150 Ceiling	337,906,670	0.7410	2,503,888	220,370	0.7500	1,653	45,243,250	0.7500	339,324	95,734,157	0.7500	718,006	3,562,871
	Prior Method Ceiling	337,906,670	0.7436	2,512,674	220,370	0.7436	1,639	45,243,250	0.7436	336,429	95,734,157	0.7436	711,879	3,562,621
	Difference			-8,786			14			2,895			6,127	250
	Actual Levy	337,906,670	0.7410	2,503,888	220,370	0.7500	1,653	45,243,250	0.7500	339,324	95,734,157	0.7500	718,006	3,562,871
	Pension													
	HB1150 Ceiling	337,906,670	0.0990	334,528	220,370	0.1000	220	45,243,250	0.1000	45,243	95,734,157	0.1000	95,734	475,725
	Prior Method Ceiling	337,906,670	0.0991	334,866	220,370	0.0991	218	45,243,250	0.0991	44,836	95,734,157	0.0991	94,873	474,793
	Difference			-338			2			407			861	932
	Actual Levy	337,906,670	0.0990	334,528	220,370	0.1000	220	45,243,250	0.1000	45,243	95,734,157	0.1000	95,734	475,725
	NCCFA System													
	HB1150 Ceiling	337,906,670	0.0490	165,574	220,370	0.0500	110	45,243,250	0.0500	22,622	95,734,157	0.0500	47,867	236,173
	Prior Method Ceiling	337,906,670	0.0496	167,602	220,370	0.0496	109	45,243,250	0.0496	22,441	95,734,157	0.0496	47,484	237,636
	Difference			-2,028			1			181			383	-1,463
	Actual Levy	337,906,670	0.0400	135,163	220,370	0.0400	88	45,243,250	0.0400	18,097	95,734,157	0.0400	38,294	191,642

LISTING OF LEVIES AFFECTED BY HB1150 IN 2003

Political Subdivision Name	Levy Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property			Total Revenue
		Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	
Chesterfield Fire Prot District	General Revenue													
	HB1150 Ceiling	1,044,698,480	0.5030	5,254,833	2,222,710	0.7000	15,559	257,032,000	0.5390	1,385,402	288,197,590	0.5470	1,576,441	8,232,235
	Prior Method Ceiling	1,044,698,480	0.5169	5,400,046	2,222,710	0.5169	11,489	257,032,000	0.5169	1,328,598	288,197,590	0.5169	1,489,693	8,229,826
	Difference			-145,213			4,070			56,804			86,748	2,409
	Actual Levy	1,044,698,480	0.5030	5,254,833	2,222,710	0.7000	15,559	257,032,000	0.5390	1,385,402	288,197,590	0.5470	1,576,441	8,232,235
	Ambulance													
	HB1150 Ceiling	1,044,698,480	0.3090	3,228,118	2,222,710	0.3300	7,335	257,032,000	0.3290	845,635	288,197,590	0.3300	951,052	5,032,140
	Prior Method Ceiling	1,044,698,480	0.3158	3,299,158	2,222,710	0.3158	7,019	257,032,000	0.3158	811,707	288,197,590	0.3158	910,128	5,028,012
	Difference			-71,040			316			33,928			40,924	4,128
	Actual Levy	1,044,698,480	0.3090	3,228,118	2,222,710	0.3300	7,335	257,032,000	0.3290	845,635	288,197,590	0.3300	951,052	5,032,140
	Pension													
	HB1150 Ceiling	1,044,698,480	0.0940	982,017	2,222,710	0.1000	2,223	257,032,000	0.1000	257,032	288,197,590	0.1000	288,198	1,529,470
	Prior Method Ceiling	1,044,698,480	0.0957	999,776	2,222,710	0.0957	2,127	257,032,000	0.0957	245,980	288,197,590	0.0957	275,805	1,523,688
	Difference			-17,759			96			11,052			12,393	5,782
	Actual Levy	1,044,698,480	0.0940	982,017	2,222,710	0.1000	2,223	257,032,000	0.1000	257,032	288,197,590	0.1000	288,198	1,529,470
	Dispatch													
	HB1150 Ceiling	1,044,698,480	0.0480	501,455	2,222,710	0.0500	1,111	257,032,000	0.0500	128,516	288,197,590	0.0500	144,099	775,181
	Prior Method Ceiling	1,044,698,480	0.0487	508,768	2,222,710	0.0487	1,082	257,032,000	0.0487	125,175	288,197,590	0.0487	140,352	775,377
	Difference			-7,313			29			3,341			3,747	-196
	Actual Levy	1,044,698,480	0.0480	501,455	2,222,710	0.0500	1,111	257,032,000	0.0500	128,516	288,197,590	0.0500	144,099	775,181
Community Fire Protection District	General Revenue													
	HB1150 Ceiling	212,377,170	1.0000	2,123,772	0	0.0000	0	139,960,820	1.0000	1,399,608	128,334,830	1.0000	1,283,348	4,806,728
	Prior Method Ceiling	212,377,170	1.0000	2,123,772	0	1.0000	0	139,960,820	1.0000	1,399,608	128,334,830	1.0000	1,283,348	4,806,728
	Difference			0			0			0			0	0
	Actual Levy	212,377,170	1.0000	2,123,772	0	0.0000	0	139,960,820	1.0000	1,399,608	128,334,830	1.0000	1,283,348	4,806,728
	Ambulance													
	HB1150 Ceiling	212,377,170	0.2500	530,943	0	0.0000	0	139,960,820	0.2500	349,902	128,334,830	0.2500	320,837	1,201,682
	Prior Method Ceiling	212,377,170	0.2500	530,943	0	0.2500	0	139,960,820	0.2500	349,902	128,334,830	0.2500	320,837	1,201,682
	Difference			0			0			0			0	0
	Actual Levy	212,377,170	0.2500	530,943	0	0.0000	0	139,960,820	0.2500	349,902	128,334,830	0.2500	320,837	1,201,682
	Pension													
	HB1150 Ceiling	212,377,170	0.1000	212,377	0	0.0000	0	139,960,820	0.1000	139,961	128,334,830	0.1000	128,335	480,673
	Prior Method Ceiling	212,377,170	0.1000	212,377	0	0.1000	0	139,960,820	0.1000	139,961	128,334,830	0.1000	128,335	480,673
	Difference			0			0			0			0	0
	Actual Levy	212,377,170	0.1000	212,377	0	0.0000	0	139,960,820	0.1000	139,961	128,334,830	0.1000	128,335	480,673

LISTING OF LEVIES AFFECTED BY HB1150 IN 2003

Political Subdivision Name	Levy Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property			Total Revenue
		Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	
Community FPD - continued	Dispatch													
	HB1150 Ceiling	212,377,170	0.0300	63,713	0	0.0000	0	139,960,820	0.0300	41,988	128,334,830	0.0300	38,500	144,201
	Prior Method Ceiling	212,377,170	0.0300	63,713	0	0.0300	0	139,960,820	0.0300	41,988	128,334,830	0.0300	38,500	144,201
	Difference			0			0			0			0	0
	Actual Levy	212,377,170	0.0300	63,713	0	0.0000	0	139,960,820	0.0300	41,988	128,334,830	0.0300	38,500	144,201
Creve Coeur Fire Protection Dist	General Revenue													
	HB1150 Ceiling	527,033,400	0.5670	2,988,279	4,180	0.6460	27	362,632,893	0.6040	2,190,303	221,947,743	0.6300	1,398,271	6,576,880
	Prior Method Ceiling	527,033,400	0.5914	3,116,876	4,180	0.5914	25	362,632,893	0.5914	2,144,611	221,947,743	0.5914	1,312,599	6,574,111
	Difference			-128,597			2			45,692			85,672	2,769
	Actual Levy	527,033,400	0.5670	2,988,279	4,180	0.6460	27	362,632,893	0.6040	2,190,303	221,947,743	0.6300	1,398,271	6,576,880
	Ambulance													
	HB1150 Ceiling	527,033,400	0.2010	1,059,337	4,180	0.2390	10	362,632,893	0.2140	776,034	221,947,743	0.2240	497,163	2,332,544
	Prior Method Ceiling	527,033,400	0.2099	1,106,243	4,180	0.2099	9	362,632,893	0.2099	761,166	221,947,743	0.2099	465,868	2,333,286
	Difference			-46,906			1			14,868			31,295	-742
	Actual Levy	527,033,400	0.2010	1,059,337	4,180	0.2390	10	362,632,893	0.2140	776,034	221,947,743	0.2240	497,163	2,332,544
	Pension													
	HB1150 Ceiling	527,033,400	0.1380	727,306	4,180	0.1500	6	362,632,893	0.1460	529,444	221,947,743	0.1500	332,922	1,589,678
	Prior Method Ceiling	527,033,400	0.1430	753,658	4,180	0.1430	6	362,632,893	0.1430	518,565	221,947,743	0.1430	317,385	1,589,614
	Difference			-26,352			0			10,879			15,537	64
	Actual Levy	527,033,400	0.1380	727,306	4,180	0.1500	6	362,632,893	0.1460	529,444	221,947,743	0.1500	332,922	1,589,678
	Dispatch													
	HB1150 Ceiling	527,033,400	0.0460	242,435	4,180	0.0480	2	362,632,893	0.0490	177,690	221,947,743	0.0500	110,974	531,101
	Prior Method Ceiling	527,033,400	0.0476	250,868	4,180	0.0476	2	362,632,893	0.0476	172,613	221,947,743	0.0476	105,647	529,130
	Difference			-8,433			0			5,077			5,327	1,971
	Actual Levy	527,033,400	0.0460	242,435	4,180	0.0480	2	362,632,893	0.0490	177,690	221,947,743	0.0500	110,974	531,101
Eureka Fire Protection District	General Revenue													
	HB1150 Ceiling	160,828,300	0.6860	1,103,282	1,338,890	0.7500	10,042	42,351,287	0.7170	303,659	52,410,982	0.7170	375,787	1,792,770
	Prior Method Ceiling	160,828,300	0.6980	1,122,582	1,338,890	0.6980	9,345	42,351,287	0.6980	295,612	52,410,982	0.6980	365,829	1,793,368
	Difference			-19,300			697			8,047			9,958	-598
	Actual Levy	160,828,300	0.6860	1,103,282	1,338,890	0.7500	10,042	42,351,287	0.7170	303,659	52,410,982	0.7170	375,787	1,792,770
	Ambulance													
	HB1150 Ceiling	160,828,300	0.2760	443,886	1,338,890	0.3000	4,017	42,351,287	0.2890	122,395	52,410,982	0.2890	151,468	721,766
	Prior Method Ceiling	160,828,300	0.2811	452,088	1,338,890	0.2811	3,764	42,351,287	0.2811	119,049	52,410,982	0.2811	147,327	722,228
	Difference			-8,202			253			3,346			4,141	-462
	Actual Levy	160,828,300	0.2760	443,886	1,338,890	0.3000	4,017	42,351,287	0.2890	122,395	52,410,982	0.2890	151,468	721,766

LISTING OF LEVIES AFFECTED BY HB1150 IN 2003

Political Subdivision Name	Levy Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property			Total Revenue
		Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	
Eureka FPD - continued	Pension													
	HB1150 Ceiling	160,828,300	0.0920	147,962	1,338,890	0.1000	1,339	42,351,287	0.0960	40,657	52,410,982	0.0960	50,315	240,273
	Prior Method Ceiling	160,828,300	0.0937	150,696	1,338,890	0.0937	1,255	42,351,287	0.0937	39,683	52,410,982	0.0937	49,109	240,743
	Difference			-2,734			84			974			1,206	-470
	Actual Levy	160,828,300	0.0920	147,962	1,338,890	0.1000	1,339	42,351,287	0.0960	40,657	52,410,982	0.0960	50,315	240,273
	Dispatch													
	HB1150 Ceiling	160,828,300	0.0280	45,032	1,338,890	0.0300	402	42,351,287	0.0290	12,282	52,410,982	0.0290	15,199	72,915
	Prior Method Ceiling	160,828,300	0.0281	45,193	1,338,890	0.0281	376	42,351,287	0.0281	11,901	52,410,982	0.0281	14,727	72,197
	Difference			-161			26			381			472	718
	Actual Levy	160,828,300	0.0280	45,032	1,338,890	0.0300	402	42,351,287	0.0290	12,282	52,410,982	0.0290	15,199	72,915
Fenton Fire Protection District	General Revenue													
	HB1150 Ceiling	293,743,340	0.4050	1,189,661	252,650	0.6500	1,642	236,339,140	0.4430	1,046,982	327,054,645	0.5120	1,674,520	3,912,805
	Prior Method Ceiling	293,743,340	0.4561	1,339,763	252,650	0.4561	1,152	236,339,140	0.4561	1,077,943	327,054,645	0.4561	1,491,696	3,910,554
	Difference			-150,102			490			-30,961			182,824	2,251
	Actual Levy	293,743,340	0.4050	1,189,661	252,650	0.4050	1,023	236,339,140	0.4430	1,046,982	327,054,645	0.5120	1,674,520	3,912,186
	Ambulance													
	HB1150 Ceiling	293,743,340	0.3000	881,230	252,650	0.3000	758	236,339,140	0.3000	709,017	327,054,645	0.3000	981,164	2,572,169
	Prior Method Ceiling	293,743,340	0.3000	881,230	252,650	0.3000	758	236,339,140	0.3000	709,017	327,054,645	0.3000	981,164	2,572,169
	Difference			0			0			0			0	0
	Actual Levy	293,743,340	0.2300	675,610	252,650	0.2300	581	236,339,140	0.2800	661,750	327,054,645	0.3000	981,164	2,319,105
	Pension													
	HB1150 Ceiling	293,743,340	0.1000	293,743	252,650	0.1000	253	236,339,140	0.1000	236,339	327,054,645	0.1000	327,055	857,390
	Prior Method Ceiling	293,743,340	0.1000	293,743	252,650	0.1000	253	236,339,140	0.1000	236,339	327,054,645	0.1000	327,055	857,390
	Difference			0			0			0			0	0
	Actual Levy	293,743,340	0.1000	293,743	252,650	0.1000	253	236,339,140	0.1000	236,339	327,054,645	0.1000	327,055	857,390
	Dispatch													
	HB1150 Ceiling	293,743,340	0.0500	146,872	252,650	0.0500	126	236,339,140	0.0500	118,170	327,054,645	0.0500	163,527	428,695
	Prior Method Ceiling	293,743,340	0.0500	146,872	252,650	0.0500	126	236,339,140	0.0500	118,170	327,054,645	0.0500	163,527	428,695
	Difference			0			0			0			0	0
	Actual Levy	293,743,340	0.0350	102,810	252,650	0.0350	88	236,339,140	0.0350	82,719	327,054,645	0.0350	114,469	300,086
Florissant Valley Fire Prot Dist	General Revenue													
	HB1150 Ceiling	433,923,150	0.6770	2,937,660	182,900	0.7500	1,372	128,779,944	0.6940	893,733	139,257,520	0.7170	998,476	4,831,241
	Prior Method Ceiling	433,923,150	0.6879	2,984,957	182,900	0.6879	1,258	128,779,944	0.6879	885,877	139,257,520	0.6879	957,952	4,830,044
	Difference			-47,297			114			7,856			40,524	1,197
	Actual Levy	433,923,150	0.6770	2,937,660	182,900	0.7500	1,372	128,779,944	0.6940	893,733	139,257,520	0.7170	998,476	4,831,241

LISTING OF LEVIES AFFECTED BY HB1150 IN 2003

Political Subdivision Name	Levy Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property			Total Revenue
		Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	
Florissant Valley FPD - continued	Ambulance													
	HB1150 Ceiling	433,923,150	0.1470	637,867	182,900	0.1500	274	128,779,944	0.1490	191,882	139,257,520	0.1500	208,886	1,038,909
	Prior Method Ceiling	433,923,150	0.1480	642,206	182,900	0.1480	271	128,779,944	0.1480	190,594	139,257,520	0.1480	206,101	1,039,172
	Difference			-4,339			3			1,288			2,785	-263
	Actual Levy	433,923,150	0.1470	637,867	182,900	0.1500	274	128,779,944	0.1490	191,882	139,257,520	0.1500	208,886	1,038,909
	Pension													
	HB1150 Ceiling	433,923,150	0.0980	425,245	182,900	0.1000	183	128,779,944	0.0990	127,492	139,257,520	0.1000	139,258	692,178
	Prior Method Ceiling	433,923,150	0.0986	427,848	182,900	0.0986	180	128,779,944	0.0986	126,977	139,257,520	0.0986	137,308	692,313
	Difference			-2,603			3			515			1,950	-135
	Actual Levy	433,923,150	0.0980	425,245	182,900	0.1000	183	128,779,944	0.0990	127,492	139,257,520	0.1000	139,258	692,178
	Dispatch													
	HB1150 Ceiling	433,923,150	0.0490	212,622	182,900	0.0500	91	128,779,944	0.0500	64,390	139,257,520	0.0500	69,629	346,732
	Prior Method Ceiling	433,923,150	0.0494	214,358	182,900	0.0494	90	128,779,944	0.0494	63,617	139,257,520	0.0494	68,793	346,858
	Difference			-1,736			1			773			836	-126
	Actual Levy	433,923,150	0.0490	212,622	182,900	0.0500	91	128,779,944	0.0500	64,390	139,257,520	0.0500	69,629	346,732
Kinloch Fire Protection District	General Revenue													
	HB1150 Ceiling	936,400	0.9000	8,428	0	0.0000	0	1,170,735	0.9000	10,537	778,751	0.9000	7,009	25,974
	Prior Method Ceiling	936,400	0.9000	8,428	0	0.9000	0	1,170,735	0.9000	10,537	778,751	0.9000	7,009	25,974
	Difference			0			0			0			0	0
	Actual Levy	936,400	0.8600	8,053	0	0.0000	0	1,170,735	0.8600	10,068	778,751	0.8600	6,697	24,818
	Dispatch													
	HB1150 Ceiling	936,400	0.0300	281	0	0.0000	0	1,170,735	0.0300	351	778,751	0.0300	234	866
	Prior Method Ceiling	936,400	0.0300	281	0	0.0300	0	1,170,735	0.0300	351	778,751	0.0300	234	866
	Difference			0			0			0			0	0
	Actual Levy	936,400	0.0400	375	0	0.0000	0	1,170,735	0.0400	468	778,751	0.0400	312	1,155
	General Revenue													
Lemay Fire Protection District	HB1150 Ceiling	94,703,760	0.9680	916,732	180	0.9900	2	20,544,140	0.9900	203,387	31,857,351	0.9900	315,388	1,435,509
	Prior Method Ceiling	94,703,760	0.9760	924,309	180	0.9760	2	20,544,140	0.9760	200,511	31,857,351	0.9760	310,928	1,435,750
	Difference			-7,577			0			2,876			4,460	-241
	Actual Levy	94,703,760	0.9680	916,732	180	0.9900	2	20,544,140	0.9900	203,387	31,857,351	0.9900	315,388	1,435,509
	Ambulance													
	HB1150 Ceiling	94,703,760	0.2200	208,348	180	0.3000	1	20,544,140	0.2240	46,019	31,857,351	0.2490	79,325	333,693
	Prior Method Ceiling	94,703,760	0.2267	214,693	180	0.2267	0	20,544,140	0.2267	46,574	31,857,351	0.2267	72,221	333,488
	Difference			-6,345			1			-555			7,104	205
	Actual Levy	94,703,760	0.2200	208,348	180	0.3000	1	20,544,140	0.2240	46,019	31,857,351	0.2490	79,325	333,693
	General Revenue													

LISTING OF LEVIES AFFECTED BY HB1150 IN 2003

Political Subdivision Name	Levy Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property			Total Revenue
		Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	
Lemay FPD - continued	Pension													
	HB1150 Ceiling	94,703,760	0.0980	92,810	180	0.1000	0	20,544,140	0.1000	20,544	31,857,351	0.1000	31,857	145,211
	Prior Method Ceiling	94,703,760	0.0986	93,378	180	0.0986	0	20,544,140	0.0986	20,257	31,857,351	0.0986	31,411	145,046
	Difference			-568			0			287			446	165
	Actual Levy	94,703,760	0.0980	92,810	180	0.1000	0	20,544,140	0.1000	20,544	31,857,351	0.1000	31,857	145,211
	Central Alarm Fund													
	HB1150 Ceiling	94,703,760	0.0490	46,405	180	0.0500	0	20,544,140	0.0500	10,272	31,857,351	0.0500	15,929	72,606
	Prior Method Ceiling	94,703,760	0.0493	46,689	180	0.0493	0	20,544,140	0.0493	10,128	31,857,351	0.0493	15,706	72,523
	Difference			-284			0			144			223	83
	Actual Levy	94,703,760	0.0490	46,405	180	0.0500	0	20,544,140	0.0500	10,272	31,857,351	0.0500	15,929	72,606
West County EMS & Fire Prot Dist	General Revenue													
	HB1150 Ceiling	403,282,290	0.4420	1,782,508	259,500	0.4680	1,214	82,363,060	0.4560	375,576	112,452,527	0.4570	513,908	2,673,206
	Prior Method Ceiling	403,282,290	0.4464	1,800,252	259,500	0.4464	1,158	82,363,060	0.4464	367,669	112,452,527	0.4464	501,988	2,671,067
	Difference			-17,744			56			7,907			11,920	2,139
	Actual Levy	403,282,290	0.4420	1,782,508	259,500	0.4680	1,214	82,363,060	0.4560	375,576	112,452,527	0.4570	513,908	2,673,206
	Ambulance													
	HB1150 Ceiling	403,282,290	0.1880	758,171	259,500	0.1990	516	82,363,060	0.1940	159,784	112,452,527	0.1940	218,158	1,136,629
	Prior Method Ceiling	403,282,290	0.1898	765,430	259,500	0.1898	493	82,363,060	0.1898	156,325	112,452,527	0.1898	213,435	1,135,683
	Difference			-7,259			23			3,459			4,723	946
	Actual Levy	403,282,290	0.1880	758,171	259,500	0.1990	516	82,363,060	0.1940	159,784	112,452,527	0.1940	218,158	1,136,629
	Pension													
	HB1150 Ceiling	403,282,290	0.0940	379,085	259,500	0.0990	257	82,363,060	0.0970	79,892	112,452,527	0.0970	109,079	568,313
	Prior Method Ceiling	403,282,290	0.0949	382,715	259,500	0.0949	246	82,363,060	0.0949	78,163	112,452,527	0.0949	106,717	567,841
	Difference			-3,630			11			1,729			2,362	472
	Actual Levy	403,282,290	0.0800	322,626	259,500	0.0800	208	82,363,060	0.0800	65,890	112,452,527	0.0800	89,962	478,686
	Dispatch													
	HB1150 Ceiling	403,282,290	0.0480	193,575	259,500	0.0500	130	82,363,060	0.0490	40,358	112,452,527	0.0490	55,102	289,165
	Prior Method Ceiling	403,282,290	0.0480	193,575	259,500	0.0480	125	82,363,060	0.0480	39,534	112,452,527	0.0480	53,977	287,211
	Difference			0			5			824			1,125	1,954
	Actual Levy	403,282,290	0.0480	193,575	259,500	0.0500	130	82,363,060	0.0490	40,358	112,452,527	0.0490	55,102	289,165
Maryland Heights Fire Prot Dist	General Revenue													
	HB1150 Ceiling	182,836,940	0.7840	1,433,442	5,730	0.8000	46	236,777,421	0.7770	1,839,761	151,131,557	0.8000	1,209,052	4,482,301
	Prior Method Ceiling	182,836,940	0.7851	1,435,453	5,730	0.7851	45	236,777,421	0.7851	1,858,940	151,131,557	0.7851	1,186,534	4,480,972
	Difference			-2,011			1			-19,179			22,518	1,329
	Actual Levy	182,836,940	0.7840	1,433,442	5,730	0.8000	46	236,777,421	0.7770	1,839,761	151,131,557	0.8000	1,209,052	4,482,301

LISTING OF LEVIES AFFECTED BY HB1150 IN 2003

Political Subdivision Name	Levy Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property			Total Revenue
		Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	
Marland Heights FPD - continued	Ambulance													
	HB1150 Ceiling	182,836,940	0.1110	202,949	5,730	0.1500	9	236,777,421	0.1090	258,087	151,131,557	0.1180	178,335	639,380
	Prior Method Ceiling	182,836,940	0.1120	204,777	5,730	0.1120	6	236,777,421	0.1120	265,191	151,131,557	0.1120	169,267	639,241
	Difference			-1,828			3			-7,104			9,068	139
	Actual Levy	182,836,940	0.1090	199,292	5,730	0.1500	9	236,777,421	0.1070	253,352	151,131,557	0.1160	175,313	627,966
	Pension													
	HB1150 Ceiling	182,836,940	0.1270	232,203	5,730	0.1300	7	236,777,421	0.1260	298,340	151,131,557	0.1300	196,471	727,021
	Prior Method Ceiling	182,836,940	0.1276	233,300	5,730	0.1276	7	236,777,421	0.1276	302,128	151,131,557	0.1276	192,844	728,279
	Difference			-1,097			0			-3,788			3,627	-1,258
	Actual Levy	182,836,940	0.1270	232,203	5,730	0.1300	7	236,777,421	0.1260	298,340	151,131,557	0.1300	196,471	727,021
	Dispatch													
	HB1150 Ceiling	182,836,940	0.0490	89,590	5,730	0.0500	3	236,777,421	0.0490	116,021	151,131,557	0.0500	75,566	281,180
	Prior Method Ceiling	182,836,940	0.0491	89,773	5,730	0.0491	3	236,777,421	0.0491	116,258	151,131,557	0.0491	74,206	280,240
	Difference			-183			0			-237			1,360	940
	Actual Levy	182,836,940	0.0490	89,590	5,730	0.0500	3	236,777,421	0.0490	116,021	151,131,557	0.0500	75,566	281,180
Mehlville Fire Protection District	General Revenue													
	HB1150 Ceiling	1,201,223,310	0.5440	6,534,655	873,740	0.7500	6,553	314,202,526	0.5650	1,775,244	325,632,952	0.5670	1,846,339	10,162,791
	Prior Method Ceiling	1,201,223,310	0.5518	6,628,350	873,740	0.5518	4,821	314,202,526	0.5518	1,733,770	325,632,952	0.5518	1,796,843	10,163,784
	Difference			-93,695			1,732			41,474			49,496	-993
	Actual Levy	1,201,223,310	0.5440	6,534,655	873,740	0.7500	6,553	314,202,526	0.5650	1,775,244	325,632,952	0.5670	1,846,339	10,162,791
	Ambulance													
	HB1150 Ceiling	1,201,223,310	0.2120	2,546,593	873,740	0.3000	2,621	314,202,526	0.2200	691,246	325,632,952	0.2210	719,649	3,960,109
	Prior Method Ceiling	1,201,223,310	0.2151	2,583,831	873,740	0.2151	1,879	314,202,526	0.2151	675,850	325,632,952	0.2151	700,436	3,961,996
	Difference			-37,238			742			15,396			19,213	-1,887
	Actual Levy	1,201,223,310	0.2120	2,546,593	873,740	0.3000	2,621	314,202,526	0.2200	691,246	325,632,952	0.2210	719,649	3,960,109
	Pension													
	HB1150 Ceiling	1,201,223,310	0.0920	1,105,125	873,740	0.1000	874	314,202,526	0.0960	301,634	325,632,952	0.0960	312,608	1,720,241
	Prior Method Ceiling	1,201,223,310	0.0935	1,123,144	873,740	0.0935	817	314,202,526	0.0935	293,779	325,632,952	0.0935	304,467	1,722,207
	Difference			-18,019			57			7,855			8,141	-1,966
	Actual Levy	1,201,223,310	0.0920	1,105,125	873,740	0.1000	874	314,202,526	0.0960	301,634	325,632,952	0.0960	312,608	1,720,241
	Alarm Fund													
	HB1150 Ceiling	1,201,223,310	0.0460	552,563	873,740	0.0500	437	314,202,526	0.0480	150,817	325,632,952	0.0480	156,304	860,121
	Prior Method Ceiling	1,201,223,310	0.0468	562,173	873,740	0.0468	409	314,202,526	0.0468	147,047	325,632,952	0.0468	152,396	862,025
	Difference			-9,610			28			3,770			3,908	-1,904
	Actual Levy	1,201,223,310	0.0460	552,563	873,740	0.0500	437	314,202,526	0.0480	150,817	325,632,952	0.0480	156,304	860,121

LISTING OF LEVIES AFFECTED BY HB1150 IN 2003

Political Subdivision Name	Levy Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property			Total Revenue
		Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	
Moline Fire Protection District	General Revenue													
	HB1150 Ceiling	74,418,160	1.2013	893,985	0	0.0000	0	14,817,789	1.1898	176,302	22,949,235	1.2410	284,800	1,355,087
	Prior Method Ceiling	74,418,160	1.2079	898,897	0	1.2079	0	14,817,789	1.2079	178,984	22,949,235	1.2079	277,204	1,355,085
	Difference			-4,912			0			-2,682			7,596	2
	Actual Levy	74,418,160	1.2012	893,911	0	0.0000	0	14,817,789	1.1883	176,080	22,949,235	1.2410	284,800	1,354,791
	Pension													
	HB1150 Ceiling	74,418,160	0.1440	107,162	0	0.0000	0	14,817,789	0.1430	21,189	22,949,235	0.1490	34,194	162,545
	Prior Method Ceiling	74,418,160	0.1450	107,906	0	0.1450	0	14,817,789	0.1450	21,486	22,949,235	0.1450	33,276	162,668
	Difference			-744			0			-297			918	-123
	Actual Levy	74,418,160	0.1440	107,162	0	0.0000	0	14,817,789	0.1430	21,189	22,949,235	0.1490	34,194	162,545
	Dispatch													
	HB1150 Ceiling	74,418,160	0.0290	21,581	0	0.0000	0	14,817,789	0.0290	4,297	22,949,235	0.0300	6,885	32,763
	Prior Method Ceiling	74,418,160	0.0290	21,581	0	0.0290	0	14,817,789	0.0290	4,297	22,949,235	0.0290	6,655	32,533
	Difference			0			0			0			230	230
	Actual Levy	74,418,160	0.0290	21,581	0	0.0000	0	14,817,789	0.0290	4,297	22,949,235	0.0300	6,885	32,763
Normandy Fire Protection District	General Revenue													
	HB1150 Ceiling	107,979,800	1.5078	1,628,119	12,590	1.5078	190	22,523,691	1.5078	339,612	37,974,427	1.5078	572,578	2,540,499
	Prior Method Ceiling	107,979,800	1.5078	1,628,119	12,590	1.5078	190	22,523,691	1.5078	339,612	37,974,427	1.5078	572,578	2,540,499
	Difference			0			0			0			0	0
	Actual Levy	107,979,800	1.5000	1,619,697	12,590	1.5000	189	22,523,691	1.5000	337,855	37,974,427	1.5000	569,616	2,527,357
	Ambulance													
	HB1150 Ceiling	107,979,800	0.3000	323,939	12,590	0.3000	38	22,523,691	0.3000	67,571	37,974,427	0.3000	113,923	505,471
	Prior Method Ceiling	107,979,800	0.3000	323,939	12,590	0.3000	38	22,523,691	0.3000	67,571	37,974,427	0.3000	113,923	505,471
	Difference			0			0			0			0	0
	Actual Levy	107,979,800	0.3000	323,939	12,590	0.3000	38	22,523,691	0.3000	67,571	37,974,427	0.3000	113,923	505,471
	Pension													
	HB1150 Ceiling	107,979,800	0.1000	107,980	12,590	0.1000	13	22,523,691	0.1000	22,524	37,974,427	0.1000	37,974	168,491
	Prior Method Ceiling	107,979,800	0.1000	107,980	12,590	0.1000	13	22,523,691	0.1000	22,524	37,974,427	0.1000	37,974	168,491
	Difference			0			0			0			0	0
	Actual Levy	107,979,800	0.1000	107,980	12,590	0.1000	13	22,523,691	0.1000	22,524	37,974,427	0.1000	37,974	168,491
	Dispatch													
	HB1150 Ceiling	107,979,800	0.0500	53,990	12,590	0.0500	6	22,523,691	0.0500	11,262	37,974,427	0.0500	18,987	84,245
	Prior Method Ceiling	107,979,800	0.0500	53,990	12,590	0.0500	6	22,523,691	0.0500	11,262	37,974,427	0.0500	18,987	84,245
	Difference			0			0			0			0	0
	Actual Levy	107,979,800	0.0400	43,192	12,590	0.0400	5	22,523,691	0.0400	9,009	37,974,427	0.0400	15,190	67,396

LISTING OF LEVIES AFFECTED BY HB1150 IN 2003

Political Subdivision Name	Levy Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property			Total Revenue
		Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	
Pattonville-Bridgeton Terr Fire Dis	General Revenue													
	HB1150 Ceiling	104,706,200	0.9830	1,029,262	345,140	0.9830	3,393	379,198,610	0.9830	3,727,522	183,838,441	0.9830	1,807,132	6,567,309
	Prior Method Ceiling	104,706,200	0.9834	1,029,681	345,140	0.9834	3,394	379,198,610	0.9834	3,729,039	183,838,441	0.9834	1,807,867	6,569,981
	Difference			-419			-1			-1,517			-735	-2,672
	Actual Levy	104,706,200	0.9830	1,029,262	345,140	0.9830	3,393	379,198,610	0.9830	3,727,522	183,838,441	0.9830	1,807,132	6,567,309
	Ambulance													
	HB1150 Ceiling	104,706,200	0.2390	250,248	345,140	0.2500	863	379,198,610	0.2490	944,205	183,838,441	0.2500	459,596	1,654,912
	Prior Method Ceiling	104,706,200	0.2479	259,567	345,140	0.2479	856	379,198,610	0.2479	940,033	183,838,441	0.2479	455,735	1,656,191
	Difference			-9,319			7			4,172			3,861	-1,279
	Actual Levy	104,706,200	0.2390	250,248	345,140	0.2500	863	379,198,610	0.2490	944,205	183,838,441	0.2500	459,596	1,654,912
	Pension													
	HB1150 Ceiling	104,706,200	0.1500	157,059	345,140	0.1500	518	379,198,610	0.1500	568,798	183,838,441	0.1500	275,758	1,002,133
	Prior Method Ceiling	104,706,200	0.1500	157,059	345,140	0.1500	518	379,198,610	0.1500	568,798	183,838,441	0.1500	275,758	1,002,133
	Difference			0			0			0			0	0
	Actual Levy	104,706,200	0.1500	157,059	345,140	0.1500	518	379,198,610	0.1500	568,798	183,838,441	0.1500	275,758	1,002,133
	Dispatch													
	HB1150 Ceiling	104,706,200	0.0500	52,353	345,140	0.0500	173	379,198,610	0.0500	189,599	183,838,441	0.0500	91,919	334,044
	Prior Method Ceiling	104,706,200	0.0500	52,353	345,140	0.0500	173	379,198,610	0.0500	189,599	183,838,441	0.0500	91,919	334,044
	Difference			0			0			0			0	0
	Actual Levy	104,706,200	0.0400	41,882	345,140	0.0400	138	379,198,610	0.0400	151,679	183,838,441	0.0400	73,535	267,234
Riverview Fire Protection District	General Revenue													
	HB1150 Ceiling	85,425,140	1.4612	1,248,232	10,040	1.4612	147	14,850,654	1.4612	216,998	27,907,159	1.4612	407,779	1,873,156
	Prior Method Ceiling	85,425,140	1.4612	1,248,232	10,040	1.4612	147	14,850,654	1.4612	216,998	27,907,159	1.4612	407,779	1,873,156
	Difference			0			0			0			0	0
	Actual Levy	85,425,140	1.4612	1,248,232	10,040	1.4612	147	14,850,654	1.4612	216,998	27,907,159	1.4612	407,779	1,873,156
	Pension													
	HB1150 Ceiling	85,425,140	0.2500	213,563	10,040	0.2500	25	14,850,654	0.2500	37,127	27,907,159	0.2500	69,768	320,483
	Prior Method Ceiling	85,425,140	0.2500	213,563	10,040	0.2500	25	14,850,654	0.2500	37,127	27,907,159	0.2500	69,768	320,483
	Difference			0			0			0			0	0
	Actual Levy	85,425,140	0.2500	213,563	10,040	0.2500	25	14,850,654	0.2500	37,127	27,907,159	0.2500	69,768	320,483
	Dispatch													
	HB1150 Ceiling	85,425,140	0.0490	41,858	10,040	0.0500	5	14,850,654	0.0500	7,425	27,907,159	0.0500	13,954	63,242
	Prior Method Ceiling	85,425,140	0.0492	42,029	10,040	0.0492	5	14,850,654	0.0492	7,307	27,907,159	0.0492	13,730	63,071
	Difference			-171			0			118			224	171
	Actual Levy	85,425,140	0.0400	34,170	10,040	0.0400	4	14,850,654	0.0400	5,940	27,907,159	0.0400	11,163	51,277

LISTING OF LEVIES AFFECTED BY HB1150 IN 2003

Political Subdivision Name	Levy Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property			Total Revenue
		Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	
Robertson Fire Protection District	General Revenue													
	HB1150 Ceiling	39,417,750	0.8900	350,818	205,840	0.8900	1,832	146,624,050	0.8900	1,304,954	99,590,989	0.8900	886,360	2,543,964
	Prior Method Ceiling	39,417,750	0.8900	350,818	205,840	0.8900	1,832	146,624,050	0.8900	1,304,954	99,590,989	0.8900	886,360	2,543,964
	Difference			0			0			0			0	0
	Actual Levy	39,417,750	0.8900	350,818	205,840	0.8900	1,832	146,624,050	0.8900	1,304,954	99,590,989	0.8900	886,360	2,543,964
	Ambulance													
	HB1150 Ceiling	39,417,750	0.5500	216,798	205,840	0.5500	1,132	146,624,050	0.5500	806,432	99,590,989	0.5500	547,750	1,572,112
	Prior Method Ceiling	39,417,750	0.5500	216,798	205,840	0.5500	1,132	146,624,050	0.5500	806,432	99,590,989	0.5500	547,750	1,572,112
	Difference			0			0			0			0	0
	Actual Levy	39,417,750	0.4250	167,525	205,840	0.4250	875	146,624,050	0.4250	623,152	99,590,989	0.4250	423,262	1,214,814
	Pension													
	HB1150 Ceiling	39,417,750	0.2000	78,836	205,840	0.2000	412	146,624,050	0.2000	293,248	99,590,989	0.2000	199,182	571,678
	Prior Method Ceiling	39,417,750	0.2000	78,836	205,840	0.2000	412	146,624,050	0.2000	293,248	99,590,989	0.2000	199,182	571,678
	Difference			0			0			0			0	0
	Actual Levy	39,417,750	0.2000	78,836	205,840	0.2000	412	146,624,050	0.2000	293,248	99,590,989	0.2000	199,182	571,678
	Dispatch													
	HB1150 Ceiling	39,417,750	0.0500	19,709	205,840	0.0500	103	146,624,050	0.0500	73,312	99,590,989	0.0500	49,795	142,919
	Prior Method Ceiling	39,417,750	0.0500	19,709	205,840	0.0500	103	146,624,050	0.0500	73,312	99,590,989	0.0500	49,795	142,919
	Difference			0			0			0			0	0
	Actual Levy	39,417,750	0.0400	15,767	205,840	0.0400	82	146,624,050	0.0400	58,650	99,590,989	0.0400	39,836	114,335
Spanish Lake Fire Protection Dist	General Revenue													
	HB1150 Ceiling	108,456,650	1.2206	1,323,822	103,790	1.2323	1,279	16,320,920	1.2500	204,012	32,021,858	1.2500	400,273	1,929,386
	Prior Method Ceiling	108,456,650	1.2297	1,333,691	103,790	1.2297	1,276	16,320,920	1.2297	200,698	32,021,858	1.2297	393,773	1,929,438
	Difference			-9,869			3			3,314			6,500	-52
	Actual Levy	108,456,650	1.2206	1,323,822	103,790	1.2323	1,279	16,320,920	1.2500	204,012	32,021,858	1.2500	400,273	1,929,386
	Pension													
	HB1150 Ceiling	108,456,650	0.1470	159,431	103,790	0.1500	156	16,320,920	0.1500	24,481	32,021,858	0.1500	48,033	232,101
	Prior Method Ceiling	108,456,650	0.1476	160,082	103,790	0.1476	153	16,320,920	0.1476	24,090	32,021,858	0.1476	47,264	231,589
	Difference			-651			3			391			769	512
	Actual Levy	108,456,650	0.1470	159,431	103,790	0.1500	156	16,320,920	0.1500	24,481	32,021,858	0.1500	48,033	232,101
	Dispatch													
	HB1150 Ceiling	108,456,650	0.0490	53,144	103,790	0.0500	52	16,320,920	0.0500	8,160	32,021,858	0.0500	16,011	77,367
	Prior Method Ceiling	108,456,650	0.0492	53,361	103,790	0.0492	51	16,320,920	0.0492	8,030	32,021,858	0.0492	15,755	77,197
	Difference			-217			1			130			256	170
	Actual Levy	108,456,650	0.0490	53,144	103,790	0.0500	52	16,320,920	0.0500	8,160	32,021,858	0.0500	16,011	77,367

LISTING OF LEVIES AFFECTED BY HB1150 IN 2003

Political Subdivision Name	Levy Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property			Total Revenue
		Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	
Valley Park Fire Protection Dist	General Revenue													
	HB1150 Ceiling	108,802,280	0.6550	712,655	110,120	0.6600	727	30,819,800	0.6600	203,411	47,813,296	0.6600	315,568	1,232,361
	Prior Method Ceiling	108,802,280	0.6569	714,722	110,120	0.6569	723	30,819,800	0.6569	202,455	47,813,296	0.6569	314,086	1,231,986
	Difference			-2,067			4			956			1,482	375
	Actual Levy	108,802,280	0.6550	712,655	110,120	0.6550	721	30,819,800	0.6550	201,870	47,813,296	0.6550	313,177	1,228,423
	Ambulance													
	HB1150 Ceiling	108,802,280	0.2980	324,231	110,120	0.3000	330	30,819,800	0.3000	92,459	47,813,296	0.3000	143,440	560,460
	Prior Method Ceiling	108,802,280	0.2986	324,884	110,120	0.2986	329	30,819,800	0.2986	92,028	47,813,296	0.2986	142,771	560,012
	Difference			-653			1			431			669	448
	Actual Levy	108,802,280	0.2977	323,904	110,120	0.2977	328	30,819,800	0.2977	91,751	47,813,296	0.2977	142,340	558,323
	Pension													
	HB1150 Ceiling	108,802,280	0.0990	107,714	110,120	0.1000	110	30,819,800	0.1000	30,820	47,813,296	0.1000	47,813	186,457
	Prior Method Ceiling	108,802,280	0.0995	108,258	110,120	0.0995	110	30,819,800	0.0995	30,666	47,813,296	0.0995	47,574	186,608
	Difference			-544			0			154			239	-151
	Actual Levy	108,802,280	0.0990	107,714	110,120	0.0990	109	30,819,800	0.0990	30,512	47,813,296	0.0990	47,335	185,670
	Dispatch													
	HB1150 Ceiling	108,802,280	0.0300	32,641	110,120	0.0300	33	30,819,800	0.0300	9,246	47,813,296	0.0300	14,344	56,264
	Prior Method Ceiling	108,802,280	0.0299	32,532	110,120	0.0299	33	30,819,800	0.0299	9,215	47,813,296	0.0299	14,296	56,076
	Difference			109			0			31			48	188
	Actual Levy	108,802,280	0.0300	32,641	110,120	0.0300	33	30,819,800	0.0300	9,246	47,813,296	0.0300	14,344	56,264
Mid-County Fire Protection District	General Revenue													
	HB1150 Ceiling	33,655,050	1.3500	454,343	0	0.0000	0	40,112,370	1.3500	541,517	44,353,484	1.3500	598,772	1,594,632
	Prior Method Ceiling	33,655,050	1.3500	454,343	0	1.3500	0	40,112,370	1.3500	541,517	44,353,484	1.3500	598,772	1,594,632
	Difference			0			0			0			0	0
	Actual Levy	33,655,050	1.3500	454,343	0	0.0000	0	40,112,370	1.3500	541,517	44,353,484	1.3500	598,772	1,594,632
	Ambulance													
	HB1150 Ceiling	33,655,050	0.1500	50,483	0	0.0000	0	40,112,370	0.1500	60,169	44,353,484	0.1500	66,530	177,182
	Prior Method Ceiling	33,655,050	0.1500	50,483	0	0.1500	0	40,112,370	0.1500	60,169	44,353,484	0.1500	66,530	177,182
	Difference			0			0			0			0	0
	Actual Levy	33,655,050	0.1500	50,483	0	0.0000	0	40,112,370	0.1500	60,169	44,353,484	0.1500	66,530	177,182
	Pension													
	HB1150 Ceiling	33,655,050	0.1000	33,655	0	0.0000	0	40,112,370	0.1000	40,112	44,353,484	0.1000	44,353	118,120
	Prior Method Ceiling	33,655,050	0.1000	33,655	0	0.1000	0	40,112,370	0.1000	40,112	44,353,484	0.1000	44,353	118,120
	Difference			0			0			0			0	0
	Actual Levy	33,655,050	0.1000	33,655	0	0.0000	0	40,112,370	0.1000	40,112	44,353,484	0.1000	44,353	118,120

LISTING OF LEVIES AFFECTED BY HB1150 IN 2003

Political Subdivision Name	Levy Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property			Total Revenue
		Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	
Mid-County FPD - continued	Dispatch													
	HB1150 Ceiling	33,655,050	0.0300	10,097	0	0.0000	0	40,112,370	0.0300	12,034	44,353,484	0.0300	13,306	35,437
	Prior Method Ceiling	33,655,050	0.0300	10,097	0	0.0300	0	40,112,370	0.0300	12,034	44,353,484	0.0300	13,306	35,437
	Difference			0			0			0			0	0
	Actual Levy	33,655,050	0.0300	10,097	0	0.0000	0	40,112,370	0.0300	12,034	44,353,484	0.0300	13,306	35,437
West Overland Fire Protection Dist	General Revenue													
	HB1150 Ceiling	42,936,290	0.7100	304,848	0	0.0000	0	87,014,348	0.7100	617,802	37,030,459	0.7100	262,916	1,185,566
	Prior Method Ceiling	42,936,290	0.7100	304,848	0	0.7100	0	87,014,348	0.7100	617,802	37,030,459	0.7100	262,916	1,185,566
	Difference			0			0			0			0	0
	Actual Levy	42,936,290	0.7100	304,848	0	0.0000	0	87,014,348	0.7100	617,802	37,030,459	0.7100	262,916	1,185,566
	Ambulance													
	HB1150 Ceiling	42,936,290	0.2500	107,341	0	0.0000	0	87,014,348	0.2500	217,536	37,030,459	0.2500	92,576	417,453
	Prior Method Ceiling	42,936,290	0.2500	107,341	0	0.2500	0	87,014,348	0.2500	217,536	37,030,459	0.2500	92,576	417,453
	Difference			0			0			0			0	0
	Actual Levy	42,936,290	0.2500	107,341	0	0.0000	0	87,014,348	0.2500	217,536	37,030,459	0.2500	92,576	417,453
	Pension													
	HB1150 Ceiling	42,936,290	0.1500	64,404	0	0.0000	0	87,014,348	0.1500	130,522	37,030,459	0.1500	55,546	250,472
	Prior Method Ceiling	42,936,290	0.1500	64,404	0	0.1500	0	87,014,348	0.1500	130,522	37,030,459	0.1500	55,546	250,472
	Difference			0			0			0			0	0
	Actual Levy	42,936,290	0.1500	64,404	0	0.0000	0	87,014,348	0.1500	130,522	37,030,459	0.1500	55,546	250,472
	Dispatch													
	HB1150 Ceiling	42,936,290	0.0500	21,468	0	0.0000	0	87,014,348	0.0500	43,507	37,030,459	0.0500	18,515	83,490
	Prior Method Ceiling	42,936,290	0.0500	21,468	0	0.0500	0	87,014,348	0.0500	43,507	37,030,459	0.0500	18,515	83,490
	Difference			0			0			0			0	0
	Actual Levy	42,936,290	0.0500	21,468	0	0.0000	0	87,014,348	0.0500	43,507	37,030,459	0.0500	18,515	83,490
Metropolitan Sewer Dist St Louis Co	General Revenue -Gen. Adm													
	HB1150 Ceiling	11,250,065,080	0.0190	2,137,512	5,113,690	0.0200	1,023	5,391,110,670	0.0190	1,024,311	5,130,217,034	0.0190	974,741	4,137,587
	Prior Method Ceiling	11,250,065,080	0.0191	2,148,762	5,113,690	0.0191	977	5,391,110,670	0.0191	1,029,702	5,130,217,034	0.0191	979,871	4,159,312
	Difference			-11,250			46			-5,391			-5,130	-21,725
	Actual Levy	11,250,065,080	0.0190	2,137,512	5,113,690	0.0190	972	5,391,110,670	0.0190	1,024,311	5,130,217,034	0.0190	974,741	4,137,536
	General Revenue -Storm													
	HB1150 Ceiling	6,416,687,280	0.0650	4,170,847	617,410	0.0700	432	3,315,843,744	0.0680	2,254,774	3,154,690,470	0.0680	2,145,190	8,571,243
	Prior Method Ceiling	6,416,687,280	0.0664	4,260,680	617,410	0.0664	410	3,315,843,744	0.0664	2,201,720	3,154,690,470	0.0664	2,094,714	8,557,524
	Difference			-89,833			22			53,054			50,476	13,719
	Actual Levy	6,416,687,280	0.0500	3,208,344	617,410	0.0500	309	3,315,843,744	0.0500	1,657,922	3,154,690,470	0.0500	1,577,345	6,443,920

LISTING OF LEVIES AFFECTED BY HB1150 IN 2003

Political Subdivision Name	Levy Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property			Total Revenue
		Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	
Black Creek - St. Louis County	General Revenue													
	HB1150 Ceiling	562,659,760	0.0920	517,647	0	0.0000	0	470,380,421	0.0950	446,861	170,708,475	0.0950	162,173	1,126,681
	Prior Method Ceiling	562,659,760	0.0934	525,524	0	0.0934	0	470,380,421	0.0934	439,335	170,708,475	0.0934	159,442	1,124,301
	Difference			-7,877			0			7,526			2,731	2,380
	Actual Levy	562,659,760	0.0600	337,596	0	0.0000	0	470,380,421	0.0600	282,228	170,708,475	0.0600	102,425	722,249
Black Jack-Dellwood - St. Louis Co.	General Revenue													
	HB1150 Ceiling	122,802,190	0.0970	119,118	4,310	0.1000	4	50,814,258	0.1000	50,814	47,008,294	0.0980	46,068	216,004
	Prior Method Ceiling	122,802,190	0.0980	120,346	4,310	0.0980	4	50,814,258	0.0980	49,798	47,008,294	0.0980	46,068	216,216
	Difference			-1,228			0			1,016			0	-212
	Actual Levy	122,802,190	0.0600	73,681	4,310	0.0600	3	50,814,258	0.0600	30,489	47,008,294	0.0600	28,205	132,378
Clayton Central - St. Louis County	General Revenue													
	HB1150 Ceiling	15,373,850	0.0730	11,223	0	0.0000	0	257,998,672	0.0910	234,779	42,514,416	0.0900	38,263	284,265
	Prior Method Ceiling	15,373,850	0.0899	13,821	0	0.0899	0	257,998,672	0.0899	231,941	42,514,416	0.0899	38,220	283,982
	Difference			-2,598			0			2,838			43	283
	Actual Levy	15,373,850	0.0600	9,224	0	0.0000	0	257,998,672	0.0600	154,799	42,514,416	0.0600	25,509	189,532
Coldwater Creek - St. Louis County	General Revenue													
	HB1150 Ceiling	800,711,560	0.1000	800,712	58,350	0.1000	58	474,841,667	0.1000	474,842	603,204,179	0.1000	603,204	1,878,816
	Prior Method Ceiling	800,711,560	0.1000	800,712	58,350	0.1000	58	474,841,667	0.1000	474,842	603,204,179	0.1000	603,204	1,878,816
	Difference			0			0			0			0	0
	Actual Levy	800,711,560	0.0700	560,498	58,350	0.0700	41	474,841,667	0.0700	332,389	603,204,179	0.0700	422,243	1,315,171
Creve Coeur-Frontenac St. Louis Co	General Revenue													
	HB1150 Ceiling	249,341,750	0.0740	184,513	0	0.0000	0	148,943,809	0.0760	113,197	75,297,976	0.0760	57,226	354,936
	Prior Method Ceiling	249,341,750	0.0750	187,006	0	0.0750	0	148,943,809	0.0750	111,708	75,297,976	0.0750	56,473	355,187
	Difference			-2,493			0			1,489			753	-251
	Actual Levy	249,341,750	0.0500	124,671	0	0.0000	0	148,943,809	0.0500	74,472	75,297,976	0.0500	37,649	236,792
Deer Creek - St. Louis County	General Revenue													
	HB1150 Ceiling	1,903,824,860	0.0900	1,713,442	158,680	0.1000	159	781,565,671	0.0930	726,856	465,374,149	0.0930	432,798	2,873,255
	Prior Method Ceiling	1,903,824,860	0.0915	1,742,000	158,680	0.0915	145	781,565,671	0.0915	715,133	465,374,149	0.0915	425,817	2,883,095
	Difference			-28,558			14			11,723			6,981	-9,840
	Actual Levy	1,903,824,860	0.0600	1,142,295	158,680	0.0600	95	781,565,671	0.0600	468,939	465,374,149	0.0600	279,224	1,890,553
Fountain Creek - St. Louis County	General Revenue													
	HB1150 Ceiling	74,112,820	0.1380	102,276	0	0.0000	0	17,660,410	0.1420	25,078	25,543,598	0.1400	35,761	163,115
	Prior Method Ceiling	74,112,820	0.1389	102,943	0	0.1389	0	17,660,410	0.1389	24,530	25,543,598	0.1389	35,480	162,953
	Difference			-667			0			548			281	162
	Actual Levy	74,112,820	0.1000	74,113	0	0.0000	0	17,660,410	0.1000	17,660	25,543,598	0.1000	25,544	117,317

LISTING OF LEVIES AFFECTED BY HB1150 IN 2003

Political Subdivision Name	Levy Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property			Total Revenue
		Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	
Gravois Creek - St. Louis County	General Revenue													
	HB1150 Ceiling	784,126,150	0.0830	650,825	341,470	0.0840	287	338,422,102	0.0860	291,043	249,810,602	0.0860	214,837	1,156,992
	Prior Method Ceiling	784,126,150	0.0842	660,234	341,470	0.0842	288	338,422,102	0.0842	284,951	249,810,602	0.0842	210,341	1,155,814
	Difference			-9,409			-1			6,092			4,496	1,178
	Actual Levy	784,126,150	0.0600	470,476	341,470	0.0600	205	338,422,102	0.0600	203,053	249,810,602	0.0600	149,886	823,620
Loretta-Joplin - St. Louis County	General Revenue													
	HB1150 Ceiling	15,192,340	0.0870	13,217	0	0.0000	0	1,716,139	0.0880	1,510	5,072,178	0.0900	4,565	19,292
	Prior Method Ceiling	15,192,340	0.0878	13,339	0	0.0878	0	1,716,139	0.0878	1,507	5,072,178	0.0878	4,453	19,299
	Difference			-122			0			3			112	-7
	Actual Levy	15,192,340	0.0600	9,115	0	0.0000	0	1,716,139	0.0600	1,030	5,072,178	0.0600	3,043	13,188
Maline Creek - St. Louis County	General Revenue													
	HB1150 Ceiling	314,289,060	0.1000	314,289	34,750	0.1000	35	120,950,588	0.1000	120,951	140,412,713	0.1000	140,413	575,688
	Prior Method Ceiling	314,289,060	0.0999	313,975	34,750	0.0999	35	120,950,588	0.0999	120,830	140,412,713	0.0999	140,272	575,112
	Difference			314			0			121			141	576
	Actual Levy	314,289,060	0.0700	220,002	34,750	0.0700	24	120,950,588	0.0700	84,665	140,412,713	0.0700	98,289	402,980
Marlborough - St. Louis County	General Revenue													
	HB1150 Ceiling	33,314,050	0.0560	18,656	0	0.0000	0	11,554,355	0.0600	6,933	9,806,194	0.0580	5,688	31,277
	Prior Method Ceiling	33,314,050	0.0573	19,089	0	0.0573	0	11,554,355	0.0573	6,621	9,806,194	0.0573	5,619	31,329
	Difference			-433			0			312			69	-52
	Actual Levy	33,314,050	0.0400	13,326	0	0.0000	0	11,554,355	0.0400	4,622	9,806,194	0.0400	3,922	21,870
Meramec River Basin - St. Louis Co.	General Revenue													
	HB1150 Ceiling	1,529,770,450	0.0950	1,453,282	1,026,070	0.1000	1,026	531,894,008	0.0970	515,937	652,923,325	0.1000	652,923	2,623,168
	Prior Method Ceiling	1,529,770,450	0.0966	1,477,758	1,026,070	0.0966	991	531,894,008	0.0966	513,810	652,923,325	0.0966	630,724	2,623,283
	Difference			-24,476			35			2,127			22,199	-115
	Actual Levy	1,529,770,450	0.0700	1,070,839	1,026,070	0.0700	718	531,894,008	0.0700	372,326	652,923,325	0.0700	457,046	1,900,929
Mo. River-Bonfils - St. Louis Co.	General Revenue													
	HB1150 Ceiling	118,505,980	0.1000	118,506	126,360	0.1000	126	400,113,197	0.1000	400,113	213,710,888	0.1000	213,711	732,456
	Prior Method Ceiling	118,505,980	0.1000	118,506	126,360	0.1000	126	400,113,197	0.1000	400,113	213,710,888	0.1000	213,711	732,456
	Difference			0			0			0			0	0
	Actual Levy	118,505,980	0.0700	82,954	126,360	0.0700	88	400,113,197	0.0700	280,079	213,710,888	0.0700	149,598	512,719
North Affton - St. Louis County	General Revenue													
	HB1150 Ceiling	49,576,670	0.0810	40,157	0	0.0000	0	3,964,600	0.0830	3,291	11,296,893	0.0850	9,602	53,050
	Prior Method Ceiling	49,576,670	0.0820	40,653	0	0.0820	0	3,964,600	0.0820	3,251	11,296,893	0.0820	9,263	53,167
	Difference			-496			0			40			339	-117
	Actual Levy	49,576,670	0.0600	29,746	0	0.0000	0	3,964,600	0.0600	2,379	11,296,893	0.0600	6,778	38,903

LISTING OF LEVIES AFFECTED BY HB1150 IN 2003

Political Subdivision Name	Levy Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property			Total Revenue
		Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	
Paddock Creek - St. Louis County	General Revenue													
	HB1150 Ceiling	84,445,410	0.0990	83,601	2,360	0.1000	2	23,729,149	0.1000	23,729	26,630,746	0.0990	26,364	133,696
	Prior Method Ceiling	84,445,410	0.0991	83,685	2,360	0.0991	2	23,729,149	0.0991	23,516	26,630,746	0.0991	26,391	133,594
	Difference			-84			0			213			-27	102
	Actual Levy	84,445,410	0.0600	50,667	2,360	0.0600	1	23,729,149	0.0600	14,237	26,630,746	0.0600	15,978	80,883
Seminary Branch RDP - St. Louis Co	General Revenue													
	HB1150 Ceiling	182,904,360	0.0730	133,520	0	0.0000	0	39,730,614	0.0760	30,195	50,571,398	0.0760	38,434	202,149
	Prior Method Ceiling	182,904,360	0.0736	134,618	0	0.0736	0	39,730,614	0.0736	29,242	50,571,398	0.0736	37,221	201,081
	Difference			-1,098			0			953			1,213	1,068
	Actual Levy	182,904,360	0.0600	109,743	0	0.0000	0	39,730,614	0.0600	23,838	50,571,398	0.0600	30,343	163,924
Shrewsbury Branch RDP - St Louis Co	General Revenue													
	HB1150 Ceiling	15,262,090	0.0750	11,447	0	0.0000	0	3,162,910	0.0760	2,404	4,238,406	0.0780	3,306	17,157
	Prior Method Ceiling	15,262,090	0.0755	11,523	0	0.0755	0	3,162,910	0.0755	2,388	4,238,406	0.0755	3,200	17,111
	Difference			-76			0			16			106	46
	Actual Levy	15,262,090	0.0600	9,157	0	0.0000	0	3,162,910	0.0600	1,898	4,238,406	0.0600	2,543	13,598
Sugar Creek - St. Louis County	General Revenue													
	HB1150 Ceiling	203,182,540	0.0630	128,005	130	0.0000	0	32,176,175	0.1000	32,176	53,170,556	0.0690	36,688	196,869
	Prior Method Ceiling	203,182,540	0.0682	138,570	130	0.0682	0	32,176,175	0.0682	21,944	53,170,556	0.0682	36,262	196,776
	Difference			-10,565			0			10,232			426	93
	Actual Levy	203,182,540	0.0630	128,005	130	0.0000	0	32,176,175	0.0660	21,236	53,170,556	0.0660	35,093	184,334
Univ City Branch RDP - St. Louis Co	General Revenue													
	HB1150 Ceiling	370,219,150	0.0920	340,602	0	0.0000	0	227,265,483	0.0930	211,357	186,401,507	0.0940	175,217	727,176
	Prior Method Ceiling	370,219,150	0.0926	342,823	0	0.0926	0	227,265,483	0.0926	210,448	186,401,507	0.0926	172,608	725,879
	Difference			-2,221			0			909			2,609	1,297
	Actual Levy	370,219,150	0.0700	259,153	0	0.0000	0	227,265,483	0.0700	159,086	186,401,507	0.0700	130,481	548,720
Upper Paddock Creek - St. Louis Co.	General Revenue													
	HB1150 Ceiling	20,057,620	0.0890	17,851	1,170	0.1000	1	4,793,507	0.0910	4,362	6,571,687	0.0910	5,980	28,194
	Prior Method Ceiling	20,057,620	0.0897	17,992	1,170	0.0897	1	4,793,507	0.0897	4,300	6,571,687	0.0897	5,895	28,188
	Difference			-141			0			62			85	6
	Actual Levy	20,057,620	0.0600	12,035	1,170	0.0600	1	4,793,507	0.0600	2,876	6,571,687	0.0600	3,943	18,855
Watkins Creek - St. Louis County	General Revenue													
	HB1150 Ceiling	91,846,260	0.0970	89,091	11,610	0.1000	12	27,848,287	0.1000	27,848	36,670,239	0.0990	36,304	153,255
	Prior Method Ceiling	91,846,260	0.0982	90,193	11,610	0.0982	11	27,848,287	0.0982	27,347	36,670,239	0.0982	36,010	153,561
	Difference			-1,102			1			501			294	-306
	Actual Levy	91,846,260	0.0600	55,108	11,610	0.0600	7	27,848,287	0.0600	16,709	36,670,239	0.0600	22,002	93,826

LISTING OF LEVIES AFFECTED BY HB1150 IN 2003

Political Subdivision Name	Levy Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property			Total Revenue
		Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	
Wedgewood Creek - St. Louis County	General Revenue													
	HB1150 Ceiling	18,707,370	0.0970	18,146	0	0.0000	0	13,028,654	0.1000	13,029	7,779,464	0.1000	7,779	38,954
	Prior Method Ceiling	18,707,370	0.0987	18,464	0	0.0987	0	13,028,654	0.0987	12,859	7,779,464	0.0987	7,678	39,001
	Difference			-318			0			170			101	-47
	Actual Levy	18,707,370	0.0600	11,224	0	0.0000	0	13,028,654	0.0600	7,817	7,779,464	0.0600	4,668	23,709
Wellston - St. Louis County	General Revenue													
	HB1150 Ceiling	11,969,920	0.1000	11,970	0	0.0000	0	10,396,611	0.1000	10,397	15,131,367	0.1000	15,131	37,498
	Prior Method Ceiling	11,969,920	0.1000	11,970	0	0.1000	0	10,396,611	0.1000	10,397	15,131,367	0.1000	15,131	37,498
	Difference			0			0			0			0	0
	Actual Levy	11,969,920	0.0800	9,576	0	0.0000	0	10,396,611	0.0800	8,317	15,131,367	0.0800	12,105	29,998
Hancock Street Light Dist St Louis	General Revenue													
	HB1150 Ceiling	32,018,870	0.1940	62,117	0	0.0000	0	8,903,600	0.1960	17,451	13,357,180	0.2000	26,714	106,282
	Prior Method Ceiling	32,018,870	0.1958	62,693	0	0.1958	0	8,903,600	0.1958	17,433	13,357,180	0.1958	26,153	106,279
	Difference			-576			0			18			561	3
	Actual Levy	32,018,870	0.1700	54,432	0	0.0000	0	8,903,600	0.1700	15,136	13,357,180	0.1700	22,707	92,275
Wheaton Cook Lyndhurst Light Dist	General Revenue													
	HB1150 Ceiling	4,993,570	0.1990	9,937	0	0.0000	0	1,013,330	0.2000	2,027	1,316,219	0.2000	2,632	14,596
	Prior Method Ceiling	4,993,570	0.1996	9,967	0	0.1996	0	1,013,330	0.1996	2,023	1,316,219	0.1996	2,627	14,617
	Difference			-30			0			4			5	-21
	Actual Levy	4,993,570	0.1140	5,693	0	0.0000	0	1,013,330	0.1110	1,125	1,316,219	0.1250	1,645	8,463
Castle Point Street Light District	General Revenue													
	HB1150 Ceiling	6,252,620	0.1610	10,067	0	0.0000	0	185,870	0.1780	331	1,509,459	0.1850	2,792	13,190
	Prior Method Ceiling	6,252,620	0.1660	10,379	0	0.1660	0	185,870	0.1660	309	1,509,459	0.1660	2,506	13,194
	Difference			-312			0			22			286	-4
	Actual Levy	6,252,620	0.1610	10,067	0	0.0000	0	185,870	0.1780	331	1,509,459	0.1850	2,792	13,190
Glasgow Village Street Light Dist	General Revenue													
	HB1150 Ceiling	17,458,350	0.1580	27,584	0	0.0000	0	495,820	0.0620	307	4,224,605	0.1580	6,675	34,566
	Prior Method Ceiling	17,458,350	0.1561	27,252	0	0.1561	0	495,820	0.1561	774	4,224,605	0.1561	6,595	34,621
	Difference			332			0			-467			80	-55
	Actual Levy	17,458,350	0.1580	27,584	0	0.0000	0	495,820	0.0620	307	4,224,605	0.1580	6,675	34,566
Elmwood Park Street Light District	General Revenue													
	HB1150 Ceiling	1,574,970	0.4000	6,300	0	0.0000	0	95,930	0.3990	383	414,400	0.4000	1,658	8,341
	Prior Method Ceiling	1,574,970	0.4000	6,300	0	0.4000	0	95,930	0.4000	384	414,400	0.4000	1,658	8,342
	Difference			0			0			-1			0	-1
	Actual Levy	1,574,970	0.0000	0	0	0.0000	0	95,930	0.0000	0	414,400	0.0000	0	0

LISTING OF LEVIES AFFECTED BY HB1150 IN 2003

Political Subdivision Name	Levy Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property			Total Revenue
		Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	
Metro Zoological Park & Museum Dist	Art Museum													
	HB1150 Ceiling	11,498,762,690	0.0760	8,739,060	7,426,490	0.0800	5,941	5,476,728,837	0.0780	4,271,848	5,030,320,338	0.0790	3,973,953	16,990,802
	Prior Method Ceiling	11,498,762,690	0.0770	8,854,047	7,426,490	0.0770	5,718	5,476,728,837	0.0770	4,217,081	5,030,320,338	0.0770	3,873,347	16,950,193
	Difference			-114,987			223			54,767			100,606	40,609
	Actual Levy	11,498,762,690	0.0620	7,129,233	7,426,490	0.0620	4,604	5,476,728,837	0.0620	3,395,572	5,030,320,338	0.0620	3,118,799	13,648,208
	Botanical Garden													
	HB1150 Ceiling	11,498,762,690	0.0380	4,369,530	7,426,490	0.0400	2,971	5,476,728,837	0.0390	2,135,924	5,030,320,338	0.0400	2,012,128	8,520,553
	Prior Method Ceiling	11,498,762,690	0.0385	4,427,024	7,426,490	0.0385	2,859	5,476,728,837	0.0385	2,108,541	5,030,320,338	0.0385	1,936,673	8,475,097
	Difference			-57,494			112			27,383			75,455	45,456
	Actual Levy	11,498,762,690	0.0320	3,679,604	7,426,490	0.0320	2,376	5,476,728,837	0.0320	1,752,553	5,030,320,338	0.0320	1,609,703	7,044,236
	Museum of Mo. History													
	HB1150 Ceiling	11,498,762,690	0.0380	4,369,530	7,426,490	0.0400	2,971	5,476,728,837	0.0390	2,135,924	5,030,320,338	0.0400	2,012,128	8,520,553
	Prior Method Ceiling	11,498,762,690	0.0385	4,427,024	7,426,490	0.0385	2,859	5,476,728,837	0.0385	2,108,541	5,030,320,338	0.0385	1,936,673	8,475,097
	Difference			-57,494			112			27,383			75,455	45,456
	Actual Levy	11,498,762,690	0.0380	4,369,530	7,426,490	0.0380	2,822	5,476,728,837	0.0380	2,081,157	5,030,320,338	0.0380	1,911,522	8,365,031
	Museum of Nat. History													
	HB1150 Ceiling	11,498,762,690	0.0380	4,369,530	7,426,490	0.0400	2,971	5,476,728,837	0.0390	2,135,924	5,030,320,338	0.0400	2,012,128	8,520,553
	Prior Method Ceiling	11,498,762,690	0.0385	4,427,024	7,426,490	0.0385	2,859	5,476,728,837	0.0385	2,108,541	5,030,320,338	0.0385	1,936,673	8,475,097
	Difference			-57,494			112			27,383			75,455	45,456
	Actual Levy	11,498,762,690	0.0320	3,679,604	7,426,490	0.0320	2,376	5,476,728,837	0.0320	1,752,553	5,030,320,338	0.0320	1,609,703	7,044,236
	Zoological Park													
	HB1150 Ceiling	11,498,762,690	0.0760	8,739,060	7,426,490	0.0800	5,941	5,476,728,837	0.0780	4,271,848	5,030,320,338	0.0790	3,973,953	16,990,802
	Prior Method Ceiling	11,498,762,690	0.0770	8,854,047	7,426,490	0.0770	5,718	5,476,728,837	0.0770	4,217,081	5,030,320,338	0.0770	3,873,347	16,950,193
	Difference			-114,987			223			54,767			100,606	40,609
	Actual Levy	11,498,762,690	0.0620	7,129,233	7,426,490	0.0620	4,604	5,476,728,837	0.0620	3,395,572	5,030,320,338	0.0620	3,118,799	13,648,208
Clayton Special Business District	General Revenue													
	HB1150 Ceiling	6,824,290	0.0780	5,323	0	0.0000	0	253,834,640	0.1280	324,908	0	0.0000	0	330,231
	Prior Method Ceiling	6,824,290	0.1266	8,640	0	0.1266	0	253,834,640	0.1266	321,355	0	0.1266	0	329,995
	Difference			-3,317			0			3,553			0	236
	Actual Levy	6,824,290	0.0470	3,207	0	0.0000	0	253,834,640	0.0470	119,302	0	0.0000	0	122,509
Maplewood Special Business District	General Revenue													
	HB1150 Ceiling	228,200	0.4930	1,125	0	0.0000	0	9,734,990	0.4890	47,604	0	0.0000	0	48,729
	Prior Method Ceiling	228,200	0.4887	1,115	0	0.4887	0	9,734,990	0.4887	47,575	0	0.4887	0	48,690
	Difference			10			0			29			0	39
	Actual Levy	228,200	0.4930	1,125	0	0.0000	0	9,734,990	0.4890	47,604	0	0.0000	0	48,729

LISTING OF LEVIES AFFECTED BY HB1150 IN 2003

Political Subdivision Name	Levy Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property			Total Revenue
		Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	
University City Spec Bus Dist BD57	General Revenue													
	HB1150 Ceiling	624,980	0.6780	4,237	0	0.0000	0	3,596,990	0.5960	21,438	0	0.0000	0	25,675
	Prior Method Ceiling	624,980	0.6080	3,800	0	0.6080	0	3,596,990	0.6080	21,870	0	0.6080	0	25,670
	Difference			437			0			-432			0	5
	Actual Levy	624,980	0.6780	4,237	0	0.0000	0	3,596,990	0.5960	21,438	0	0.0000	0	25,675
Webster Groves-Old Webster Bus Dist	General Revenue													
	HB1150 Ceiling	231,780	0.4060	941	0	0.0000	0	7,389,890	0.4350	32,146	0	0.0000	0	33,087
	Prior Method Ceiling	231,780	0.4345	1,007	0	0.4345	0	7,389,890	0.4345	32,109	0	0.4345	0	33,116
	Difference			-66			0			37			0	-29
	Actual Levy	231,780	0.2900	672	0	0.0000	0	7,389,890	0.2900	21,431	0	0.0000	0	22,103
Webster Groves-Old Orchard Bus Dist	General Revenue													
	HB1150 Ceiling	53,260	0.8500	453	0	0.0000	0	3,861,760	0.8500	32,825	0	0.0000	0	33,278
	Prior Method Ceiling	53,260	0.8500	453	0	0.8500	0	3,861,760	0.8500	32,825	0	0.8500	0	33,278
	Difference			0			0			0			0	0
	Actual Levy	53,260	0.3600	192	0	0.0000	0	3,861,760	0.3600	13,902	0	0.0000	0	14,094
Kirkwood Special Business District	General Revenue													
	HB1150 Ceiling	0	0.0000	0	0	0.0000	0	20,428,980	0.4800	98,059	0	0.0000	0	98,059
	Prior Method Ceiling	0	0.4804	0	0	0.4804	0	20,428,980	0.4804	98,141	0	0.4804	0	98,141
	Difference			0			0			-82			0	-82
	Actual Levy	0	0.0000	0	0	0.0000	0	20,428,980	0.4800	98,059	0	0.0000	0	98,059
Jennings Special Business District	General Revenue													
	HB1150 Ceiling	35,480	0.5270	187	0	0.0000	0	2,000,230	0.5190	10,381	0	0.0000	0	10,568
	Prior Method Ceiling	35,480	0.5191	184	0	0.5191	0	2,000,230	0.5191	10,383	0	0.5191	0	10,567
	Difference			3			0			-2			0	1
	Actual Levy	35,480	0.1700	60	0	0.0000	0	2,000,230	0.1700	3,400	0	0.0000	0	3,460
Productive Living Board	General Revenue													
	HB1150 Ceiling	10,331,097,270	0.0860	8,884,744	7,426,490	0.0900	6,684	4,364,871,875	0.0880	3,841,087	3,876,637,234	0.0900	3,488,974	16,221,489
	Prior Method Ceiling	10,331,097,270	0.0871	8,998,386	7,426,490	0.0871	6,468	4,364,871,875	0.0871	3,801,803	3,876,637,234	0.0871	3,376,551	16,183,208
	Difference			-113,642			216			39,284			112,423	38,281
	Actual Levy	10,331,097,270	0.0850	8,781,433	7,426,490	0.0850	6,313	4,364,871,875	0.0850	3,710,141	3,876,637,234	0.0850	3,295,142	15,793,029
Parkview Gardens Spec Bus Dist BD39	General Revenue													
	HB1150 Ceiling	6,620,210	0.8010	53,028	0	0.0000	0	1,528,640	0.8500	12,993	0	0.0000	0	66,021
	Prior Method Ceiling	6,620,210	0.8102	53,637	0	0.8102	0	1,528,640	0.8102	12,385	0	0.8102	0	66,022
	Difference			-609			0			608			0	-1
	Actual Levy	6,620,210	0.7860	52,035	0	0.0000	0	1,528,640	0.8500	12,993	0	0.0000	0	65,028

LISTING OF LEVIES AFFECTED BY HB1150 IN 2003

Political Subdivision Name	Levy Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property			Total Revenue
		Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	
Crossroads Special Business Dist	General Revenue													
	HB1150 Ceiling	0	0.8500	0	0	0.8500	0	2,352,610	0.8500	19,997	0	0.8500	0	19,997
	Prior Method Ceiling	0	0.8500	0	0	0.8500	0	2,352,610	0.8500	19,997	0	0.8500	0	19,997
	Difference			0			0			0			0	0
	Actual Levy	0	0.4000	0	0	0.0000	0	2,352,610	0.4000	9,410	0	0.0000	0	9,410
Robinwood West Community Imp Dist	General Revenue													
	HB1150 Ceiling	11,659,840	0.8880	103,539	0	0.0000	0	0	0.0000	0	0	0.0000	0	103,539
	Prior Method Ceiling	11,659,840	0.8881	103,551	0	0.8881	0	0	0.8881	0	0	0.8881	0	103,551
	Difference			-12			0			0			0	-12
	Actual Levy	11,659,840	0.8500	99,109	0	0.0000	0	0	0.0000	0	0	0.0000	0	99,109
Hazelwood R-I School District	Operating Funds-Schools													
	HB1150 Ceiling	767,789,800	4.3004	33,018,033	711,840	4.5700	32,531	414,647,960	4.4477	18,442,297	454,816,357	4.4250	20,125,624	71,618,485
	Prior Method Ceiling	767,789,800	4.3724	33,570,841	711,840	4.3724	31,124	414,647,960	4.3724	18,130,067	454,816,357	4.3724	19,886,390	71,618,422
	Difference			-552,808			1,407			312,230			239,234	63
	Actual Levy	767,789,800	4.3004	33,018,033	711,840	4.5700	32,531	414,647,960	4.4477	18,442,297	454,816,357	4.4250	20,125,624	71,618,485
Ferguson-Florissant R-II Sch Dist	Operating Funds-Schools													
	HB1150 Ceiling	364,581,310	4.7400	17,281,154	26,770	4.7400	1,269	259,724,530	4.7400	12,310,943	272,799,371	4.7400	12,930,690	42,524,056
	Prior Method Ceiling	364,581,310	4.7400	17,281,154	26,770	4.7400	1,269	259,724,530	4.7400	12,310,943	272,799,371	4.7400	12,930,690	42,524,056
	Difference			0			0			0			0	0
	Actual Levy	364,581,310	4.7400	17,281,154	26,770	4.7400	1,269	259,724,530	4.7400	12,310,943	272,799,371	4.7400	12,930,690	42,524,056
Pattonville R-III School District	Operating Funds-Schools													
	HB1150 Ceiling	339,877,760	3.5720	12,140,434	195,200	4.1100	8,023	569,849,430	3.7288	21,248,546	316,184,807	3.8998	12,330,575	45,727,578
	Prior Method Ceiling	339,877,760	3.7295	12,675,741	195,200	3.7295	7,280	569,849,430	3.7295	21,252,534	316,184,807	3.7295	11,792,112	45,727,667
	Difference			-535,307			743			-3,988			538,463	-89
	Actual Levy	339,877,760	3.4020	11,562,641	195,200	3.9400	7,691	569,849,430	3.5588	20,279,802	316,184,807	3.7298	11,793,061	43,643,195
Rockwood R-VI School District	Operating Funds-Schools													
	HB1150 Ceiling	1,567,723,400	3.5211	55,201,109	3,549,710	4.1400	146,958	356,743,450	3.7908	13,523,431	638,280,191	4.0404	25,789,073	94,660,571
	Prior Method Ceiling	1,567,723,400	3.6886	57,827,045	3,549,710	3.6886	130,935	356,743,450	3.6886	13,158,839	638,280,191	3.6886	23,543,603	94,660,422
	Difference			-2,625,936			16,023			364,592			2,245,470	149
	Actual Levy	1,567,723,400	3.5211	55,201,109	3,549,710	3.6886	130,935	356,743,450	3.7908	13,523,431	638,280,191	4.0404	25,789,073	94,644,548
Kirkwood R-VII School District	Operating Funds-Schools													
	HB1150 Ceiling	605,084,030	3.3828	20,468,783	156,820	5.1500	8,076	153,800,120	3.9780	6,118,169	146,192,481	3.5032	5,121,415	31,716,443
	Prior Method Ceiling	605,084,030	3.5037	21,200,329	156,820	3.5037	5,495	153,800,120	3.5037	5,388,695	146,192,481	3.5037	5,122,146	31,716,665
	Difference			-731,546			2,581			729,474			-731	-222
	Actual Levy	605,084,030	3.3820	20,463,942	156,820	5.1500	8,076	153,800,120	3.9780	6,118,169	146,192,481	3.5030	5,121,123	31,711,310

LISTING OF LEVIES AFFECTED BY HB1150 IN 2003

Political Subdivision Name	Levy Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property			Total Revenue
		Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	
Lindbergh R-VIII School District	Operating Funds-Schools													
	HB1150 Ceiling	595,573,270	2.8551	17,004,212	517,930	4.1500	21,494	236,845,370	2.9475	6,981,017	167,470,011	3.0269	5,069,150	29,075,873
	Prior Method Ceiling	595,573,270	2.9064	17,309,742	517,930	2.9064	15,053	236,845,370	2.9064	6,883,674	167,470,011	2.9064	4,867,348	29,075,817
	Difference			-305,530			6,441			97,343			201,802	56
	Actual Levy	595,573,270	2.5249	15,037,629	517,930	3.8831	20,112	236,845,370	2.5842	6,120,558	167,470,011	2.7062	4,532,073	25,710,372
Mehlville R-IX School District	Operating Funds-Schools													
	HB1150 Ceiling	910,444,100	3.4829	31,709,858	525,070	3.7500	19,690	198,909,400	3.6281	7,216,632	250,064,092	3.6503	9,128,090	48,074,270
	Prior Method Ceiling	910,444,100	3.5350	32,184,199	525,070	3.5350	18,561	198,909,400	3.5350	7,031,447	250,064,092	3.5350	8,839,766	48,073,973
	Difference			-474,341			1,129			185,185			288,324	297
	Actual Levy	910,444,100	3.4829	31,709,858	525,070	3.7500	19,690	198,909,400	3.6281	7,216,632	250,064,092	3.6503	9,128,090	48,074,270
Parkway C-2 School District	Operating Funds-Schools													
	HB1150 Ceiling	2,055,696,300	3.2108	66,004,297	1,764,850	3.4376	60,668	861,282,500	3.3115	28,521,370	607,313,793	3.3517	20,355,336	114,941,671
	Prior Method Ceiling	2,055,696,300	3.2598	67,011,588	1,764,850	3.2598	57,531	861,282,500	3.2598	28,076,087	607,313,793	3.2598	19,797,215	114,942,421
	Difference			-1,007,291			3,137			445,283			558,121	-750
	Actual Levy	2,055,696,300	3.2108	66,004,297	1,764,850	3.4376	60,668	861,282,500	3.3115	28,521,370	607,313,793	3.3517	20,355,336	114,941,671
Affton 101 School District	Operating Funds-Schools													
	HB1150 Ceiling	217,982,430	3.9552	8,621,641	0	0.0000	0	55,937,580	4.0147	2,245,726	67,110,881	4.1531	2,787,182	13,654,549
	Prior Method Ceiling	217,982,430	4.0039	8,727,799	0	4.0039	0	55,937,580	4.0039	2,239,685	67,110,881	4.0039	2,687,053	13,654,537
	Difference			-106,158			0			6,041			100,129	12
	Actual Levy	217,982,430	3.9552	8,621,641	0	0.0000	0	55,937,580	4.0147	2,245,726	67,110,881	4.1531	2,787,182	13,654,549
Bayless School District	Operating Funds-Schools													
	HB1150 Ceiling	94,705,540	3.3294	3,153,126	0	0.0000	0	10,253,810	3.4221	350,896	23,601,544	3.6975	872,667	4,376,689
	Prior Method Ceiling	94,705,540	3.4044	3,224,155	0	3.4044	0	10,253,810	3.4044	349,081	23,601,544	3.4044	803,491	4,376,727
	Difference			-71,029			0			1,815			69,176	-38
	Actual Levy	94,705,540	3.3294	3,153,126	0	0.0000	0	10,253,810	3.4221	350,896	23,601,544	3.6975	872,667	4,376,689
Brentwood School District	Operating Funds-Schools													
	HB1150 Ceiling	107,156,840	3.3456	3,585,039	0	0.6000	0	72,294,313	3.4730	2,510,781	48,478,819	3.3969	1,646,777	7,742,597
	Prior Method Ceiling	107,156,840	3.3969	3,640,011	0	3.3969	0	72,294,313	3.3969	2,455,766	48,478,819	3.3969	1,646,777	7,742,554
	Difference			-54,972			0			55,015			0	43
	Actual Levy	107,156,840	3.3356	3,574,324	0	0.0000	0	72,294,313	3.4630	2,503,552	48,478,819	3.3869	1,641,929	7,719,805
Clayton School District	Operating Funds-Schools													
	HB1150 Ceiling	346,522,430	3.3474	11,599,492	0	0.6500	0	381,578,690	3.4753	13,261,004	101,105,071	3.4748	3,513,199	28,373,695
	Prior Method Ceiling	346,522,430	3.4218	11,857,305	0	3.4218	0	381,578,690	3.4218	13,056,860	101,105,071	3.4218	3,459,613	28,373,778
	Difference			-257,813			0			204,144			53,586	-83
	Actual Levy	346,522,430	3.2615	11,301,829	0	0.0000	0	381,578,690	3.3894	12,933,228	101,105,071	3.3889	3,426,350	27,661,407

LISTING OF LEVIES AFFECTED BY HB1150 IN 2003

Political Subdivision Name	Levy Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property			Total Revenue
		Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	
Hancock Place School District	Operating Funds-Schools													
	HB1150 Ceiling	31,313,340	4.2139	1,319,513	1,610	4.2857	69	9,091,200	4.3000	390,922	12,857,012	4.3000	552,852	2,263,356
	Prior Method Ceiling	31,313,340	4.2494	1,330,629	1,610	4.2494	68	9,091,200	4.2494	386,321	12,857,012	4.2494	546,346	2,263,364
	Difference			-11,116			1			4,601			6,506	-8
	Actual Levy	31,313,340	4.1690	1,305,453	1,610	4.2857	69	9,091,200	4.2965	390,603	12,857,012	4.3000	552,852	2,248,977
Jennings School District	Operating Funds-Schools													
	HB1150 Ceiling	58,145,550	4.1828	2,432,112	0	0.0000	0	13,715,520	4.3323	594,197	23,535,464	4.8034	1,130,502	4,156,811
	Prior Method Ceiling	58,145,550	4.3574	2,533,634	0	4.3574	0	13,715,520	4.3574	597,640	23,535,464	4.3574	1,025,534	4,156,808
	Difference			-101,522			0			-3,443			104,968	3
	Actual Levy	58,145,550	4.1828	2,432,112	0	0.0000	0	13,715,520	4.3323	594,197	23,535,464	4.8034	1,130,502	4,156,811
Ladue School District	Operating Funds-Schools													
	HB1150 Ceiling	833,581,830	2.7500	22,923,500	1,990	2.7500	55	177,172,340	2.7500	4,872,239	155,268,963	2.7500	4,269,896	32,065,690
	Prior Method Ceiling	833,581,830	2.7500	22,923,500	1,990	2.7500	55	177,172,340	2.7500	4,872,239	155,268,963	2.7500	4,269,896	32,065,690
	Difference			0			0			0			0	0
	Actual Levy	833,581,830	2.7500	22,923,500	1,990	2.7500	55	177,172,340	2.7500	4,872,239	155,268,963	2.7500	4,269,896	32,065,690
Maplewood-Richmond Heights Sch Dist	Operating Funds-Schools													
	HB1150 Ceiling	119,732,570	3.5543	4,255,655	0	0.0000	0	32,584,130	3.8715	1,261,495	38,205,137	3.8636	1,476,094	6,993,244
	Prior Method Ceiling	119,732,570	3.6706	4,394,904	0	3.6706	0	32,584,130	3.6706	1,196,033	38,205,137	3.6706	1,402,358	6,993,295
	Difference			-139,249			0			65,462			73,736	-51
	Actual Levy	119,732,570	3.5543	4,255,655	0	0.0000	0	32,584,130	3.8715	1,261,495	38,205,137	3.8636	1,476,094	6,993,244
Normandy School District	Operating Funds-Schools													
	HB1150 Ceiling	133,412,910	4.6600	6,217,042	12,590	4.6600	587	30,115,010	4.6600	1,403,359	54,084,941	4.6600	2,520,358	10,141,346
	Prior Method Ceiling	133,412,910	4.6600	6,217,042	12,590	4.6600	587	30,115,010	4.6600	1,403,359	54,084,941	4.6600	2,520,358	10,141,346
	Difference			0			0			0			0	0
	Actual Levy	133,412,910	4.2854	5,717,277	12,590	4.2854	540	30,115,010	4.2854	1,290,549	54,084,941	4.2854	2,317,756	9,326,122
Ritenour School District	Operating Funds-Schools													
	HB1150 Ceiling	205,086,790	3.6560	7,497,973	0	0.0000	0	152,957,090	3.6812	5,630,656	134,701,971	3.8692	5,211,889	18,340,518
	Prior Method Ceiling	205,086,790	3.7221	7,633,535	0	3.7221	0	152,957,090	3.7221	5,693,216	134,701,971	3.7221	5,013,742	18,340,493
	Difference			-135,562			0			-62,560			198,147	25
	Actual Levy	205,086,790	3.6560	7,497,973	0	0.0000	0	152,957,090	3.6812	5,630,656	134,701,971	3.8692	5,211,889	18,340,518
Riverview Gardens School District	Operating Funds-Schools													
	HB1150 Ceiling	158,835,430	4.1562	6,601,518	8,650	4.3500	376	19,913,700	4.0885	814,172	47,164,044	4.3500	2,051,636	9,467,702
	Prior Method Ceiling	158,835,430	4.1907	6,656,316	8,650	4.1907	362	19,913,700	4.1907	834,523	47,164,044	4.1907	1,976,504	9,467,705
	Difference			-54,798			14			-20,351			75,132	-3
	Actual Levy	158,835,430	4.1562	6,601,518	8,650	4.3500	376	19,913,700	4.0885	814,172	47,164,044	4.3500	2,051,636	9,467,702

LISTING OF LEVIES AFFECTED BY HB1150 IN 2003

Political Subdivision Name	Levy Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property			Total Revenue
		Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	
University City School District	Operating Funds-Schools													
	HB1150 Ceiling	350,198,260	4.1864	14,660,700	0	0.0000	0	39,772,340	4.2709	1,698,637	71,286,170	4.5371	3,234,325	19,593,662
	Prior Method Ceiling	350,198,260	4.2479	14,876,072	0	4.2479	0	39,772,340	4.2479	1,689,489	71,286,170	4.2479	3,028,165	19,593,726
	Difference			-215,372			0			9,148			206,160	-64
	Actual Levy	350,198,260	4.1864	14,660,700	0	0.0000	0	39,772,340	4.2709	1,698,637	71,286,170	4.5371	3,234,325	19,593,662
Valley Park School District	Operating Funds-Schools													
	HB1150 Ceiling	64,597,740	4.5371	2,930,864	7,740	4.6500	360	24,315,920	4.6500	1,130,690	32,997,901	4.6500	1,534,402	5,596,316
	Prior Method Ceiling	64,597,740	4.5902	2,965,165	7,740	4.5902	355	24,315,920	4.5902	1,116,149	32,997,901	4.5902	1,514,670	5,596,339
	Difference			-34,301			5			14,541			19,732	-23
	Actual Levy	64,597,740	4.5371	2,930,864	7,740	4.6500	360	24,315,920	4.6500	1,130,690	32,997,901	4.6500	1,534,402	5,596,316
Webster Groves School District	Operating Funds-Schools													
	HB1150 Ceiling	411,503,210	3.9403	16,214,461	0	0.0000	0	55,301,590	4.0593	2,244,857	81,094,364	4.2089	3,413,181	21,872,499
	Prior Method Ceiling	411,503,210	3.9921	16,427,620	0	3.9921	0	55,301,590	3.9921	2,207,695	81,094,364	3.9921	3,237,368	21,872,683
	Difference			-213,159			0			37,162			175,813	-184
	Actual Levy	411,503,210	3.9403	16,214,461	0	0.0000	0	55,301,590	4.0593	2,244,857	81,094,364	4.2089	3,413,181	21,872,499
Wellston School District	Operating Funds-Schools													
	HB1150 Ceiling	3,908,220	5.6700	221,596	0	0.0000	0	4,854,190	5.6700	275,233	9,530,206	5.6700	540,363	1,037,192
	Prior Method Ceiling	3,908,220	5.6700	221,596	0	5.6700	0	4,854,190	5.6700	275,233	9,530,206	5.6700	540,363	1,037,192
	Difference			0			0			0			0	0
	Actual Levy	3,908,220	5.6700	221,596	0	0.0000	0	4,854,190	5.6700	275,233	9,530,206	5.6700	540,363	1,037,192
Special Sch Dist of St. Louis Co	Operating Funds-Schools													
	HB1150 Ceiling	10,348,038,070	0.8330	86,199,157	7,600,590	0.8640	65,669	4,366,415,602	0.8530	37,245,525	3,881,465,336	0.8640	33,535,861	157,046,212
	Prior Method Ceiling	10,348,038,070	0.8445	87,389,182	7,600,590	0.8445	64,187	4,366,415,602	0.8445	36,874,380	3,881,465,336	0.8445	32,778,975	157,106,724
	Difference			-1,190,025			1,482			371,145			756,886	-60,512
	Actual Levy	10,348,038,070	0.8330	86,199,157	7,600,590	0.8640	65,669	4,366,415,602	0.8530	37,245,525	3,881,465,336	0.8640	33,535,861	157,046,212
St. Louis County	General Revenue													
	HB1150 Ceiling	10,331,097,270	0.2670	27,584,030	7,426,490	0.3500	25,993	4,364,830,815	0.2760	12,046,933	3,876,637,234	0.2840	11,009,650	50,666,606
	Prior Method Ceiling	10,331,097,270	0.2728	28,183,233	7,426,490	0.2728	20,259	4,364,830,815	0.2728	11,907,258	3,876,637,234	0.2728	10,575,466	50,686,216
	Difference			-599,203			5,734			139,675			434,184	-19,610
	Actual Levy	10,331,097,270	0.1900	19,629,085	7,426,490	0.1900	14,110	4,364,830,815	0.1900	8,293,179	3,876,637,234	0.1900	7,365,611	35,301,985
	Parks & Recreation													
	HB1150 Ceiling	10,331,097,270	0.0670	6,921,835	7,426,490	0.0700	5,199	4,364,830,815	0.0690	3,011,733	3,876,637,234	0.0700	2,713,646	12,652,413
	Prior Method Ceiling	10,331,097,270	0.0678	7,004,484	7,426,490	0.0678	5,035	4,364,830,815	0.0678	2,959,355	3,876,637,234	0.0678	2,628,360	12,597,234
	Difference			-82,649			164			52,378			85,286	55,179
	Actual Levy	10,331,097,270	0.0350	3,615,884	7,426,490	0.0350	2,599	4,364,830,815	0.0350	1,527,691	3,876,637,234	0.0350	1,356,823	6,502,997

LISTING OF LEVIES AFFECTED BY HB1150 IN 2003

Political Subdivision Name	Levy Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property			Total Revenue
		Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	Assessed Valuation	Rate	Revenue	
St. Louis County - continued	Road & Bridge													
	HB1150 Ceiling	10,331,097,270	0.1710	17,666,176	7,426,490	0.1800	13,368	4,364,830,815	0.1760	7,682,102	3,876,637,234	0.1800	6,977,947	32,339,593
	Prior Method Ceiling	10,331,097,270	0.1743	18,007,103	7,426,490	0.1743	12,944	4,364,830,815	0.1743	7,607,900	3,876,637,234	0.1743	6,756,979	32,384,926
	Difference			-340,927			424			74,202			220,968	-45,333
	Actual Levy	10,331,097,270	0.1050	10,847,652	7,426,490	0.1050	7,798	4,364,830,815	0.1050	4,583,072	3,876,637,234	0.1050	4,070,469	19,508,991
	Health													
	HB1150 Ceiling	10,331,097,270	0.2290	23,658,213	7,426,490	0.3000	22,279	4,364,830,815	0.2360	10,301,001	3,876,637,234	0.2430	9,420,228	43,401,721
	Prior Method Ceiling	10,331,097,270	0.2337	24,143,774	7,426,490	0.2337	17,356	4,364,830,815	0.2337	10,200,610	3,876,637,234	0.2337	9,059,701	43,421,441
	Difference			-485,561			4,923			100,391			360,527	-19,720
	Actual Levy	10,331,097,270	0.1650	17,046,310	7,426,490	0.1650	12,254	4,364,830,815	0.1650	7,201,971	3,876,637,234	0.1650	6,396,451	30,656,986
TOTALS														
HB1150 Ceiling				693,090,723					570,039					301,629,788
Prior Method Ceiling				705,958,467					511,593					297,645,365
Difference in Revenue Allowed (HB1150 Ceiling - Prior Method Ceiling)				-12,867,744					58,446					3,984,423
% Difference in Revenue Allowed (Difference in Revenue Allowed/HB1150 Ceiling)				-1.86%					10.25%					1.32%
Actual Levy				648,135,504					509,161					278,627,685
% of Total Actual Levy				54.70%					0.04%					23.51%
% of HB1150 Ceiling				93.51%					89.32%					92.37%



MISSOURI WESTERN STATE COLLEGE

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-24
March 18, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

March 2004

The following problems were discovered as a result of an audit conducted by our office of the Missouri Western State College.

Missouri Western State College (MWSC) needs to improve the oversight and management of its construction projects. The college completed 15 construction projects costing approximately \$14.6 million during the two years ended June 30, 2002. The cost of several of the construction contracts was significantly increased through change orders, including \$446,000 as a result of eight change orders for additions and renovation of the student union building, \$246,000 as a result of 57 change orders for the renovation of 106 classrooms in 5 buildings, and \$15,000 as a result of four change orders for sidewalk repair and construction. Many of the construction change orders were for work that was not included in the scope of the original project. If the scope of the project changes substantially, considerations should be given to re-bidding those parts of the project.

Our office reviewed nine construction expenditures made from August 2000 to February 2002, totaling approximately \$596,000, for various construction projects and noted that none of the expenditures were properly reviewed and approved. The college's private architect certified the work for five of these expenditures, totaling approximately \$334,000, and the Director of the Physical Plant accepted the work for the other four expenditures, totaling approximately \$262,000. However, there was no indication that the Vice President of Administration reviewed or approved these payments. Additionally, the college's private architect sometimes bids and/or partners with other firms on projects when he has prepared the request for proposals (RFP) for the project. At a minimum, this situation gives the appearance of a conflict of interest.

College officials could not locate contracts and/or RFPs signed by both the college and contractor for 12 construction projects, with original bids totaling approximately \$12.9 million. Also, 60 change orders, totaling approximately \$260,000, on 6 projects were not in the project files. For these change orders, neither the college nor the construction companies could provide documentation of approval for 49 change orders, totaling over \$185,000.

The college awarded "merit pay" in the form of lump sum payments totaling \$146,575, \$163,740, and \$164,358 in fiscal years 2003, 2002, and 2001, respectively. The merit pay program appears to represent additional compensation in the form of a bonus, and, as such, is in violation of the Missouri Constitution.

(over)

YELLOW SHEET

College records indicate expenditures, excluding personal service costs, totaled nearly \$16 million in fiscal year 2002. The college did not always follow purchasing guidelines for obtaining bids and advertising for services and supporting documentation for the college's business-related expenses is not always adequate. Additionally, college officials usually approve their own expenses.

MWSC participates in the A+ Schools Program (A+ Program). State law provides for the "reimbursement of the costs of tuition, books, and fees to any public community college or vocational or technical school" for eligible students. Since MWSC is not a community college, the college entered into an agreement with the local vocational technical school (Hillyard) whereby students would be enrolled at Hillyard and could attend classes at MWSC; however, it appears the A+ students are students at MWSC. The legislature should evaluate participation in the A+ program statewide to be certain its implementation is following the intent of the legislation.

Hillyard requests the A+ reimbursements because the Department of Elementary and Secondary Education (DESE) has identified Hillyard as an eligible institution for the A+ Program. Since fall 2000 through spring 2003, DESE has paid Hillyard approximately \$1,567,000. In turn, Hillyard has paid MWSC approximately \$1,425,000 for the A+ student's tuition, books, and fees assessed by the college and has retained approximately \$142,000 as their fee.

The college owns 40 vehicles and additionally paid approximately \$58,500, \$54,500 and \$84,700 to car rental companies for vehicle rentals for the years ended June 30, 2003, 2002, and 2001, respectively, which include annual leases for security vehicles, police vehicles and vehicles for the admission office. Also, the college paid mileage reimbursements, totaling over \$212,000, to employees for the use of their personal vehicles for the three fiscal years ended June 30, 2003. The college needs to perform a cost-benefit analysis of travel costs to evaluate the most cost-effective method of furnishing vehicles for college related business.

MWSC subsidizes some operating expenses of the Missouri Western State College Foundation (Foundation) and the Western Alumni Association (Association). The college paid the salary and fringe benefits, totaling over \$140,000 annually, for two of the Foundation executive positions. In addition, the college's practice is to pay approximately \$9,700 of operating expenses each year for the Association, and in June 2001, the college donated \$10,000 to the Association for homecoming expenses. This practice does not appear to be appropriate and may violate provisions of the Missouri Constitution.

The audit also includes some matters related to cellular phones, controls over receipts, sunshine law compliance, capital assets, and computer controls upon which the college should take appropriate corrective action.

All reports are available on our website: www.auditor.mo.gov

MISSOURI WESTERN STATE COLLEGE

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Board of Regents
and
Dr. James J. Scanlon, President
Missouri Western State College
St. Joseph, MO 64507

We have audited the Missouri Western State College. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2002 and 2001. The objectives of this audit were to:

1. Review certain internal control procedures, legal compliance issues, and management practices to determine propriety, efficiency, and effectiveness of those procedures and practices.
2. Review and evaluate expenditures of the college as well as purchasing practices and procedures.
3. Review and evaluate certain personnel practices and procedures.
4. Reviewed selected records and activities of the college's Foundation and Alumni Association.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. The Board of Regents had engaged Baird, Kurtz, and Dobson (BKD), Certified Public Accountants (CPA) and Denise Kiehnhoff, CPA, to perform financial audits of the college for the years ended June 30, 2002 and 2001, respectively. To minimize any duplication of effort, we reviewed the reports and substantiating work papers of BKD. In conducting our audit, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents and interviewed various personnel of the college.

As part of our audit, we assessed the college's management controls to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to management controls, we obtained an

understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the college's management and was not subjected to the procedures applied in the audit of the college.

The accompanying Management Advisory Report presents our findings arising from our audit of the Missouri Western State College.

A handwritten signature in black ink that reads "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

August 7, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Toni M. Crabtree, CPA
In-Charge Auditor:	Brenda L. Gierke, CPA
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	Tania Williams
	Susan L. Fifer
	Malcolm N. Nyatanga

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

MISSOURI WESTERN STATE COLLEGE
MANAGEMENT ADVISORY REPORT –
STATE AUDITOR'S FINDINGS

1.	Construction Projects
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Missouri Western State College (MWSC) needs to improve the oversight and management of its construction projects. The cost of several projects was significantly increased through change orders; construction expenditures were not always properly reviewed and approved; and project files did not contain all relevant information. Additionally, the college's private architect sometimes bids and/or partners with other firms on projects when he has prepared the bid documentation. At a minimum, this situation gives the appearance of a conflict of interest.

The college completed 15 construction projects costing approximately \$14.6 million during the two years ended June 30, 2002. During our review of these capital improvement projects, we noted the following concerns:

- A. The cost of several of the construction contracts was significantly increased through change orders. Additional bids or proposals were not solicited for any of the change orders.
- The college expended nearly \$446,000 as a result of eight change orders for additions and renovation of the student union building. The original construction contract totaled approximately \$3.8 million. Many of the construction change orders were for work that was not included in the scope of the original project. Additional work included the replacement of the ceiling and light fixtures in the kitchen, alteration of below grade plumbing in the basement, adding new carpet on the second floor, and structural and electrical changes/additions. In addition, an industrial grade air conditioning unit, totaling over \$252,000, was added.
 - The college expended over \$246,000 as a result of 57 change orders for the renovation of 106 classrooms in 5 buildings. The original construction contract totaled approximately \$575,000. This work was not included in the scope of the original project.
 - The college expended over \$15,000 as a result of four change orders for sidewalk repair and construction. The original construction contract totaled \$10,640. This work was not included in the scope of the original project.

Change orders are normally used to make adjustments for minor problems that are unknown when construction projects are originally bid. They should not be used to make significant changes to existing contracts, or to cover new projects not

included in the original bids. If the scope of a project changes substantially, consideration should be given to re-bidding those parts of the project.

- B. Construction expenditures were not always properly reviewed and approved in accordance with college policy. We reviewed nine expenditures made from August 2000 to February 2002, totaling approximately \$596,000, for various construction projects and noted that none of the expenditures were properly reviewed and approved. These expenditures ranged from \$2,245 for draining two campus ponds to \$208,000 for parking lot repairs and renovations.

The college's private architect certified the work for five of these expenditures, totaling approximately \$334,000, and the Director of the Physical Plant accepted the work for the other four expenditures, totaling approximately \$262,000. However, there was no indication that the Vice President of Administration reviewed or approved these payments.

College policy provides that the Director of the Physical Plant is to monitor progress of construction projects and the Vice President for Financial Planning and Administration is to approve payment of progressive billings for completed work. Construction expenditures need to be properly reviewed and approved by college officials to ensure the validity, propriety, and reasonableness of the amounts billed the college.

- C. The construction project files did not contain all relevant information.

College officials could not locate contracts and/or requests for proposals (RFP) signed by both the college and contractor for 12 construction projects, with original bids totaling approximately \$12.9 million. For these projects, the college's private architect prepared 11 RFPs and the college one. Also, 60 change orders, totaling approximately \$260,000, on 6 projects were not in the project files. For these change orders, neither the college nor the construction companies could provide documentation of approval for 49 change orders, totaling over \$185,000. In addition, for those change orders in the project file, the supporting documentation which identified the change was not always filed with the change order.

For proper oversight and management of construction projects, the project files should contain all records relating to the construction project, including the signed RFP and bid documents, approved change orders with a description of the change(s), and any other pertinent information related to the project.

- D. The college's private architect, who is not a college employee but instead works under contract for the college, sometimes bids and/or partners with other firms on projects when he has prepared the RFP for the project. At a minimum, this situation gives the appearance of a conflict of interest.

For example, the college's private architect prepared the RFP related to design work for the \$25 million project to enlarge and renovate the Science and Mathematics Center, and then before bids were submitted, partnered with the firm that won the bid. College officials indicated they were not aware of the partnership until the bid was awarded.

The college engages the services of an architectural firm to serve as a consultant and provide services that may include: assisting with the development of preliminary planning and designing of facilities, developing preliminary cost estimates, assisting with the development and review of bidding specifications, and other architectural engineering services as deemed necessary. The agreement with the college's private architect also provides that he will not be precluded from bidding on a specific project. Total expenditures to the college's private architect for these services were \$19,302 and \$106,901 in fiscal years 2002 and 2001, respectively.

To avoid potential conflict of interest transactions, the college should not allow the college's private architect to bid on projects when he has prepared the RFP or had a significant role in the planning or development of a project.

WE RECOMMEND the MWSC:

- A. Ensure adequate planning is performed to reduce the number of change orders, and, if substantial changes are needed, consideration should be given to re-bidding the applicable projects. Also, changes orders should not be issued to add substantial new projects to existing contracts.
- B. Establish controls to ensure construction expenditures are properly reviewed and approved in accordance with college policy.
- C. Ensure construction project files contain all relevant information including the RFP, signed bid document(s), and change order(s), as applicable.
- D. Consider amending the scope of services provided by the college's private architect so his involvement in construction projects does not give the appearance of, or constitute a conflict of interest.

AUDITEE'S RESPONSE

Prior to the audit, Western had begun to improve the oversight and management of its construction projects. The recommendations now being made by the auditing team are being integrated with previously planned improvements.

- A. *The College agrees with the recommendation to reduce the number of change orders. The College uses change orders to make adjustments for minor problems that are unknown when construction projects are originally bid. Since July 1, 2002, all change*

orders have been approved by the Vice President for Financial Planning and Administration, and if the change orders are over \$5,000, they have been taken to the Board of Regents for approval in accordance with College policy. It is the College's determination that change orders which add substantial new projects to existing contracts will not be issued.

- B. Since July 1, 2002, it has been the College's policy that the Vice President for Financial Planning and Administration reviews and approves all expenditures over \$1,000.*
- C. The College will ensure that construction files contain all relevant information including the RFP, the signed bid document(s), and all change order(s), as applicable.*
- D. Annually, the College solicits proposals for the services of a College architect. According to the architect's letter of engagement, the scope of representation includes rendering advice to various College staff concerning building and grounds issues, and assisting College staff with long range planning matters throughout the year. Specific building construction issues are subject to the separate architect selection process according to criteria from Section 8.289 of the Missouri Revised Statutes. In the specific instance described, three of the final four architects engaged the College architect as a consultant after they were selected as finalists.*

2. Merit Pay

MWSC's merit pay program appears to represent additional compensation in the form of a bonus, and, as such, is in violation of the state constitution. The college awarded "merit pay" in the form of lump sum payments totaling \$146,575, \$163,740, and \$164,358 in fiscal years 2003, 2002, and 2001, respectively.

The merit pay program was started over ten years ago to annually reward faculty, administrative, and professional staff for performance that exceeds normal contractual expectations, and to encourage improved professional development.

These lump sum "merit pay" expenditures represent additional payments for services previously rendered and, as such, are in violation of Article III, Section 39, of the Missouri Constitution and Attorney General's Opinion No. 72, 1955 to Pray, which states "...a government agency deriving its power from the Constitution and laws of the state would be prohibited from granting extra compensation in the form of bonuses to public officers after the service has been rendered."

WE RECOMMEND the MWSC discontinue the merit pay program.

AUDITEE'S RESPONSE

Western respectfully differs with the auditing team's perspective on the matter of rewarding the performance of employees through merit pay.

It is the College's position that its merit pay program does not violate Article III, Section 39 of the Missouri Constitution. The College differs with the legal basis of the auditing team's recommendation, which cites the Attorney General's opinion No. 72-55 to Pray. A subsequent Attorney General's opinion (No. 114-87 to Jacob) and an appellate court decision (Vangilder v. City of Jackson, 492 S.W. 2d 15, 18 Mo Ct. App 1973) suggest that a payment made after a term of employment but earned during the term of employment does not violate Article III, Section 39 of the Missouri Constitution.

A Western employee's written contract incorporates by reference all of the policies, rules, and regulations of the College. The merit pay program is part of those policies, rules, and regulations and is, therefore, a part of the employment contract. Furthermore, merit pay is itself based on services that are performed during the contract period. Accordingly, under A.G. opinion No. 114 -87 to Jacobs and the VanGilder case, the College's merit pay program does not appear to violate the Missouri constitution. In fact, prior to the audit, the merit pay program was changed to insure that all payments are received during an employee's contract year.

Two years ago, with the assistance of the Fox, Lawson consulting firm, the College began a review of its classification and compensation system for employees. The merit pay program is part of this review. While it is the College's perspective that its present merit program does not violate the Missouri Constitution, the College will seriously consider the auditing team's recommendations regarding merit pay as it works to improve its classification and compensation system for employees.

3. Expenditures

MWSC did not always follow purchasing guidelines related to bidding and advertising. In addition, the supporting documentation for business-related expense is not always adequate; procurement card transaction limits need to be reevaluated; and some expenditures may not be a prudent, reasonable, or necessary use of public funds.

College records indicate expenditures, excluding personal service costs, totaled nearly \$16 million in fiscal year 2002. Our review of purchasing practices and expenditures disclosed the following concerns:

- A. The college did not always follow purchasing guidelines for obtaining bids and advertising for services.

The state's Office of Administration (OA) has granted the college the authority, through Chapter 34 RSMo, to procure supplies (supplies, materials, equipment, and contractual services) directly rather than referring their procurement to the

OA, Division of Purchasing and Materials Management. The college must still comply with the state's purchasing policies and guidelines, such as soliciting competitive bids for purchases of \$3,000 or more. In addition, procurements, including single feasible source procurements, valued at \$25,000 or more must be posted and advertised in at least two daily newspapers at least five days before the bids are to be opened.

1. The college did not solicit bids for its cellular telephone services and collection agency services, on a periodic basis.
 - The college expended approximately \$14,600 and \$12,000 during fiscal years 2002 and 2001, respectively, for cellular telephone usage from five separate companies. Each employee procures their individual service.
 - Each year, the college renews the agreements with its five collection agencies, instead of bidding for the services. Four of these agreements were entered into before 2000. Commissions (paid by the debtor) retained by these agencies totaled approximately \$230,000 for the three fiscal years ended June 30, 2003.
2. Some items were not properly advertised, in accordance with purchasing guidelines.
 - In June 2001, the college paid \$151,088 for a mobile computer training unit, including computers, printers, software, and hardware. Although this purchase was not publicly advertised, bids were requested and received by mail.
 - In January 2001, the college paid \$44,950 for a document imaging system, which was advertised for three days in one newspaper instead of two newspapers, as required.
 - In October 2002 and September 2001, the college paid \$44,450 and \$35,000 for 22 computers and a process plant trainer, respectively. According to college officials, these purchases were from a specific vendor because no other manufacturer could provide the item. As a result, these purchases were not posted and/or advertised, as required. Additionally, the reason for the sole source purchase of the computers was not documented.

The college's purchasing guidelines regarding competitive bidding and advertising should be followed to ensure items and services are procured at the lowest and best price and that all vendors are given an equal opportunity to

participate in the college's business. The reasons for sole source purchases should be documented.

- B. The supporting documentation for the college's business-related expenses (particularly for business meals and credit card charges) is not always adequate.

The supporting documentation for business meals does not always include the specific business purpose and/or guest(s), and hotel statements do not usually include an itemized statement of the charges. For the expenses reviewed, generally, only the credit card statement and the signed charge slip were submitted for reimbursement. Additionally, college officials usually approve their own expenses. For example, in September 2001 and November 2000, college officials approved their own credit card charges, totaling \$1,705 and \$3,330, respectively.

Accountability over business expenses is reduced without adequate supporting documentation. A business purpose and the name(s) of any guest(s) are needed to evaluate necessity and reasonableness. Also, actual charge receipts need to be submitted to support credit card charges and itemized hotel charges need to be obtained to evaluate whether the expenses are for official college business. Additionally, college officials should not approve their own business-related expenses.

- C. The college needs to reevaluate the reasonableness of the transaction and monthly limits authorized for its various procurement cards. Some employees may not need a procurement card.

The college uses procurement cards for various small purchases to eliminate the need for petty cash, employee reimbursements, and low dollar purchase orders. During fiscal year 2002, procurement card purchases totaled over \$530,000. The procurement card policy restricts single purchases to \$500 or less; however, upon request by the employee's department head, the transaction and monthly limit may be increased.

Spending limits are not based on a needs analysis. We noted 50 of 139 current cardholders have transaction limits from \$1,000 to \$10,000, and monthly limits from \$2,000 to \$10,000. One other cardholder has no transaction limit, but has a \$10,000 monthly limit. Approximately 50 percent of the purchases made in fiscal year 2002 were made by 11 cardholders. Additionally, 48 employees spent less than \$1,000, with 9 of these employees spending less than \$100.

Authorizing employees higher spending limits than needed to perform their job exposes the college to unnecessary risks. College officials should reevaluate the reasonableness of procurement card limits, and provide cards, with appropriate transaction and monthly limits, to employees based on past or anticipated purchasing patterns.

D. We noted some expenditures which may not be a prudent, reasonable, or necessary use of public funds. Examples of some of the expenditures which we viewed as questionable include the following:

- \$5,400 for banquets to honor employees and faculty for years of service in the fall of 2000 and 2001.
- \$3,182 for catered dinners to welcome new faculty in the fall of 2000 and 2001.
- \$1,010 for expenses of a military (ROTC) ball in 2001, when student fund-raising efforts fell short of the total cost.
- \$300 for a Thanksgiving benefit dinner sponsored by the city of St. Joseph in 2001.
- \$1,767 for Christmas cards, a disc jockey and Christmas parties for employees in 2000 and 2001.
- \$1,780 for 299 tee shirts distributed to employees for participation in a Wellness Program in 2001.

In addition, the purchase of a mobile computer training unit did not appear prudent. The college purchased a mobile computer training unit, including computer hardware and software, totaling over \$151,000 in June 2001. The training unit is designed to provide a variety of educational opportunities on-site for area companies. However, the college did not perform an analysis of projected revenues or cost to maintain the unit. Since its purchase, the training unit has been used once, in August 2001, and has generated revenues of only \$1,809. According to college officials, students are currently using the training unit in conjunction with various courses.

It is important that all expenditures be viewed in terms of the critical educational needs of the college and be evaluated and compared to the overall goals and responsibilities of the college.

WE RECOMMEND the MWSC:

- A. Ensure the college's purchasing policies and guidelines are strictly followed. Competitive bids should be solicited for the procurement of goods and services over \$3,000 and purchases should be advertised, as required. The reasons for sole source purchases should be documented.
- B. Require all employees to submit proper documentation for business-related expenses, including the names(s) of the guest(s) and the business purpose for meals. Also, the college should require credit card charges be supported by the

actual charge receipt. In addition, the college should implement procedures whereby college officials do not approve their own expense claims.

- C. Reevaluate employees' transaction and monthly limits based on their past procurement activity and their need to perform assigned duties. In addition, the college should consider terminating procurement cards which are used infrequently.
- D. Ensure all expenditures are necessary and a prudent use of public funds.

AUDITEE'S RESPONSE

Western largely agrees with the recommendations of the auditing team regarding expenditures. Most of the recommendations have already been integrated into the College's operational processes.

- A. *Western agrees with the recommendation that the College's purchasing policies and guidelines should be specifically followed. In December 2003, Western bid all of its cellular phones and selected one carrier. Since the College does not pay collection agency fees, the College believes that they do not need to be bid. Sole source purchases will be documented as such when not obvious.*
- B. *Although College policy has always required that employees submit proper documentation for business-related expenses, as a part of our on-going improvement process, revised policies were issued in July, 2003, that clearly describe procedures for documentation and approval of business-related expenditures. All expenditures require the approval of the supervisor of the person submitting the expenditure.*
- C. *Western agrees with the recommendation that the College needs to evaluate the transaction and monthly limits authorized for its employees' procurement cards. The College is in the fourth year of procurement card usage, and it has now enough data to evaluate the transaction volume of the cards.*
- D. *The College agrees that all expenditures should be viewed in terms of the critical educational needs of the institution and evaluated and compared relative to the overall goals and responsibilities of the College. The College budgets and spends its resources very conservatively and it will continue to do so. It considers the expenditures cited in the audit report to be reasonable and modest investments (compared to customary expenditures in colleges and universities across the nation) toward the fulfillment of our mission and goals.*

4.

Controls Over Receipts

MWSC has not developed college-wide written policies and procedures regarding the handling and depositing of receipts and internal controls over receipts need to be

improved. In addition, the college has not established procedures to verify the accuracy of reported sales and the related commission calculations for the soft drink vending contract.

Our review of controls over receipts disclosed the following concerns:

- A. Internal controls over receipts need to be improved. Various college departments do not properly account for monies received.

Receipts are collected by various departments, such as the athletic department, library, health center, and campus security, and turned over to the business office for deposit. While a large percentage of these monies are paid by check, credit card, or money order, a substantial portion of these funds are received in cash.

1. The athletic department does not account for all tickets sold at the various athletic events and has little assurance that all monies collected are turned over to the business office. Ticket numbers for advance ticket sales are not documented. Ticket sales at the gate are recorded on a form, which documents beginning and ending ticket numbers, number of tickets sold and cash collected. However, during our review of ticket sales, we noted mathematical errors on these forms. Additionally, there is not an independent review of ticket sales.

As a result, the athletic department can not easily reconcile the tickets sold and money collected to the amounts recorded in the business office. Our reconciliation of the monies collected for a basketball tournament in February 2002 to the amounts recorded by the business office revealed the athletic department's records showed ticket sales of at least \$70 more than the business office receipts totaling \$27,820.

To ensure ticket sales are properly handled and accounted for, ticket numbers for advance ticket sales should be documented, the gate sales forms should be checked for mathematical accuracy, and the composition of amounts turned over to the business office should be reconciled to the recorded ticket sales. In addition, to ensure the accountability of ticket sales, the numerical sequence of tickets should be accounted for fully and an independent review of ticket sales should be performed.

2. Other college departments are also not properly accounting for monies received.

The library does not issue receipt slips for some monies collected, the receipt slips that are issued are not pre-numbered, and the method of payment is not recorded. Additionally, the library change fund is not established at a specific amount. According to library officials, the balance of the change fund may fluctuate from \$60 to \$90. Also, the

library frequently cashes personal checks for employees and others. This practice reduces the accountability for monies received. In addition, the health center issues receipt slips for monies received, but the slips are not pre-numbered and the method of payment is not recorded.

Pre-numbered receipt slips should be issued indicating the method of payment and the composition of monies received should be reconciled to the composition of funds turned over to the business office. Additionally, any change fund balance should be established at a set amount and personal checks should not be cashed from daily receipts.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, the college should develop college-wide written policies and procedures to provide guidance on the handling of receipts. These policies and procedures should address the proper handling of gate receipts from athletic events. In addition, any change fund should be established at a certain amount and personal checks should not be cashed from daily receipts.

- B. The college has not established procedures to verify the accuracy of reported sales and the related commission calculations for the soft drink vending contract. In 1996, the college entered into a ten-year contract with a local vendor to provide and operate the soft drink vending services at the college. The terms of the contract required the vendor to pay the college varying percentages of gross receipts for different beverages, net of state sales tax, with an annual minimum commission guarantee of \$70,000.

The college only tracks the monthly commissions received to ensure the minimum commission of \$70,000 is received. Although the terms of the agreement require the vendor to provide a detailed report of sales, by building and product, the monthly sales reports do not breakdown sales by type of beverages. Since 1996, the college has received the annual minimum commission of \$70,000.

The college should require detailed sales reports, including the number and type of beverages sold and verify commissions to ensure the appropriate amount was received. Thorough reviews are necessary to ensure the propriety of commissions received by the college and compliance with contractual terms.

WE RECOMMEND the MWSC:

- A. Develop college-wide written policies and procedures regarding the handling of receipts. Such policies should require pre-numbered receipt slips be issued for all monies received and the composition of receipts should be reconciled to the monies turned over to the business office. Also, procedures should be established for the handling of ticket sales receipts from athletic events. Additionally, the college should discontinue the practice of cashing personal checks for employees and others, and any change fund should be established at a specific amount.

- B. Establish procedures to monitor the terms of the contract with the soft drink vendor and to verify commissions to ensure the appropriate amount is received.

AUDITEE'S RESPONSE

Western agrees with the recommendations of the auditing team regarding controls over receipts. These recommendations will be integrated into the College's operational processes.

- A. *The College will develop written policies and procedures regarding the handling of receipts and the cashing of personal checks.*
- B. *The College will review the sales reporting procedures with its soft drink vendor to ensure the accuracy of reported sales and the related commission calculation for the soft drink vending contract.*

5. A+ Schools Program

MWSC's participation in the A+ Schools Program (A+ Program) appears to circumvent the intent of state law. In addition, the college's arrangement with a local vocational technical school has cost the state approximately \$142,000.

The A+ Program is a school improvement initiative established by the Outstanding Schools Act of 1993 to encourage students to stay in high school, make career plans, and graduate with the skills and knowledge required for career success or further education. Students who graduate from a designated A+ high school may qualify for state paid tuition for post secondary education at community colleges, vocational or technical schools.

Eligible post secondary educational institutions are reimbursed for tuition, books and common fees, applicable to all students, for each A+ eligible student for two years full-time course work, to be used within the students' four-year eligibility period. Since the college's participation in the A+ Program from fall 2000 through spring 2003, MWSC has received reimbursement of tuition, books and fees totaling approximately \$1,425,000.

Our review of the A+ Program funding disclosed the following concerns:

- A. The college's participation in the A+ Program appears to circumvent the intent of state law. Section 160.545.5, RSMo Cumulative Supp. 2002, provides for the "reimbursement of the costs of tuition, books, and fees to any public community college or vocational or technical school" for eligible students.

Since MWSC is not a community college, the college entered into an agreement (Statement of Assurances) with the local vocational technical school (Hillyard) whereby students would be enrolled at Hillyard and could attend classes at MWSC. The classes offered by MWSC are classes that Hillyard does not provide

and are limited to coursework for certain one-year certificates or two-year degree programs. As of spring 2003, only 11 students receiving A+ funding have graduated. Three of these students are currently enrolled in a four-year degree program and another four students have completed a 4-year degree program at the college.

However, it appears the A+ students are not actually students at Hillyard and are in fact students at MWSC. College personnel (A+ Coordinator) oversee and manage the A+ Program, including registering and advising students, monitoring student grades and progress, and preparing the reimbursement requests. A+ students are registered on the college's student account records and participate in school activities like other students, and they do not need to attend Hillyard. According to the A+ Coordinator, none of the 153 A+ students enrolled in spring 2003 were attending classes at Hillyard and over half of these students lived in college residence halls.

Although the college sends Hillyard copies of A+ enrollment records and student grades and transcripts, Hillyard's only function is to request the reimbursements from the Department of Elementary and Secondary Education (DESE). Hillyard requests the A+ reimbursements because DESE has identified Hillyard, not MWSC, as an eligible institution for the A+ Program.

MWSC needs to reevaluate its participation in the A+ Program and ensure its participation is within the intent of state law.

- B. The arrangement between the college and Hillyard has resulted in extra costs to the state totaling approximately \$142,000.

Hillyard requests and receives from DESE a fee of 10 percent of the allowable charges (minus any federal financial aid) for the MWSC A+ eligible students. Since fall 2000 through spring 2003, DESE has paid Hillyard approximately \$1,567,000. In turn, Hillyard has paid the college approximately \$1,425,000 for the A+ student's tuition, books, and fees assessed by the college and has retained approximately \$142,000 as their fee.

This 10 percent fee does not appear to be allowed under Section 160.545.5, RSMo Cumulative Supp. 2002, since it is not for the actual cost of tuition, books, or fees assessed students.

WE RECOMMEND the MWSC reevaluate its arrangement with Hillyard and ensure participation in the A+ Program is within the intent of state law. Furthermore, the legislature should evaluate the participation in the A+ program statewide to be certain its implementation is following the intent of the legislation.

AUDITEE'S RESPONSE

The auditing team recommends that Western re-evaluate its arrangement with Hillyard Technical School to ensure that participation in the A+ Program complies with the intent of State law. The College has done so and firmly believes that its participation meets both the spirit and intent of the A+ legislation.

First, the A+ Program's stated goal is to afford educational opportunities for vocational and technical training. Clearly, the Missouri Western-Hillyard cooperative arrangement meets that need.

Second, the Department of Elementary and Secondary Education (DESE) administers the A+ Program, and DESE has approved the arrangement with Hillyard.

Third, as noted in Attorney General opinion No. 100 - 98 to Senators Libyer and Childers, the A+ Program statute does not define the term A+ public community college or vocational or technical school. In that opinion, the Attorney General concluded that Southwest Missouri State University, a four-year college, which has a separate campus for associate degree programs, qualified as a community college/technical/vocational school within the meaning of the A+ statutes. In addition, Southeast Missouri State College at Cape Girardeau (another four year institution) also participates in the A+ Program.

Fourth, under Section 174.251 RSMo, Missouri Western State College is specifically mandated by the State Legislature to offer associate degree programs. The A+ Program affords opportunities for students to obtain associate degrees from Western in the areas of vocational and technical training.

Given that the statute does not define the term A+ community college; that other four year institutions offering associate degrees participate in the A+ Program; that DESE has approved our arrangement; and, most importantly, that our arrangement provides technical education to improve our workforce and thereby, Missouri's economy, it is our belief that Western clearly satisfies both the intent and spirit of the A+ legislation.

6.

Sunshine Law

MWSC did not have an updated policy regarding public access to college records to ensure compliance with the current Sunshine Law, Chapter 610, RSMo. In addition, it appears that college officials were not aware of their responsibility to respond timely to requests for information from the general public.

We requested certain information on plain paper to give the appearance that the request came from a private citizen. The request was mailed to the college on June 19, 2003, by certified mail, and was received by the college on June 23, 2003. We did not receive a response. College officials provided a copy of a letter, dated June 30, 2003, which addressed our request; however, it appears the response was not mailed. According to college officials, the college has not designated a person to handle requests from the

public or established procedures to ensure that requests under the Sunshine Law are answered in a timely manner.

A formal policy would establish guidelines for the college to make the records available to the public. This policy should establish a person to contact, provide an address to mail request for access to records, and establish a cost to provide copies of public records. Section 610.023, RSMo 2000, lists requirements for making college records available to the public. In addition, this section provides that requests should be acted upon no later than the third business day following the date the request was received by the governmental body.

WE RECOMMEND the MWSC establish formal written policies and procedures regarding public access to college records. The college should ensure public requests for college records are acted upon within three business days.

AUDITEE'S RESPONSE

Western agrees with the basic recommendations of the auditing team regarding the Sunshine Law.

As a public institution, Missouri Western State College is committed to openness in its operations. The College policy guide and Board of Regent's policies have always contained written affirmation of the open meetings statutes. It is correct, nonetheless, that those policies had not been updated for some time. However, at its August, 2003, meeting, the Board of Regents adopted a resolution naming the Vice President for Financial Planning and Administration as the designated official for purposes of responding to Sunshine Law requests. In addition, the College updated its references to the Sunshine Law in the policies of its Board of Regents at that time.

7.

Capital Assets

Various problems were noted regarding MWSC's capital asset records and related procedures. A physical inventory of capital assets was not performed prior to fiscal year 2002, property dispositions are not properly handled and accounted for, and the capital asset records are not complete and/or accurate.

The college's balance sheet for June 30, 2002, shows an investment in equipment, furniture, and fixtures of over \$19 million. Our review of the capital asset records and related procedures noted the following:

- A. According to college officials, a physical inventory of capital assets had not been performed prior to fiscal year 2002. In fiscal year 2002, each college department verified the status of their assets. Annual physical inventories are necessary to ensure the accuracy of capital asset records and to detect the loss, theft, or misuse of assets. The college should conduct annual physical inventories and reconcile

the results of the inventories to the detailed capital asset records. In addition, the physical inventory should be conducted by persons independent of those having record-keeping or custodial duties.

B. The college has not established adequate policies and procedures to properly handle and account for property dispositions. Disposed of items are stored in a campus storage building (barn) until a surplus property sale is held. We noted the following problems:

- Fixed asset dispositions are not accounted for as they occur. The college does not remove an item from its capital asset records when the item is disposed of. Upon our request, the college prepared a disposal report from its capital asset records in May 2003. The report showed property with a cost of approximately \$3.4 million as being disposed of, but still on the capital asset records.
- Capital asset dispositions are not required to be approved/authorized.
- A list of property stored at the barn is not maintained.
- From disposal records, we selected 12 items, such as printers, satellite dish, copier, monitor, and tractors, to locate in the barn. We could not find any of the items and could not determine if the items were sold in the surplus property sale in 2001 (see below). However, we located two tractors, identified as disposed of, being used by grounds personnel.
- Adequate documentation for the surplus property sale in 2001 was not prepared. The list of items sold only included a description and not a tag number and/or serial number.

The college needs to establish formal written policies and procedures to ensure the disposition of college capital assets is properly handled, approved, and recorded in the capital asset records. In addition, the date and method of disposal should be recorded in the records. Also, an independent management level approval of the disposition should be required.

C. The capital asset records are not complete and/or accurate. Various items were not properly tagged as property of the college, and the capital asset records did not always include accurate information.

For example, seven items with a value of approximately \$210,600 on the capital asset records did not have tags, some items were not located where the records indicated, and the tag number on an item, with a value of approximately \$7,200, did not agree to the tag number on the capital asset records.

Capital asset items should be properly tagged and all identifying information accurately recorded in the capital asset records. Annual physical inventories would help identify these problems on a timely basis.

Capital assets represent a significant investment of public funds and should be adequately safeguarded from loss or theft, and capital asset records provide information needed by the college for financial reporting and control purposes. Failure to maintain accurate records or to properly account for capital asset items increases the likelihood that assets may be lost, stolen, or incorrectly valued. In addition, the capital asset records should include an identification number; description of the item including the name, make, model, and serial number, where appropriate; acquisition cost; date of acquisition; estimated useful life at the date of acquisition; physical location; and method and date of disposition, if applicable.

In July 2003, the college established policies and procedures to address the acquisition, use, control, and disposal of capital assets.

WE RECOMMEND the MWSC:

- A. Conduct a physical inventory of all capital assets on an annual basis and reconcile the results of the inventory to the detailed capital asset records. In addition, the physical inventory should be conducted by persons independent of those having record-keeping or custodial duties.
- B. Establish formal written policies and procedures regarding the disposition of capital assets, including identifying the asset and the date and method of disposal. Complete records should be maintained to support all dispositions and such transactions should be recorded in the detailed capital asset records. In addition, an independent management level approval of the disposition should be required.
- C. Ensure all capital assets are properly tagged and all identifying information is properly recorded in the detailed capital asset records.

AUDITEE'S RESPONSE

Prior to the visit of the auditing team, Western had begun the process of improving its control of capital assets. The recommendations of the auditing team are being integrated into that process.

- A. *The College conducted a physical inventory of capital assets in fiscal year 2002. In addition, a Fixed Asset Accountant was added to the accounting department staff in September, 2003, to provide independent record-keeping and custodial duties for this area.*
- B. *As a part of our on-going process of continuous quality improvement, Fixed Asset policies were updated and re-issued in July, 2003. Western would note that the*

equipment originally costing \$3.4 million on the capital asset records, in fact had a depreciated value of approximately \$11,000 when it was placed in surplus.

- C. *A Fixed Asset Accountant was added to the accounting department staff in September, 2003. A primary responsibility of this position is to ensure all capital assets are properly tagged and all identifying information is properly recorded in the detailed capital asset records.*

8. College Vehicles

MWSC needs to perform a cost-benefit analysis of travel costs to evaluate the most cost-effective method of furnishing vehicles for college related business. In addition, mileage logs were not always complete and/or accurate and the college needs to improve its monitoring of leased vehicles.

The college owns approximately 40 vehicles including six fleet vehicles and thirty-four other vehicles used for maintenance, the police institute, and other college activities. College teams, organizations, and employees use fleet vehicles, and each department's budget is charged mileage for the use of these vehicles. Problems noted during our review of college vehicles include:

- A. The college has not performed a cost-benefit analysis of travel costs to evaluate the most cost effective method of furnishing vehicles for college related business.

In addition to maintaining 40 college-owned vehicles, the college paid approximately \$58,500, \$54,500 and \$84,700 to car rental companies for vehicle rentals for the years ended June 30, 2003, 2002 and 2001, respectively. These rental vehicles include annual leases for three security vehicles, three police institute vehicles, and vehicles, ranging from two in the summer to six or seven in the fall, for the admission office. Also, the college paid mileage reimbursements, totaling over \$212,000, to employees for the use of their personal vehicles for the three fiscal years ended June 30, 2003.

The college should review the cost of travel incurred through use of fleet vehicles, vehicle rentals, and mileage paid to employees to evaluate the most cost-effective practice.

- B. The mileage/usage logs which document vehicle usage are not always adequate for fleet vehicles.

Although trip sheets are used, we noted many instances where the purpose of the trip, destination, and dates used were not recorded. In addition, some odometer readings were missing or did not appear to be accurate. For example, we noted several instances where the odometer reading for a vehicle at the beginning of a month was significantly more or less than the previous month's ending odometer

reading. In addition, the college does not periodically reconcile the trip sheet information to the actual vehicle odometer readings.

Vehicle mileage logs should include the purpose and destination of each trip, the daily beginning and ending odometer readings, and the operation and maintenance costs. Mileage logs should also be reviewed by college management to ensure all mileage is recorded and that the vehicles are being properly utilized. Information on the logs should be reviewed in conjunction with fuel purchases and other maintenance charges. Mileage logs are necessary to document appropriate use of vehicles and to monitor operation and maintenance costs.

- C. The college needs to improve its monitoring of leased and/or rented vehicles. Adequate documentation is not maintained to support the use of these vehicles and related expenses. Information such as the date of the trip, trip origin, destination, expenses incurred, and purpose of trip are necessary to help ensure the propriety of travel expense.

WE RECOMMEND the MWSC:

- A. Review the cost of travel incurred through the use of fleet vehicles, vehicle rentals, and mileage paid to employees to determine the most cost-effective practice.
- B. Maintain complete and accurate mileage logs for each college-owned vehicle. The logs should be periodically reviewed by college management for completeness and reasonableness. The ending mileage reported should be periodically reconciled to the vehicle odometer readings.
- C. Require adequate documentation to support the use of leased/rented vehicles and related travel expenses. Information such as trip date, origin, destination, and purpose should be maintained to ensure propriety of travel expenses.

AUDITEE'S RESPONSE

Western will integrate the recommendations of the auditing team into its process as for the management of college vehicles.

- A. *The six fleet vehicles used to transport college teams and for other college activities include two buses and four vans. Western conducted a cost-benefit analysis of these vehicles in the spring of 2003, to determine the most effective method for furnishing vehicles for college-related business. Other campus vehicles used by the maintenance department were purchased under Missouri State contract. Law Enforcement Academy vehicles are donated from the Buchanan County Sheriff's Department. Vehicles are leased only when it is cost effective to do so. Mileage rates paid to employees are based upon the Missouri State reimbursement rate.*

- B. *Mileage-use logs were given to all employees driving a college owned/leased vehicle for fiscal year 2003. These are reviewed by the Associate Vice President for Financial Planning and Administration at the end of each fiscal year. The value of automobile personal use is included as taxable income and payroll tax is withheld, as appropriate.*
- C. *The recommended trip details for vehicles are found on the remittance voucher, which must be completed and approved before payment is made.*

9. Cellular Telephones

MWSC needs to improve its policies and controls over cellular telephones. A formal policy regarding the procurement, usage, and oversight of cellular telephones was not established, cellular telephone usage patterns were not adequately analyzed to ensure each user was enrolled in the most cost-effective service plan, and cellular telephone billing statements are not adequately reviewed to ensure all personal use is identified and reimbursed.

The college expended approximately \$14,600 and \$12,000 during fiscal years 2002 and 2001, respectively, for cellular telephone usage from five separate companies. The college had separate usage packages for its 30 cellular telephones, but could not locate contracts for 18 of these telephones. Monthly fees for current plans range from \$15 to \$80, which include basic plan minutes ranging from 75 to 3,000 per month.

Our review of the policies, controls and records for cellular telephone services disclosed the following:

- A. The college did not have a formal written policy regarding cellular telephone usage, or guidelines to determine whether a cellular telephone was needed or of benefit to the college, during the two fiscal years ending June 30, 2002. Additionally, the college has not designated a person(s) to be responsible for procuring and coordinating all its cellular telephone equipment and services. After approval by the department head, individuals are allowed to contact cellular telephone companies to set up their own accounts and obtain telephones and plans of their choice.

While cellular phones can help increase employee productivity, they are also costly. To ensure the efficient and effective use of cellular telephones, the college should develop written policies and procedures regarding the use of cellular telephones. This policy should establish a monitoring system for the assignment, usage, and acquisition of cellular phones to ensure cellular phones are acquired only by allowable personnel, and properly used for business purposes. In addition, the college should consider designating a person(s) to be responsible for all college cellular telephone services, including the procurement of equipment

and service, the maintenance of records, such as equipment tracking and personal reimbursements, and the determination of whether rate plans are appropriate.

- B. Some employee cellular telephone plans did not appear to match their usage patterns. The usage exceeded the number of plan minutes for many billing statements reviewed, which resulted in additional costs to the college.

For example, an invoice in October 2000 for three cellular telephones included roaming and long distance charges totaling \$116, and an invoice in August 2001 for the same three telephones included roaming and long distance charges totaling \$107. In August 2001 and May 2002, invoices for two other telephones included call charges totaling \$112 and \$347, respectively.

Cellular telephone usage patterns should be routinely monitored and analyzed to ensure each user is enrolled in the most cost-effective plan. The college should review its current and historical levels of cellular telephone use for business-related purposes along with the types of employee positions that require cellular telephones and develop a standard for matching employees and their positions to cellular telephone plans. Implementing such procedures should result in cost savings to the college.

- C. Cellular telephone billing statements are not adequately reviewed to ensure all personal use is identified and reimbursed. Billing statements are not required to be reviewed by the user and department head to identify personal calls, unless plan minutes are exceeded.

However, the review by the user did not always document personal usage. For example, an employee reimbursed the college \$195 for personal usage covering a two month period. The reimbursement was based on air time charges above the plan minutes, not on actual personal calls.

The college needs to ensure procedures are adequate to identify all personal calls which should be reimbursed. The college may want to consider prohibiting the personal use of cellular telephones, except in case of emergency.

Although the college developed a formal written policy regarding cellular phone usage in July 2003, the policy does not designate a person(s) to be responsible for the procuring and coordinating all cellular telephone equipment and services, and does not require review of itemized statements by the user or the department head unless basic plan minutes are exceeded.

WE RECOMMEND the MWSC:

- A. Consider designating a specific person(s) to be responsible for procuring and coordinating all cellular telephone equipment and services.

- B. Expand current policies and procedures to ensure the most cost-effective telephone plans for business-related purposes are selected based on actual business usage by college personnel.
- C. Ensure personal calls are identified, reimbursed, and restricted, as appropriate.

AUDITEE'S RESPONSE

Western has already integrated the recommendations of the auditing team into its management of cellular telephones.

- A. *The Chief Accountant/Purchasing Director has been designated as the specific person responsible for procuring and coordinating all cellular phone equipment and services. The College bid cellular phone service, and the Board of Regents approved this bid, in December, 2003.*
- B. *Cellular phone policies were issued in July, 2003.*
- C. *The cellular telephone policy requires that the user and the department head review and approve the billing statements.*

10. Computer Controls

MWSC has no formal policy for revoking terminated employees' access to its computer system. Also, system passwords and user identification codes (IDs) are not required to be changed periodically and group user IDs are issued for certain employees to share. Additionally, the college's vendor file included numerous duplicate vendor names.

Various departments have access to the college's networked computer system which maintains the college's financial, student, and financial aid records. Each software application within the system requires two different passwords to enter the system, an overall system password, and a user ID.

Our review of the computer system controls and procedures disclosed the following concerns:

- A. Access to the college's computer system is not revoked on a timely basis when an employee terminates employment. During our review of computer access in March 2003, we determined that 14 former employees still had access to the computer system even though their termination dates ranged from July 1998 to August 2002. Nine of the former employees had access to the financial records and the other five had access to the student and financial aid records. Most of these former employees were authorized to add or update records.

Continuing to allow terminated employees access to the college's computer system increases the risks of unauthorized use and modification of the data. The college should implement formal procedures to ensure terminated employee's user ID is revoked on a timely basis. In addition, the college should periodically compare individuals with computer access to current employee records to ensure computer access is limited to authorized personnel only.

B. System passwords and some user IDs are not required to be changed periodically. Also, group user IDs are issued for certain employees to share.

- Department directors were not sure when their applicable system password was last changed. According to the Management Information Systems (MIS) coordinator, once issued, system passwords are not changed except upon request by the department directors.
- The group and individual user IDs for the student and financial aid system are not required to be changed on a periodic basis.
- The group user IDs are established to be used by one or more individuals including student interns and/or part-time employees, within certain departments, such as the business office, housing, faculty, and admissions office.

Passwords and user IDs not only restrict who may access the computer system, they also provide the means to trace transactions back to specific individuals which establishes user accountability. The sharing of user IDs makes it impossible to determine who initiated a transaction and increases the risk of abuse of the system.

Changing system passwords and user IDs on a regular basis and ensuring all users have unique IDs strengthens controls for access to the computer systems and allows better monitoring of users accessing the system.

C. The college's vendor list included over 140 duplicate vendor names, each with a separate vendor number. The college uses an automated invoice processing system to process bills paid by the college. To receive payment, vendors must be entered in the system with a vendor number.

Many times the duplicate entry was due to a slight variation in spelling of the vendor's name. According to accounting personnel, they must manually review the records and delete duplicate and inactive vendor records.

Deleting duplicate vendor names and inactive vendors would give the college better control over vendor information and would result in a more efficient operation.

WE RECOMMEND the MWSC:

- A. Implement formal procedures to ensure terminated employees' user ID is revoked on a timely basis. In addition, the college should periodically compare individuals with computer access to current employee records to ensure computer access is limited to authorized personnel only.
- B. Require system passwords and user IDs be changed periodically and assign unique user IDs to all users.
- C. Purge the vendor file of duplicate and inactive vendors on a periodic basis.

AUDITEE'S RESPONSE

Western agrees with the recommendations of the auditing team regarding computer controls. Several changes have already been made to accommodate these recommendations. Other changes are slated to integrate the team's recommendations into the previously planned improvement in the College's software systems.

- A. *The College has implemented a formal procedure to ensure that terminated employees' user IDs are revoked on a timely basis. This element has been added to the check out procedures for departing employees utilized by the Human Resources department. The College has established a procedure for user departments to review software system access against current employee records on a quarterly basis. This process will be made more efficient as a result of the implementation of an integrated software system.*
- B. *Western has updated its data access procedures as a result of the Graham Leach Bliley Policy recently developed by the College. The policy requires personal and system passwords to be changed at least twice a year. Implementation of the MWSC integrated software system has begun and is expected to be completed over the next 30 months. A Data Standards, Integrity and Security document, that defines the data access requirements and requirements for password access to the system, has already been drafted as a part of this implementation.*
- C. *Vendor files will be purged of duplicate and inactive vendors as a part of the implementation of the College's new integrated software system. The financial module, which includes vendor files, is slated for completion by July 1, 2004. In addition, a Data Standards, Integrity and Security document drafted as a part of this implementation defines the standards for entering all data records, including vendors, into the new integrated software system. This definition will prevent duplicate vendor names from being entered into the system.*

MWSC's practice of subsidizing some of the operating expenses of the Missouri Western State College Foundation (Foundation) and Western Alumni Association (Association) does not appear appropriate and may violate provisions of the Missouri Constitution. Also, the college did not properly account for and report the personal use of vehicles furnished to the athletic staff by the Gold Coat Club, whose funds are processed through the Foundation.

Both the Foundation and Association are not-for-profit organizations who receive donations from individuals and organizations for the benefit of the college. The Foundation was established in 1969 to foster partnerships and vital connections by encouraging gifts and investments to further the success of the college. The Association was established in 1970 to provide opportunities for alumni to stay in touch with the college and to assist in raising scholarship funds.

The Vice President for Institutional Advancement serves as the Executive Director of the Foundation and the College President is a member of the Foundation's board. In addition, college personnel in the Office of Institutional Advancement also function as staff for these organizations.

A. MWSC subsidizes some operating expenses of the Foundation and Association. This practice does not appear to be appropriate and may violate provisions of the Missouri Constitution. Although the Foundation and Association reimbursed the college for some operating expenses such as clerical and student salaries, postage, office supplies, and telephone expense, the college subsidized other expenses which were not reimbursed during fiscal years 2002 and 2001.

- The college paid the salary and fringe benefits, totaling over \$100,000 and \$40,000 annually, for the Executive Director of the Foundation and Director of Foundation and Alumni Accounting Services, respectively. In addition, the salary and fringe benefits for the accounting clerk for the Foundation and Association was paid entirely by the Foundation.
- The college's practice is to pay approximately \$9,700 of operating expenses each year for the Association.
- In June 2001, the college donated \$10,000 to the Association for homecoming expenses.
- In June 2001, the college donated \$1,550 to the Foundation to defray costs associated with honor band.

In January 2003, based on past experience and job responsibilities, the college allocated the salary expense for the Director of Foundation and Alumni

Accounting services 20, 20, and 60 percent to the college, Association, and Foundation, respectively. Also, the salary for the accounting clerk was split 75/25 to the Foundation and Association.

The practice of subsidizing the Foundation and the Association with college, or public, funds appears to constitute the granting or lending of public funds to a private entity, which is prohibited by Article VI, Section 25 of the Missouri Constitution.

- B. Neither the college nor the Foundation properly accounted for and reported the personal use of vehicles furnished to the athletic staff by the Foundation (Gold Coat Club funds).

In fiscal years 2002 and 2001, the Foundation paid approximately \$18,900 and \$17,700, respectively, to lease and insure three vehicles provided to the athletic director and two coaches. The Foundation also paid insurance, totaling approximately \$1,700 annually, for two additional vehicles that were provided to two other coaches.

Federal regulations require all employers to withhold payroll taxes and include the value of automobile personal use in taxable income.

WE RECOMMEND the MWSC:

- A. Discontinue the practice of subsidizing the operations and activities of the Foundation and the Association, and consider requesting reimbursement for past subsidies.
- B. In conjunction with the Foundation, ensure the value of automobile personal use is included as taxable income and payroll tax is withheld, as appropriate.

AUDITEE'S RESPONSE

Prior to the visit of the auditing team, Western had begun the process of attributing all Foundation and Alumni Association expenses to these organizations. While both organizations serve only the College (and serve it well), the College agrees that all of their expenses should be accommodated by their own funds.

- A. *The College discontinued the practice of providing any funding to support the Foundation or the Alumni Association, effective July 1, 2003. The Vice President for Institutional Advancement has many responsibilities, one among them being Executive Director of the Foundation. Approximately, 20% of his time is spent as Executive Director of the Foundation, and in the future, that proportion of his salary will be attributed to the Foundation.*

- B. *The Foundation does not own vehicles. Gold Coat funds (raised by an athletic booster group), were used to pay the insurance on two vehicles, the use of which was donated as gifts-in-kind to Athletics. One additional car is leased with Gold Coat funds. Mileage logs are kept on all vehicles, and the value of automobile personal use is included as taxable income and payroll tax is withheld, as appropriate.*

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

MISSOURI WESTERN STATE COLLEGE
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

Missouri Western State College, then St. Joseph Junior College, was founded in 1915, sharing facilities with Central High School. In 1925, the Junior College moved into its own building, the former Robidoux Polytechnic, and from then until the 1964-65 academic year, the internal life of the college underwent no drastic change. In January 1965, St. Joseph voters favored the change to a community college, and in April of that year, the name was changed to Missouri Western Junior College District. In June 1967, Dr. M.O. Looney officially assumed his role as the second president and the third administrative head of the junior college, and seven days later he announced that the name would be shortened to Missouri Western College.

Enrollment grew to 1,629, an all time high, and provisional four-year accreditation was granted to the college during the 1968-1969 academic year. In August 1969, Missouri Western College moved to its new and present location. The University of Missouri curators gave their approval to the third and fourth years of college work, an approval crucial to the establishment of the senior college program, and Missouri Western College became known as Missouri Western State College. Full state funding went into effect on July 1, 1977, and Missouri Western State College became a full member of the State of Missouri system.

In the fall of 2001 and 2002, the College's full time equivalent student enrollment was 4,093 and 4,134 respectively.

Missouri Western State College is governed by a six-member Board of Regents appointed by the Governor and confirmed by the Senate. Regents are appointed to six-year terms. A student member, with non-voting privileges, also serves on the Board.

The Board of Regents as of June 30, 2003, consisted of the following members:

<u>Name</u>	<u>Position</u>	<u>Term Ends</u>
R. Patt Lilly	President	October 2004
Susan Colgan	Vice President	October 2006
William Hurley	Member	October 2005
Carol Moya	Member	October 2007
Janet Leachman	Member	October 2008*
Lynn Watkins	Member	October 2003
Kevin Callaway	Student Member	January 2004

* Ms. Leachman was appointed in March 2003 to replace Krikor Partamian.

The Board of Regents appoints a President to serve as the College's Chief Executive Officer. Three Vice Presidents have been appointed to oversee Academic and Student Affairs, Institutional Advancement, and Financial Planning and Administration. The following schedule lists the individuals and their annual compensation as of June 30, 2003:

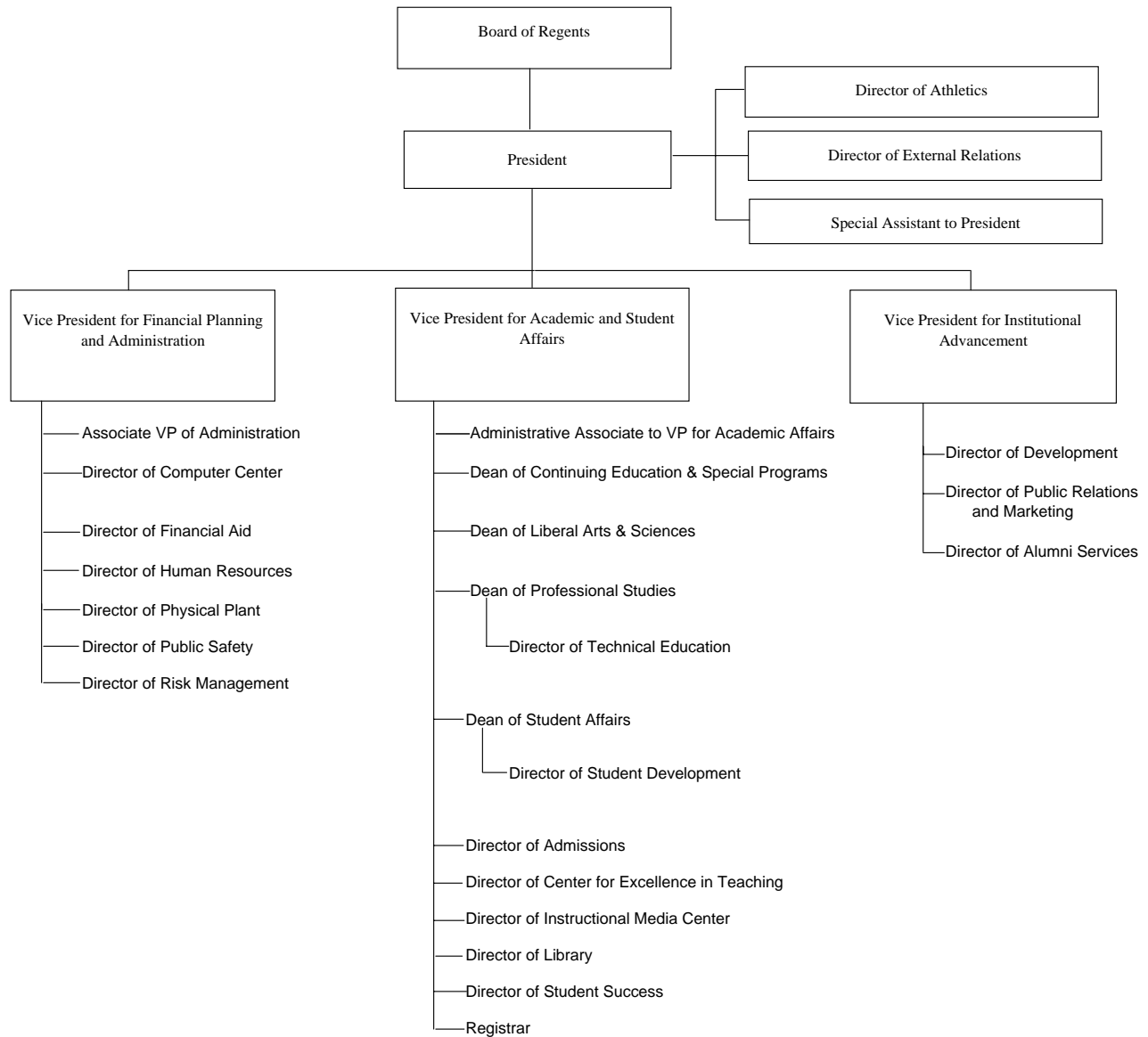
<u>Name</u>	<u>Position</u>	<u>Base Salary Per Contract</u>	
Dr. James J. Scanlon	President	\$150,000	(1)
Dr. J. David Arnold	Vice President for Academic and Student Affairs	115,000	(2)
Dr. James Roever	Interim Vice President for Institutional Advancement	106,152	(3)
Ron Olinger	Vice President for Financial Planning and Administration	97,000	(4)

- (1) Dr. Scanlon was employed by the college in March 2001, replacing Acting President Dr. James McCarthy. In addition to the base salary, Dr. Scanlon's contract provides for an annual housing allowance (\$24,000), annual automobile allowance (\$9,000), and for the college to contribute to and/or reimburse him annually for an amount equal to his annual contribution to an optional retirement plan. In 2002, the college paid Dr. Scanlon \$11,000 for the optional retirement plan. In addition, the college provides life insurance in an amount equal to two times his base salary and membership in the local country club. Also, Dr. Scanlon received a cost of living increase of \$4,500, effective July 1, 2001.
- (2) Dr. Arnold was employed by the college in July 2002, replacing Dr. James Roever. In addition to the base salary, Dr. Arnold's contract provides for the college to contribute to and/or reimburse him annually for an amount equal to his annual contribution to an optional retirement plan. In 2002, the college paid Dr. Arnold \$6,091 for the optional retirement plan. The college also provides life insurance in an amount equal to his base salary and membership in one service organization.
- (3) In addition to serving as Vice President for Academic and Student Affairs, Dr. Roever assumed additional responsibilities related to institutional advancement in February 2002, when Dr. James McCarthy retired and received an additional stipend of \$5,000, for the period February to June 2002, for those additional responsibilities. In July 2002, he was appointed Interim Vice President for Institutional Advancement. Dr. Roever's contract provides for the college to reimburse him annually for an amount equivalent to his contribution to Social Security, subject to maximum annual withholdings for Social Security. In 2002, the college reimbursed him \$6,960 for his contributions to Social Security. In addition, the College provides life insurance in an amount equal to his base salary and memberships in the local country club (for business purposes) and in one service organization.

- (4) Ron Olinger was employed by the college in July 2002, replacing Earl Milton. In addition to the base salary, the college provides life insurance in an amount equal to his base salary and membership in one service organization.

An organization chart follows:

MISSOURI WESTERN STATE COLLEGE
 ORGANIZATION CHART
 JUNE 30, 2002





**WARREN COUNTY, MISSOURI
TWO YEARS ENDED DECEMBER 31, 2002**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-23
March 12, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

March 2004

IMPORTANT: The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Warren, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also provide a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and it does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Warren County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- Some federal grants received on behalf of the county were not maintained in a bank account controlled by the County Treasurer. In addition, a budget was not prepared for these funds and they were not included in the county's published financial statement.
- The approved budget documents for the General Revenue Fund, Capital Improvement Fund and the Road and Bridge Capital Fund did not adequately project the anticipated financial position for the years ended December 31, 2002 and 2001. The significant differences noted resulted mainly from overestimating disbursements, which decreases the effectiveness of the budget as a management tool.
- The Associate Circuit Division's accounting controls and procedures need improvement. Receipts are not posted or deposited on a timely basis and accounting duties are not adequately segregated.
- The county does not have written agreements with political subdivisions on housing prisoners. The Sheriff's department does not receipt monies in a timely manner, restrictively endorse checks and money orders immediately upon receipt, perform monthly bank reconciliations, or reconcile the monthly listing of prisoner account balances (open items) to the book balance.

(over)

YELLOW SHEET

- Collateral securities were not pledged by the Senate Bill 40 (SB40) Board's depository bank for deposits in excess of the Federal Deposit Insurance Corporation (FDIC) coverage. Additionally, the regular SB40 board minutes did not document the specific reasons for closing meetings and the matters discussed in closed session did not appear to be in compliance with state law. Finally, the Senate Bill 40 Board budgets did not accurately reflect the board's financial position.

The audit also suggested improvements to procedures for county general fixed asset records and included recommendations to the Circuit Clerk on accrued court costs.

All reports are available on our website: www.auditor.mo.gov

WARREN COUNTY, MISSOURI

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WARREN COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON
THE FINANCIAL STATEMENTS**

To the County Commission
and
Officeholders of Warren County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Warren County, Missouri, as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Warren County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2002 and 2001, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated September 11, 2003, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Warren County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

September 11, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Debra S. Lewis, CPA
Audit Staff:	B. Simpson
	A. Dailey
	Carl E. Zilch, Jr.



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission
and
Officeholders of Warren County, Missouri

We have audited the financial statements of various funds of Warren County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated September 11, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of various funds of Warren County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Warren County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce

to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Warren County, Missouri, and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

September 11, 2003 (fieldwork completion date)

Financial Statements

Exhibit A

WARREN COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 1,518,048	2,455,170	2,293,881	1,679,337
Special Road and Bridge	527,929	1,344,326	1,300,754	571,501
Assessment	8,717	320,367	294,993	34,091
Law Enforcement	119,392	2,080,442	2,159,813	40,021
Officer's Training	6,088	12,889	14,227	4,750
Prosecuting Attorney Training	12,199	2,235	0	14,434
Capital Improvement	1,963,155	1,145,400	699,385	2,409,170
Prosecuting Attorney Delinquent Tax	17,868	806	1,060	17,614
Prosecuting Attorney Bad Check	53,805	20,223	17,292	56,736
Recorder's User Fees	56,121	30,054	5,641	80,534
Sheriff's Civil Fees	15,293	43,200	35,190	23,303
Road and Bridge Capital	534,026	108,170	290,549	351,647
Prosecuting Attorney Forfeiture	3,556	1,952	0	5,508
Election Services	7,058	3,956	133	10,881
Domestic Violence	0	2,966	2,966	0
Sheriff's Forfeiture	0	9,653	0	9,653
Senate Bill 40 Board	193,186	399,312	410,584	181,914
Circuit Clerk Interest	44,793	10,374	8,416	46,751
Associate Circuit Division Interest	12,718	1,649	73	14,294
Law Library	13,547	15,690	14,920	14,317
DARE	9,761	669	2,000	8,430
Recorder Technology	0	19,068	0	19,068
Tax Maintenance	0	2,583	0	2,583
Turning Point CDBG	0	101,386	101,386	0
Total	\$ 5,117,260	8,132,540	7,653,263	5,596,537

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A

WARREN COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 1,325,474	2,284,501	2,091,927	1,518,048
Special Road and Bridge	720,745	1,315,734	1,508,550	527,929
Assessment	18,297	268,789	278,369	8,717
Law Enforcement	7,815	2,193,952	2,082,375	119,392
Officer's Training	18,797	17,229	29,938	6,088
Prosecuting Attorney Training	9,562	2,797	160	12,199
Capital Improvement	1,427,526	1,133,356	597,727	1,963,155
Prosecuting Attorney Delinquent Tax	15,852	2,016	0	17,868
Prosecuting Attorney Bad Check	55,217	20,194	21,606	53,805
Recorder's User Fees	31,035	26,606	1,520	56,121
Sheriff's Civil Fees	10,668	35,783	31,158	15,293
Road and Bridge Capital	417,610	116,416	0	534,026
Prosecuting Attorney Forfeiture	3,393	163	0	3,556
Election Services	2,633	4,673	248	7,058
Domestic Violence	0	2,392	2,392	0
Senate Bill 40 Board	194,695	371,048	372,557	193,186
Circuit Clerk Interest	32,584	14,666	2,457	44,793
Associate Circuit Division Interest	11,421	3,783	2,486	12,718
Law Library	12,642	14,132	13,227	13,547
DARE	10,686	1,075	2,000	9,761
Turning Point CDBG	0	114,870	114,870	0
Total	\$ 4,326,652	7,944,175	7,153,567	5,117,260

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

WARREN COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 8,190,956	8,028,571	(162,385)	7,559,303	7,828,230	268,927
DISBURSEMENTS	9,629,285	7,551,877	(2,077,408)	9,327,845	7,036,697	(2,291,148)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,438,329)	476,694	1,915,023	(1,768,542)	791,533	2,560,075
CASH, JANUARY 1	5,076,791	5,117,260	40,469	4,315,257	4,315,966	709
CASH, DECEMBER 31	3,638,462	5,593,954	1,955,492	2,546,715	5,107,499	2,560,784
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	258,000	331,510	73,510	250,000	257,248	7,248
Sales taxes	1,125,000	1,114,993	(10,007)	1,000,000	1,072,964	72,964
Intergovernmental	209,171	127,290	(81,881)	157,475	124,840	(32,635)
Charges for services	670,900	777,541	106,641	607,000	713,294	106,294
Interest	44,000	25,740	(18,260)	48,000	58,568	10,568
Other	67,400	78,096	10,696	116,000	57,587	(58,413)
Total Receipts	2,374,471	2,455,170	80,699	2,178,475	2,284,501	106,026
DISBURSEMENTS						
County Commissioner	118,446	111,633	6,813	113,125	104,261	8,864
County Clerk	149,027	136,266	12,761	149,162	133,284	15,878
Elections	75,000	58,065	16,935	15,700	5,142	10,558
Buildings and grounds	305,000	162,321	142,679	315,000	184,396	130,604
County Treasurer	41,777	40,354	1,423	39,478	38,519	959
County Collector	175,059	161,409	13,650	171,322	144,966	26,356
Ex Officio Recorder of Deed	65,044	62,293	2,751	56,743	53,111	3,632
Circuit Clerk	25,459	19,485	5,974	22,300	19,348	2,952
Associate Circuit Court	25,663	25,314	349	25,738	23,397	2,341
Court administration	18,550	12,532	6,018	14,460	7,963	6,497
Public Administrator	24,730	22,927	1,803	26,280	22,966	3,314
Sanitation Officer	90,130	77,920	12,210	88,507	79,941	8,566
Prosecuting Attorney	242,244	227,328	14,916	216,565	207,470	9,095
Juvenile Officer	107,115	85,762	21,353	116,297	85,520	30,777
County Coroner	40,142	40,130	12	39,416	30,336	9,080
Court Reporter	8,000	2,751	5,249	11,000	3,794	7,206
County Nurse	195,054	139,185	55,869	186,016	132,249	53,767
Surveyor	1,360	402	958	1,560	1,212	348
Emergency Manager	46,664	22,929	23,735	6,720	6,314	406
Planning and Zoning	125,855	111,461	14,394	129,333	106,878	22,455
Administration	326,039	213,905	112,134	329,701	209,539	120,162
Child Support Enforcement	33,240	28,900	4,340	30,525	26,321	4,204
Victim Advocate	47,567	5,609	41,958	0	0	0
Transfers out	525,000	525,000	0	595,000	465,000	130,000
Emergency Fund	200,000	0	200,000	200,000	0	200,000
Total Disbursements	3,012,165	2,293,881	718,284	2,899,948	2,091,927	808,021
RECEIPTS OVER (UNDER) DISBURSEMENTS	(637,694)	161,289	798,983	(721,473)	192,574	914,047
CASH, JANUARY 1	1,518,048	1,518,048	0	1,325,474	1,325,474	0
CASH, DECEMBER 31	880,354	1,679,337	798,983	604,001	1,518,048	914,047

Exhibit B

WARREN COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	556,000	608,913	52,913	517,000	560,631	43,631
Intergovernmental	751,000	705,085	(45,915)	724,550	704,229	(20,321)
Interest	26,000	12,650	(13,350)	37,000	37,427	427
Other	15,500	17,678	2,178	30,000	13,447	(16,553)
Total Receipts	1,348,500	1,344,326	(4,174)	1,308,550	1,315,734	7,184
DISBURSEMENTS						
Salaries	250,000	240,463	9,537	250,000	217,829	32,171
Employee fringe benefit	45,222	40,847	4,375	43,744	35,321	8,423
Supplies	11,000	7,549	3,451	11,000	7,842	3,158
Insurance	15,000	21,366	(6,366)	20,000	13,476	6,524
Road and bridge materials	445,000	400,102	44,898	450,000	531,378	(81,378)
Equipment repairs	45,000	39,401	5,599	45,000	43,495	1,505
Non reimbursed construction	100,000	4,680	95,320	90,000	62,222	27,778
Equipment purchases	150,000	83,617	66,383	200,000	122,112	77,888
Hired machinery	30,000	10,853	19,147	40,000	16,333	23,667
Road oil	100,000	88,007	11,993	150,000	106,176	43,824
Gravel	275,000	224,745	50,255	300,000	211,178	88,822
New bridges	50,000	0	50,000	50,000	0	50,000
Dust abatement	14,000	12,513	1,487	20,000	13,088	6,912
Other	38,000	26,611	11,389	46,000	28,100	17,900
Transfers out	100,000	100,000	0	100,000	100,000	0
Total Disbursements	1,668,222	1,300,754	367,468	1,815,744	1,508,550	307,194
RECEIPTS OVER (UNDER) DISBURSEMENTS	(319,722)	43,572	363,294	(507,194)	(192,816)	314,378
CASH, JANUARY 1	527,929	527,929	0	720,745	720,745	0
CASH, DECEMBER 31	208,207	571,501	363,294	213,551	527,929	314,378
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	298,000	310,696	12,696	282,000	257,881	(24,119)
Interest	2,150	1,226	(924)	4,000	3,369	(631)
Other	7,000	8,445	1,445	8,500	7,539	(961)
Total Receipts	307,150	320,367	13,217	294,500	268,789	(25,711)
DISBURSEMENTS						
Assessor	309,906	294,993	14,913	312,787	278,369	34,418
Total Disbursements	309,906	294,993	14,913	312,787	278,369	34,418
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,756)	25,374	28,130	(18,287)	(9,580)	8,707
CASH, JANUARY 1	8,717	8,717	0	18,297	18,297	0
CASH, DECEMBER 31	5,961	34,091	28,130	10	8,717	8,707

Exhibit B

WARREN COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT FUND</u>						
RECEIPTS						
Sales Tax	1,125,000	1,115,002	(9,998)	1,000,000	1,074,341	74,341
Intergovernmental	34,995	25,264	(9,731)	24,000	24,232	232
Charges for service:	385,000	364,310	(20,690)	425,000	612,761	187,761
Interest	2,400	1,916	(484)	5,000	4,218	(782)
Other	110,000	48,950	(61,050)	89,500	13,400	(76,100)
Transfers in	525,000	525,000	0	595,000	465,000	(130,000)
Total Receipts	2,182,395	2,080,442	(101,953)	2,138,500	2,193,952	55,452
DISBURSEMENTS						
Sheriff	1,331,453	1,259,424	72,029	1,193,328	1,118,905	74,423
Jail	965,578	900,389	65,189	952,865	963,470	(10,605)
Total Disbursements	2,297,031	2,159,813	137,218	2,146,193	2,082,375	63,818
RECEIPTS OVER (UNDER) DISBURSEMENTS	(114,636)	(79,371)	35,265	(7,693)	111,577	119,270
CASH, JANUARY 1	119,392	119,392	0	7,815	7,815	0
CASH, DECEMBER 31	4,756	40,021	35,265	122	119,392	119,270
<u>OFFICER'S TRAINING FUND</u>						
RECEIPTS						
Charges for service:	16,000	12,216	(3,784)	18,000	15,472	(2,528)
Interest	300	73	(227)	1,000	777	(223)
Other	0	600	600	0	980	980
Total Receipts	16,300	12,889	(3,411)	19,000	17,229	(1,771)
DISBURSEMENTS						
Sheriff	22,300	14,227	8,073	35,000	29,938	5,062
Total Disbursements	22,300	14,227	8,073	35,000	29,938	5,062
RECEIPTS OVER (UNDER) DISBURSEMENTS	(6,000)	(1,338)	4,662	(16,000)	(12,709)	3,291
CASH, JANUARY 1	6,088	6,088	0	18,797	18,797	0
CASH, DECEMBER 31	88	4,750	4,662	2,797	6,088	3,291
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for service:	2,400	2,016	(384)	2,500	2,307	(193)
Interest	322	219	(103)	500	490	(10)
Total Receipts	2,722	2,235	(487)	3,000	2,797	(203)
DISBURSEMENTS						
Prosecuting Attorney	7,500	0	7,500	4,500	160	4,340
Total Disbursements	7,500	0	7,500	4,500	160	4,340
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,778)	2,235	7,013	(1,500)	2,637	4,137
CASH, JANUARY 1	12,199	12,199	0	9,562	9,562	0
CASH, DECEMBER 31	7,421	14,434	7,013	8,062	12,199	4,137

Exhibit B

WARREN COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CAPITAL IMPROVEMENT FUND</u>						
RECEIPTS						
Sales tax	1,125,000	1,114,991	(10,009)	1,000,000	1,074,244	74,244
Interest	57,500	30,409	(27,091)	50,000	57,561	7,561
Other	1,000	0	(1,000)	200	1,551	1,351
Total Receipts	1,183,500	1,145,400	(38,100)	1,050,200	1,133,356	83,156
DISBURSEMENTS						
Equipment	200,000	25,199	174,801	200,000	26,937	173,063
Bond principal and interest payment	686,000	669,551	16,449	660,000	570,414	89,586
Capital construction	200,000	4,635	195,365	200,000	376	199,624
Total Disbursements	1,086,000	699,385	386,615	1,060,000	597,727	462,273
RECEIPTS OVER (UNDER) DISBURSEMENTS	97,500	446,015	348,515	(9,800)	535,629	545,429
CASH, JANUARY 1	1,963,155	1,963,155	0	1,427,526	1,427,526	0
CASH, DECEMBER 31	2,060,655	2,409,170	348,515	1,417,726	1,963,155	545,429
<u>PROSECUTING ATTORNEY DELINQUENT TAX FUND</u>						
RECEIPTS						
Intergovernmental	1,300	543	(757)	1,100	1,246	146
Interest	479	263	(216)	900	770	(130)
Total Receipts	1,779	806	(973)	2,000	2,016	16
DISBURSEMENTS						
Prosecuting Attorney	7,500	1,060	6,440	7,500	0	7,500
Total Disbursements	7,500	1,060	6,440	7,500	0	7,500
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,721)	(254)	5,467	(5,500)	2,016	7,516
CASH, JANUARY 1	17,868	17,868	0	15,852	15,852	0
CASH, DECEMBER 31	12,147	17,614	5,467	10,352	17,868	7,516
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for services	18,000	19,429	1,429	31,000	17,900	(13,100)
Interest	1,680	794	(886)	4,000	2,121	(1,879)
Other	0	0	0	0	173	173
Total Receipts	19,680	20,223	543	35,000	20,194	(14,806)
DISBURSEMENTS						
Prosecuting Attorney	53,499	17,292	36,207	55,999	21,606	34,393
Total Disbursements	53,499	17,292	36,207	55,999	21,606	34,393
RECEIPTS OVER (UNDER) DISBURSEMENTS	(33,819)	2,931	36,750	(20,999)	(1,412)	19,587
CASH, JANUARY 1	53,805	53,805	0	55,217	55,217	0
CASH, DECEMBER 31	19,986	56,736	36,750	34,218	53,805	19,587

Exhibit B

WARREN COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>RECORDER'S USER FEES FUND</u>						
RECEIPTS						
Charges for services	20,000	29,125	9,125	15,000	24,900	9,900
Interest	1,250	929	(321)	2,000	1,706	(294)
Total Receipts	21,250	30,054	8,804	17,000	26,606	9,606
DISBURSEMENTS						
Ex Officio Recorder of Deed	37,162	0	37,162	30,000	1,520	28,480
Transfers Out	0	5,641	(5,641)	0	0	0
Total Disbursements	37,162	5,641	31,521	30,000	1,520	28,480
RECEIPTS OVER (UNDER) DISBURSEMENTS	(15,912)	24,413	40,325	(13,000)	25,086	38,086
CASH, JANUARY 1	56,121	56,121	0	31,035	31,035	0
CASH, DECEMBER 31	40,209	80,534	40,325	18,035	56,121	38,086
<u>SHERIFF'S CIVIL FEES FUND</u>						
RECEIPTS						
Charges for services	35,000	42,953	7,953	35,000	35,205	205
Interest	300	247	(53)	240	578	338
Total Receipts	35,300	43,200	7,900	35,240	35,783	543
DISBURSEMENTS						
Sheriff	45,000	35,190	9,810	36,000	31,158	4,842
Total Disbursements	45,000	35,190	9,810	36,000	31,158	4,842
RECEIPTS OVER (UNDER) DISBURSEMENTS	(9,700)	8,010	17,710	(760)	4,625	5,385
CASH, JANUARY 1	15,293	15,293	0	10,668	10,668	0
CASH, DECEMBER 31	5,593	23,303	17,710	9,908	15,293	5,385
<u>ROAD AND BRIDGE CAPITAL FUND</u>						
RECEIPTS						
Interest	7,500	8,170	670	12,000	16,416	4,416
Transfers in	100,000	100,000	0	100,000	100,000	0
Total Receipts	107,500	108,170	670	112,000	116,416	4,416
DISBURSEMENTS						
Real estate purchases	100,000	0	100,000	200,000	0	200,000
Capital construction	500,000	290,549	209,451	300,000	0	300,000
Total Disbursements	600,000	290,549	309,451	500,000	0	500,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(492,500)	(182,379)	310,121	(388,000)	116,416	504,416
CASH, JANUARY 1	534,026	534,026	0	417,610	417,610	0
CASH, DECEMBER 31	41,526	351,647	310,121	29,610	534,026	504,416

Exhibit B

WARREN COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY FORFEITURE FUND</u>						
RECEIPTS						
Charges for service:	0	1,890	1,890	200	163	(37)
Interest	100	62	(38)	0	0	0
Total Receipts	100	1,952	1,852	200	163	(37)
DISBURSEMENTS						
Equipment	1,000	0	1,000	1,000	0	1,000
Training	1,500	0	1,500	1,500	0	1,500
Other	500	0	500	400	0	400
Total Disbursements	3,000	0	3,000	2,900	0	2,900
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,900)	1,952	4,852	(2,700)	163	2,863
CASH, JANUARY 1	3,556	3,556	0	3,393	3,393	0
CASH, DECEMBER 31	656	5,508	4,852	693	3,556	2,863
<u>ELECTION SERVICES FUND</u>						
RECEIPTS						
Intergovernmental	2,500	3,829	1,329	1,100	4,493	3,393
Interest	110	127	17	110	180	70
Total Receipts	2,610	3,956	1,346	1,210	4,673	3,463
DISBURSEMENTS						
Office supplies	2,000	0	2,000	1,000	0	1,000
Equipment	2,000	0	2,000	1,000	0	1,000
Other	2,000	133	1,867	1,000	248	752
Total Disbursements	6,000	133	5,867	3,000	248	2,752
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,390)	3,823	7,213	(1,790)	4,425	6,215
CASH, JANUARY 1	7,058	7,058	0	2,633	2,633	0
CASH, DECEMBER 31	3,668	10,881	7,213	843	7,058	6,215
<u>DOMESTIC VIOLENCE FUND</u>						
RECEIPTS						
Charges for service:	3,000	2,966	(34)	4,000	2,392	(1,608)
Total Receipts	3,000	2,966	(34)	4,000	2,392	(1,608)
DISBURSEMENTS						
Health and welfare	3,000	2,966	34	4,000	2,392	1,608
Total Disbursements	3,000	2,966	34	4,000	2,392	1,608
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	0	0	0	0	0

Exhibit B

WARREN COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SHERIFF'S FORFEITURE FUND</u>						
RECEIPTS						
Charges for service:	10,000	9,637	(363)			
Interest	0	16	16			
Total Receipts	10,000	9,653	(347)			
DISBURSEMENTS						
Equipment	10,000	0	10,000			
Total Disbursements	10,000	0	10,000			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	9,653	9,653			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	0	9,653	9,653			
<u>SENATE BILL 40 BOARD FUND</u>						
RECEIPTS						
Property taxes	524,017	391,047	(132,970)	322,317	357,911	35,594
Loan repayment	0	0	0	3,111	4,667	1,556
Interest	8,500	4,122	(4,378)	4,000	8,470	4,470
Other	0	4,143	4,143	0	0	0
Total Receipts	532,517	399,312	(133,205)	329,428	371,048	41,620
DISBURSEMENTS						
Programs	406,000	410,584	(4,584)	379,355	372,557	6,798
Total Disbursements	406,000	410,584	(4,584)	379,355	372,557	6,798
RECEIPTS OVER (UNDER) DISBURSEMENTS	126,517	(11,272)	(137,789)	(49,927)	(1,509)	48,418
CASH, JANUARY 1	152,728	193,186	40,458	193,528	194,695	1,167
CASH, DECEMBER 31	279,245	181,914	(97,331)	143,601	193,186	49,585
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest	6,500	10,374	3,874	10,000	14,666	4,666
Total Receipts	6,500	10,374	3,874	10,000	14,666	4,666
DISBURSEMENTS						
Circuit Clerk	10,000	8,416	1,584	10,000	2,457	7,543
Total Disbursements	10,000	8,416	1,584	10,000	2,457	7,543
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,500)	1,958	5,458	0	12,209	12,209
CASH, JANUARY 1	44,453	44,793	340	32,584	32,584	0
CASH, DECEMBER 31	40,953	46,751	5,798	32,584	44,793	12,209

Exhibit B

WARREN COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ASSOCIATE CIRCUIT DIVISION INTEREST FUND</u>						
RECEIPTS						
Interest	3,800	1,649	(2,151)	7,000	3,783	(3,217)
Total Receipts	3,800	1,649	(2,151)	7,000	3,783	(3,217)
DISBURSEMENTS						
Associate Circuit Judge	4,000	73	3,927	8,919	2,486	6,433
Total Disbursements	4,000	73	3,927	8,919	2,486	6,433
RECEIPTS OVER (UNDER) DISBURSEMENTS	(200)	1,576	1,776	(1,919)	1,297	3,216
CASH, JANUARY 1	12,718	12,718	0	11,421	11,421	0
CASH, DECEMBER 31	12,518	14,294	1,776	9,502	12,718	3,216
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for service:	14,000	15,690	1,690	14,000	14,132	132
Total Receipts	14,000	15,690	1,690	14,000	14,132	132
DISBURSEMENTS						
Law Library	23,000	14,920	8,080	16,000	13,227	2,773
Total Disbursements	23,000	14,920	8,080	16,000	13,227	2,773
RECEIPTS OVER (UNDER) DISBURSEMENTS	(9,000)	770	9,770	(2,000)	905	2,905
CASH, JANUARY 1	14,262	13,547	(715)	13,100	12,642	(458)
CASH, DECEMBER 31	5,262	14,317	9,055	11,100	13,547	2,447
<u>DARE FUND</u>						
RECEIPTS						
Donations	1,000	669	(331)			
Total Receipts	1,000	669	(331)			
DISBURSEMENTS						
Scholarships	2,000	2,000	0			
Total Disbursements	2,000	2,000	0			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,000)	(1,331)	(331)			
CASH, JANUARY 1	9,375	9,761	386			
CASH, DECEMBER 31	8,375	8,430	55			
<u>RECORDER TECHNOLOGY FUND</u>						
RECEIPTS						
Charges for service:	11,000	13,083	2,083			
Interest	240	344	104			
Transfers in	5,642	5,641	(1)			
Total Receipts	16,882	19,068	2,186			
DISBURSEMENTS						
Equipment	16,000	0	16,000			
Total Disbursements	16,000	0	16,000			
RECEIPTS OVER (UNDER) DISBURSEMENTS	882	19,068	18,186			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	882	19,068	18,186			

Notes to the Financial Statements

WARREN COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Warren County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, or the Senate Bill 40 Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
DARE Fund	2001
Tax Maintenance Fund	2002
Turning Point CDBG Fund	2002 and 2001

Warrants issued were in excess of budgeted amounts for the Senate Bill 40 Board Fund in 2002. Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements for the years ended December 31, 2002 and 2001, did not include the Turning Point CDBG Fund.

In addition, for the Senate Bill 40 Fund, the county's published financial statements for the years ended December 31, 2002 and 2001, included only those amounts that passed through the County Treasurer.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has adopted such a policy. The policy permits investments in securities having principal and interest guaranteed by the United States government, collateralized time and demand deposits, and certain tax exempt bonds.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's deposits at December 31, 2002 and 2001, were entirely covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name.

The Senate Bill 40 Board's deposits at December 31, 2002 and 2001, were entirely covered by federal depositary insurance.

However, because of significantly higher bank balances at certain times during the year, uninsured and uncollateralized balances existed at those times although not at year-end.

To protect the safety of county deposits, Section 110.020, RSMo 2000, requires depositaries to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

Schedule

WARREN COUNTY, MISSOURI
SCHEDULE OF FINDINGS
YEARS ENDED DECEMBER 31, 2002 AND 2001

This schedule includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Follow-up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

WARREN COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 2000, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

WARREN COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Warren County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated September 11, 2003.

We also have audited the operations of elected officials with funds other than those presented in the financial statements. As applicable, the objectives of this audit were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable legal provisions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our audit, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Because the Emergency Services Board is audited and separately reported on by other independent auditors, the related fund is not presented in the financial statements. However, we reviewed those audit reports and other applicable information.

Our audit was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our audit of the elected county officials and the board referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings. These findings resulted from our audit of the financial statements of Warren County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

1. County Controls and Procedures
--

Some federal grants received on behalf of the county were not maintained in a bank account controlled by the County Treasurer. In addition, a budget was not prepared for these funds and they were not included in the county's published financial statement.

The county contracts for administrative services for various programs with Booneslick Regional Planning Commission (BRPC). Program monies are deposited to the bank account maintained by the BRPC. The BRPC prepares the checks and the Presiding Commissioner and Treasurer sign the checks. The County Commission obtains and reviews supporting documentation for the expenditures. Monies handled by the BRPC totaled approximately \$119,000 and \$165,000 in 2002 and 2001, respectively.

All monies received on behalf of the county should be in the custody of the County Treasurer and disbursed through the county's expenditure system. Section 54.140, RSMo 2000, provides that it shall be the duty of the county treasurer to separate and divide the revenues of the county as they come into his hands and to pay out the revenues on warrants issued by the county commission. In addition, Chapter 50, RSMo 2000, requires preparation of annual budgets for all county funds to present a complete financial plan for the ensuing year. By preparing and obtaining budgets for all county funds and activities, the county commission is able to more effectively evaluate all county financial resources. Also, Section 50.800, RSMo 2000, provides that the financial statements show receipts, or revenues, disbursements, or expenditures and beginning and ending balances for all county funds. For the published financial statements to adequately inform the citizens of the county's financial activities, all monies received and disbursed by the county should be included.

A similar condition was noted in prior audits.

WE RECOMMEND the County Commission ensure all county funds are held in the custody of the County Treasurer and disbursed through the county's expenditure system, complete and accurate budgets are prepared or obtained for all county funds, and financial information for all county funds is properly reported in the annual published financial statements.

AUDITEE'S RESPONSE

We will implement this recommendation immediately. We will request the County Treasurer review the bank reconciliations for the existing grants. All new grants will be budgeted and held in the custody of the County Treasurer.

2. Budgetary Practices

The approved budget documents for the General Revenue Fund, Capital Improvement Fund and the Road and Bridge Capital Fund did not adequately project the anticipated financial

position for the years ended December 31, 2002 and 2001. The following are estimated cash balances as compared to actual ending cash balances of the three funds at December 31, 2002 and 2001:

Cash Balance – December 31, 2002

	<u>Estimated Per Budget</u>	<u>Actual</u>
General Revenue Fund	\$ 880,354	\$1,679,337
Capital Improvement Fund	2,060,655	2,409,170
Road and Bridge Capital Fund	41,526	351,647

Cash Balance – December 31, 2001

	<u>Estimated Per Budget</u>	<u>Actual</u>
General Revenue Fund	\$ 604,001	\$1,518,048
Capital Improvement Fund	1,417,726	1,963,155
Road and Bridge Capital Fund	29,610	534,026

These significant differences resulted mainly from overestimating disbursements. The overestimated disbursements of the Capital Improvement Fund are due primarily to the county estimating disbursements each year of approximately \$200,000 for equipment purchases and \$200,000 for capital construction for the renovation of the second floor of the courthouse into a third courtroom. The overestimated disbursements of the Road and Bridge Capital Fund are due to a combination of the county anticipating purchasing land and constructing a new building and long-term equipment needs which were not filled. For the past few years, the county has budgeted significantly more for some of the General Revenue Fund categories than has historically been spent, in an attempt to allow for possible, but not specifically identified, contingencies.

Prudent fiscal management of county funds should include setting aside reasonable, but not excessive, amounts of operating reserves to be used in future years or to be available for emergencies. While it appears the County Commission's intent is to keep sufficient reserves in these funds; the current budgets do not effectively inform county residents of this intent. Such intent would be more properly communicated to county residents through a formal reserve of the fund balance.

The practice of overestimating expenditures results in an inaccurate statement of the County's financial position. The practice of routinely budgeting to spend significantly more resources than truly intended decreases the effectiveness of the budget as a management planning tool and as a control over expenditures.

WE RECOMMEND the County Commission prepare reasonable estimates of disbursements so that projected reserves are more properly presented in the annual budgets. If the County Commission desires to build up reserves for future specific need, this information should be communicated through the budget message.

AUDITEE'S RESPONSE

We are trying to build a reserve in the Capital Improvements Fund for future building needs. The courtroom remodeling and other projects are still in progress. The Road and Bridge Capital Fund has been budgeted to purchase Missouri Department of Transportation's (MoDOT) highway shed when it becomes available. We budget this yearly based on information available from MoDOT so we would not have to amend the budget when it does become available for purchase. We believe we are doing the best we can with the General Revenue Fund. We try to budget on the conservative side.

AUDITOR'S COMMENT

The county's current budgeting practices significantly reduce the effectiveness of the budget as a planning tool and do not provide reasonable information for making long-term plans.

3. General Fixed Assets and Procedures

The county has not established a written policy related to the handling and accounting for general fixed assets. Per Section 49.091, RSMo 2000, the County Commission or its designee is responsible for maintaining a complete detailed record of county property. In addition, Section 49.093, RSMo 2000, provides that the officer or their designee is responsible for performing periodic inventories and inspections. Currently, the County Clerk maintains a master listing of general fixed assets which includes the purchase price or value, serial number, and acquisition/disposition dates. Each official is supposed to do an annual physical inventory of their assets, and submit the listing to the County Clerk for updating of the master listing. Our review of the general fixed asset records indicated the following areas where improvements are needed:

- Physical inventories are not conducted annually. The last physical inventory was apparently conducted in 2001, however such physical inventory results were not filed with the County Clerk for some of the offices.
- The County Clerk does not prepare a summary of changes in general fixed assets at each year end reconciling beginning balances, additions, and deletions.
- The County Clerk's master fixed asset listing does not always include all information applicable to the item. Information such as serial numbers, acquisition/disposition dates, and purchase price or value is not always recorded.

Adequate general fixed asset records are necessary to secure better internal control over county property, meet statutory requirements, and provide a basis for determining proper insurance coverage required on county property. Annual physical inventories of county property are necessary to ensure the fixed asset records are accurate, identify any unrecorded additions and deletions, detect theft of assets, and identify obsolete assets.

WE RECOMMEND the County Commission establish a written policy related to the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for the handling of asset disposition, and any other concerns associated with county property.

AUDITEE'S RESPONSE

We will implement this recommendation immediately. The new accounting system should automatically add the purchase information to the master general fixed asset listing. We will discuss the need for a policy.

4. Associate Circuit Division's Accounting Controls and Procedures

The Associate Circuit Division collects various fees for civil, criminal and municipal court cases. Deposits for these fees totaled approximately \$1,116,700 and \$1,208,800 for the years ended December 31, 2002 and 2001, respectively. Our review of the Associate Circuit Division's accounting controls and procedures noted receipts are not posted or deposited on a timely basis and accounting duties are not adequately segregated.

- A. Receipts are not posted to accounting records or deposited on a timely basis. Our cash count on July 10, 2003, totaled approximately \$8,300, with at least one receipt dating back to April 2003, of which only \$296 had been posted to the accounting records. The Associate Clerk indicated she was having problems with implementation of the new computer system and was holding these monies until she could get things straightened out. In addition, checks and money orders received are not restrictively endorsed immediately upon receipt. Instead, endorsement is applied at the time of deposit.

To adequately safeguard receipts and reduce the risk of loss or misuse of funds, all receipts should be posted to the accounting records in a timely manner and deposited daily or when receipts exceed \$100. In addition, checks and money orders received should be restrictively endorsed immediately upon receipt.

- B. Accounting duties are not specifically defined to an individual thus, duties are not adequately segregated. All clerks share the duties of receiving, depositing and disbursing monies, preparing bank reconciliations, and maintaining accounting records. There is no documentation that an independent review of deposits and accounting records is performed.

Defined duties and proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating duties of depositing receipts from reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, a periodic supervisory review of the records should be performed and documented.

WE RECOMMEND the Associate Division:

- A. Ensure all receipts are posted to the accounting records in a timely manner and deposited daily or when receipts exceed \$100. In addition, ensure all checks and money orders are restrictively endorsed immediately upon receipt.
- B. Adequately segregate accounting duties by defining the duties of employees or ensure periodic supervisory reviews are performed and documented.

AUDITEE'S RESPONSE

- A. *We have implemented this recommendation. During the audit period, we converted to a new system (JIS) which contributed to us falling behind in our accounting duties. By the end of February 2004, everything will be updated and current in the new system. We are now restrictively endorsing all checks and money orders received.*
- B. *We will implement this recommendation immediately. We will review bank reconciliations and reconcile deposits to receipt slips.*

5. Circuit Clerk's Accounting Controls and Procedures
--

Formal procedures have not been established to ensure all accrued costs are adequately identified and pursued. When costs are initially assessed to a case, the Circuit Clerk prepares and sends a cost bill to the defendant. If payment is not received, the Circuit Clerk does not initiate any further collection procedures. In addition, summary records are not maintained of accrued cost balances nor does the Circuit Clerk periodically determine total accrued costs. The Circuit Clerk was able to generate a report as of August 2003 which indicated there is approximately \$300,000 in accrued case costs.

To ensure that all applicable receipts are received by the court, formal procedures should be established and records of accrued cost balances should be maintained. These records should be periodically reviewed to ensure accrued costs are identified and followed up in a timely manner.

WE RECOMMEND the Circuit Clerk maintain a complete listing of accrued costs and establish procedures to routinely follow-up and pursue timely collection.

AUDITEE'S RESPONSE

In June 2003, our office went live on a new system called the Justice Information System (JIS). This system enables us to now print a report of accrued case costs. This report is given to the Prosecuting Attorney to evaluate and if he chooses, file a motion to revoke probation. If the motion is granted, a new court date will be established for the defendant; at which time the judge will make a decision on the case.

6.

Sheriff's Controls and Procedures

The Sheriff receives money for civil and criminal fees, gun permits, board bills, jail phone commissions, bonds, and other miscellaneous receipts. The Sheriff also maintains a separate accounting system to handle personal inmate monies and operate a commissary for inmates. Our review of the Sheriff's accounting controls and procedures noted that the county does not have written agreements with the political subdivisions housing prisoners, monies received are not receipted in a timely manner, checks and money orders are not restrictively endorsed immediately upon receipt, monthly bank reconciliations are not performed, and the monthly listing of prisoner account balances (open items) is not reconciled to the book balance.

- A. The Sheriff's Department boards prisoners for other political subdivisions. During the two years ended December 31, 2002 and 2001, the county collected approximately \$274,200 and \$448,000, respectively, for boarding prisoners. The county does not have written agreements with these entities regarding the housing rate to be paid or the services to be provided.

Section 432.070, RSMo 2000, requires the county to have all contracts in writing. Written agreements should be prepared with political subdivisions for services provided. The agreements should clearly specify the arrangements between parties for the services provided and be approved by the County Commission.

- B. Monies received are not receipted in a timely manner. In addition, checks and money orders are not restrictively endorsed immediately upon receipt. Instead, a receipt is written and an endorsement is applied at the time the deposit is made. To reduce the risk of loss or misuse of funds, all monies received should be receipted and checks and money orders should be restrictively endorsed immediately upon receipt.
- C. Monthly bank reconciliations are not performed and the monthly listing of prisoner account balances (open items) is not being reconciled to the book balance.

As of December 31, 2002, the sheriffs department was carrying a book balance of \$7,964 while the reconciled bank balance was \$8,376. In addition, identified liabilities on the open items listing were \$7,279.

The preparation of monthly reconciliations is necessary to ensure the bank account is in agreement with the accounting records and to detect and correct errors on a timely basis. In addition, reconciling the book balance to the open items listing is necessary

to ensure records are in balance and that sufficient cash is available to cover prisoner account balances.

WE RECOMMEND the Sheriff:

- A. And the County Commission enter into written agreements for the boarding of prisoners.
- B. Ensure monies are receipted and checks and money orders are restrictively endorsed immediately upon receipt.
- C. Ensure bank reconciliations are prepared on a monthly basis. In addition, the book balance should be reconciled to the open items listing.

AUDITEE'S RESPONSE

A. *The Sheriff's Department indicated:*

We have partially implemented this recommendation. We now have written contracts with the out of county entities. We are in the process of scheduling a meeting with the County Commission and local municipalities to discuss the contract draft.

The County Commission indicated:

On January 15, 2000, we approved a contract to be used for this. It is up to the Sheriff's Department to utilize it. We will work in conjunction with the Sheriff's office on implementing and enforcing a contract with the local municipalities.

B&C. *The Sheriff's Department indicated:*

We have implemented these recommendations.

7. Senate Bill 40 Board's Controls and Procedures
--

Collateral securities were not pledged by the Senate Bill 40 (SB40) Board's depository bank for deposits in excess of the Federal Deposit Insurance Corporation (FDIC) coverage. Additionally, the regular board minutes did not document the specific reasons for closing the meeting and the matters discussed in closed session did not appear to be in compliance with state law. Finally, the Senate Bill 40 Board budgets did not accurately reflect the board's financial condition.

- A. Collateral securities were not pledged by the Senate Bill 40 (SB40) Board's depository bank for deposits in excess of the Federal Deposit Insurance Corporation (FDIC) coverage of \$100,000. There were five months during the two years ended

December 31, 2002, where the bank balance exceeded the FDIC coverage. The highest bank balance noted was in March 2002 of approximately \$127,000.

Section 110.020, RSMo 2000, requires the value of securities pledged shall at all times be not less than 100 percent of the actual amount on deposit less the amount insured by the FDIC. Inadequate collateral securities leave county funds unsecured and subject to loss in the event of bank failure.

A similar condition was noted in our prior report.

- B. The regular board meeting minutes did not document specific reasons for closing the meeting and some matters discussed did not appear to be in compliance with state law. Section 610.021, RSMo 2000, allows the Board to discuss certain subjects in closed meetings including litigation, real estate transactions, personnel issues, some competitive bidding issues, and confidential or privileged communications with auditors. Section 610.022, RSMo 2000, requires that before any meeting may be closed, the question of holding the closed meeting and the reason for the closed meeting shall be voted on at an open session. In addition, this law provides that public governmental bodies shall not discuss any other business during the closed meeting that differs from the specific reasons used to justify such a meeting, record, or vote.
- C. Annual budgets approved by the board for 2002 and 2001 did not contain accurate Cash Reconciliations or Summaries of Available Resources, Estimated Revenues and Appropriations for Expenditures and Estimated Ending Balance. In addition, actual and budgeted cash and receipts as reflected on the detailed budget documents did not agree to the cash reconciliation or the summary data. Also, beginning and ending cash balances reflected in the Cash Reconciliation did not agree from year to year. While the accounting records were accurate, it appears the treasurer made several posting and footing errors when compiling the budgets.

Chapter 50, RSMo 2000, requires the budget present a complete financial plan for the ensuing year. Documenting a complete summary of available resources, a cash reconciliation, and accurate actual data from preceding years is necessary to present a complete financial plan.

WE RECOMMEND the Senate Bill 40 Board of Directors:

- A. Ensure collateral securities are pledged for all deposits in excess of FDIC coverage.
- B. Ensure closed meetings are conducted in accordance with state law. In addition, the Board should ensure all final disposition of applicable matters discussed in closed session are recorded in the open meeting minutes.
- C. Prepare a complete and accurate budget document.

AUDITEE'S RESPONSE

- A. *We now have collateral pledged in the amount of \$200,000.*
- B. *We are aware of the state statutes regarding closed meetings, however we failed to document the necessary information in our minutes. We will also be more aware of what is discussed in closed session to ensure it is in compliance with state law.*
- C. *After discussions with the auditors, we are now aware of how to prepare the budget documents.*

Follow-Up on Prior Audit Findings

WARREN COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Warren County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 1998. The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. County Controls and Procedures

- A. There was no documentation of the discussion by the County Commission of which firms to use for various professional services or the criteria on which they based their selection. In addition, the County Commission did not have written contracts for the legal services.
- B. The county personnel manual was not provided to employees unless requested and only included policies related to holiday, vacation, and sick leave.
- C. The County Clerk was not submitting the COPS grant reimbursement claims in a timely manner.
- D. Some federal grants received on behalf of the county and matching funds provided by other entities were not maintained in a bank account controlled by the County Treasurer.

Recommendation:

The County Commission:

- A. Document the basis for selection of providers of professional services and enter into written agreements for such services.
- B. Develop a comprehensive employee manual to be distributed to all county elected officials and employees.
- C. And the County Clerk submit the COPS grant reimbursement claims in a timely manner.
- D. Ensure all county funds are held in the custody of the County Treasurer and are disbursed through the county's expenditure system.

Status:

A. Partially implemented. The County Commission is now documenting the basis for selection of professional services; however, they are not always entering into written agreements for such services. Although not repeated in the current report, our recommendation remains as stated above.

B&C. Implemented

D. Not implemented. See MAR finding number 1.

2. Budgetary Practices and Published Financial Statements

A. Formal budgets were not prepared or obtained for various county funds.

B. The annual published financial statements of the county did not include the financial activity of some county funds in the custody of the regional planning commission.

C. Actual expenditures exceeded approved budgeted expenditures for some funds.

Recommendation:

The County Commission:

A. Ensure budgets are prepared or obtained for all county funds.

B. Ensure financial information for all county funds is properly reported in the annual published financial statements.

C. Not authorize warrants in excess of budgeted expenditures. Extenuating circumstances should be fully documented and, if necessary, the budgets properly amended following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's Office.

Status:

A&B. Not implemented. See MAR finding number 1.

C. Implemented

3. Allocated Distributions

The County Clerk did not correctly apportion 1998 railroad and utility taxes to the school districts.

Recommendation:

The County Clerk consult with the various school districts and the Missouri Department of Elementary and Secondary Education for guidance on how to correct these past errors.

Status:

Implemented. The County Clerk adjusted the next years distribution amounts to correct the errors.

4. Property Tax Controls and Procedures

The County Clerk did not generate or verify the back tax books.

Recommendation:

The County Clerk generate or foot the back tax books and formally verify individual entries to ensure the accuracy of the back tax books.

Status:

Partially implemented. The County Clerk is now test footing the back tax books; however, the County Clerk is not formally verifying individual entries to ensure the accuracy of the back tax books. Although not repeated in our current MAR, our recommendation remains as stated above.

5. Senate Bill 40 Board's Collateral Security

Collateral securities were not pledged by the Senate Bill 40 (SB40) Board's depository bank for deposits in excess of the Federal Deposit Insurance Corporation (FDIC) coverage.

Recommendation:

The Senate Bill 40 Board of Directors ensure collateral securities are pledged for all deposits in excess of FDIC coverage.

Status:

Not Implemented. See MAR finding number 7.

STATISTICAL SECTION

History, Organization, and
Statistical Information

WARREN, MISSOURI HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

Organized in 1833, the county of Warren was named after Joseph Warren, a Revolutionary War Patriot. Warren County is a county-organized, third-class county and is part of the 12th Judicial Circuit. The county seat is Warrenton.

Warren County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 315 miles of county roads and 52 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 14,900 in 1980, and 24,525 in 2000. The following chart shows the county's change in assessed valuation since 1980:

	Year Ended December 31,					
	2002	2001	2000	1999	1985*	1980**
	(in millions)					
Real estate	\$ 237.4	227.3	206.5	193.9	97.6	34.8
Personal property	74.3	69.2	64.6	55.7	14.2	8.4
Railroad and utilities	30.2	31.6	27.6	28.1	21.6	7.0
Total	\$ 341.9	328.1	298.7	277.7	133.4	50.2

* First year of statewide reassessment

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Warren County's property tax rates per \$100 of assessed valuations were as follows:

	Year Ended December 31,			
	2002	2001	2000	1999
General Revenue Fund	\$ 0.0734	0.0937	0.0737	0.0800
Special Road and Bridge Fund	0.1794	0.1789	0.1800	0.1800
Senate Bill 40 Board Fund	0.1200	0.1200	0.1200	0.1200

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28 (29),			
	2003	2002	2001	2000
State of Missouri	\$ 105,009	100,668	91,343	86,501
General Revenue Fund	284,761	329,543	247,991	256,423
Special Road and Bridge Fund	633,124	606,190	554,818	525,551
Assessment Fund	177,272	162,048	143,690	135,176
Senate Bill 40 Board Fund	404,985	388,025	351,935	332,129
School districts	12,436,941	11,438,159	10,380,360	9,792,923
Library district	377,650	360,418	327,833	302,539
Ambulance district	1,137,065	805,513	734,520	692,054
Fire protection district	1,255,698	1,119,193	818,927	724,128
Levee Districts	61,074	30,698	40,421	157,264
Hospital	31,197	31,448	22,243	0
Junior College	206,277	200,561	178,324	170,126
Cities	365,727	129,913	122,503	125,320
County Clerk	387	447	393	419
County Employees' Retirement	112,306	101,207	85,272	80,262
Tax Maintenance Fund	20,124	0	0	0
Other	3,258	1,827	1,701	2,970
Commissions and fees:				
General Revenue Fund	289,202	259,184	228,187	214,639
Total	\$ 17,902,059	16,065,043	14,330,462	13,598,425

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),			
	2003	2002	2001	2000
Real estate	92.3	91.1	92.4	92.4 %
Personal property	83.7	85.3	83.9	85.3
Railroad and utilities	99.5	99.2	100.0	98.6

Warren County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$.0050	None	50	%
Capital improvements	.0050	2009	None	
Emergency services	.0050	None	None	
Law enforcement service:	.0050	None	None	

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2003	2002	2001	2000	1999
County-Paid Officials:					
Fred G. Vahle, Presiding Commissioner	\$	31,700	30,380	30,380	30,380
Ken McLaughlin, Associate Commissioner		29,700	28,380		
Arden Engelage, Associate Commissioner		29,700	28,380	19,000	19,000
Margaret B. Kramer, Associate Commissioner				19,000	17,989
Barbara Daly, County Clerk		45,000	43,000	43,000	43,000
Michael S. Wright, Prosecuting Attorney		53,000	53,000	53,000	53,000
Michael Baker, Sheriff		50,600	48,600	37,600	37,600
Gene Cornell, Treasurer		33,300	31,820	31,820	31,820
Roger R. Mauzy Sr., County Coroner		16,000	15,000	6,500	6,500
Floyd Owenby, Public Administrator		20,000	20,000		
Eugene W. Buxton, Public Administrator (1)				9,067	10,360
Linda K. Stude, Collector, year ended February 28,	45,000	43,000	43,000	43,000	
Michael Sutherland, County Assessor, year ended					
August 31, (2)		45,900	43,900	43,900	42,400
Robert L. Lewis, County Surveyor (3)		7,304	12,573	12,030	10,007
State-Paid Officials:					
Jerri Jordan, Circuit Clerk and Ex Officio Recorder of Deed		47,300	47,300	46,126	44,292
Wesley Dalton, Associate Circuit Judge		96,000	96,000		
Kieth M. Sutherland, Associate Circuit Judge				97,382	87,235

(1) Includes fees received from probate cases

(2) Includes \$900 in state salary.

(3) Compensation on a fee basis

The County entered into a lease agreement with the Warren County, Missouri Public Facilities Authority, a not-for-profit corporation on January 1, 1995. The terms of the agreement called for the corporation to issue bonds to be used to construct the Warren County Justice Center and for the bank to lease the justice center back to the county for payments totaling the principal and interest due on the outstanding bonds. Payments are made from the Capital Improvements Fund from sales tax revenue. The term bonds portion of the original issue was refinanced in December 1998. The bonds are scheduled to be paid off in 2010. The remaining principal and interest due on the bonds at December 31, 2002, was \$5,030,040.



**VILLAGE OF PASCOLA, MISSOURI
YEAR ENDED DECEMBER 31, 2002**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-22
March 12, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

March 2004

The following problems were discovered as a result of an audit conducted by our office of the Village of Pascola, Missouri.

The Village of Pascola has failed to implement five of the eleven recommendations made in our prior report that covered the year ended December 31, 1998. Although the village indicated in that report that they agreed with the recommendations, many recommendations are repeated in the current report. These include segregation of duties, budgets, publication of financial statements, bonds for officials, and documentation of the board's approval of bills.

The Board of Trustees for the Village of Pascola has not documented the specific reasons for closing meetings and actions taken by the board in those meetings, has approved payment of bills in closed meetings, and held an unofficial meeting where discussion and decisions were made concerning culverts for the village. In addition, the Village does not have a formal policy regarding public access to village records.

The village has one member of the Board of Trustees that serves as the Village Clerk and Treasurer, and his wife serves as secretary. Neither the board nor other personnel independent of the cash custody and the record-keeping functions provide adequate supervision or review of this work performed by the Village Clerk and his wife. Additionally, a checkbook balance is not maintained and bank reconciliations are not performed each month. Also, the village does not have bond coverage for members authorized to sign checks.

The village had an apparent conflict of interest with one of the board members performing restoration work on city hall. In 2003, the village advertised for bids for restoration work on city hall and received two bids with one of the bids being from a board member. The bid from the board member was for \$9,800, while the other bid was \$8,292. The project was awarded to the board member and the reasons for this decision were documented in the minutes. Personal interests in business matters of the village create the appearance of conflicts of interest and a lack of independence that could harm public confidence in the board and reduce their effectiveness. Given the circumstances of this transaction, the village should have considered re-bidding the project. In addition, the village did not obtain appraisals to ensure the reasonableness of selling two parcels of land for \$5,000. The village had no documentation supporting the basis for their original asking price or what they finally accepted. Also, the Board failed to obtain insurance for the recently renovated City Hall building.

The village ordinances were not complete and up-to date. In addition, the Board has not published a semi-annual financial statement, prepared an annual budget, or documented their approval of bills.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

VILLAGE OF PASCOLA, MISSOURI

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the Honorable Chairman
and
Board of Trustees
Village of Pascola
Pascola, Missouri 63871

The State Auditor was petitioned under Section 29.230, RSMo, to audit the village of Pascola, Missouri. The scope of our audit of the village included, but was not necessarily limited to, the year ended December 31, 2002. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review internal controls over significant management and financial functions.
3. Review compliance with certain legal provisions.

To accomplish these objectives, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents; interviewed various personnel of the village, as well as certain external parties; and tested selected transactions. Our methodology included, but was not necessarily limited to, the following:

1. We obtained an understanding of petitioner concerns and performed various procedures to determine their validity and significance.
2. We obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

3. We obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the village's management and was not subjected to the procedures applied in the audit of the village.

The accompanying Management Advisory Report presents our findings arising from our audit of the Village of Pascola, Missouri.



Claire McCaskill
State Auditor

October 9, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Debra S. Lewis, CPA
In-Charge Auditor:	Carl E. Zilch, Jr.

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

VILLAGE OF PASCOLA, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Ordinances, Financial Reports, and Budgets
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The village ordinances were not complete and up-to-date. In addition, the Board has not published a semi-annual financial statement, prepared an annual budget, or documented their approval of bills.

A. The village ordinances are not complete and up-to-date. Many of the ordinances in effect appear outdated or do not represent current practices. Most of the ordinances in effect for the village were written in 1968 with one additional ordinance added in 1987. The following are examples of outdated ordinances:

- Ordinance 1.9 discusses the appointment of a City Marshall. The Board does not appoint a City Marshall.
- Ordinance 3 discusses various fines and fees such as \$5 for a merchant license and \$2 for a motor vehicle license tax. These fines and fees are not being assessed or collected. In addition, the ordinance indicates the fees are to be collected by the City Collector, a position the village does not have.
- Ordinance 7 establishes a city planning commission. The village currently does not have any commissions or committees.

Since the ordinances represent the legislation passed by the Board of Trustees to govern the village and its residents, it is important that the village's ordinances be maintained in a complete, well-organized, and up-to-date manner.

B. The village does not publish semi-annual financial statements. Section 80.210, RSMo, requires that the Board of Trustees prepare and publish semi-annual financial statements to include a statement of village receipts and disbursements for the preceding six-month period. In addition, Section 80.220, RSMo, states that the village can be fined if the Chairman of the Board neglects to publish such statements.

C. The village does not prepare an annual budget. Section 67.080, RSMo 2000, provides that no expenditure of public monies shall be made unless it is authorized in the budget.

Sections 67.010 to 67.080, RSMo 2000, set specific guidelines for the format, approval, and amendment of the annual operating budget. A complete and well planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific cost and revenue expectations for

each area of the village operations and provide a means to effectively monitor actual costs and revenues.

- D. The Board of Trustees does not document its approval of bills. According to village officials, the board has given verbal approval to the Village Clerk/Treasurer to pay routine bills such as utilities, however the board has not documented such approval. The board also has no documentation of approving other non-routine bills such as renovations. The board should include a list of approved bills in the board's minutes. Currently the minutes only indicate that the Board of Trustees approved all of the bills. By signing the minutes, the Board would also document its approval of the list of bills for payment.

Conditions B, C, and D were noted in our prior report.

WE RECOMMEND the Board of Trustees:

- A. Update the village's ordinances.
- B. Publish semi-annual financial statements as required by state law.
- C. Prepare complete and accurate annual budget documents that contain all information required by state law and/or necessary to provide a complete financial plan for the village.
- D. Document its review and approval of the bills by including a list of the bills in the official signed copy of the minutes.

AUDITTEE'S RESPONSE

- A. *The Village Attorney is currently working on updating the village's ordinances.*
- B. *The financial statement for the year ended December 31, 2003 is ready to be sent to the newspaper.*
- C. *This recommendation has been implemented.*
- D. *This recommendation will be implemented.*

2. Public Records, Minutes, and Meetings

The village does not have a formal policy for public access to the village records. In addition, the board has not documented reasons for holding closed meetings and action taken in those meetings, has approved payment of bills in closed meetings, and held an unofficial meeting where discussion and decisions were made concerning culverts for the village.

- A. The village does not have a formal policy regarding public access to village records. A formal policy regarding access and obtaining copies of village records would establish guidelines for the village to make the records available to the public. This policy should establish a contact person, an address for mailing such requests, and a cost for providing copies of public records.

Section 610.023, RSMo, lists requirements for making village records available to the public. Section 610.026, RSMo, allows the village to charge fees for copying public records, not to exceed the village's actual cost of document search and duplication.

- B. The Board of Trustees frequently holds closed meetings. The open meeting minutes did not always document the specific reasons for closing the meetings and actions taken by the board in those meetings. In addition, closed meeting minutes indicate the Board of Trustees sometimes discussed and approved the payment of bills in such meetings.

Section 610.022, RSMo 2000, requires that before any meeting may be closed, the question of holding the closed meeting and the reason for the closed meeting shall be voted on at an open session. In addition, this law provides that public governmental bodies shall not discuss any other business during the closed meeting that differs from the specific reasons used to justify such meeting, record, or vote. Section 610.021, RSMo 2000, allows the board to discuss certain subjects in closed meetings, including litigation, real estate transaction, bid specifications and sealed bids, personnel matters, and confidential or privileged communications with auditors. The board should restrict the discussion in closed sessions to the specific topics listed in Chapter 610 of the state statutes.

- C. Village officials indicated the Board of Trustees held an unofficial meeting in 2000 concerning the discussion and decision on the placement of culverts in the village. No agenda was posted for this meeting and minutes were not maintained. Section 610.010, RSMo, indicates that any meeting of a public governmental body at which any public business is discussed, decided, or public policy formulated is subject to the provisions of the open meetings law. In addition, Section 610.020, RSMo, requires notices (including tentative agendas) to be posted in a prominent place which is easily accessible to the public, to be given at least twenty-four hours in advance, or if not feasible, reasons are to be documented in the board minutes.

WE RECOMMEND the Board of Trustees:

- A. Develop written policies regarding procedures to obtain public access to, or copies of, public village records.

- B. Ensure minutes document the vote to go into closed session, state the reasons for going into closed session and publicly disclose the final disposition of applicable matters discussed in closed session. In addition, the board should ensure only allowable specified subjects are discussed in closed session as required by state law.
- C. Ensure all board meetings are open to the public, unless closed as allowed by statute, and ensure notices are posted in accordance with state law.

AUDITTEE'S RESPONSE

- A. *We are currently working on an ordinance of this nature.*
- B&C. *These recommendations will be implemented.*

3. Accounting Controls and Procedures
--

Accounting controls and procedures are in need of improvement. The board has one member that serves as the Village Clerk and Treasurer. In addition, the village does not maintain a checkbook balance, perform monthly bank reconciliations, or have bond coverage for the individuals authorized to sign checks.

- A. The village has one member of the Board of Trustees that serves as the Village Clerk and Treasurer, and his wife serves as secretary. The duties of this official and his wife include maintaining receipt and disbursement records, making bank deposits, preparing and signing checks (only the official can sign checks), receiving bank statements, and preparing financial reports.

Per village officials, the Board of Trustees has given approval to the Village Clerk to pay some invoices before they have been reviewed and approved by the board. Neither the board nor other personnel independent of the cash custody and the record-keeping functions provide adequate supervision or review of this work performed by the Village Clerk and his wife.

Attorney General's Opinion No. 24, 1955 to Dodds, concluded that in a fourth-class city the holding of the positions of City Clerk, City Treasurer, and City Collector, or any two of these three offices, by the same person at the same time would be incompatible.

Holding all of these offices does not allow the segregation of duties necessary for a proper evaluation and review of financial transactions. The current procedures jeopardize the system of independent checks and balances intended by state law.

- B. A checkbook balance is not maintained and bank reconciliations are not performed each month. The village does not keep a ledger book with a book

balance. The village uses their checkbook register as their record of transactions; however, they failed to record some transactions and did not maintain a balance in the register. To ensure all differences between the bank and book balances are noted in a timely manner, formal bank reconciliations should be performed monthly and a running balance should be maintained in the checkbook register.

- C. The Village Clerk, Board Chairman, and one Board member are authorized to sign checks; however, the village does not have bond coverage for them. Section 80.250, RSMo, requires the Village Clerk to be bonded in a sum not less than one thousand dollars. Failure to properly bond all persons with access to assets exposes the village to risk of loss. Currently, dual signatures are normally on checks; however, two signatures are not required. Requiring two signatures on all checks would also provide additional controls over the use of the funds.

Conditions A and C were noted in our prior report.

WE RECOMMEND the Board of Trustees:

- A. Consider appointing separate individuals to the positions of Village Clerk and Village Treasurer. If this is not possible, at a minimum, procedures for an adequate independent review of the record keeping functions should be established.
- B. Ensure monthly bank reconciliations are prepared and the checkbook balance is maintained.
- C. Obtain adequate bond coverage for all persons handling village monies and require two signatures on all checks.

AUDITTEE'S RESPONSE

- A. *We will attempt to implement this recommendation; however, it is difficult to find individuals who are willing to fill these positions.*
- B. *This recommendation has been implemented.*
- C. *This recommendation will be implemented.*

4. City Hall Property and Restoration Work

The village had an apparent conflict of interest with a board member performing restoration work on city hall. In addition, the village did not have adequate procedures in place concerning the restoration work, insurance coverage, and the selling of village property.

- A. The village had an apparent conflict of interest with a board member performing restoration work. In 2003, the village advertised for bids for restoration work on city hall. While the board did not prepare formal bid specifications for the project, a board member familiar with construction projects prepared a list of things to be completed. The village received two bids for this project, one from a board member for \$9,800 and another bid for \$8,292. The board member who submitted the bid excused himself from the board meeting before the award was voted on to avoid any possible conflicts. The project was then awarded to the board member and while the reasons for this decision were documented in the minutes, it is questionable whether the village was required to award the project to the low bidder since an elected official was involved in the bid.

Section 105.454, RSMo, prohibits financial transactions between a village and an officer or employee (or spouse, dependent child, or business and corporate interest of the officer or employee) of that village that involved more than \$1,500 per year or \$500 per transaction unless there had been public notice to solicit proposals and (except for real property) competitive bidding, provided that the bid or offer was the lowest received.

Officers and agents of a village serve in a fiduciary capacity. Personal interests in business matters of the village create the appearance of conflicts of interest and a lack of independence that could harm public confidence in the board and reduce their effectiveness. Given the circumstances of this transaction, the village should have considered re-bidding the project to ensure overall compliance.

- B. The Board of Trustees failed to obtain insurance for the recently renovated City Hall building against loss, damage, or liability. This lack of insurance coverage subjected taxpayer funds to unnecessary risks of loss. Had the building been damaged or destroyed, the village would have received no compensation for any losses. To adequately safeguard village assets and prevent loss of taxpayer monies, the board should obtain adequate insurance coverage for all assets.

A similar condition was noted in our prior report.

- C. The village did not obtain appraisals to ensure the reasonableness of selling price for two parcels of land. From a 1998 purchase of the former Pascola Elementary School and surrounding property, the village sold two parcels of land for \$5,000 to help pay for the restoration cost of the school building. The village advertised that it had lots for sale and provided a phone number to call for more information. Per village officials, they originally asked \$10,000, but later reduced the price due to a lack of interest. The land was subsequently sold to a board member after no offers were received for the property. The village had no documentation supporting the basis for their original asking price or what they finally accepted.

By not obtaining professional appraisals to value the land prior to sale, there is less assurance the price the village received for the land was reasonable or

represented the fair value of the property. Good business practice requires that major real estate sales be formally and independently appraised to ensure a reasonable price is paid.

WE RECOMMEND the Board of Trustees:

- A. Refrain from paying officials for services provided to the village (or entering into any other business transaction with a village official) unless such services or transactions are properly bid in accordance with state law.
- B. Ensure that village assets are adequately insured to protect against potential losses, damage, or liability.
- C. Obtain independent appraisals on property sold in the future to ensure they have established a reasonable purchase price.

AUDITTEE'S RESPONSE

- A. *We handled this matter as advised by an attorney to try to avoid any appearance of conflict. We felt that no one else would be interested in the project. In the future, we will select the lowest bidder in this type of situation.*
- B. *This recommendation has been implemented.*
- C. *This recommendation will be implemented.*

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

VILLAGE OF PASCOLA, MISSOURI
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The village of Pascola is located in Pemiscot County. The village was incorporated in 1893. The population of the village in 2000 was 138.

The village government consists of a five-member board of trustees. The members are elected for 2-year terms. The chairperson is appointed by the board from the members. The village board of trustees, and other principal officials during the year ended December 31, 2002, are identified below. There is no compensation paid to any of the elected officials.

<u>Elected Officials</u>	<u>Term Expires</u>
Cleo Brents, Chairperson (1)	April 2004
Woodrow Duffy, Trustee (2)	April 2004
Hubert Moore, Trustee	April 2004
Sidney Shull, Trustee (3)	April 2003
Johnny Durham, Trustee (4)	April 2003

- (1) Mr. Brents resigned from the Board in November 2003. His position on the Board remains open.
- (2) Woodrow Duffy has been appointed to serve as Village Clerk and Treasurer. He received no compensation during the year ended December 31, 2002 for these services.
- (3) Sidney Shull was re-elected in April of 2003. Mr. Shull was appointed as Chairperson upon Mr. Brents' resignation.
- (4) Brenda Prince was elected in April of 2003.

Assessed valuations for 2002 were as follows:

ASSESSED VALUATION

Real estate	\$ 224,310
Personal property	67,380
Total	<u>\$ 291,690</u>

A summary of the village's financial activity for the year ended December 31, 2002, is presented below:

	General Fund	Street Fund	Total
RECEIPTS			
Franchise fees	\$ 2,718	0	2,718
State, gas, vehicle tax	0	5,492	5,492
Interest	768	28	796
Total Receipts	3,486	5,520	9,006
DISBURSEMENTS			
Advertisement expense	33	0	33
Election expense	256	0	256
Maintenance supplies	244	0	244
Street lights	0	2,184	2,184
Street expenses	0	134	134
Total Disbursements	533	2,318	2,851
Receipts Over (Under)			
Disbursements	2,953	3,202	6,155
Cash January 1, 2002	30,030	5,349	35,379
Cash December 31, 2002	\$ 32,983	8,551	41,534



**CITY OF WRIGHT CITY, MISSOURI
YEAR ENDED DECEMBER 31, 2002**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-21
March 10, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

March 2004

The following problems were discovered as a result of an audit conducted by our office of the City of Wright City, Missouri.

Between January 2002 and July 2003, city receipts totaling at least \$5,764 were not deposited in the city's bank account. These missing monies represent cash receipts which were received by the city but not deposited. The missing funds were not detected on a timely basis due to numerous record keeping deficiencies and internal control weaknesses and additional monies may have been received and not deposited that were not discovered during the audit process.

Numerous problems were noted concerning accounting controls and procedures. The duties of receiving, recording, and depositing monies collected by the city are performed primarily by the accounts receivable clerk and are not adequately segregated, and no reconciliation is performed between the composition of receipt slips issued by the city and the monies deposited.

Receipts are not deposited on a timely basis. Bank deposits were generally made only once a week. On August 8, 2003, we counted \$13,958 in cash and checks at city hall which had not been deposited. Most of the money had been held three to four days. Additionally, some monies collected were not recorded and deposited upon receipt, including: building permit checks totaling \$6,860, \$715 in checks and \$190 in cash for park reservation receipts, and two checks dated in November 2002, totaling \$100 and \$50 cash stapled in the conditional use building permit files.

Bank reconciliations performed during 2002 were not complete and accurate. As of December 31, 2002, bank reconciliation records showed \$6,234 more in the bank than the city general ledger. The prior City Clerk did not correct the errors, or investigate the differences between the reconciled bank balances and the ledger balances in a timely manner. In addition, from January to August 2003 no bank reconciliations were performed.

Numerous weaknesses were found in the city's water, sewer, and trash billing system. The city is using General Fund monies to subsidize the cost of trash collections. Also, there is no supporting documentation or independent approval of utility credit adjustments. All city employees with access to the city's computerized billing system have the ability to record credit adjustments to the computer system without documenting each adjustment. Total adjustments during 2002 and 2003 were \$22,149. In July 2003, credit adjustments totaling \$3,390 were made to two utility accounts held by the same customer. There was no documented explanation of why these adjustments were made.

(over)

YELLOW SHEET

Periodic reconciliations of total billings, payments received, and delinquent amounts are not performed for the water, sewer, and trash services. The city is unable to perform such a reconciliation, in part, because not all trash service billing was performed through the computerized billing system. We noted ten instances totaling \$4,785 in which trash billing was done on two-part unnumbered forms. Additionally, the city does not compare the number of water meter deposits to the number of water billing accounts to ensure water deposits have been collected and recorded for all applicable water customers. The city informed us that in one apartment complex only 37 of 64 apartment units had recorded water deposits.

While the city has established formal procedures regarding the handling of delinquent water, sewer, and trash accounts, these procedures are not being followed. As of October 31, 2003, water, sewer, and trash accounts receivable totaled approximately \$36,700. Of this total, \$19,269 represented accounts that were over three months delinquent.

The city needs to develop a new long range comprehensive plan for city expansion and planning including zoning, economic development, city sewer and water systems, and city streets. Additionally, an annual maintenance plan for city streets should be prepared.

Numerous problems were noted regarding city budgets and financial reporting. City budgets were not approved on a timely basis, disbursements were approved in excess of the budgeted amounts for various funds, annual financial reports were not filed with the State Auditor's office, and the city had not obtained an annual audit since fiscal year 1999.

Numerous problems were also noted in the city disbursement procedures. No one independent of the disbursement process reviews invoices and compares the approved accounts payable list to actual checks written, the city does not have a formal bidding policy nor a formal written purchasing policy, and vendor invoices or other supporting documentation were not always properly retained. Also, the city does not have written agreements in place regarding payment of the city attorney, cemetery caretaker or Cemetery Memorial Society. Additionally, there are no formal contracts with Warren County regarding prisoner board bills, or the Warren County Council on Aging for the meals on wheels program.

The audit also includes some matters related to board meetings and records, personnel records and policies, and city property records which the city should consider and take appropriate corrective action.

All reports are available on our website: www.auditor.mo.gov

CITY OF WRIGHT CITY, MISSOURI

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the Honorable Mayor
and
Members of the Board of Aldermen
City of Wright City, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the city of Wright City, Missouri. The scope of our audit of the city included, but was not necessarily limited to, the year ended December 31, 2002. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review internal controls over significant management and financial functions.
3. Review compliance with certain legal provisions.

To accomplish these objectives, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents; interviewed various personnel of the city, as well as certain external parties; and tested selected transactions. Our methodology included, but was not necessarily limited to, the following:

1. We obtained an understanding of petitioner concerns and performed various procedures to determine their validity and significance.
2. We obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.
3. We obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the city's management and was not subjected to the procedures applied in the audit of the city.

The accompanying Management Advisory Report presents our findings arising from our audit of the city of Wright City, Missouri.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

November 17, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Alice M. Fast, CPA
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MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

CITY OF WRIGHT CITY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Missing Monies
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Between January 2002 and July 2003, city receipts totaling at least \$5,764 were not deposited in the city's bank account. These missing monies represent cash receipts which were received by the city but not deposited.

These missing funds were not detected on a timely basis due to numerous record keeping deficiencies and internal control weaknesses, as discussed in MAR No. 2 and 3 below. In addition, due to the many problems and weaknesses, additional monies may have been received and not deposited that were not discovered during the audit process.

Information gathered during our review has been shared with local law enforcement authorities.

WE RECOMMEND the Board of Aldermen continue to work with law enforcement authorities regarding any criminal prosecution and work to obtain restitution of the missing funds.

AUDITEE RESPONSE

The Board of Aldermen is working with law enforcement authorities in regards to the missing monies and will work to obtain restitution of the missing funds along with criminal prosecution.

2.	Accounting Controls and Procedures
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Numerous problems were noted concerning accounting controls and procedures including a lack of segregation of duties over receipts and deposits, no reconciliations between the composition of receipt slips and monies deposited, untimely deposits, unrecorded and undeposited receipts, and incomplete and inaccurate bank reconciliations.

- A. The duties of receiving, recording, and depositing monies collected by the city are performed primarily by the accounts receivable clerk and are not adequately segregated. Neither the City Clerk nor other personnel independent of the cash custody and record keeping functions provide adequate supervision or an independent review of the work performed by the accounts receivable clerk.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls could be improved by segregating duties to the extent possible. If proper segregation of duties is not

feasible, the Board of Aldermen should, at a minimum, require someone having no access to cash and no record keeping responsibilities to perform appropriate reviews and reconciliations.

- B. No reconciliation is performed between the composition of receipt slips issued by the city and the monies deposited. To ensure all monies collected are properly recorded and deposited, daily comparisons of receipts and deposits should be performed. The city is unable to perform such reconciliations due, in part, to the following:

1. Receipt slips did not always contain enough information to trace handwritten receipt slips to the city's computerized receipt system and to the deposit. As a result, it could not be determined if all water token receipts had been deposited.
2. The city's receipting system produces a report of all voided receipts, but explanations of why a receipt slip was voided were not documented and reviewed by a supervisor. Valid reasons for voiding a receipt slip should be documented and reviewed by a supervisor for propriety. From January 1, 2002 through October 31, 2003, we noted a total of 259 voided receipts.

To help ensure receipts are properly recorded and deposited, receipt slips should indicate the method of payment (ie. cash, checks, or money orders) and the composition should be reconciled to the bank deposits on a periodic basis.

- C. Receipts are not deposited on a timely basis. Bank deposits were generally made only once a week. On August 8, 2003, we counted \$13,958 in cash and checks at city hall which had not been deposited. Most of the cash and checks had been held three to four days. In several instances receipts were prepared for deposit, but were held for up to three weeks before they were actually taken to the bank and deposited.

To adequately safeguard cash receipts and reduce the risk of loss or misuse of funds, deposits should be made on a daily basis or when accumulated receipts exceed \$100.

- D. Some monies collected are not recorded and deposited upon receipt. We noted the following instances in which unrecorded checks or cash were on hand at city hall:

- On August 8, 2003, the city held building permit checks totaling \$6,860 that were not recorded or deposited. The acting City Clerk stated the city does not record a building permit until the building permit is approved by the building inspector. In addition, prenumbered building permit forms are not used.

- On August 13, 2003, the city held \$715 in checks and \$190 in cash for park reservation receipts that were not recorded or deposited. Some checks dated back to January, 2003. Park reservation monies are held until it is verified by city staff that no damage was done to the park and the person who reserved the park picks up their deposit at city hall.
- On September 24, 2003, we found two checks, dated in November 2002, totaling \$100 and \$50 cash stapled in the conditional use building permit files. The acting City Clerk could not explain why these monies had not been recorded and deposited. In addition, prenumbered conditional use permit forms are not used.

To help ensure receipts are properly recorded and deposited, all monies should be recorded on prenumbered receipt slips immediately upon receipt. If refunds are necessary, the city should issue refund checks through the city's accounts payable system. The receipt records should indicate whether cash, checks, or money orders are received, and the composition should be reconciled to the bank deposits on a periodic basis. Prenumbered permits should be used to account for all permits issued and monies collected.

- E. Bank reconciliations performed during 2002 were not complete and accurate. As of December 31, 2002, bank reconciliation records showed \$6,234 more in the bank than the city general ledger. The prior City Clerk did not correct the errors, or investigate the differences between the reconciled bank balances and the ledger balances in a timely manner. In addition, from January to August 2003, no bank reconciliations were performed. The acting City Clerk currently is reconciling the bank account and working to correct the difference.

Complete and accurate bank reconciliations should be prepared to ensure all monies have been properly deposited, accounting records are in agreement with the bank, and errors or discrepancies are detected and corrected on a timely basis. Complete documentation of the reconciliations should be retained to support conclusions and any corrections made.

- F. The city holds shares of common stock in two companies that were valued at over \$52,000 on November 17, 2003. However, the value of this stock is neither insured nor guaranteed by the U.S. government. State law does not specifically authorize the investment of city monies in stock. Section 110.010, RSMo 2000, limits investments of local public funds to insured or collateralized banking deposits or direct investments in government securities that can be held to maturity.

WE RECOMMEND the Board of Aldermen:

- A. Adequately segregate duties between available employees.

- B. Ensure the method of payment is recorded on all receipt slips and the composition of receipts is reconciled to deposits.
 - 1. Ensure receipt slips have adequate information to trace to deposit.
 - 2. Ensure all voided receipt slips are reviewed and approved by a supervisor.
- C. Ensure monies are deposited intact daily or when accumulated receipts exceed \$100.
- D. Require all monies be recorded and deposited upon receipt. The Board should issue refund checks as necessary, and should require the use of prenumbered permit forms.
- E. Ensure timely and accurate monthly bank reconciliations are performed and documented. The Board should investigate the unreconciled difference, work to correct the difference, and make appropriate adjustments.
- F. Ensure public monies are invested in compliance with state law.

AUDITEE RESPONSE

- A. *This is being done currently between the City Clerk, Billing Clerk, Accounts Payable Clerk and Tax Collector with oversight by the Mayor and Treasurer.*
- B. *A complete receipt (cash) edit is currently ran every afternoon, which is balanced to the cash/checks in the cash drawer. A deposit slip is then prepared from the numbers on the cash edit. The billing clerk then shows the City Clerk the edit, the receipts, and the deposit slip, which he signs off on and the cash edit is then posted.*
 - 1. *The city has now setup a receipt printer with the existing account receivable system so all receipts are entered and a receipt slip printed.*
 - 2. *If a receipt needs to be voided, the person doing the receipt must have the City Clerk sign off on the voided receipt with a description of why it is voided. A receipt listing will be produced each month with the City Clerk reviewing all receipts. This has been implemented starting in January 2004.*
- C. *It is now policy to have all monies deposited daily, which has been done since August 8, 2003.*
- D. *All monies are now deposited on the day they are received. The park deposit is being eliminated; building permits are being recorded through a one-write system with prenumbered permit forms and receipts.*

- E. *The monthly bank reconciliations are currently done at the first of each month with reports going to the Board no later than the second meeting of each month. The unreconciled difference at the end of 2003 is approximately \$600, which will be adjusted to show a balanced reconciliation. A reconciliation report will be given to the Board along with the monthly reports.*
- F. *The city is currently in the process of selling the stocks that are held by the city.*

3. Water, Sewer, and Trash System
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Numerous weaknesses were found in the city's water, sewer, and trash billing system including no monitoring of trash receipts and disbursements, no supporting documentation or independent approval of utility credit adjustments, no periodic reconciliations of total billings to collections, no reconciliation of water meter deposits to water billing accounts, and no reconciliation of total gallons of water charged to customers to the gallons of water pumped. While the city has established formal procedures regarding the handling of delinquent utility accounts, these procedures are not being followed.

- A. Although the city indicated their intent is to have the trash service be self supporting, the city is using General Fund monies to subsidize the cost of trash collections. There is no reporting of trash receipts and disbursements to monitor the results of operations. Trash receipts in 2002 totaled \$56,905 while disbursements totaled \$73,807. In addition, as of October 31, 2003, the city had received \$60,182 in trash collections and spent \$68,218 for trash pickup. To ensure the trash service is self supporting, the city should periodically monitor the trash receipts and disbursements.
- B. There is no supporting documentation or independent approval of utility credit adjustments. All city employees with access to the city's computerized billing system have the ability to record credit adjustments to the computer system without documenting each adjustment. Total adjustments during 2002 and 2003 were \$22,149.

In July 2003, we noted credit adjustments of \$3,390 made to two utility accounts held by the same customer. The amounts adjusted approximated two quarterly billings. Prior to March 2003, the customer did not have large unpaid balances. There is no documented explanation of why these adjustments were made. As of November 17, 2003, the city was investigating this adjustment.

To ensure that all credit adjustments are valid and properly approved, someone independent of the receipting and recording functions should review and approve all credit adjustments, and proper supporting documentation should be maintained to support such adjustments.

- C. Periodic reconciliations of total billings, payments received, and delinquent amounts are not performed for the water, sewer, and trash services. The city is unable to perform such a reconciliation, in part, because not all trash service billing was performed through the computerized billing system. We noted ten instances totaling \$4,785 in which trash billing was done on two-part unnumbered forms. Because all amounts being charged to the utility customer were not recorded into the computerized billing system, the city has no assurance all charges and payments were properly recorded.

All trash billing should occur only through the city's computerized billing system to ensure all amounts are properly billed and recorded. Periodic reconciliations should be performed to ensure that all accounting records balance, transactions have been properly recorded, and any errors or discrepancies are detected on a timely basis. Complete documentation of the reconciliations should be retained to support conclusions and any corrections made.

- D. The city does not compare the number of water meter deposits to the number of water billing accounts to ensure water deposits have been collected and recorded for all applicable water customers. Although all city residents who move into rental property within the city are required to pay a \$100 water deposit, the city informed us that in one apartment complex only 37 of 64 apartment units had recorded water deposits.

To ensure the city is properly holding water meter deposits from customers, the list of meter deposits should be compared to the applicable water accounts of city residents. In addition, a report of water deposits should be generated periodically and reconciled to deposit and refund activity during that period and to a general ledger account set up to account for this liability. These steps will help ensure records are in balance and all water deposits are accounted for properly.

- E. While the city has established formal procedures regarding the handling of delinquent water, sewer, and trash accounts, these procedures are not being followed. Adequate efforts have not been made to pursue the collection of delinquent accounts. As of October 31, 2003, water, sewer, and trash accounts receivable totaled approximately \$36,700. Of this total, \$19,269 represented accounts that were over three months delinquent. While city bills sent to utility customers show delinquent balances, no attempt was made at collecting these balances until September 2003 when the city sent out separate delinquent notices.

To help maximize water and sewer revenues, the city should follow established procedures for the handling of delinquent water, sewer, and trash accounts. This should include a periodic review of delinquent accounts and appropriate action taken to pursue amounts owed. In addition, the city should consider writing off those accounts that are considered uncollectable, after proper review and approval by the Board.

The city should consider issuing citations, not issuing licenses and permits, or filing liens against property owners who are delinquent in paying their water, sewer, and trash bills.

- F. The city does not reconcile the total gallons of water charged to customers to the gallons of water pumped.

To help detect any significant water loss on a timely basis and to help ensure all water usage is properly charged, the city should monthly prepare and maintain records of the total gallons of water pumped and reconcile them to the gallons of water charged. Significant differences should be investigated.

WE RECOMMEND the Board of Aldermen:

- A. Periodically monitor the trash receipts and disbursements to ensure General Revenue funds are not used to subsidize the trash service.
- B. Require independent approval of all credit adjustments, and ensure adequate documentation is retained of such adjustments. The Board should continue to investigate the unusual utility account adjustments and, if the adjustments were not proper, restore these amounts as owed by the customer.
- C. Require periodic reconciliations of the amounts billed to amounts collected and delinquent accounts and ensure all billing is done through the city's computerized billing system.
- D. Reconcile water meter deposits to water billing accounts to ensure water deposits have been collected for all water customers who are required to pay a deposit. The Board should ensure accurate records of water meter deposits are maintained by the city, including water deposits received, disbursed, and the balance, and reconcile these records on a periodic basis.
- E. Ensure formal procedures are followed for the handling of delinquent water, sewer, and trash accounts. The Board should ensure a periodic review of delinquent accounts is performed along with appropriate action to pursue amounts owed.
- F. Maintain records of gallons of water pumped to compare to gallons charged on a monthly basis. Any significant differences should be documented and investigated.

AUDITEE RESPONSE

- A. *The Board is now getting monthly reports on the status of the trash collections versus billings. The entire billing of the city was compared to the vendor's billing and differences were corrected. This will be done on a quarterly basis.*
- B. *The program for billing adjustments has been changed so that only the City Clerk can post utility adjustments. A policy will be discussed with the Board as to what type of adjustments can be made without Board approval. Monthly adjustment reports will be ran and reviewed by the Treasurer. As to the two utility accounts that had been adjusted in the amount of \$3,390, those amounts have been restored to the customer's accounts and the city is actively pursuing collection of these accounts.*
- C. *Since the billing is done quarterly, the accounts will be reconciled quarterly. Reports can be run from the system to do these reconciliations. The billing clerk will run all reports and assemble them giving the results to the City Clerk for review. This is now being done.*
- D. *The program for water billing keeps a record of all deposits that are recorded on customers' accounts and provides a listing of the deposits. A separate balance sheet liability account is maintained for the deposits and a listing of the deposits and checks issued can be run. This will be done on a quarterly basis. The billing clerk will run the appropriate reports, do the reconciliation and give it to the City Clerk for review. This is now being done.*
- E. *The established procedures for the collection of utility billing are now being followed. Delinquent notices are being sent out twenty days after the bill is due, giving the customer 10 days to pay. If the bill is not paid, then a shutoff notice is sent giving the customer 10 days to pay. If it is not paid, then the water is shutoff. The bill must be paid in full along with a \$25 reconnect fee before water is turned back on. If a customer has moved and the bill is not paid within 30 days, then it is sent to a collection agency for collection.*
- F. *Since the city bills quarterly it is hard to reconcile gallons pumped to gallons billed. The city will start reconciling on a quarterly basis. Yearly reports are prepared.*

4.

City Planning and Streets

The city needs to develop a new long range comprehensive plan and annual maintenance plan. The Board of Alderman voted to accept streets in a gated subdivision as city streets.

- A. The city's long range comprehensive plan for city expansion and planning including zoning, economic development, city sewer and water systems, and city streets, is over thirty years old. A long range comprehensive plan is essential to

assist the Board in planning and budgeting for community development and expansion, water and sewer expansion and upgrades, and street additions. A comprehensive plan should help ensure future growth in the city occurs in a coordinated and well planned manner.

Section 89.340, RSMo 2000, states that the plan may include streets and other public byways, public and privately owned lands, utilities, blighted areas for redevelopment, and proposed developments, replacement of streets, annexations and other such changes to the nature and character of the area incorporated in the municipality. A comprehensive city plan would enable the city to plan and prepare for future capital expenditures, prepare effective and useful budgets, as well as plan for capital financing.

- B. An annual maintenance plan for city streets has not been prepared. A formal maintenance plan should be prepared in conjunction with the annual fiscal budget and include a description of the streets to be worked on, the type of work to be performed, an estimate of the quantity and cost of materials needed, the dates such work could begin, the amount of labor required to perform the work, and other relevant information. The plan should be included in the budget message and be approved by the board. In addition, a public hearing should be held to obtain input from the city residents.

A formal maintenance plan would serve as a useful management tool and provide greater input into the overall budgeting process. Such a plan provides a means to continually and more effectively monitor and evaluate the progress made in the repair and maintenance of streets throughout the year.

- C. The Board of Alderman voted to accept streets in a gated subdivision as city streets. Currently, the subdivision's gravel streets are maintained by the subdivision. At such time when the private subdivision brings the streets to city specifications, the Board agreed to accept the streets as city streets as long as the gates restricting public access are open from sunrise to sunset seven days a week.

By agreeing to restrict access to city streets, the city is in effect granting public property to a private association in violation of Article VI, Section 25 of the Missouri Constitution. This decision of the Board may also contradict Section 71.340, RSMo 2000, which states a city should not obstruct or interfere with the free use of a public city road.

WE RECOMMEND the Board of Aldermen:

- A. Prepare and adopt a comprehensive city plan to adequately plan and budget the city's resources. In addition, an annual maintenance plan for existing water and sewer infrastructure, and city streets should be prepared and updated annually.
- B. Prepare and adopt a formal maintenance plan for city streets at the beginning of the fiscal year and periodically update the plan throughout the year. In addition,

the board should review the progress made in the repair and maintenance of streets to make appropriate decisions on future projects.

- C. Review with legal counsel the decision to maintain gated city streets.

AUDITEE RESPONSE

- A. *The city has entered into a contract with Booneslick Regional Planning Commission to prepare a comprehensive plan for the city. The first public meeting was held in November 2003 and the existing facilities report is being worked on. The final draft of the comprehensive plan should be presented in the summer of 2004 for adoption. From the existing facilities plan, the city will draft an annual maintenance program for existing water and sewer and streets which should be in place by July 2004.*
- B. *The city is in the process of preparing the street maintenance plan for 2004, which will be presented to the Board in February.*
- C. *The Board decided upon advice of their legal counsel after reviewing information provided by the State Auditor's Office, that the city would not take over any streets in a gated community.*

5. Budgets and Financial Reporting

Numerous problems were noted regarding city budgets and financial reporting. City budgets are not approved on a timely basis and the Board of Aldermen has not received enough information to monitor the budget and evaluate the financial position of the city's funds. As a result, the city has overspent the budget in several funds. In the 2002 and 2003 budgets, the city budgeted negative balances in the Economic Development and ISTEAFunds. Annual financial reports have not been filed with the State Auditor's office and the city has not had an annual audit since fiscal year 1999.

- A. City budgets are not approved on a timely basis. The city operates on a January through December fiscal year. The budget for fiscal year 2002 was not approved until March 2002 and the budget for fiscal year 2003 was not approved until May 2003.
Section 67.010, RSMo 2000, requires each political subdivision to prepare a budget for the ensuing year. To be of maximum benefit to the taxpayers and the city, the budget should be prepared and adopted prior to the beginning of the fiscal year.
- B. During the year ended December 31, 2002, the city approved disbursements in excess of the budgeted amounts for various funds:

Fund	Budgeted Disbursements	Actual Disbursements	Actual over Budget
ISTEA Fund	\$54,285	132,279	77,994
Sewer Fund	95,866	118,531	22,665
Bond Sinking Fund	32,312	50,632	18,320
Debt Service Revenue Bond Fund	19,825	20,600	775
Cemetery Fund	14,850	15,248	398

In addition, as of October 31, 2003, actual disbursements exceeded the 2003 budgeted disbursements for the ISTEA Fund, D.A.R.E. Fund, Bond Sinking Fund, and the Sewer Replacement Fund.

Prior to August 2003, the Board of Aldermen did not receive monthly reports showing the balances of each fund and an analysis of the budgeted and actual receipts and disbursements to date and were unable to properly monitor the status of the budget.

Budgets are a planning tool and should serve as a guide throughout the year to monitor revenues and disbursements. A periodic comparison of budgeted versus actual receipts and disbursements is necessary to properly monitor the financial condition of each city fund.

Section 67.040, RSMo 2000, requires political subdivisions to keep disbursements within amounts budgeted. If there are valid reasons which necessitate excess disbursements, a resolution should be adopted by the governing body setting forth the amount of the budget increase and the facts and reasons for the increase.

- C. In the 2002 and 2003 budgets, the city budgeted negative balances in the Economic Development and ISTEA Funds. The city's Economic Development and ISTEA Funds have had negative cash balances for the past two years and the city has continued to budget disbursements in excess of receipts, or receipts and the beginning cash balance.

Section 67.010.2, RSMo 2000, and Article VI, Section 26(a) of the Missouri Constitution, state that in no event shall the total proposed disbursements from any fund exceed the estimated available resources. By continuing to budget a deficit in the Economic Development Fund and ISTEA Fund each year, the Board has not maintained these funds in accordance with state law.

- D. Annual financial reports have not been filed with the State Auditor's office since fiscal year 1999.

Section 105.145, RSMo 2000, requires political subdivisions to file an annual report of the financial transactions of the political subdivision with the State Auditor's office.

- E. The city has not had an annual audit since fiscal year 1999. Section 250.150, RSMo 2000, requires the city to obtain annual audits of the combined waterworks and sewage system. In addition, annual audits are required by the city's combined waterworks and sewage system bond covenants.

In addition to being required by state law and the city's bond covenants, annual audits of city funds would help ensure city financial transactions have been properly recorded.

WE RECOMMEND the Board of Aldermen:

- A. Adopt the city budget prior to the beginning of the city's fiscal year, as required by state law.
- B. Ensure actual disbursements do not exceed budgeted amounts. If circumstances require disbursements in excess of amounts budgeted, a formal resolution should be adopted authorizing the additional disbursements and documenting the reasons for such. The Board should require complete information regarding the financial position of the city, including balances of funds held by the city and a comparison of budgeted and actual receipts and disbursements to date be presented each month.
- C. Cease budgeting deficit balances in the Economic Development and ISTEA Funds.
- D. Submit annual reports of financial transactions to the State Auditor's office as required by state law.
- E. Obtain annual audits of the city, as required by state law and bond covenants.

AUDITEE RESPONSE

- A. *The budget for 2004 was adopted at the December 11, 2003, Board of Aldermen meeting.*
- B. *The 2003 budget was reviewed and adjustments made to the expense funds so that all expenditures were budgeted. The 2004 budget will be reviewed on a quarterly basis. Monthly Organizational Budget Reports are being given to the Board along with a statement of cash and investment position.*
- C. *The Economic Development Fund revenues have been added to the Administration Revenue and the expenses as a sub-fund of the Administration Fund expenses, the same*

as police and streets. The ISTE Fund has had money transferred to it along with MODOT reimbursements. The fund has been zeroed out.

- D. *The city will submit the required report for fiscal year 2003 to the State Auditor's Office.*
- E. *The city plans to have an audit done for fiscal year 2003 and will contract with an audit firm as soon as year-end totals are finished.*

6.

Disbursement Procedures

Numerous problems were noted in the city disbursement procedures including no independent review of disbursements, no written agreements in place for several payments, and no formal bidding or purchasing policies. In addition, bids were not always properly obtained, vendor invoices or other supporting documentation were not properly retained for several disbursements or for credit card charges, and the city does not have a written policy discouraging employees from making personal calls.

- A. No one independent of the disbursement process reviews invoices and compares the approved accounts payable list to actual checks written. The Board of Aldermen approves a monthly accounts payable list; however, payroll disbursements are not on the list. In addition, the City Treasurer and Mayor sign checks, but they do not compare the checks to supporting invoices or to the accounts payable list. No one independently compares the checks signed to the accounts payable list approved by the Board of Aldermen.

Good business practices require that check signers ensure all disbursements are supported by proper invoices. In addition, an independent reconciliation should be performed of the approved accounts payable list and actual checks written to ensure all checks are properly approved.

- B. The city does not have written agreements in place regarding the following payments:
- Although there is an ordinance establishing the duties of the city attorney, the ordinance does not state the hourly rate to be paid to the attorney. In addition, there is no written agreement stating the rate to be paid the city attorney. The invoices from the attorney also do not provide information such as the rate and hours billed. During 2002, the city made payments totaling \$27,155 to the city attorney.
 - The city has not entered into an agreement with the individual responsible for digging graves at the city cemetery or with the Wright City Memorial Society for the care of the cemetery. During 2002, the

- city made payments totaling \$10,700 to the cemetery caretaker and \$4,000 to the Memorial Society for the care of the cemetery.
- The city has not entered into a formal written contract with Warren County regarding prisoner board bills. In addition, the city has not paid \$7,579 in board bills to Warren County for individuals arrested by the Wright City police department and housed in the county jail.
- The city has not entered into a formal written contract with the Warren County Council on Aging for the meals on wheels program. During 2002, the city made payments totaling \$3,091 to the Warren County Council on Aging.
- The city did not enter into a formal written contract with a cell phone company regarding cellular phone charges. See part D. below.
- The city did not enter into a formal written contract with a local business corporation to obtain an engineering study regarding adding a railroad spur for use by the corporation. The engineering costs for this study totaled \$2,020 in 2001, of which the city paid half. The acting City Clerk stated the grant project was not pursued further due to changing economic conditions.

Section 432.070, RSMo 2000, requires contracts of political subdivisions be in writing. The city should enter into written contracts for services rendered or obtained. A written contract, signed by the parties involved, should specify the services to be rendered and the manner and amount of compensation to be paid. Written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to provide protection to both parties.

- C. The city does not have a formal bidding policy. As a result, the decision of whether to solicit bids for a particular purchase is made on an item-by-item basis. During 2002, bids were either not solicited or bid documentation was not retained in the following instances:

Work on ball fields at city park	\$ 4,700
City drug dog	4,000
Playground equipment	3,125
Cage for drug dog	1,724

In addition, during 2003, the city rebuilt a section of Wildcat Drive at a total cost of approximately \$91,000. The Utilities Superintendent stated the city did not advertise for this project, but instead solicited bids from three vendors.

Formal bidding procedures for major purchases provide a framework for economical management of city resources and help ensure the city receives fair value by contracting with the lowest and best bidders. Competitive bidding helps ensure all parties are given an opportunity to participate in the city's business. A formal policy could include when various approaches for bidding, such as the requirement to advertise for sealed bids, are appropriate. Whichever approach is used, complete documentation should be maintained of all bids received and reasons noted why the bid was selected.

D. The city does not have a formal written purchasing policy stating what approval is required for purchases at various amounts. Several disbursements occurred in which it was not clear whether proper authorization for the purchase had been given.

- In 2002, the former City Clerk approved charges of \$235 to purchase seven wireless telephones. The city subsequently incurred telephone service charges totaling \$1,465 through July 31, 2002, before the Board ordered the phones to be disconnected. The city has not paid the service bill and the amount remaining due is in dispute.
- As of October 31, 2003, the city has incurred \$6,405 in expenses related to the police department's drug dog. Of this amount \$1,724 was incurred for the purchase of a dog cage for a city police car to transport the drug dog. The Police Chief did not give prior approval for this purchase.
- The former City Clerk approved the purchase of security cameras in city hall costing \$311. There was no documentation indicating the Board had granted authorization for this purchase prior to the purchase.

A purchasing policy which defines levels of purchase authorization or approval requirements for various purchases decreases the possibility of inappropriate or unauthorized purchases occurring.

E. Vendor invoices or other supporting documentation were not properly retained for the following disbursements made during 2002:

Two police cars	\$39,538
Dump truck	36,315
Cemetery caretaker	10,700
City drug dog	4,000
Cage for drug dog	1,724

All disbursements should be supported by paid receipts or vendor invoices to ensure the obligations were actually incurred and the disbursements represent appropriate uses of public funds.

- F. The city has three credit cards used by city employees for purchases at two hardware stores and an office supply store. Total disbursements to these vendors during the year ended December 31, 2002, totaled \$2,699. Adequate supporting documentation was not submitted or retained for the credit card charges. Items paid for were not supported by receipts or credit card slips.

Adequate supporting documentation (receipts or credit card slips) should be retained for all credit card purchases, and reconciled to credit card statements to ensure the propriety of the charges. Adequate supporting documentation will help the city evaluate the necessity and reasonableness of credit card purchases.

- G. The city expended \$5,679 for telephone charges during the year ended December 31, 2002, including the cost of a city toll free number which was established by the city in August 2000. The city does not have a written policy discouraging employees from making personal calls. While we noted several instances in which employees reimbursed the city for personal telephone calls, the city has no assurance they received reimbursement for all personal telephone calls.

To ensure proper controls are established, the city should adopt formal policies and procedures regarding employee telephone usage. These policies and procedures should include supervisory review of the detail of the telephone bills and should help ensure city telephones are not used inappropriately.

WE RECOMMEND the Board of Aldermen:

- A. Require the Mayor and Treasurer to review the invoices when signing checks. In addition, the approved accounts payable list should include all disbursements and be compared to checks written by an independent person.
- B. Enter into written agreements for all services. The Board should review the need to pay Warren County for past due prisoner boarding costs.
- C. Establish a formal bidding policy. Such a policy could require that competitive bids be solicited through advertising for any purchases over an established amount.
- D. Establish a purchasing policy regarding the procurement of goods and services. The purchasing policy should document authorization required prior to purchases being made.
- E. Retain supporting documentation, including invoices, for all disbursements made.
- F. Retain supporting documentation for credit card purchases and reconcile the invoices to credit card statements.

- G. Establish a formal written policy regarding telephone usage including cellular telephone usage. This policy should outline proper controls over the use of the telephones, such as prohibiting personal use.

AUDITEE RESPONSE

- A. *Both the Mayor and the Treasurer now have the actual invoices and the check listing approved by the Board to compare when signing accounts payable. The payroll disbursement register will be given to the Board after each payroll starting with the second payroll in January.*
- B. *Contracts have been drawn up between the city and the City Attorney. The city is in the process of having new contracts drawn up between the city and the Warren County Council on Aging, Wright City Memorial Society and the individual responsible for preparing the graves. The city will not pay the Warren County Sheriff's Department for prisoner boarding costs due to the fact that everyone is paying a tax for the county jail and its operation.*
- C. *The city will start work on a formal bidding policy, which will cover when a bid is needed, how to advertise, sealed bids and other areas of bidding. The policy should be completed by July 1, 2004.*
- D. *The city will start work on a purchasing policy, which will cover all aspects of city purchasing. The policy should be completed by July 1, 2004.*
- E. *It is the city's policy to keep all supporting documentation including invoices and we will strive to file all documentation in the correct files.*
- F. *All credit cards are held in the vault until needed at which time they are signed out. Upon returning the card, any purchase made with the card now must be supported by the charge ticket which must be turned in to the City Clerk, who gives it to the Accounts Payable Clerk to attach to the invoice/statement.*
- G. *The city is currently working on a formal written policy on telephone usage and should have it complete by spring 2004.*

7. Board Meetings and Records

Board minutes are not always signed by the City Clerk and Mayor and minutes of closed meetings are not maintained. In addition, open meeting minutes did not document the related vote to close the meeting and the specific reasons for closing the meeting.

- A. Board minutes are not always signed by the City Clerk and Mayor. The board minutes should be signed by the City Clerk and the Mayor upon approval to

provide an independent attestation that the minutes are a correct record of the matters discussed and actions taken during the board meetings.

- B. Agendas and minutes from Park Board meetings were not available. To ensure compliance with open-meeting laws agendas and minutes should be prepared for all meetings and be maintained and filed by the City Clerk.

Section 610.020 RSMo 2000, requires an agenda to be posted and a journal or minutes be taken and retained of all open meetings of a public governmental body.

- C. Minutes are not maintained of closed board meetings. Section 610.021, RSMo 2000, allows the Board to close meetings to the extent the meetings relate to specified subjects, including litigation, real estate transactions, and personnel issues.

Although closed minutes are not specifically required by law, minutes constitute the record of proceedings of the Board and help ensure the provisions of the Sunshine Law, Chapter 610, RSMo 2000, have been followed.

- D. Open meeting minutes did not document the related vote to close the meeting and the specific reasons for closing the meeting.

Section 610.022, RSMo 2000, requires that before any meeting may be closed, the question of holding the closed meeting and the reason for the closed meeting shall be voted on at an open session.

In addition, this law provides that public governmental bodies shall not discuss any other business during the closed meeting that differs from the specific reasons used to justify such meeting, record, or vote. Section 610.021, RSMo 2000, requires certain matters discussed in closed meetings to be made public upon final disposition.

WE RECOMMEND the Board of Aldermen:

- A. Ensure the board minutes are signed by the Mayor and the City Clerk to attest to their completeness and accuracy.
- B. Ensure meeting minutes and agendas are prepared for Park Board meetings.
- C. Ensure minutes are maintained to document the matters discussed in the closed meetings.
- D. Ensure open meeting minutes document the vote to go into closed session and state the reasons for going into closed session.

AUDITEE RESPONSE

- A. *After the board minutes are approved at the board meeting, the minutes are now printed on official paper and given to the Mayor to sign at the next board meeting.*
- B. *The Park Board elected a new secretary in October and she is preparing all agendas and minutes for the Park Board.*
- C. *Minutes are now being taken and recorded for all closed meetings.*
- D. *Open meeting minutes now document the roll call vote and give the reason for all closed meetings.*

8. Personnel Records and Policies
--

The city has not formalized its personnel policy in writing and salaries have not been established by ordinance as required by law.

- A. The city has not formalized its personnel policy in writing. Although a city policy outlines vacation leave policies, additional areas to be addressed in a personnel policy may include other benefits offered to employees such as retirement and health benefits, hiring, firing and disciplinary procedures; descriptions of job duties and qualifications for various positions; regular work hours and official holidays; maintenance of attendance records; fringe benefits and overtime pay. In addition, the city does not have a policy which prohibits nepotism in hiring practices.

Part of the overtime pay policy should address when overtime is appropriate and what prior approval is required for overtime. The former city clerk and two former assistants were paid for 42 ½ hours a week (two and ½ hours at time and a half) on a regular basis because they worked during their lunch break and did not leave city hall. No prior approval for this overtime was noted. In addition, although the checks were signed by the Mayor and Treasurer, they were apparently not aware that overtime was included. A comprehensive personnel policy manual would provide guidance and control for the effective and consistent management of the city's employees, including guidance regarding when overtime pay is allowable.

- B. Salaries for appointed officials, and city employees have not been established by ordinance as required by Section 79.270, RSMo 2000. In addition, the lengths of terms for elected officials have not been established by city ordinance.

While the city establishes a budget which reflects salaries for elected officials, appointed officials, and city employees, salaries are not individually shown on the

budget. Section 79.270, RSMo 2000, requires the compensation of city officials and employees to be set by ordinance.

Compensation rates set by ordinance, in addition to meeting statutory requirements, document the approved amounts to be paid and reduce potential misunderstandings regarding the amount of pay each elected and appointed city official and employee is to receive. In addition, ordinance hearings provide for public input and information concerning the salaries paid.

WE RECOMMEND the Board of Aldermen:

- A. Prepare and maintain a personnel policy manual to provide documentation of the city's procedures and policies, including a policy prohibiting nepotism in hiring. The Board should ensure overtime is paid in accordance with the policy.
- B. Establish by ordinance the salaries or pay rates and applicable terms of office for all officials and employees.

AUDITEE RESPONSE

- A. *The city will begin to draw up a formal personnel policy in writing, including the clause on nepotism. The policy should be completed sometime in the summer of 2004.*
- B. *After raises are decided on for 2004, an ordinance will be drawn up and passed listing all officials and employees by title with pay rates.*

9. City Property Records

The city has not prepared and maintained permanent, detailed property records, including the cost of land, buildings, equipment, and furniture. The most recent comprehensive update to the property records was in 1999. Property records are necessary to ensure accountability for all items purchased and owned and for determining the proper amount of insurance coverage.

To develop appropriate records and procedures, the city needs to undertake a comprehensive review of all property owned by the city. Items should be inventoried, tagged for specific identification, and recorded by description and serial number in a detailed property ledger at historical cost or estimated historical cost if the original cost is not available. The city should properly record all property transactions. Periodically, the city should take a physical inventory of the property owned and compare it to the detailed records.

WE RECOMMEND the Board of Aldermen establish property records that include all pertinent information for each item, such as tag number, description, cost, acquisition date, location, and subsequent disposition. In addition, annual physical inventories should be performed.

AUDITEE RESPONSE

The Board will have all department heads do a complete inventory of all buildings, machinery, and supplies over \$500 value, which will be turned over to the City Clerk to compile complete property/fixed asset records for the city. All property records should be compiled and given to the City Clerk by May 1, 2004, with complete records being done by July 1, 2004.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

CITY OF WRIGHT CITY, MISSOURI
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The city of Wright City, Missouri is located in Warren County. The city was incorporated in 1869 and became a fourth-class city in 1944. The population of the city in 2000 was 1,532.

The city government consists of a mayor and four-member board of aldermen. The members are elected for 2-year terms. The mayor is elected for a two-year term, presides over the board of aldermen, and votes only in the case of a tie. The Mayor, Board of Aldermen, and other principal officials during the year ended December 31, 2002, are identified below. The compensation of these officials is established by ordinance.

Elected Officials	Term	Compensation Paid for the Year Ended December 31, 2002
Eileen Klocke, Mayor	April 2002 to present	\$ 3,400
Rick E. Schmitt, Mayor	January 2002 to April 2002	1,400
Roger Brinkman, Alderman, Ward I (1)		1,200
Martin Tune, Alderman, Ward II (2)		1,200
Randy Key, Alderman, Ward I	April 2002 to present	850
Ken Koster, Alderman, Ward I	January 2002 to April 2002	350
Wil Heiliger, Alderman, Ward II		1,200
Janet Gerdeman, City Collector		10,632 (3)

(1) Replaced by William D. Schaffer in April 2003.

(2) Replaced by David J. Rohan in April 2003.

(3) Represents five percent of tax collections.

Other Principal Officials

Barbara Zimmermann, City Clerk (4)		22,527
Bernice Schmitt, City Treasurer	January 2002 to March 2002	300
Ken Koster, City Treasurer (5)	March 2002 to December 2002	600
David Wait, Chief of Police		27,782
Larry Janish, Utilities Superintendent		40,442
Darryl Hicks, City Attorney		27,155

(4) Resigned in June 2003. Karen Gironde served as Interim City Clerk from June 2003 to July 2003. Jerry Knoelke has served as City Clerk since July 2003.

(5) Resigned in August 2003. Replaced by William D. Schaffer.

In addition to the officials identified above, the city employed nine full-time employees and eight part-time employees on December 31, 2002.

Assessed valuations and tax rates for 2002 and 2003 were as follows:

ASSESSED VALUATION	2002	2003
Real estate	\$ 15,057,856	17,897,950
Personal property	5,742,480	6,034,877
Total	\$ 20,800,336	\$23,932,827

TAX RATES PER \$100 ASSESSED VALUATION

	2002 Rate	2003 Rate	Expiration Date
General	\$.5388	.5192	None
Parks and Recreation	.1000	.0964	None
Lights	.2000	.1927	None
Debt Service	.2578	.1456	None

The city has the following sales taxes; the rates are per \$1 of retail sales:

	2002 Rate	2003 Rate	Expiration Date
General	\$.0100	.0100	None
Transportation	.0050	.0050	None
Parks Capital Improvement	.0025	.0025	None

A summary of the city's financial activity for the year ended December 31, 2002, is presented below:

City of Wright City
Schedule of Receipts and Disbursements
Year ended December 31, 2002

	General Revenue	ISTEA Grant	Economic Development	DARE	Park (1)	Street Light	Cemetery (2)	Water (3) and Sewer	TOTAL
Receipts									
Property taxes	145,801	0	0	0	22,449	45,464	0	59,726	273,440
Sales taxes	259,184	0	0	0	41,704	0	0	0	300,888
Utility franchise taxes	94,130	0	0	0	0	0	0	0	94,130
Gasoline taxes	49,182	0	0	0	0	0	0	0	49,182
Cigarette taxes	22,706	0	0	0	0	0	0	0	22,706
Police fines	69,299	0	0	0	0	0	0	0	69,299
Licenses, permits and fees	23,773	0	0	0	3,572	0	11,700	308,708	347,753
Interest	14,417	0	0	0	74	78	365	6,984	21,918
Grants	0	82,448	0	0	0	0	0	0	82,448
Bond Proceeds	0	0	0	0	0	0	0	245,275	245,275
Trash collections	56,905	0	0	0	0	0	0	0	56,905
Miscellaneous	104,006	0	1,255	1,614	14	0	2,000	13,047	121,936
Transfers in	0	0	0	0	0	0	8,000	0	8,000
Adjustment	0	0	0	0	0	0	0	12,050	12,050
Total Receipts	839,403	82,448	1,255	1,614	67,813	45,542	22,065	645,790	1,705,930
Disbursements									
Salaries and benefits	371,406	0	19,328	0	12,297	0	0	85,062	488,093
Materials and supplies	178,346	0	2,623	347	17,472	0	15,142	55,978	269,908
Contractual services	150,719	132,279	0	0	3,326	24,630	106	81,464	392,524
Capital outlay	51,027	0	0	0	10,730	0	0	7	61,764
Debt service	24,825	0	0	0	0	0	0	102,518	127,343
Miscellaneous	0	0	0	0	0	0	0	0	0
Transfers out	8,000	0	0	0	0	0	0	0	8,000
Adjustment	5,236	0	15	0	0	0	0	0	5,251
Total Disbursements	789,559	132,279	21,966	347	43,825	24,630	15,248	325,029	1,352,883
Receipts over (under) Disbursements	49,844	(49,831)	(20,711)	1,267	23,988	20,912	6,817	320,761	353,047
Cash Balance, January 1, 2002	283,386	(3,323)	(13,182)	1,737	33,208	43,415	122,538	320,587	788,366
Cash Balance, December 31, 2002	333,230	(53,154)	(33,893)	3,004	57,196	64,327	129,355	641,348	1,141,413
Unreserved cash balance	333,230	(53,154)	(33,893)	3,004	57,196	64,327	9,518	245,028	625,256
Reserved cash balances:									
Cemetery endowment	0	0	0	0	0	0	119,837	0	119,837
Bond sinking	0	0	0	0	0	0	0	46,969	46,969
Water depreciation	0	0	0	0	0	0	0	70,581	70,581
Sewer replacement and sewer line	0	0	0	0	0	0	0	140,772	140,772
Meter deposit	0	0	0	0	0	0	0	5,237	5,237
Series 1995B construction	0	0	0	0	0	0	0	43,358	43,358
Debt service reserve	0	0	0	0	0	0	0	36,903	36,903
Waterworks & sewer depreciation	0	0	0	0	0	0	0	52,500	52,500
Total reserved cash balance	0	0	0	0	0	0	119,837	396,320	516,157

- (1) Includes Park and Park Concession Funds.
- (2) Includes Cemetery and Cemetery Endowment Funds.
- (3) Includes the Water, Sewer, Bond Sinking, Water Depreciation, Sewer Replacement, Sewer Line, Meter Deposit, Series 1995B Construction, Debt Service Revenue Bond, Debt Service Reserve, and Waterworks & Sewer Depreciation Funds.



**EIGHTEENTH JUDICIAL CIRCUIT
PETTIS COUNTY, MISSOURI**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-20
March 10, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

March 2004

The following findings were noted as a result of an audit conducted by our office of the Eighteen Judicial Circuit, Pettis County, Missouri.

During April 2003, officials of the Associate Circuit Division identified discrepancies in the court's collection of costs on a number of civil cases. Court personnel determined that payments totaling at least \$2,179 were received but not deposited from May 2001 through March 2003. Information regarding the misappropriation was provided to the Prosecuting Attorney's office. The former court clerk was charged with, pled guilty to, and was sentenced for felony stealing. As of September 2003, she has made full restitution to the court for the identified missing funds. Our review did not determine any additional undeposited monies.

Several concerns were noted with the Associate Circuit Division's records and procedures. Receipting and depositing procedures were not adequate. Additionally, the duties of receipting, recording, and disbursing monies are not adequately segregated, and the court's open items (liabilities) listings had not been reconciled to available cash balances since April 2001. Subsequent to the theft and a review by personnel of the Office of the State Court Administrator, the Associate Circuit Division has implemented improved controls and procedures.

The court has not implemented adequate procedures to periodically monitor and dispose of bond monies being held in the bank account. As of September 30, 2003, the court's bank account held bond monies totaling approximately \$42,900. This amount includes a \$7,000 cash bond received in March 2002 which was not transmitted to the Circuit Court when the related case was bound over to that court in April 2002.

Monitoring procedures related to accrued case costs are not adequate. As of August 2003, there was over \$266,800 in accrued case costs. By not adequately monitoring accrued costs, these costs could remain uncollected and might eventually result in lost revenue.

Reasons for voided receipt transactions were not properly documented or reviewed. In addition, the court continues to enter case information into manual docket sheets rather than entering all information on the statewide computerized case management system. An adequate system to account for payments received by the Juvenile Office has not been established, and a listing of accrued court costs and restitution owed is not maintained.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

EIGHTEENTH JUDICIAL CIRCUIT
PETTIS COUNTY, MISSOURI

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Presiding Judge and Court en banc
and
The Circuit Clerk of the
Eighteenth Judicial Circuit
Pettis County, Missouri

We have audited certain operations of the Eighteenth Judicial Circuit, Pettis County, Missouri. The scope of this audit included, but was not necessarily limited to, the years ended December 31, 2002 and 2001. The objectives of this audit were to:

1. Determine the internal controls established over the financial transactions of the judicial circuit.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable legal provisions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the judicial circuit.

As part of our audit, we assessed the controls of the judicial circuit to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the judicial circuit's management, the Office of State Courts Administrator, and Pettis County and was not subjected to the procedures applied in the audit of the judicial circuit.

The accompanying Management Advisory Report presents our findings arising from our audit of the Eighteenth Judicial Circuit, Pettis County, Missouri.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

October 30, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Regina Pruitt, CPA
In-Charge Auditor:	Norma L. Payne
Audit Staff:	Jennifer L. Carter

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

EIGHTEENTH JUDICIAL CIRCUIT
PETTIS COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Associate Circuit Division Six Procedures
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During April 2003, court officials identified discrepancies in the court's collection of costs on a number of civil cases. The Associate Circuit Division Judge made the State Auditor's office aware of these concerns and requested the Sheriff's department perform an investigation. Court personnel continued to review transactions related to various cases and determined that payments totaling at least \$2,179 were received but not deposited from May 2001 through March 2003. Information regarding the misappropriation was provided to the Prosecuting Attorney's office. The court clerk primarily responsible for the cases in which problems were identified was terminated on May 2, 2003. Since that time the former court clerk was charged with, pled guilty to, and was sentenced for felony stealing. As of September 2003, she has made full restitution to the court for the identified missing funds. Our review did not determine any additional undeposited monies.

The Associate Circuit Division collects various fees for criminal, civil, and traffic cases. Receipts for these cases totaled approximately \$867,456 and \$955,909 for calendar years 2002 and 2001, respectively. The court implemented the Automated Court System (ACS) Justice Information System (JIS), a statewide computerized case management system, in April 2001. Since that time some essential accounting and reconciliation procedures were not being performed. Our review of the Associate Circuit Division's records and procedures noted the following concerns:

- A. Receipting and depositing procedures were not adequate. Manual receipt slips were often issued to speed up the process of issuing receipt slips to those paying money to the court. However, the court had no procedure in place to ensure these transactions were promptly recorded on the JIS and that related monies were deposited. The manual receipt slips were redi-form receipts, were not always prenumbered, and did not always provide the method of payment. Monies related to some of these manual receipts were not recorded on the JIS and deposited for significant time periods, while others were never recorded on the JIS or deposited. In addition, neither manual nor JIS receipt slips were issued for some monies received. A review of case information showed that some of these monies were recorded on the JIS and deposited up to twenty-one months after the monies should have initially been receipted and recorded. The court did not have procedures in place to reconcile receipts and method of payments to deposit details. As a result, discrepancies went undetected for long time periods.
- B. The duties of receipting, recording, and disbursing monies are not adequately segregated. While various court clerks have receipting, recording, and disbursing

responsibilities for their areas, the Chief Associate Circuit Division Clerk also performs these duties for all areas, as well as depositing all monies, performing month-end reconciliations, and making month-end disbursements. As a result, there are cases where she is responsible for transactions from initial receipt to their disbursement without any involvement of other clerks. There is no oversight of the work performed by this clerk.

Internal controls could be improved by segregating the duties of receipting and recording receipts from that of depositing monies. In addition, consideration should be given to segregating the duties of generating and signing checks. If proper segregation cannot be achieved, at a minimum, there should be an independent comparison of receipts records to bank deposits and review of bank reconciliations.

- C. The court's open items (liabilities) listings had not been reconciled to available cash balances since April 2001. At our request, the open items report was reconciled to the cash balance for September 30, 2003. The preparation of monthly listings of open items and reconciliation of liabilities with the cash balance provides assurance the records are in balance and that sufficient cash is available to meet liabilities, and provides accountability over open cases.

The mishandled transactions may have been prevented or detected more timely had adequate receipting, depositing, and reconciliation procedures been in place, and proper oversight performed. Subsequent to the theft and a review by personnel of the Office of the State Court Administrator (OSCA), the Associate Circuit Division has implemented improved controls and procedures.

- D. The court has not implemented adequate procedures to monitor and dispose of bond monies being held in the bank account. As of September 30, 2003, the court's bank account included bond monies totaling approximately \$42,900.
 - 1. Cash bond receipts, totaling approximately \$11,393, have been held in excess of one year. The Chief Associate Circuit Division Clerk indicated that many of the defendants whose bond has been held for long periods have failed to appear in court and arrest warrants have been issued; however, no cash bonds were forfeited during the audit period.
 - 2. The court received a \$7,000 cash bond in March 2002. When the related case was bound over to Circuit Court in April 2002, the bond monies were not and remain in the Associate Circuit Division's bank account as of October 2003. The case has since been closed, the defendant has paid all costs, and it appears this bond needs to be refunded. The Circuit Court was unaware this bond money existed until our review of the case file, and the Associate Circuit Division could provide no explanation regarding the improper handling of this bond.

3. Monies related to surety bond forfeitures are also being held for excessive periods of time. The court maintains a report of bond forfeitures and periodically transmits these monies to the County Treasurer. Forfeited bond monies totaling \$16,730 and \$10,244 were transmitted to the County Treasurer in August 2003 and June 2001, respectively. Many of these bonds had been forfeited 3 or 4 years prior to the transmittals. Section 166.131, RSMo 2000 provides for bond forfeiture monies to be paid over to the County Treasurer for transmittal to the state's school building revolving fund. It does not appear that this or other statutory provisions provide for the court to hold forfeited bond monies for extended periods.

The court needs to review cases for which bonds are held and dispose of these monies in accordance with various statutory provisions. Cash bonds posted by persons who failed to make the required court appearance should be reviewed to determine if the bonds should be forfeited and paid over to the County Treasurer, or whether another disposition (i.e.; refund or application to case costs) is more appropriate. The court needs to disburse the \$7,000 cash bond to the appropriate individual. Forfeited bonds, whether cash or surety, need to be disbursed more timely. Better monitoring procedures are necessary to ensure monies are handled appropriately and that monies belonging to other entities or individuals are disbursed timely.

- E. Monitoring procedures related to accrued case costs are not adequate. The Chief Associate Circuit Division Clerk does not generate a listing of accrued costs owed to the court. When a case is closed and the costs determined, if payment is not received, the court does not initiate any further collection procedures. As of August 2003, there was \$266,863 in accrued case costs. By not adequately monitoring accrued costs, these costs could remain uncollected and might eventually result in lost revenue. To ensure court costs received by the court are maximized and amounts are correct, all allowable costs should be billed in a timely manner, and all methods available to the court to pursue unpaid costs should be exercised regularly and timely.
- F. The court computer system produces a report of all voided receipts, but explanations of why a receipt transaction was voided are not documented and reviewed by a supervisor. Valid reasons for voiding a receipt transaction should be documented and reviewed by a supervisor for propriety.
- G. The Associate Circuit Division does not fully utilize the capabilities of the JIS. Although the JIS was implemented more than two years ago, the court continues to enter case information onto manual docket sheets rather than entering the information on the JIS. Therefore, the JIS system does not contain all of the information related to the Associate Circuit Division's cases. Court personnel indicated they were not able to enter all of the information on the JIS due to a shortage of workers and time constraints. However, efforts to shift to the JIS and determine its proficiency as compared to the manual system have not been

adequate. Correspondence from the OSCA to the court in April 2003 also recommended procedural changes to more fully utilize the JIS.

WE RECOMMEND the Associate Circuit Division:

- A. Issue JIS receipt slips for all monies received. If it is necessary to issue manual receipt slips, the court needs to ensure these receipt slips are official and prenumbered, provide all the necessary information, are accounted for properly, and are promptly entered into the JIS.
- B. Provide for a proper segregation of duties. If proper segregation cannot be achieved, at a minimum, procedures for adequate independent review should be established.
- C. Ensure monthly listings of open items are reconciled to the cash balance.
- D. Perform a review of cases for which bond monies are being held to determine proper disposition, and establish procedures to ensure bond monies are handled appropriately and disbursed timely in the future.
- E. Establish procedures to routinely follow-up and pursue timely collection of accrued costs.
- F. Document reasons for voiding receipt transactions and ensure appropriate supervisory reviews are performed.
- G. Discontinue the use of manual docket sheets and begin entering all information on the JIS.

AUDITEE'S RESPONSE

The Associate Circuit Division provided the following responses:

- A. *After the mishandling of funds was discovered, our office initiated the practice of only receipting monies through JIS and providing computer-generated receipt slips. Only twice since April 2003 have we had to issue manual receipt slips, due to OSCA's (Office of the State Courts Administrator) year-end procedures and the shut down of the system. Manual receipt slips will only be issued when it is unavoidable.*
- B. *Segregation of duties has been adopted pursuant to our last audit in 1998 and according to OSCA's recommendation in May 2003. Currently, there are only three clerks authorized to sign checks in the division and the division clerk only receipts monies in the event another clerk is not available or in the event we are short-handed due to vacation or illness. The bank reconciliation is generally performed monthly by the division clerk or by another deputy clerk. The division's books are audited monthly by the Pettis County Auditor's office.*

- C. *Open items are now and have been reconciled each month since September 2003.*
- D. *In November 2003, a list of cash bonds was provided to the Prosecuting Attorney's office for review and the court is awaiting determinations as to whether the various cases will be prosecuted. It is now the court's policy that bond monies deposited with the court, if not used by the defendant to dispose of their case, will be reviewed on a quarterly basis. In the event a defendant's bond is on deposit with the court and that defendant has subsequently failed to appear and has a warrant, that bond will be considered for forfeiture pursuant to an agreement with the Prosecuting Attorney's office. Due to a high rate of identity theft in our area, the Prosecuting Attorney's Office and our division has determined that we will review these files quarterly and request of law enforcement to make a more diligent effort in arresting those individuals that have cash bonds pending in the Court. After one year of review, the Prosecuting Attorney's office will be contacted with those individual's cases in furtherance of a bond forfeiture process. If the prosecutor determines that cases will be left pending, bonds may be held for a longer period of time, but not in excess of two years.*
- E. *Since the enactment of statutory provisions with regard to collection of costs, we have visited with the local collection offices and we are submitting an announcement to the newspaper that we will begin turning cases over for collection to those agencies that want to participate in this process. We also have adopted a docket for review of those cases that do not have costs paid.*
- F. *After the theft of monies from the court by a former clerk, the voiding of transactions has been limited to two clerks. The division clerk reviews the voided transaction list. When clerks void a receipt, the void is now documented in the case file. Some files have fees voided because the wrong fees were added to a case, but the case party fee report will show the adjustments.*
- G. *Prior to the preliminary exit interview we kept a paper and JIS redundant docketing system as required by Missouri Supreme Court Operating Rule #4. The paper docket was considered the official case record and required information was recorded in the JIS system. However, we have since learned that OSCA produces a tape backup that complies with Court Operating Rules. As a result, we now use the JIS generated docket sheet as our primary source for docketing information and case history.*

2.**Juvenile Division Procedures**

- A. An adequate system to account for all payments received by the Juvenile Office has not been established. The Juvenile Office does not have a method to track the payments received from juveniles, and has not established procedures to ensure all payments are accounted for in a readily accessible manner. When payments are received the Juvenile Office issues a receipt slip to the juvenile, and then issues another receipt slip to the party receiving the payment. Payments cannot be easily tracked with this system.

To ensure all payments made to the Juvenile Office are handled and accounted for properly, a log should be maintained showing each payment and its disposition. The log should contain information such as the payee, the amount of the money received by the Juvenile Office, and the date the monies were turned over to the appropriate party.

- B. A listing of accrued court costs and restitution owed is not maintained by the Juvenile Office, and monitoring procedures related to accrued costs are not adequate. A complete and accurate listing of accrued costs would allow the Juvenile Office to more easily review the amounts due and to take appropriate steps to ensure amounts owed are collected. Inadequate procedures for the collection of accrued costs may result in lost revenues.

WE RECOMMEND the Juvenile Office:

- A. Implement procedures to adequately account for payments.
- B. Maintain a listing of accrued costs and establish procedures to routinely follow-up and pursue timely collection.

AUDITEE'S RESPONSE

The Juvenile Officer provided the following responses:

- A. *We now have an accounting register for all restitution cases that contains the payee's information, victim's name and address, deputy juvenile officer handling the case, amount to be paid, date restitution was ordered, date payment is received including the method of payment and receipt number, outstanding balance, and date payment is made and received by the victim, including the receipt number.*
- B. *A ledger of accrued restitution is now maintained and statements on accounts in arrears will be sent beginning in May 2004.*

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

EIGHTEENTH JUDICIAL CIRCUIT
PETTIS COUNTY, MISSOURI
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

Organization

The Eighteenth Judicial Circuit consists of Pettis County as well as Cooper County.

The Eighteenth Judicial Circuit consists of one circuit judge and three associate judges. The circuit judge hears cases throughout the circuit. He also serves as the presiding judge and, therefore is responsible for the administration of the circuit. Of the three associate judges, two are located in Pettis County and preside over the Associate Circuit Court (Division Six) and the Probate Court (Division Five). The other associate circuit judge is located in Cooper County.

In addition to the judges, the Eighteenth Judicial Circuit, Pettis County personnel include a circuit clerk, an associate division clerk, a probate division clerk, a juvenile officer, fourteen deputy clerks, five deputy juvenile officers, fourteen juvenile detention center employees, a court reporter (who also serves Cooper County), and a court secretary. The Juvenile Officer's home base is Pettis County, but she also serves the residents of Cooper County.

Circuit personnel located in Cooper County are not included in the scope of this audit, but are reported on separately.

Operating Costs

The operating expenses for the juvenile office, including the juvenile detention center are paid for by Pettis County. The operating expenses for the circuit judge and court reporter are paid for by Pettis County and Cooper County based on the percentage of the county's population to the total circuit population. The salaries of all the court personnel, juvenile office, and juvenile detention center are paid by the state of Missouri, except for the salaries of two deputy juvenile officers and six juvenile detention center employees, which are paid by Pettis County.

Receipts

Receipts of the Eighteenth Judicial Circuit, Pettis County, not including the Juvenile Division, were as follows:

		Year Ended December 31,	
		2002	2001
Court deposits, fees, bonds, and other	\$	1,939,647	1,397,471
Interest income		7,978	5,045
Total	\$	<u>1,947,625</u>	<u>1,402,516</u>

Caseload and Time Standards Statistics

From the Office of State Courts Administrator Missouri Judicial Reports, caseload statistics of the filings and dispositions of the Eighteenth Judicial Circuit, Pettis County, were as follows:

	Year Ended June 30,			
	2002		2001	
	Filings	Dispositions	Filings	Dispositions
Civil	2,069	1,837	2,047	1,746
Criminal	4,978	5,361	7,323	7,140
Juvenile	156	146	177	135
Probate	167	135	133	100
Total	7,370	7,479	9,680	9,121

From the Office of State Courts Administrator Missouri Judicial Report for fiscal year 2002, statistics on the compliance of the Eighteenth Judicial Circuit, Pettis County, with time standards for disposition of certain types of cases were as follows:

Type of Case	Time Standard	Eighteenth Judicial Circuit Pettis County, Missouri	State Total
Circuit Civil	90 % in 18 months	84 %	90 %
	98 % in 24 months	90	98
Domestic Relations	90 % in 8 months	81	90
	98 % in 12 months	90	98
Associate Civil	90 % in 6 months	92	90
	98 % in 12 months	99	98
Circuit Felony	90 % in 8 months	94	90
	98 % in 12 months	96	98
Associate Criminal	90 % in 4 months	88	90
	98 % in 6 months	96	98

Personnel

At December 31, 2002, the judges, Circuit Clerk, and Juvenile Officer of the Eighteenth Judicial Circuit, Pettis County, were as follows:

Donald Barnes, Circuit Judge, Division Four

Robert L. Koffman, Associate Circuit Judge, Division Five – Probate Division

Gary W. Fleming, Associate Circuit Judge, Division Six

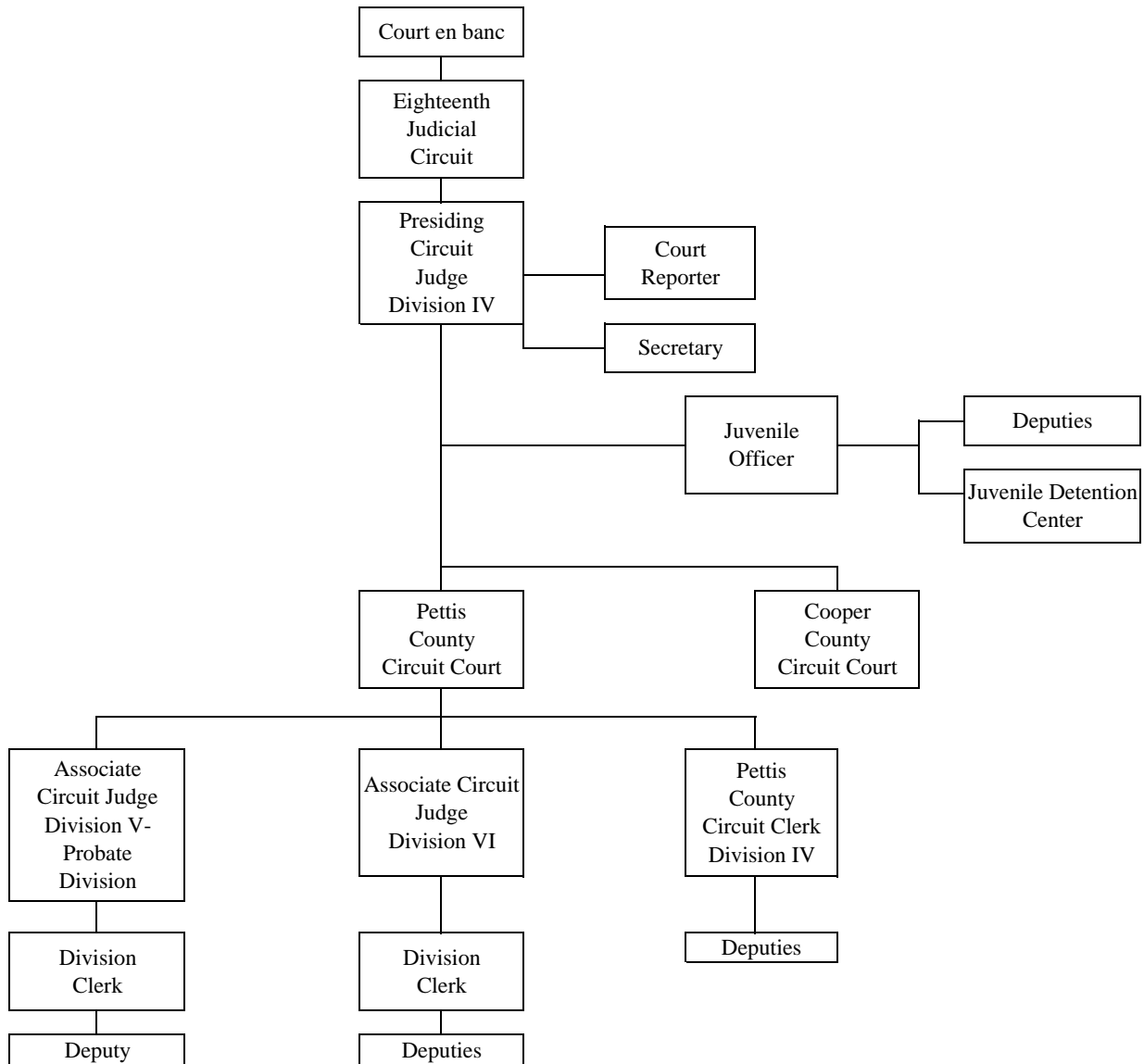
Elaine Bryson, Circuit Clerk

Maria Mittelhauser, Juvenile Officer

Carol (Naylor) Scott served as Juvenile Officer prior to December 1, 2001

An organization chart follows:

EIGHTEENTH JUDICIAL CIRCUIT
 PETTIS COUNTY, MISSOURI
 ORGANIZATION CHART
 DECEMBER 31, 2002





**STATEWIDE ADVANTAGE FOR MISSOURI -
HUMAN RESOURCES/PAYROLL (SAM II-HR) SYSTEM**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-19
March 9, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

March 2004

The following problems were discovered as a result of an audit conducted by our office of the Statewide Advantage for Missouri - Human Resources/Payroll (SAM II-HR) System.

The SAM II-HR system was fully implemented by the State of Missouri on April 1, 2001. We requested agencies to provide written documentation of their policies or procedures for segregation of duties between personnel and payroll functions. Only four of thirty-four agencies provided written documentation which demonstrated adequately segregated personnel and payroll functions or allowed for other compensating management controls when the segregation of duties was not possible. Fifteen agencies indicated they had implemented procedures to segregate duties but did not have a written policy. Additionally, state agencies are responsible for preparing internal control plans and submitting the plans to the Office of Administration (OA). These plans document an agency's internal control policies and procedures. We reviewed these internal control plans and noted that nineteen of thirty-four agencies had not submitted a plan as of June 2003. Most of the plans that were submitted did not provide for an adequate segregation of personnel/payroll duties.

In converting to the new SAM II-HR system, the state decided to implement a semi-monthly payroll cycle. Because the system calculates pay on the 15th and last day of the month, each pay period covers varying numbers of actual hours. However, to issue pay checks for salaried employees that do not vary in amount, the system assigns a standard number of work hours (86.7) to each pay period. The discrepancy between the 86.7 standard hours and the actual hours in the pay period incurs additional costs in administrative time to process the payroll. This added time and cost could be avoided if the state adopted a bi-weekly pay cycle rather than the current semi-monthly cycle.

The OA has four non-appropriated bank accounts outside the state treasury to facilitate processing payments to outside entities for various payroll deductions. Open items lists were not prepared and reviewed by supervisors. As a result, three accounts held funds that should have been disbursed to other entities in a more timely manner, including \$108,000 in the Earnings Tax account for processing fees withheld from payroll taxes collected on behalf of local (city) taxing authorities as well as interest earned on the bank balances between 1999 and 2002. Additionally, the Deferred Compensation account included approximately \$20,000 of interest earned between 1999 and 2002 that should have been disbursed in a more timely manner. These monies were due to the state's General Revenue Fund.

Our report also includes the results of surveys sent to user agencies regarding the efficiency and effectiveness of the SAM II-HR at the agency level.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

STATEWIDE ADVANTAGE FOR MISSOURI -
HUMAN RESOURCES/PAYROLL (SAM II-HR) SYSTEM

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Jacquelyn D. White, Commissioner
Office of Administration
Jefferson City, MO 65102

We have audited the SAM II-HR system which was fully implemented by the State of Missouri on April 1, 2001. The scope of this audit included, but was not necessarily limited to, the year ended December 31, 2002. The objectives of this audit were to:

1. Review certain internal and system controls to determine the propriety, efficiency, and effectiveness of those controls.
2. Review compliance with certain legal provisions.
3. Review certain management practices.
4. Survey applicable state departments to determine if they have any concerns with the SAM II-HR system and if it is adequately meeting their needs.

Our methodology to accomplish these objectives included reviewing applicable state and federal laws, written policies, financial records, and other pertinent documents and interviewing various personnel of the Office of Administration.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. We also performed tests of certain controls to obtain evidence regarding the effectiveness of their design and operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying Appendix is presented for informational purposes. This information was obtained from the state's management and was not subjected to the procedures applied in the audit of the SAM II-HR system.

The accompanying Management Advisory Report presents our findings arising from our audit of the SAM II-HR system.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

August 22, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Randy Doerhoff, CPA
In-Charge Auditor:	Gayle A. Garrison
Audit Staff:	Frank Verslues
	John Long

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

STATEWIDE ADVANTAGE FOR MISSOURI - HUMAN
RESOURCES/PAYROLL (SAM II-HR) SYSTEM
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1. Segregation of Personnel and Payroll Duties

We requested agencies to provide written documentation of their policies or procedures for segregation of duties between personnel and payroll functions. Only four of thirty-seven agencies (11 percent) provided written documentation which demonstrated adequately segregated personnel and payroll functions or allowed for other compensating management controls when the segregation of duties was not possible. Fifteen agencies (41 percent) indicated they had implemented procedures to segregate duties but did not have a written policy. We did not evaluate those agencies' procedures. As noted below, the segregation of duties for payroll depends on how agencies assign access rights to the SAM II-HR system and any manual control procedures at the agency level.

The SAM II-HR system data access controls require state agencies to assign system responsibilities to agency personnel and notify the Office of Administration (OA) of the duties assigned. OA establishes access rights for each employee as specified by the agency. The system has one level of input/update capability and, depending on the functional area and the Merit status of the state agency, three to five levels of agency approval within each personnel or payroll functional area. In Merit System agencies, OA-Division of Personnel retains the fourth and fifth approval levels for personnel transactions in certain functional areas. However, an employee with any level of approval will automatically supply or override all lower level approvals and also automatically has input/update capabilities in the system. As a result, employees with high levels of approval in multiple areas have a broad degree of authority and independence in the SAM II-HR system. The manner in which state agencies assign access and approval rights in SAM II-HR becomes a key factor in the segregation of personnel/payroll duties.

State agencies are responsible for preparing internal control plans and submitting the plans to OA. These plans document an agency's internal control policies and procedures. Adequate internal controls help to ensure that agencies comply with rules, regulations, and management objectives; safeguard state assets; and provide valid and accurate financial data. We reviewed these internal control plans and noted that nineteen of thirty-four agencies (44 percent) had not submitted a plan as of June 2003. Most of the plans that were submitted did not provide for an adequate segregation of personnel/payroll duties. Some plans did not include the payroll processing business cycle. At the time of our review, OA had not yet reviewed the agency internal control plans to determine if agencies had established adequate systems of controls for processing personnel and payroll data.

Due to the configuration chosen by the state for SAM II-HR system access controls, an agency would only be able to establish segregation of duties within SAM II-HR by: 1) assigning personnel and payroll functional areas to different employees or 2) restricting top approval levels for critical transactions to high-level management employees. However, these high-level management employees would still have complete access to process and approve all functions they have access to within SAM II-HR. Agencies who are not able to establish adequate segregation of duties using the access rights in SAM II-HR would have to implement segregation of duties outside the system, or establish management reviews or other controls.

WE RECOMMEND the Office of Administration require adequate internal control plans from state agencies which document policies and procedures to ensure an adequate segregation of personnel and payroll duties. In addition, OA should modify the SAM II-HR system access rights to allow for a more effective segregation of duties within the system and work with state agencies to educate and assist them in establishing any controls available within the system.

AUDITEE'S RESPONSE

As noted in the audit, a majority of agencies have submitted internal control plans. The OA has now received internal control plans from 88% (30 of 34) of the state agencies. Of the plans received, 77% (23 of 30) include elements of payroll and personnel controls. We will ask the state agencies who have not done so to document personnel and payroll duties in their internal control plans to ensure an adequate segregation of duties.

To our knowledge, no state agencies have established SAM II HR system access rights that exceed appropriate authority nor have issues with the segregation of payroll and personnel duties. The OA's research to date of the system configuration and functionality has not identified anything that indicates SAM II HR system access rights need to be modified.

2.	Payroll Cycle Processing
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In converting to the new SAM II-HR system, the state decided to implement a semi-monthly payroll cycle. The system was configured by the state to process pay periods that end on the 15th and last day of the month. The Fair Labor Standards Act and state compensatory (overtime) policies generally follow a 40 hour work week that ends on a specific day of the week or a certain number of hours in a 28 day period. These date parameters consistently prevent the ending dates of pay periods and FLSA/state compensatory time counting periods from coinciding. The date discrepancy also causes certain pay items to be held in suspense for one or more pay periods until a FLSA counting period ends and the value of overtime worked can be converted into overtime pay or banked in the employee's compensatory time records.

Because the system calculates pay on the 15th and last days of the month, each pay period covers varying numbers of actual hours. However, to issue pay checks for salaried

employees that do not vary in amount, the system assigns a standard number of work hours (86.7 hours) to each pay period which is based on 52 weeks of 40 hours each (2080 hours) divided by 24 pay periods. The discrepancy between the 86.7 standard hours and the actual hours in the pay period causes problems when calculating pay and leave for a salaried employee who has not been in pay status for the entire pay period. This discrepancy also complicates calculations for FLSA and state compensatory time. The state incurs additional costs in administrative time to process the pay items affected by the standard versus actual hour discrepancy.

This added time and cost could be avoided if the state adopted a bi-weekly pay cycle rather than the current semi-monthly cycle. The bi-weekly pay cycle would produce paychecks on a regular schedule of 80 hours, pay could be processed for actual hours worked rather than standard hours, and the FLSA and state compensation period ending dates would coincide with pay period ending dates.

WE RECOMMEND the Office of Administration convert the state to a bi-weekly payroll.

AUDITEE'S RESPONSE

The OA recommended and received approval from the Governor's Cabinet in August 2002 to proceed with plans for converting to bi-weekly payroll. Changing to bi-weekly payroll will require statutory changes, revisions to the Personnel Advisory Board rules and regulations, and reconfiguring SAM II HR system tables and processing schedules. The OA plans to convert to bi-weekly payroll when upgrading the SAM II HR system. The system upgrade will require additional appropriation from the legislature. Converting to bi-weekly pay in conjunction with the system upgrade is the most prudent and cost-effective approach.

3. Payroll Report Retention, Data Reviews, and System Edits
--

- A. The OA retains microfiche copies of various payroll reports and registers for regular pay cycles in accordance with needs for federal documentation; however, OA does not retain the same documents for supplemental payroll cycles. In addition, various reports are not archived for future reference but are deleted from the system after a few pay cycles.
- B. Some of the data reviews performed by the OA payroll staff were not efficient. The staff perform manual reviews of some large reports instead of extracting data from the system using an electronic sort or analysis to identify items of interest. Some electronic reports are so large that the staff have to manually eliminate data from the report to allow for efficient analysis of the desired data.
- C. The system does not perform edits for employees who are receiving deferred compensation fringe benefit contributions but are ineligible due to inadequate employee contributions during the pay period. We noted the system processed

4,673 deferred compensation contributions, totaling nearly \$60,000, for employees who had not made an appropriate personal contribution during the eighteen months ending June, 30, 2003. One employee received the state fringe benefit contribution during the entire 18 months but made no personal contributions.

- D. Although the system performs a basic edit on annual leave payout maximum, there are data entry scenarios that the system will not identify which could result in employees receiving annual leave payouts which exceed statutory maximums. We noted that twelve employees received annual leave payouts during calendar year 2002 which exceeded statutory maximums by 371 hours, combined. These excessive payouts cost the state about \$8,600.

WE RECOMMEND the Office of Administration:

- A. Revise report retention and data archiving policies to ensure full documentation of pay cycle processing.
 - B. Identify OA standard reporting needs and develop more efficient and effective methods for extracting data from the SAM II-HR system reports and data warehouse.
- C&D. Consider system edits or review procedures for identifying inappropriate deferred compensation fringe benefit contributions and annual leave payouts.

AUDITEE'S RESPONSE

- A. *The OA, Division of Accounting is now retaining appropriate reports for the supplemental payroll cycles. Data included in archived reports is available in the data warehouse.*
 - B. *The OA, Division of Accounting payroll staff is working towards more efficient and effective methods for extracting data for payroll analysis. The OA has been working with a subcommittee of the State Human Resources Management Council since August 2003 on other HR reporting and data analysis needs.*
- C&D. *We concur.*

4.**Non-Appropriated Bank Accounts**

The OA has four non-appropriated bank accounts outside the state treasury to facilitate processing payments to outside entities for various payroll deductions. We noted weaknesses in the monitoring and maintenance of those accounts.

A. Open items lists (lists of monies collected but not yet paid out) were not prepared and reviewed by supervisors. As a result, excessive and unnecessary account balances were maintained and three accounts held funds that should have been disbursed to other entities in a more timely manner.

- As of December 31, 2002, the balance of the Earnings Tax account included about \$108,000 that should have been disbursed in a more timely manner. The \$108,000 included processing fees which were withheld from payroll taxes collected on behalf of local (city) taxing authorities as well as interest earned on the bank balances between 1999 and 2002. The OA accountant prepared six disbursement checks totaling approximately \$28,000 between January 31, 2001 and July 30, 2001 to remit a portion of the withholdings and interest to the Missouri Director of Revenue. However, the OA failed to prepare the appropriate revenue document in SAM II financial or remit the checks to DOR for deposit into the state treasury. These monies were due to the state's General Revenue Fund.
- As of December 31, 2002, the balance of the Deferred Compensation account included approximately \$20,000 of interest earned between 1999 and 2002 that should have been disbursed in a more timely manner. These monies were also due to the General Revenue Fund.
- As of November 30, 2002, the balance of the Savings Bond account included three outstanding checks written between March 2000 and October 2001 totaling \$100 which should have been remitted to the Missouri State Treasurer for deposit in the Abandoned Fund.
- Unidentified balances (cash balances not identified as being owed to any specific entity) are maintained in three accounts. The unidentified balances in the Deferred Compensation account, the Savings Bond account, and the Cafeteria Plan account were approximately \$1,000 at December 31, 2002, \$5,466 at November 30, 2002, and \$140 at May 31, 2003, respectively.

Account balances should be monitored on a regular basis to ensure amounts due to other entities are remitted in a timely manner and to ensure that excessive or unidentified account balances are not maintained.

- B. The OA accountants reduced check register entries to zero or altered original entries on check stubs as checks were voided. As a result, the historical balances of the check registers were modified and no longer agreed to the bank reconciliations. The audit trail and ability to verify reconciliation procedures for these accounts was lost. Check register entries should not be modified after they are created to maintain an appropriate audit trail of account activity.

WE RECOMMEND the Office of Administration:

- A. Prepare monthly open items lists for all non-appropriated bank accounts and review the account balances to ensure that amounts due to other entities are remitted in a timely manner and that excessive or unnecessary account balances are not maintained.
- B. Eliminate the practice of modifying original check register entries for disbursement items as the disbursements are voided.

AUDITEE'S RESPONSE

The OA , Division of Accounting has implemented these recommendations.

5. Summary of Agency Surveys

As part of our audit, we distributed a survey to a representative of each of the 30 state agencies who participate in the Missouri Financial Management Advisory Committee which serves as an advisory committee to the Office of Administration and state agency administrators for the creation of policy related to a broad range of financial issues and the processing of financial transactions. We also requested the agency to forward a copy of the survey to other agency personnel that handled SAM II-HR processing. The purpose of our survey was to obtain information regarding policies established by agencies for internal controls as well as the efficiency and effectiveness of the SAM II-HR system at the agency level.

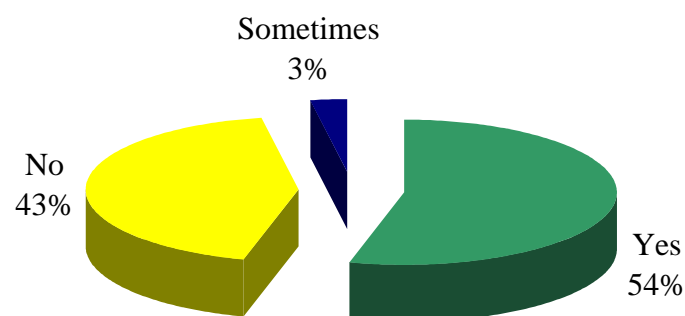
We received a response from all 30 agencies and each division within the Department of Public Safety responded, for a total of 37 responses. The surveys were completed by a wide range of users. For example, some surveys were completed by department executives detailing the experiences of the entire department, while other surveys were completed by agency personnel indicating views of their staff. The broad scope of survey responses provided us with an extensive review of all facets of the SAM II-HR system. The survey responses provided user perspectives as to the success of the SAM II-HR system, as well as problems the users are encountering.

We did not review the validity nor the significance of the responses and comments provided by the agencies in the surveys. The survey responses reflect the agencies' experience and knowledge of SAM II-HR. The responses provided by the agencies do

not represent the overall capabilities of the SAM II-HR system or the efficiency and effectiveness of the system taken as a whole. Although some of the agency concerns may direct attention to a system-wide issue, other concerns may be limited to an agency specific issue.

The following is a summary discussion of specific questions included in the survey and some positive and critical comments received regarding the SAM II-HR system.

A. Is access to historical SAM II-HR data adequate to meet your agency's needs?



Twenty agency users (54 percent) indicated access to SAM II-HR historical data was adequate to meet their needs and three of the respondents provided these additional comments:

- We have not had to look at any historical data yet. However, data that is needed on an ongoing basis is adequately organized and available.
- Our office has not had need to access historical data because we keep hard copies of records and don't need to access SAM II-HR historical data. However, we are able to access the day to day employee information we need with no problem.
- The information is probably adequate and available but very difficult and time consuming and confusing and not readily available to obtain from data warehouse or other sources. Staffs that have a good understanding of ACCESS can develop specialized reports using the back-end of the data warehouse, but most of the financial staff in the program units does not have the skills or training in ACCESS so that obtaining this information is difficult for them.

Seventeen agency users (46 percent) indicated access to SAM II-HR historical data was not always adequate to meet their needs and provided additional comments as shown below:

- SAM II-HR data warehouse is not user friendly.
- Our staff have had to write other reports that has required time and reduced efficiency. The “snapshot” nature of the data warehouse makes it difficult to get the same answer twice or to review historical data with much degree of dependability. Unless the person is working on report writing all the time, which we do not have staff to do this, it is difficult to have staff that stay up to date on report writing sufficient to provide good management reports. Due to budget cuts and reduced staffing, it is difficult to provide quick responses to surveys, reports, management data, etc.
- Data is not easily retrievable outside of a standard report.
- There is lots of data in the data warehouse, but sometimes it is challenging to access.
- Data warehouse information is difficult and time consuming to access.
- Gaining access to useful historical information is difficult and time consuming.
- The prior payroll system provided better information on year-to-date payroll by employee. We are not able to find the number of employees per pay period. We may not be able to find this data due to unfamiliarity with SAM II HR reports.
- We need data showing taxes withheld per pay period for uniform allowance paid each commissioned officer.
- Access to data is not always sufficient. Report systems are not sufficient, SAMII and MOBIUS reports have not been very helpful.
- We need more standard reports to summarize aggregate data.
- The state should provide more standardized reports for agencies to use. We have developed many reports for our own internal use. Several of these reports are used to review/track payroll and personnel transactions. Other reports provide useful HR information in summary format for our users. During implementation of SAM II HR, we participated, along with other state agencies, in a HR report “gap analysis”. This process identified the reports our agency needs and this information was then used to help

determine what standard reports that were to be provided by the state. Many of our needs were not met, and we used the results of our “gap analysis” to develop our own reports. We have presented information to the following groups: Statewide Human Resource Management Council (SHRMC), Information Technology Advisory Board (ITAB), and the Data Warehouse Users Group. We then provided documentation and reports language to all agencies that expressed an interest.

- We have lost some SAM II on-line data (paycheck and other detail information due to cost issues associated with keeping this information in SAM II for longer periods of time.)
- SAM II doesn't always go back far enough for historical requests that are made.
- We would like to be able to view information of former employees who have now gone to work for another state agency. We do not need the ability to make changes, but the ability to view past information would be helpful.
- When the system goes down to process payroll, there is no access to on-line data. Our old payroll system allowed continuous use even during payroll processing. These downtimes are both inconvenient and time-consuming as users are required to research hard-copy files or generate information from the data mart to obtain necessary employee information.
- We are always in need of basic historical data on all types of employment actions for staff. Archiving of payroll data limits the accessibility of looking up pay, deduction and history information.
- Employee data transfers when the employee transfers to another agency. The data applicable to the former agency should be available to that agency.
- It is very difficult to trace fringe benefit amounts when making an accounting adjustment (PACC modification) to change the fund an employee was paid out of if the change is for a portion of the payout instead of the entire payout.
- There is a lack of thorough, user-friendly audit trail in SAM II providing clear documentation as to what users made changes to the system. Inability to readily determine what changes on employee maintenance transactions have occurred (i.e., must compare fields on employee maintenance suspense transactions with current employee maintenance fields) leads to greater opportunity for errors in transactions and also

makes it more difficult to build appropriate interfaces to feed changes in employee information to other systems.

- Leave and other data should be sorted by the date of the leave or personnel action. Erroneous information is not removed when corrected.
- Enhancements would include, an improved employee service history view in the QEHS screen. The employee service history available on SAM II HR is not easy to read/review.
- The inability to see actual salary rates and job titles directly on employee maintenance screens creates opportunity for errors in processing and requires additional staff time to verify accuracy of data. Also, hard-prints of the windows are useless as an audit trail because the reader must know the codes to understand what transaction took place.
- The data may be sufficient, but we have our own internal system for historical information. We heard of issues other agencies were having accessing information and chose to continue to rely on our own system already in place.
- We download payroll information from the SAM II data warehouse to our data warehouse and have access to historical information from our own resources.
- The inability to generate reports directly from SAM II creates potential for inaccurate reporting and requires additional expense to develop and maintain a separate data mart.

B. Are there routine calculations or data entry items that your agency is required to provide to the SAM II-HR system which could or should be automated?



As indicated in the preceding chart, thirteen agencies (35 percent) make manual calculations for various items that they believe could be automated within SAM II-HR. The following summarizes comments from agencies.

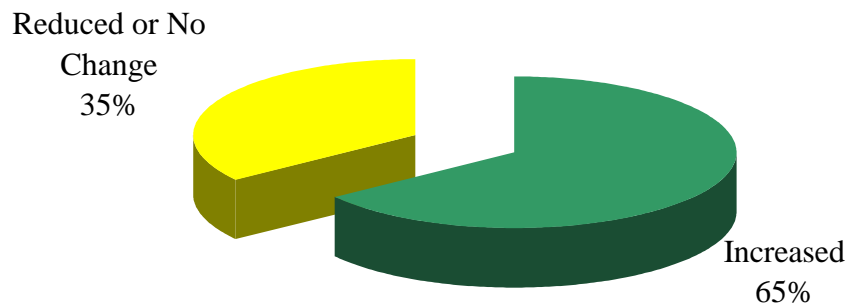
- Time data collection could be automated.
- Automate leave adjustments (facilitated by an automated comparison between the SAM II-HR balances and the agency balances. Adjustments would be calculated and interfaced back into SAM II-HR by the agency's external software.)
- Merging of time and leave entries into the system could be automated.
- We could interface time and leave transactions instead of manually entering each pay period.
- The employer benefit contribution does not stop automatically when an employee does not receive a payroll check. The agency has to manually stop the deductions. Agencies are required to notify OA of employer fringe benefit overpayments. Overpayments of employer fringe benefits could be reduced significantly if the system could be programmed to stop the employer fringe from being paid when the employee does not receive a payroll check. This process is performed approximately once per month in our agency.
- The system simply does not do simple edits like not paying fringe on people not receiving pay, you have to expire all deductions/fringe for those on leave without pay and then re-enter them all upon return.

- Enrollments and terminations for fringe benefits that apply to all employees in the agency should be automated to eliminate the numerous individual entries.
- When a person resigns or retires from the State, stop certain deductions.
- The system cannot track total service. The agency has to recalculate and edit dates in the system for breaks in service or leaves of absence so that deferred compensation match and increased leave accrual rates are not given before the employee should be eligible. So many things like these rely entirely on the payroll people to know they need to do these things and do them. Nothing would ever catch it if they don't.
- Automated tenure calculations would save approximately 40 hours per month.
- SAM II-HR should calculate leave progression.
- Some leave accruals and holiday time issues must be calculated manually. These do not occur frequently.
- SAM II-HR should ensure the employees on leave without pay do not get paid for holidays.
- Prorate pay when the employee is not in pay status during the entire pay period.
- As a non-table driven agency, any pay raises given by the Legislature must be hand entered for each employee. This could be set up to be automated.
- We would like to see automation of within grade salary increases.
- Address changes could be automated (by allowing employees to change their own address through a web based application).
- It would be helpful to be able to go to a single screen to find the hourly rate of pay for exception paid employees. Currently, you have to go to a screen to get a semi-monthly pay rate, multiply by 24, then divide by 2080 to get an hourly rate. Many transactions in the system (such as leave payoffs) are tied to an hourly rate, but there is not a screen that tells this rate without having to go through the calculations listed above.
- It would be helpful to have a screen with current labor distribution for the employee. Each employee is set-up with a labor profile on the system, but there are a number of ways that this profile is "overridden" and you can't

go to a specific screen and see where the employee was actually paid from.

- In order to more efficiently process payroll, an error message indicating that more flex hours were used than were worked during the employee's workweek would be very useful.
- If the system allowed more schedule variations, data entry time could be reduced. Alternative schedules, such as rotating weekends off, varying hours per day, or other scenarios that meet our business needs would be a definite enhancement.

C. Has SAM II-HR reduced or increased time or staff required to process payroll or personnel transactions?



Thirteen agencies (35 percent) indicated processing time has reduced, remained stable, or the effect on processing time is not known. The following summarizes comments from some agencies.

- The time reporting requirements for our department have not changed with the implementation of SAM-II HR. Overall, the time taken to process payroll and personnel transactions has not changed significantly.
- The effort has remained about the same overall. This may be because we continue to use the in-house time reporting system.

- I have always used SAM II-HR since I started this position.
- The effect on processing time is hard to say. Our Department has decentralized timekeeping and this makes it difficult to compare with before. Present HR staff have more SAM II-HR experience so we aren't able to accurately compare to "life before SAM II-HR." There may be more position control work for our agency in SAM II-HR. In our pre SAM II-HR systems much of this work was done by the Division of Personnel. Work is different now, not necessarily reduced or increased. It is also difficult to gauge work due to the difficulty of comparing work on a monthly payroll versus a semi-monthly payroll.
- The new system cut down on paper work.
- Opinions vary.
- The number of HR staff required has been reduced by ½ FTE. The Payroll department does not have to work overtime constantly to generate payroll as was required in the previous system.

Twenty-four agencies (65 percent) indicated processing time has increased. The following summarizes comments from the agencies.

- The time required to process payroll or personnel transactions is usually double the entry time as to when we had the PARS system.
- The SAM II-HR system has increased the time it takes to process payroll and personnel transactions.
- Prior to SAM II, one person took care of payroll and personnel transactions, and one other person tracked time and leave. Under SAM II, we have a total of four employees that work on SAM II. SAM II requires much more time to process payroll and personnel transactions.
- SAM II-HR is more labor intensive and time consuming for some processes.
- Extra staff had to be assigned to the HR offices to ensure that forms are processed timely.
- Twice a month pay has definitely increased the amount of time spent on payroll.
- Timekeeping has to be entered twice a month versus once a month when we had our in-house system.

- Twice a month payroll requires twice as much time to process and twice as much postage to mail.
- Processing time has increased due to the fact that we are processing time records twice monthly rather than once monthly.
- We are now processing two full pay periods per month.
- Processing payroll twice a month has added about 30% to the time required.
- SAM II HR has increased staff required to process payroll because we are performing functions that we used to do once a month, twice a month.
- Twice a month pay doubles the payroll processing.
- The twice a month data entry has increased time needed to process payroll.
- Time required for data entry has increased since time sheets are now submitted every two weeks.
- We are now required to enter individual leave transactions on SAM II-HR.
- The prior system did not require time and leave data entry.
- The reporting of leave time has definitely increased the amount of time spent on payroll.
- We hired an employee to maintain and submit information into SAM II-HR for time reporting.
- Entering the time for employees is more time-consuming than the previous system used.
- Processing time to enter time and leave transactions has increased especially for agencies that do not use an automated interface to import time and leave data into SAM II-HR.
- The additional labor hours across the organization in entering time and processing payroll transactions may exceed the savings in payroll and HR.
- Time and leave entering caused a need for additional staff only because of the short time frames established to meet deadlines.

- Entering leave data into the system is time consuming.
- Entries require multiple screens.
- Part of the problem is that the old system allowed all entries for employees' reductions and deductions be entered on one page – SAM II requires this to be done on separate computer screens for each and every transaction.
- The input time has been increased in a 24/7 operation due to the increased number of multiple screens needed to make appointments and keep updated with benefit information, training data, etc.
- SAM II-HR uses more screens.
- The SAM II-HR system is much more cumbersome than the pay system I used in private industry. There are several screens that could be consolidated. An example would be when hiring a new employee. There are about 9 or 10 different screens to input information into.
- Many transactions require access to multiple screens and moving between screens requires additional time. Displaying code names with the code numbers would reduce the time taken to verify that the code number is correct.
- The number of screens that must be accessed has increased with the new system.
- The code-driven nature of the system is not user-friendly. It is difficult to find information in the system because you have to know the names and codes of the windows. When the appropriate window is found, the user still has to use a code-find feature to find out what the codes on the windows mean. This is both frustrating and time-consuming for the user.
- It seems some tables could be condensed.
- The effective dating is very tricky and requires a lot of thought processes to get it right.
- Entering benefit deductions (i.e. health insurance, life insurance) is more detail oriented and time consuming. For example, any additional employer fringe benefit owed must be entered by the agency whereas that was not required with the previous payroll system.

- Manual entries at open enrollment for Cafeteria Plan and the high maintenance of keeping records correct with the effective dating issues that occur require additional time.
- The SAM II-HR system is more cumbersome. About one hour was needed to process a new employee in the old system but the new system requires several hours to process new employees.
- Staff time to enter employee personnel transactions has increased. Although we cannot quantify labor hours, users report the SAM-II HR system is much more cumbersome and difficult to use than our previous system.
- Processing and approval process for employee data maintenance takes longer than pre-SAM II. Staff have to wait for approval of initial employee maintenance data input before they can proceed to the additional four screens needed for new employees. All this information used to be entered on one form for approval at one time versus step-by-step processing. Waiting for the approvals before proceeding to the next action is taking longer to complete all that is needed for new employees because approvals are being processed a couple of days before deadline and then everything else has to be done in a rush; this includes the deduction process also since they cannot be entered until initial employee maintenance data is approved. Although the actual processing of a payroll requisition was done away with and has freed up some time because of SAM II-HR, other areas (deductions and employee maintenance) increased in processing time.
- We have to do a lot more entry and approval when setting up new employees.
- There are many manual processes required due to lack of automation.
- SAM II leave balance tracking appears to be inaccurate and requires that we continue to maintain our in-house manual tracking and reconciliation, resulting in having to go into SAM II and adjust employee's records on a routine basis.
- Necessary training sufficient to permit a person to input the data has increased and the sophistication with which the staff has to handle the system has increased the difficulty in recruitment and retention. The benefits received with "post" work payroll actions have been eroded with problems with the difficulty of the system. The learning curve on the system is enormous in facilities with multiple shifts, days off, variable shifts, rotating shifts, etc. It is not a big problem in office operations but the facility based services is where the problems are located. The

automatic nature of the payroll has caused several problems which have resulted in payroll errors and it is difficult to adjust payroll without causing delays to employees' pay, (e.g. overpayments and repayments).

- Codes are not intuitive, and entry has to be exact or the data is not accepted.
- The amount of time required to extract data from the data warehouse has increased overall processing time.

D. On a scale of 1 to 10 with 10 being the best, what is your overall level of satisfaction with SAM II-HR?

As indicated in the following table, a wide range of ratings was reported in response to this question. We calculated the average rating to be 6.14. While some respondents reported positive comments relating to specific SAM II-HR features, other respondents were critical of the same features.

Satisfaction Rating	Number of Responses	Percentage of Responses
2.0	1	3%
3.0	1	3%
4.0	4	11%
4.5	2	5%
5.0	7	19%
6.0	3	8%
7.0	9	24%
8.0	8	22%
8.5	2	5%

The following comments indicate that some users are progressing well with the SAM II-HR system and others are struggling. The rating provided by the respondent is shown at the end of each comment.

- The SAM II-HR system works well and we have very few payroll problems. The timekeeping function is the most time consuming as we do manual entry of leave. (Rating - 8.0)
- SAM II-HR is a definite improvement over the previous payroll system. However, the agency's personnel officer rated this system at a 5 because of the standard hours issues and because processing time has increased. The personnel officer would like to go to a two week pay cycle to avoid the complicated standard hours issues. (Rating - 8.0)
- SAM II-HR combines several functions that were previously processed in several different systems. By virtue of a centralized system, significant

efficiencies have been realized. Previously, our department used multiple personnel, payroll, accounting, leave balance, and compensatory time tracking systems to manage our human resources functions. Although there are various improvements that can/should be made to SAM II-HR, it is an improvement. (Rating - 7.0)

- SAM II-HR is a very complex system and we now have access to significant amounts of data. The problem is running reports from the data warehouse because we have not been trained well enough to be confident in our end results. (Rating - 7.0)
- Standardized reports should be established and maintained to provide monthly leave balances, pay increases/reductions for a certain time period, and other monthly reconciliation reports used by all agencies. (Rating - 6.0)
- The system cannot meet every agency's needs. The reporting structure is less than desirable. (Rating - 5.0)
- The system does not accommodate employees on a 28-day Fair Labor Standards Act cycle very well so we maintain a separate automated time reporting system for those employees. (Rating - 5.0)
- We could use more standardized reports. Non-standard reports need to be easier to get out of SAM II-HR without being an expert on database queries. OA and agencies need to share developed reports so each agency does not have to re-invent the wheel. (Rating - 4.5)
- The code-driven nature of the system is not user-friendly. It is difficult to find information in the system because you have to know the names and codes of the windows. When the appropriate window is found, the user still has to do code-find feature to find out what the codes on the windows mean. This is both frustrating and time-consuming for the user. The inability to generate reports directly from SAM II-HR creates potential for inaccurate reporting and requires additional expense to develop and maintain a separate data mart. The inability to see actual salary rates and job titles directly on the Employee Status Maintenance Table (ESMT) creates opportunity for errors in processing and requires additional staff time to verify accuracy of data. Also, hard-prints of the windows are useless as an audit trail because the reader must know the codes to understand what transaction took place. There is a lack of thorough, user-friendly audit trail in SAM II-HR providing clear documentation as to what users made changes to the system. When the system goes down to process payroll, there is no access to on-line data. Our old payroll system allowed continuous use even during payroll processing. These downtimes are both inconvenient and time-consuming as users are required to

research hard-copy files or generate information from the data mart to obtain necessary employee information. Inability to readily determine what changes on ESMT transactions have occurred (i.e., must compare fields on ESMT suspense transactions with current ESMT fields) leads to greater opportunity for errors in transactions and also makes it more difficult to build appropriate interfaces to feed changes in employee information to other systems. (Rating - 4.5)

- The biggest problems with SAM II-HR are caused by the 86.7 standard pay period hours. Our time clock system is becoming outdated and the agency will have to decide to update it or use SAM II-HR. We could use SAM II-HR if there were two week pay periods instead of semi-monthly pay periods. (Rating - 4.0)
- The semi-monthly pay cycle is incompatible with the SAM II-HR standard operating system resulting in inconsistencies in pay calculations. The difference in standard vs. actual hours in a pay period has forced us to manipulate our own leave of absence without pay policy. Benefit deduction entries are more complicated than under the previous payroll system. We use the SAM II-HR data warehouse infrequently and as a last resort when running reports. We are able to gather information from our internal system. It is probably a lack of experience in using the data warehouse that makes using it frustrating, but it seems like it is very difficult to pull the information out of the data warehouse. On a positive note, there is a wealth of information readily available through SAM II-HR, and it is easy to access most information utilizing the SAM II-HR desktop screens. (Rating - 4.0)
- The SAM II-HR system has created more work for employees and generates more paper. Under the prior system, we had one employee taking care of payroll and had no problems in the 17 years I have been involved in the personnel process. We now have 4 employees who routinely are involved with processing SAM II-HR payroll and human resources transactions. Under this system, I personally spend approximately 6 hours per week on SAM II-HR payroll processing. Under the prior system, I spent no time on payroll processing – it was all handled by a subordinate. SAM II-HR has also generated more paperwork for our field employees. Field employees create time sheets which are faxed to supervisors and then to general headquarters. This generates a mound of paper (a stack approximately 12 inches thick for each pay period). The cost for the extra paper generated and the long distance fax charges are not saving the state any money. SAM II-HR was supposedly implemented to keep accurate leave accumulation and use records for employees. It has not done so. We continuously have to reconcile our employees' leave amounts and enter corrections into SAM II-HR. Usually within one pay period, these totals do not reconcile with our records. The

SAM II-HR computer program is not user friendly. It is very complicated and requires knowledge of numerous entry codes. (Rating - 3.0)

WE RECOMMEND the Office of Administration work with state agencies to determine the validity and significance of these concerns and develop appropriate cost-effective solutions.

AUDITEE'S RESPONSE

During implementation of the SAM II HR system, the SAM II Steering Committee (which was comprised of executive managers from all state agencies) actively participated in decisions regarding the design and configuration of the system and related statewide policies and procedures. Since implementation of the SAM II system, the OA has been communicating and seeking input from state agencies through the Financial Management Advisory Committee, the State Human Resources Management Council, and the SAM II Data Warehouse Users Group. We have implemented recommendations from state agencies when feasible and when resources are available to do so. Some of the recommendations expressed in the agency responses are contingent upon upgrading the SAM II HR system and converting to bi-weekly pay.

APPENDIX

Appendix

STATE OF MISSOURI COMPARATIVE SCHEDULE OF TAXABLE WAGES BY DEPARTMENT YEAR ENDED DECEMBER 31, 2002

Department	Number of Forms W-2	Total Taxable Wages
Elected Officials	2,042	\$ 51,973,414
Judiciary	4,778	138,204,673
Office of Administration	1,173	32,624,463
Department of:		
Agriculture	1,358	11,824,575
Conservation	2,374	55,924,853
Corrections	13,224	285,107,133
Economic Development	1,695	42,454,344
Elementary and Secondary Education	2,933	61,599,555
Health and Senior Services	2,317	64,514,818
Higher Education	91	2,972,760
Insurance	235	8,660,813
Labor and Industrial Relations	1,249	36,518,550
Mental Health	13,293	254,050,029
Natural Resources	2,729	59,138,709
Public Safety	5,985	129,720,021
Revenue	2,690	55,654,258
Social Services	10,825	243,794,305
Transportation	8,014	218,616,471
Totals	<u>77,005</u>	<u>\$ 1,753,353,744</u>



**REVIEW OF INDEPENDENT AUDITS OF
FIRE PROTECTION DISTRICTS
IN GREENE COUNTY**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-18
March 8, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

March 2004

IMPORTANT: The annual review of audits of fire protection districts in Greene County has been completed. This review covered reports for the years ended December 31, 2002 that were required to be submitted to the State Auditor's office within six months after the year end.

State law requires Greene County fire protection districts with revenues in excess of \$50,000 annually to cause an audit to be performed on a biennial basis. For those districts with annual revenues of less than \$50,000, the State Auditor may exempt the district from the audit requirement if the appropriate reports are filed.

For those districts for which an audit is required, the district must file a copy of the completed audit report and management letter with the State Auditor within six months after the close of the fiscal year.

The State Auditor's Office accepted all seven of the twelve districts' audit reports that were required for the year(s) ended December 31, 2002. One other district submitted unaudited financial statements.

This report includes information about the districts' revenues, expenditures, and balances, and summarizes comments made by the various districts' independent auditors including recommendations for improving accountability and management of finances.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION
DISTRICTS IN GREENE COUNTY

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Members of the General Assembly
and
Boards of Directors of Fire Protection
Districts in Greene County

Fire protection districts in Greene County are required by Section 321.690, RSMo 2000, to be audited. We have conducted a review of these independent audits of the fire protection districts in Greene County. The objectives of this review were to:

1. Evaluate the impact of, and the districts' compliance with, statutory audit requirements and State Auditor's regulations on the effectiveness of financial reporting and auditing for fire protection districts in Greene County.
2. Notify the various fire protection districts and independent auditors of any specifically identifiable reporting deficiencies that should be considered and corrected in future audit reports.
3. Summarize and evaluate the financial data presented for the various fire districts, and any comments for improvements made by the independent auditors.

Our review was limited to the specific matters described above and was based on selective procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The State Auditor's office has reviewed fire protection districts' audit reports for several years and noted many improvements. It appears that the fire protection districts, on the whole, are working to improve the quality of their financial reporting. The format of this report includes an executive summary and a scope and methodology section describing what work was performed. We solicit from the readers of this report any suggestions for changes or requests for other new information that may benefit those involved with the Greene County fire protection districts.

While the State Auditor will continue to review the CPA audits and correspond with districts, future reporting of such information will be done on a biennial basis beginning with the years ended December 31, 2003 and 2004.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire C. McCaskill
State Auditor

October 30, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Donna Christian, CPA
In-Charge Auditor:	Ted Fugitt, CPA

EXECUTIVE SUMMARY

REVIEW OF INDEPENDENT AUDITS OF
FIRE PROTECTION DISTRICTS
IN GREENE COUNTY
EXECUTIVE SUMMARY

Section 321.690, RSMo 2000, requires all fire protection districts in Greene County with revenues in excess of \$50,000 annually to cause an audit to be performed on a biennial basis. For those districts with annual revenues of less than \$50,000, the State Auditor may exempt the district from the audit requirement if the appropriate reports are filed. Based upon the financial statement filed, the West Republic Fire Protection District had annual revenues of less than \$50,000, therefore it was exempted from the audit requirement.

For those districts for which an audit is required, the district must file a copy of the completed audit report and management letter with the State Auditor within six months after the close of the fiscal year. The audit reports and management letters are reviewed to determine that they are prepared according to guidelines contained within the Code of State Regulations (CSR) (Section 15 CSR 40-4). Any weaknesses noted during the review are communicated to the districts by letter. Should the weaknesses be of a serious enough nature to require the report to be amended, the district is granted a ninety-day period from the date of notification by the State Auditor to correct the report. The State Auditor accepted all seven of the audit reports that were received for the year(s) ended December 31, 2002.

Some instances of non-compliance were noted during our review of the fire protection districts' audit reports. The problems noted included, failure to submit an audit report to the State Auditor's office (SAO) by the required date, failure to submit engagement letters to the SAO prior to the commencement of audit fieldwork, and failure to include some needed comments and recommendations in management letters.

One of the seven audit reports was received after the June 30, 2003, statutory deadline. This was the audit report for the Fair Grove Fire Protection District which was received October 14, 2003. Fire district board members should continue to ensure that audits are completed and submitted by the statutory deadline.

We reviewed the relationship of the General Fund balance at December 31, 2002 to the year's expenditures for the districts receiving an audit for the year(s) ended December 31, 2002. The financial status of the Greene County Fire Protection Districts has remained fairly consistent over the past several years. Two districts, Brookline and Willard, had fund balances greater than one year's cost of operations. Willard has maintained a year end General Fund balance greater than one year's cost of operations for the three previous years. The fire districts must continue to evaluate the propriety of their tax levies to ensure that excess revenues are not being received and accumulated.

The fire protection districts are continuing to add to their capital structure in land, buildings and equipment each year. The Battlefield Fire Protection District showed the largest increase in general fixed assets with the addition of over \$700,000 to land and buildings. Assessed

valuations for the districts continue to increase and tax rates remained steady from 2001 to 2002 with no voter approved increases in levies.

Independent auditors made specific recommendations to improve the overall management of the fire districts. Recommendations included concerns regarding expenditures, budgets, donation of property, accounting records and various other policies and procedures. Each fire district should review all recommendations and the applicability to their individual district. Consideration should be given by individual districts to have their independent auditor review any areas where risk and citizen concern may be evident.

SCOPE AND METHODOLOGY

REVIEW OF INDEPENDENT AUDITS OF
FIRE PROTECTION DISTRICTS
IN GREENE COUNTY
SCOPE AND METHODOLOGY

Scope

At December 31, 2002, there were twelve fire protection districts in Greene County. Audit reports and financial statements have been received as follows:

1. The Battlefield, Ebenezer, Logan-Rogersville, Strafford, and Willard Fire Protection Districts obtained audits for the year ended December 31, 2002. The Brookline and Fair Grove Fire Protection Districts obtained audits for the two years ended December 31, 2002.
2. The Ash Grove, Bois D'Arc, and Pleasant View Fire Protection Districts have not been required to receive an audit in the past as annual revenues have not exceeded \$50,000. However, each of these districts did have revenues exceeding \$50,000 for the year ended December 31, 2002 and plan to obtain audits for the two years ended December 31, 2003. The Walnut Grove Fire Protection District received an audit for the two years ended December 31, 2001 and plans to obtain one for the two years ended December 31, 2003. No information is presented in this report for these four districts for the year ended December 31, 2002.
3. The West Republic Fire Protection District was not required to obtain an audit. Information presented in this report was obtained from unaudited information provided by the district.

During our review we: 1) considered Section 321.690, RSMo 2000 (Appendix A), 15 CSR 40-4 (Appendix B), and audit reports submitted to the State Auditor by the various fire districts for the year(s) ended December 31, 2002, 2) reviewed the supporting working papers of various independent auditors' reports for the year(s) ended December 31, 2002, (information contained in the working papers constitutes the principal record of work the auditor has accomplished and provides evidence for conclusions that he has reached concerning significant matters), 3) obtained audit fees for fire districts receiving audits through inquiry of the independent auditors performing the audits, and 4) reviewed unaudited financial information provided by the West Republic Fire Protection District. In addition, financial data for the year ended December 31, 2001, has been presented for comparative purposes.

Methodology

We compiled the following schedules to accomplish the objectives of this report:

- Schedule 1 presents revenues, expenditures, and fund balance for the General Funds in a combined format. The General Fund is the general operating fund of the district and is used to account for all operating resources. In analyzing this schedule, some disparity will result

due to the different methods of presenting essentially the same information. Reasons for some problems in comparison are as follows. The financial statements of the Battlefield, Brookline, Ebenezer, Fair Grove, Logan-Rogersville, Strafford, and Willard Fire Protection Districts are presented on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized in the fiscal period in which they become available and measurable. Expenditures are recognized in the fiscal period in which the related liability is incurred. The financial statements of the Ash Grove, Bois D'Arc, Pleasant View and West Republic Fire Protection Districts are presented on a cash basis of accounting. The ending balances represent cash balances. Revenues are recognized when received in cash and expenditures are recognized when disbursed in cash. The financial statements of the Walnut Grove Fire Protection District are presented on a modified cash basis of accounting and include the general fixed asset balance in the general operating fund of the district. Under this basis of accounting and financial statement presentation, the ending balances represent cash balances plus general fixed asset balances, net of liabilities. Revenues are recognized when received in cash, and expenditures are recognized when paid in cash.

- Schedule 2 presents the general fixed asset balances of the districts at December 31, 2002, with comparative totals of general fixed assets at December, 31 2001. Only three of the districts, Brookline, Logan-Rogersville and Walnut Grove, record depreciation on assets. Therefore for purposes of comparability, amounts on Schedule 2 are shown at cost or estimated value. Presented are only the fire protection districts that obtained an audit for 2001 or 2002.
- Schedule 3 presents the assessed valuations of the individual fire protection districts as well as tax levies as submitted by the districts to the State Auditor's office.
- Schedule 4 is a listing of the audit fees for each fire protection district receiving an audit. This information was obtained through inquiry of the independent auditors who performed the audits.
- Schedule 5 is a listing of total compensation and expense reimbursement paid to directors by each district audited. The districts' independent audit reports included the names of the principal officeholders during the year ended December 31, 2002 and 2001, and the compensation and expense reimbursement received by each official in the performance of his or her duty as established by Section 321.190, RSMo 2000. However it was unclear whether the audit reports for the Strafford and Willard Fire Protection Districts included expense reimbursement to directors. The districts have three-member boards of directors, except for the Brookline, Logan-Rogersville and Willard Fire Protection Districts which have five-member boards. When more than three or five names were listed, it was due to a change in the officials serving on the board.
- Schedule 6 is a summary of the various comments contained in the independent auditor's reports on compliance and internal control and in the management letters received by the State Auditor. These comments apply to individual fire protection districts unless otherwise noted. The comments extracted from the reports and management letters were not verified

by the State Auditor's office via additional audit procedures for accuracy, validity, or completeness.

Limitations

Some data presented in the schedules was compiled from information submitted by the various fire districts and their independent auditors and was not verified by us via additional audit procedures. In analyzing these schedules, some disparity will result due to the different methods of presenting essentially the same information.

SCHEDULES

Schedule 1

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN GREENE COUNTY
COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES, AND BALANCES

District	Year Ended December 31,						
	2001			2002			
	Beginning Balance	Revenues	Expenditures	Ending Balance	Revenues	Expenditures	Ending Balance
Ash Grove	\$ 2,839	48,418	47,454	3,803		*	
Battlefield	1,404,946	832,539	970,688	1,266,797	857,330	1,266,890	857,237
Bois D'Arc	1,193	28,990	28,266	1,917		*	
Brookline	198,055	537,886	549,160	186,781	200,127	149,412	237,496
Ebenezer	91,463	207,839	110,086	189,216	205,450	199,942	194,724
Fair Grove	67,768	109,480	109,575	67,673	163,682	132,057	99,298
Logan-Rogersville	482,146	557,067	532,026	507,187	648,047	583,040	572,194
Pleasant View	0	43,457	43,487	(30)		*	
Strafford	186,389	193,224	165,884	213,729	240,648	230,415	223,962
Walnut Grove	90,357	75,013	62,037	103,333		*	
West Republic	12,667	47,436	52,662	7,441	45,517	15,024	37,934
Willard	326,952	267,775	238,514	356,213	250,160	205,395	400,978
	\$ 2,864,775	2,949,124	2,909,839	2,904,060	2,610,961	2,782,175	2,623,823

* District plans to obtain an audit for the two years ended December 31, 2003.

Schedule 2

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN GREENE COUNTY
 SCHEDULE OF GENERAL FIXED ASSETS

District	December 31, 2002			December 31, 2001
	Land and Buildings	Furniture and Equipment	Total	Total
Battlefield	\$ 2,244,655	1,612,036	3,856,691	3,154,788
Brookline	190,370	607,177	797,547	774,955
Ebenezer	158,380	354,687	513,067	468,454
Fair Grove	113,428	347,182	460,610	451,923
Logan-Rogersville	991,638	1,459,022	2,450,660	2,416,553
Strafford	280,083	529,066	809,149	751,733
Walnut Grove			*	257,484
Willard	317,590	976,906	1,294,496	1,288,098
	\$ 4,296,144	5,886,076	10,182,220	9,563,988

* District plans to obtain an audit for the two years ended December 31, 2003.

Schedule 3

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN GREENE COUNTY
COMPARATIVE SCHEDULE OF ASSESSED VALUATIONS AND TAX LEVIES
YEARS ENDED DECEMBER 31, 2002 AND 2001

District			Tax Levy Per \$100 of Assessed Valuation	
	Assessed Valuation		General	
	2002	2001	2002	2001
Ash Grove	\$ 19,305,949	19,264,697	0.2558	0.2521
Battlefield	315,105,420	299,940,846	0.2611	0.2611
Bois D'Arc	16,347,459	15,997,681	0.3853	0.3853
Brookline	69,549,771	66,062,605	0.2593	0.2575
Ebenezer	73,815,528	72,845,897	0.2933	0.2919
Fair Grove	41,877,818	40,770,748	0.1820	0.1800
Logan-Rogersville	244,322,365	223,607,618	0.2539	0.2523
Pleasant View	23,000,500	22,560,650	0.3000	0.3000
Strafford	84,266,743	73,819,475	0.2498	0.2498
Walnut Grove	27,507,008	26,813,755	0.2929	0.2929
West Republic	17,318,071	17,123,173	0.2657	0.2645
Willard	89,101,370	88,181,588	0.2641	0.2573

Schedule 4

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN GREENE COUNTY
SCHEDULE OF FEES FOR AUDIT SERVICES

District	Audit	
	Fees	
Battlefield	\$ 4,750	*
Brookline	3,350	**
Ebenezer	1,559	*
Fair Grove	4,000	**
Logan-Rogersville	4,950	*
Strafford	2,300	*
Willard	3,400	*

* Audit was for the year ended December 31, 2002.

** Audit was for the two years ended December 31, 2002.

Schedule 5

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN GREENE COUNTY
SCHEDULE OF COMPENSATION PAID TO DIRECTORS BY DISTRICT

District	2002	2001
Battlefield	\$ 6,500	\$ 5,684
Brookline**	530	93
Ebenezer	0	0
Fair Grove**	0	73
Logan-Rogersville**	6,075	5,625
Strafford	4,200	10,350
Walnut Grove**	*	4,655
Willard	0	0

* The district plans to obtain an audit for the two years ended December 31, 2003.

** Includes expense reimbursements.

Schedule 6

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN GREENE COUNTY SUMMARY OF MANAGEMENT LETTER COMMENTS ISSUED BY AUDITORS IN CONNECTION WITH THE AUDITS OF THE YEAR(S) ENDED DECEMBER 31, 2002

Expenditures/Purchasing

- There was not a formal written bid policy.
- Expenditures were made for Christmas gifts and decorations which represented use of taxpayer funds for purposes outside the normal course of fire protection.

Budgets

- In two districts the budget did not contain all of the required components as specified by Chapter 67 RSMo.
- Three districts had actual expenditures which exceeded budgeted expenditures.

Donation

- Used equipment belonging to a district was donated to another fire district rather than being sold and the proceeds being used to benefit the district that owned the equipment.

Accounting Records and Procedures

- 1099's were not issued in applicable circumstances as required by federal law.
- Interim financial statements did not report cash and certificate of deposit balances.
- There was a lack of segregation of duties for four districts.
- Board approval for the renewal of certificates of deposit was not documented in the minutes.

APPENDICES

Missouri Revised Statutes

**Chapter 321
Fire Protection Districts
Section 321.690**

Audits to be performed, when--rules established by state auditor (Christian County fire protection districts exempt from audits).

321.690. 1. In counties of the first classification having a charter form of government and having more than nine hundred thousand inhabitants and in counties of the first classification which contain a city with a population of one hundred thousand or more inhabitants which adjoins no other county of the first classification, the governing body of each fire protection district shall cause an audit to be performed consistent with rules and regulations promulgated by the state auditor.

2. (1) All such districts shall cause an audit to be performed biennially. Each such audit shall cover the period of the two previous fiscal years.

(2) Any fire protection district with less than fifty thousand dollars in annual revenues may, with the approval of the state auditor, be exempted from the audit requirement of this section if it files appropriate reports on its affairs with the state auditor within five months after the close of each fiscal year and if these reports comply with the provisions of section 105.145, RSMo. These reports shall be reviewed, approved and signed by a majority of the members of the governing body of the fire protection district seeking exemption.

3. Copies of each audit report must be completed and submitted to the fire protection district and the state auditor within six months after the close of the audit period. One copy of the audit report and accompanying comments shall be maintained by the governing body of the fire protection district for public inspection at reasonable times in the principal office of the district. The state auditor shall also maintain a copy of the audit report and comment. If any audit report fails to comply with the rules promulgated by the state auditor, that official shall notify the fire protection district and specify the defects. If the defects specified are not corrected within ninety days from the date of the state auditor's notice to the district, or if a copy of the required audit report and accompanying comments have not been received by the state auditor within six months after the end of the audit period, the state auditor shall make, or cause to be made, the required audit at the expense of the fire protection district.

4. The provisions of this section shall not apply to any fire protection district based and substantially located in a county of the third classification with a population of at least thirty-one thousand five hundred but not greater than thirty-three thousand.

(L. 1977 H.B. 216, A.L. 1981 S.B. 200, A.L. 1986 H.B. 877, A.L. 1991 S.B. 34, A.L. 1993 H.B. 177 and S.B. 346, A.L. 1998 H.B. 1847)

**Rules of
Elected Officials
Division 40—State Auditor
Chapter 4—Audits of Fire Protection Districts
in St. Louis and Greene Counties**

Title	Page
15 CSR 40-4.010 Requirements for Districts	3
15 CSR 40-4.020 Standards for Auditing and Financial Reporting	3
15 CSR 40-4.030 Contents of Audit Reports	3
15 CSR 40-4.040 Scope of Audit	4

Title 15—ELECTED OFFICIALS**Division 40—State Auditor
Chapter 4—Audits of Fire Protection
Districts in St. Louis and Greene
Counties****15 CSR 40-4.010 Requirements for Dis-
tricts**

PURPOSE: The state auditor has authority to establish standards and reporting requirements for audits performed on fire protection districts in St. Louis and Greene Counties. This rule sets forth requirements to be met directly by the district.

(1) The district is responsible for preparing and providing financial information to be included in the audit report. The district shall maintain adequate accounting records for that purpose. These records may be maintained on the bases of accounting deemed appropriate by the district but the records shall provide adequate information to allow the district to report in accordance with generally accepted accounting principles.

(2) The district shall engage an independent auditor to conduct the audit. The state auditor does not recommend, select or approve the district's auditor or the auditor's fee, except as provided in 15 CSR 40-4.010(4). The district is responsible for fulfilling all contractual obligations with the auditor, including payment of all earned fees.

(3) The district shall require from the independent auditor an engagement letter which sets out all essential particulars. A copy of the engagement letter shall be submitted to the state auditor for his/her review before commencement of audit fieldwork. The purpose of this review is to provide reasonable assurance that the district has contractually committed an auditor to provide services to satisfy requirements of 15 CSR 40-4. The contents of this letter should include, but are not limited to:

(A) Period for which the financial statements are audited;

(B) Purpose of the audit;

(C) Scope of the audit, including consideration of the internal control structure and tests of compliance with applicable laws and regulations;

(D) Provisions that the auditor will communicate, in writing, to the district material weaknesses or reportable conditions in the internal control structure, instances of non-compliance with applicable laws and regulations and other areas of possible improvement;

(E) Provision that all workpapers, etc., will be made available to the state auditor for his/her review upon his/her request;

(F) Provision that the auditor will comply with applicable rules issued by the state auditor under 15 CSR 40;

(G) Provision that the auditor will discuss with the district any factors s/he may discover which would prevent him/her from issuing an unqualified opinion on the financial statements and allow the district and the auditor the opportunity to arrive at a resolution acceptable to both;

(H) Statement of the auditor's responsibility for detection of errors, irregularities and illegal acts; and

(I) The estimated cost of the audit and the rates which are the basis for that estimate.

(4) The district must file a copy of the completed audit report with the state auditor within six (6) months after the close of the audit period. If any audit report fails to comply with promulgated rules, the state auditor will notify the district and specify the defects. If the specified defects are not corrected within ninety (90) days from the date of the state auditor's notice to the district, or if a copy of the required audit report has not been received by the state auditor within the specified time, the state auditor will make, or cause to be made, the required audit at the expense of the district.

*Auth: section 321.690, RSMo (Cum. Supp. 1993). * Original rule filed May 12, 1978, effective Sept. 11, 1978. Amended: Filed Dec. 2, 1985, effective Feb. 13, 1986. Amended: Filed June 14, 1994, effective Nov. 30, 1994.*

**Original authority 1977, amended 1981, 1986, 1991, 1993.*

**15 CSR 40-4.020 Standards for Auditing
and Financial Reporting**

PURPOSE: The state auditor has authority to establish standards and reporting requirements for audits performed on fire protection districts in St. Louis and Greene Counties. This rule sets forth standards for the auditing and financial reporting of the district.

(1) The independent auditor shall meet all requirements of Chapter 326, RSMo. The auditor must be able to demonstrate that s/he meets the independence criteria contained in the code of professional ethics and rules of conduct promulgated by the Missouri State Board of Accountancy.

(2) The independent auditor shall provide to the state auditor reasonable notification of any entrance or exit conferences held with the district. This notification shall be sufficiently

in advance to allow the state auditor to attend the entrance or exit conference at his/her discretion. Upon request, the independent auditor shall provide a draft copy of the audit report and management letter to the state auditor prior to the exit conference.

(3) The audit shall conform to the standards for auditing of governmental organizations, programs, activities and functions as established by the comptroller general of the United States.

(4) The financial statements, supplementary data and accompanying notes shall be presented in conformity with generally accepted accounting principles.

*Auth: section 321.690, RSMo (Cum. Supp. 1993). * Original rule filed May 12, 1978, effective Sept. 11, 1978. Amended: Filed Dec. 2, 1985, effective Feb. 13, 1986. Amended: Filed June 14, 1994, effective Nov. 30, 1994.*

**Original authority 1977, amended 1981, 1986, 1991, 1993.*

**15 CSR 40-4.030 Contents of Audit
Reports**

PURPOSE: The state auditor has authority to establish standards and reporting requirements for audits performed on fire protection districts in St. Louis and Greene Counties. This rule describes required and suggested information to be included in the audit reports.

(1) Standards for auditing and financial reporting of fire protection districts are given in 15 CSR 40-4.020.

(2) All audit reports shall contain:

(A) A table of contents;

(B) A report on the financial statements;

(C) Combined financial statements and appropriate note disclosures;

(D) Other financial information which includes, but is not limited to, the following:

1. Supplemental schedule of expenditures/expenses by object, if not included in the financial statements;

2. Tax rates and assessed valuation;

3. Schedule of insurance in force which shall include, in addition to other information, the agent for each policy; and

4. Principal officeholders who held office during the period under audit, compensation received by each official in performance of his/her duty and all other compensation or reimbursement of expenses made by the district to each officeholder; and



(E) A report on the consideration of the internal control structure, a report on the tests of compliance with applicable laws and regulations and a management letter communicating areas of possible improvement not otherwise reported. The required scope of audit for the reports and management letter is set forth in 15 CSR 40-4.040(3). The reports and management letter shall include the findings and recommendations, if any, which the auditor developed during his/her audit and the district's responses to those findings and recommendations. The reports and management letter shall also indicate the nature of previous recommendations and the extent to which the district has implemented those recommendations.

(3) If the district or the auditor deems it appropriate, audit reports may contain or utilize the following:

(A) A history and organization section prepared by the district (unaudited);

(B) Comparative financial data for one (1) or more years; and

(C) Other statements, exhibits, schedules or analyses as deemed necessary or appropriate by the district or the auditor.

*Auth: section 321.690, RSMo (Cum. Supp. 1993). * Original rule filed May 12, 1978, effective Sept. 11, 1978. Amended: Filed Dec. 2, 1985, effective Feb. 13, 1986. Amended: Filed June 14, 1994, effective Nov. 30, 1994.*

**Original authority 1977, amended 1981, 1986, 1991, 1993.*

15 CSR 40-4.040 Scope of Audit

PURPOSE: *The state auditor has authority to establish standards and reporting requirements for audits performed on fire protection districts in St. Louis and Greene Counties. This rule sets forth the scope of the audit.*

(1) Nothing in the rules promulgated for audits of fire protection districts shall be construed as restricting, limiting or relieving the independent auditor of his/her professional judgment or responsibility.

(2) The audit shall include those tests of the accounting records and other auditing procedures which the independent auditor considers necessary in the circumstances to conform to the standards for auditing of governmental organizations, programs, activities and functions as established by the comptroller general of the United States.

(3) As part of the audit described in section (2), the auditor will obtain an understanding of the internal control structure, assess control risk and report any material weaknesses or reportable conditions. The auditor will also test compliance with applicable laws and regulations and report all material instances of noncompliance. As a part of, or in addition to, audit tests or procedures which may be necessary for the audit, the auditor shall—

(A) Review systems, procedures and management practices, including:

1. Review cash management practices to the extent necessary to determine whether significant improvements appear practicable and economically justifiable;

2. Evaluate the purchasing function to the extent necessary to determine that the district generally receives fair value, for example, bidding of significant purchases; that purchases generally represent items consistent with the function of the district; and that there is not significant likelihood of misuse or misappropriation of the district's resources through the purchasing process;

3. Review fixed asset records and procedures to the extent necessary to determine that fixed assets are properly recorded, physically controlled and in the possession of the district;

4. Review fidelity bond coverages to determine that all persons with access to assets of the district appear covered in sufficient amounts;

5. Evaluate the budgeting practices to the extent necessary to determine whether significant improvements appear practicable and economically justifiable;

6. Review related party transactions;

7. Review evaluate other areas as required by the district; and

8. Review significant areas or matters which come to the attention of the auditor;

(B) The auditor will note areas of possible improvement in the district's systems, procedures and management practices. In evaluating district systems, procedures and management practices, the auditor should consider whether improvements appear practicable and economically justifiable.

(C) Test compliance with applicable laws and regulations, including:

1. Design the audit to provide reasonable assurance of detecting errors, irregularities and illegal acts that could have a direct and material effect on the financial statements;

2. Be aware of the possibility of illegal acts that could have an indirect and material effect on the financial statements; and

3. Test compliance with other legal provisions as s/he deems necessary or appropriate in the circumstances.

(D) Legal provisions which the auditor should consider in his/her audit include, but are not limited to, the following:

1. Article III, Sections 38(a) and 39(3) and Article VI, Section 25, *Constitution of Missouri* limitations on use of funds and credit;

2. Article VI, Section 26, *Constitution of Missouri* limitations on indebtedness without popular vote;

3. Article VI, Section 29, *Constitution of Missouri* application of funds derived from public debts;

4. Article VII, Section 6, *Constitution of Missouri* penalty for nepotism;

5. Chapter 67, RSMo budgetary requirements;

6. Sections 70.210 to 70.230 and Section 432.070, RSMo contracts;

7. Section 105.145, RSMo annual report;

8. Chapter 105, RSMo conflict of interest;

9. Chapter 108, RSMo bond issues;

10. Chapter 321, RSMo fire protection districts;

11. Other applicable portions of the *Constitution of Missouri* and the *Missouri Revised Statutes*;

12. Applicable sections of *Code of State Regulations*; and

13. Other applicable legal provisions.

(4) The auditor shall report on the reviews and examinations required by this rule in a management letter as set forth in 15 CSR 40-4.030 (2)(E).

*Auth: section 321.690, RSMo (Cum. Supp. 1993). * Original rule filed May 12, 1978, effective Sept. 11, 1978. Amended: Filed Dec. 2, 1985, effective Feb. 13, 1986. Amended: Filed June 14, 1994, effective Nov. 30, 1994.*

**Original authority 1977, amended 1981, 1986, 1991, 1993.*



**REVIEW OF
DEPARTMENT OF NATURAL RESOURCES
CLEAN WATER STATE REVOLVING FUND**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-17
March 8, 2004
www.auditor.mo.gov**

PERFORMANCE AUDIT



Office of
Missouri State Auditor
Claire McCaskill

March 2004

Missouri wastewater treatment needs should be addressed in a more efficient manner

The Department of Natural Resources (DNR) implemented the state's Clean Water State Revolving Fund (SRF) in 1992. It is a federally subsidized, low-interest, leveraged-loan program, which assists Missouri communities desiring to build, expand or improve their wastewater treatment facility. The SRF balance has grown to \$260 million in fiscal year 2003. This excessive balance is a result of inadequate outreach to communities, an untimely application process and an overly complicated financing process.

State's wastewater treatment needs not completely assessed or quantified

DNR did not maintain a comprehensive inventory of communities with inadequate wastewater treatment systems, or have sufficient outreach efforts to identify communities' wastewater needs. As a result, DNR's ability to determine wastewater treatment needs in the state and then target those communities needing assistance is limited. (See page 4)

Untimely application process contributed to the excessive cash balance

DNR did not require a facility plan to be submitted with a project application, which extended the average application processing time to 3 years. Delays in the application process causes disbursements to communities to lag. Subsequently, fund receipts have outpaced disbursements resulting in the growth of the fund's cash balance during each of the three fiscal years ended June 30, 2003. In addition, inaccurate financial projections have hindered DNR's ability to manage some financial aspects of the program. (See page 5)

DNR could more proactively serve communities with increased outreach

DNR should enhance outreach to communities determined to have wastewater treatment needs by offering information and assistance prior to the submission of the application and facility plan. This information would inform communities of the financing options, give community leaders the information they need to move forward with the application while potentially reducing the excessive application processing time. (See page 6)

Use of SRF interest earnings should be re-evaluated

The benefits of issuing short-term bonds instead of long-term debt for the match portion of the Clean Water SRF Capitalization Grant should be evaluated. Short-term bonds would allow the state to utilize more of the fund's interest earnings for matching purposes. This method could reduce additional long-term debt issuances by up to \$10 million annually. (See page 9)

All audit reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

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ABBREVIATIONS

DNR	Department of Natural Resources
SRF	State Revolving Fund
EPA	Environmental Protection Agency
NIMS	National Information Management System
IUP	Intended Use Plan



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Stephen Mahfood, Director
Department of Natural Resources
Jefferson City, MO 65109

Missouri's Clean Water State Revolving Fund (SRF) is to help communities obtain adequate wastewater systems. Because of the importance of meeting Missouri's environmental needs, this report focuses on factors affecting the SRF's increasing cash balance and utilization.

The Department of Natural Resources (DNR) did not effectively utilize the SRF. In part, DNR did not effectively outreach to or identify all communities with inadequate wastewater treatment systems. We found the cash balance increased substantially due to an untimely application process and an overly complicated financing process. Improvements in DNR's financial management procedures could result in cost savings and/or a greater impact on meeting the state's wastewater treatment needs. We make recommendations to address these areas, and to help DNR better serve communities.

We conducted our work in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such tests of the procedures and records as were considered appropriate under the circumstances.

A handwritten signature in black ink that reads "Claire McCaskill".

Claire McCaskill
State Auditor

The following staff contributed to this report:

Director of Audits:	Kirk R. Boyer
Audit Manager:	John Luetkemeyer, CPA
Auditor-In-Charge:	Susan Cessac
Audit Staff:	Mary Johnson

RESULTS AND RECOMMENDATIONS

A More Efficient Use of Resources Would Better Address Wastewater Treatment Needs

The state's Clean Water State Revolving Fund (SRF) balance has grown in excess of \$260 million in fiscal year 2003—a 19 percent increase from \$218 million in fiscal year 2002. DNR allowed these funds to accumulate without identifying all communities with inadequate wastewater treatment systems. Several factors affected this excessive balance accumulation such as inadequate outreach to communities needing funds, an untimely application process, and an overly complicated financing process. DNR could assist more communities needing these funds if it used resources restricted for sanitary wastewater systems more efficiently.

Background

DNR implemented the SRF Program in 1992. It is a federally subsidized, low-interest, leveraged-loan program coordinated with the Environmental Protection Agency's (EPA) Capitalization Grant which is matched with state funds equal to 20 percent of the annual grant amount. DNR administers the federal funds and generates matching funds with state water pollution control bonds proceeds. The federal government requires funds to be used for eligible projects and low interest loans.¹ State law also authorizes DNR to administer several other related state grant and loan programs.

To determine eligibility, DNR reviews communities'² applications for the SRF Program, Forty-Percent Grant Program, and Hardship Grant and Loan Program each year. The Missouri Water and Wastewater Review Committee (MWWRC)³ evaluates project proposals prior to the submission to DNR. DNR then determines whether to include the projects in the SRF leveraged loan program or grant program based upon the communities' application and financial information. From the financial information, DNR selects programs that best meet the applicants' needs and financial capacity.

Communities desiring to build, expand, or improve their wastewater treatment facility can borrow money after their voters approve the proposed debt—generally general obligation or revenue bonds. DNR provides local communities reserve funds as a loan guarantee. DNR deposits funds equal to 70 percent of construction costs into reserve funds as construction costs are incurred. Loan repayments are deposited in the SRF and used to provide additional loans.

Scope and Methodology

To determine what factors affected the fund balance, we reviewed DNR's application process, construction process oversight, and financial management procedures. We randomly selected and reviewed 56 of the 120 SRF projects that received funding from 2001 to 2003. We interviewed DNR officials responsible for this program and our selected projects. We also

¹ Clean Water Act, Title VI (33 USC 1381 et seq).

² A community may be several forms of political subdivisions such as a village, city, or sewer district.

³ The MWWRC is a 20 member committee that is made up of individuals from the Departments of Natural Resources and Economic Development, and the U.S. Department of Agriculture.

reviewed the Clean Water State Revolving Fund project files and interviewed officials from 48 of 90 communities that had applied for but did not obtain SRF funding for various reasons during fiscal years 2000 through 2003.

We obtained data from the federal Environmental Protection Agency and interviewed state environmental agency officials from Illinois, Iowa, Kansas, Michigan, Nebraska and Ohio to provide context on the application process' timeliness. During our interviews and research, we obtained information on each state's approach to administering their programs such as leveraging percentages and application processes.

The department provided us comments in a meeting on December 17, 2003, and in a letter dated January 12, 2004. We have incorporated these comments as appropriate. We conducted our work between January and October 2003.

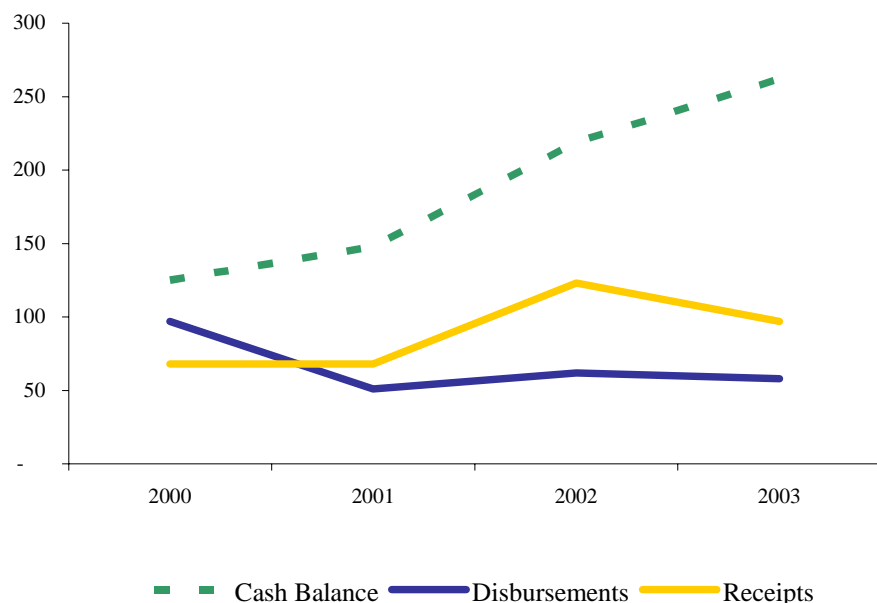
Fund cash balance outpaces funds to communities

The SRF cash balance has increased substantially and outpaced annual disbursements on obligated funds. Figure 1 illustrates a relationship between weaknesses noted in DNR's ability to identify communities' needs, process community funding applications, and the limited funding (or disbursements) actually provided to communities. As a result, the cash balance as of June 30, 2003 would sustain the SRF program obligations (based on fiscal year 2003 disbursements) for four years with no receipts during that period. For example, if average disbursements to communities' loan reserves continue to total about \$58 million⁴ each year, the total outstanding loan commitments⁵ would be paid over four years with additional cash available for new loan disbursement obligations during that same period.

⁴ Total disbursements made to loan recipients reserves during fiscal year 2003.

⁵ DNR estimates its current total outstanding loan commitments to be in excess of \$173 million.

Figure 1: SRF Cash Balance, Disbursement, and Receipt Trends, Fiscal Years 2000 to 2003 (Dollars in millions)



Source: Prepared by SAO based on cash balances obtained from DNR SRF annual reports, the Missouri State Treasurer's List of Fund Balances, and DNR receipt and disbursement data.

Potential wastewater treatment needs were not completely assessed or quantified

DNR cannot ensure all communities with inadequate or antiquated wastewater treatment systems were considered in its short- or long-term plans. DNR did not maintain a comprehensive inventory of communities with inadequate wastewater treatment systems, or have sufficient outreach effort to identify communities' needs. DNR prepared a Clean Water Needs Survey Report every four years. This report compiled information submitted to the EPA, and was used by Congress to appropriate federal funds for the SRF program. In commenting on our draft audit report, DNR noted its survey was detailed and met federal requirements. However, according to DNR personnel, this survey did not generally include communities with populations less than 3,000 unless DNR had been made aware of wastewater treatment problems. Nor did this listing include the existing treatment facilities' age or condition.

DNR officials told us it annually conducts mass mailings to all communities, is active in municipal association activities, and meets with some individual communities. As noted in DNR's response, it relies on the communities to identify wastewater treatment needs and submit funding applications. However, DNR did not specifically target or outreach to communities who may be having wastewater treatment problems or potential needs. DNR officials told us management did not use the EPA needs report or maintain an inventory of communities because DNR bases financial needs on its Intended Use Plan (IUP). This plan consists of project lists of current and previous project applications submitted by communities and management's long and short-term goals for the program. DNR officials told us they expect communities to contact them when they need financing, including those instances where enforcement activities occur.

Further, DNR's SRF program staff did not coordinate with enforcement staff to identify or target communities needing assistance.

According to the EPA's SRF Fund Management Handbook, a complete inventory of existing wastewater treatment plants as well as communities without adequate wastewater treatment facilities is necessary when planning for present and future financing needs to correct or prevent environmental or health problems. The Management Handbook also stated the inventory could help in developing short and long-term goals, evaluating the program by assessing the state's progress toward achieving those goals and objectives, and identifying adjustments necessary to improve the program. DNR officials told us they use their IUP as a management tool to set their long and short-term goals and plan future financing needs rather than maintaining a complete inventory.

An untimely application process contributed to the excessive cash balance

We found it took DNR an average of 3 years to process communities' applications. Of the 56 projects reviewed, 6 (11 percent) took over 5½ years to process while the shortest time took 1 year. The untimely application process contributed to delays in disbursing SRF funds, which then caused delays in starting construction of new, or the upgrade of existing facilities. The application process includes review and approval of the various required documents such as the facility plan and plans and specifications. Table 1 compares Missouri's application processing time, the federal grant allocation, and the SRF year-end cash balance to other states.

Table 1: Fiscal Year 2002 Grant Allocations, Cash Balances and Processing Time by State

State	Grant allocation	SRF Cash balance	Months to process application
Missouri	\$ 37,205,784	\$ 216,852,386	18-48
Illinois	60,293,970	255,400,000	24-36
Michigan	57,322,782	11,164,408	6-18
Nebraska	6,855,000	33,592,544	12
Iowa	18,002,853	42,909,264	12
Ohio	75,050,712	6,437,218	4-12
Kansas	12,033,450	58,462,736	6

Source: Prepared by SAO based on data obtained from the states in the EPA's Region 5 and Region 7 and National Information Management System (NIMS) data obtained from the EPA.

Documents required to process applications were not received or approved timely

DNR policies and regulations did not require a facility plan to be submitted with the application. We found this extended the application processing time. Of the 56 communities tested, DNR processed 11 communities' applications in an average of 383 days when the application included the facility plan. On the other hand, it took 787 days to receive, review, and approve applications of 34 communities that did not initially submit facility plans. These communities took an average of 505 days to submit their facility plans after their initial applications, and it took an additional 282 days to review and approve the plans. For the 11 remaining communities,

the project files did not contain sufficient information to determine if the facility plan accompanied the application.

A facility plan contains information about the community and the proposed treatment facility. This plan includes existing conditions and projections, existing facility evaluation or evaluations of un-sewered communities, and the basic project development. The project development consists of the three most cost-effective and environmentally sound alternatives to alleviate the problem, with the preferred system noted in the conclusion of the facility plan.

Kansas, Michigan, and Ohio officials told us they provide assistance up-front through outreach and avoid delays in the application process by requiring certain documents, including the facility plan, to be submitted with the application. DNR officials told us requiring the facility plan with the application might expedite the process, it could also result in unnecessary costs to communities if the project is not completed. DNR officials also told us it is the communities' responsibility to ensure timely submittal of appropriate documentation.

DNR could better communicate funding or other requirements to communities

DNR could better coordinate with other state and federal agencies to provide adequate information about the different sources of funding available for wastewater projects. DNR brochures did not include information about funding sources available through the state Department of Economic Development and the U.S. Department of Agriculture. DNR officials told us they did not feel it was necessary to include this information in the application packet because most communities contacted or obtained the information from a local rural or economic development official or engineer prior to submitting the proposal.

However, one-fourth of the community officials we contacted who applied for SRF funding were not aware of the other funding sources. At the time the project proposal was completed, 12 of the 48 community officials we interviewed were not aware of available funding sources; what funding their community qualified for; the amount available from each funding source; and/or their communities' most beneficial funding source. Six of the 12 officials told us their local engineers advised them of the funding source after the application was complete, 2 found the information on their own, and 4 were never made aware other types of available funding existed. One official stated, "how ... are we supposed to know how much we want from each of the funding sources?" In addition, one community official told us DNR did not advise the community of its SRF ineligibility until one year after starting the design process. This community subsequently completed its project without SRF funding.

Kansas sends engineering and other staff to communities determined to have sewage treatment problems. A Kansas official said this outreach is to inform the community about the program, and the officials and their contracted engineers exactly what is required prior to submitting the application.

DNR staffing issues affected timeliness

DNR officials told us delays in the application process attributable to DNR were due to the lack of staff and because project engineers work on other programs. These engineers were also responsible for other Water Pollution programs, including reviewing and approving operating licenses and permits. DNR is allowed 4 percent of the annual capitalization grant award to be used for administering and managing the SRF program. DNR has not spent all of the administrative funding in previous years and did not use any of these funds in fiscal year 2003. On average, DNR spent \$948,217 of the \$1,485,511 available per year in the three fiscal years ending in 2002. Instead of utilizing funds from the capitalization grant for administrative costs, DNR plans to continue funding these costs from a 1 percent fee charged on balances held in reserve accounts. These fees provided an average of \$2.6 million in revenue between fiscal years 2001 and 2003 for administrative costs. For that period, expenditures from these funds averaged \$2.2 million. As a result, additional funds to administer the SRF fund were available. However, DNR did not consider whether savings from resource specialization and up-front outreach would eliminate the need for additional staffing.

Kansas project engineers work solely on SRF projects. This allows the engineer more time to work with the community before submitting an application, during the application process, and after construction is complete. Each Kansas engineer works on 20-25 active projects at one time. DNR did not maintain this type of engineer workload information.

DNR needs to re-evaluate financial management procedures

We found weaknesses in four procedures, which increased costs to the state or adversely affected communities' ability to meet environmental needs. For example, DNR has not simplified the loan process for communities and has no program to loan monies to individual homeowners for wastewater treatment. Furthermore, certain financial aspects of Missouri's program, including management procedures, differ significantly from other states. Most SRF financial management procedures have not changed since the program's 1992 genesis. Inadequate financial projections also hindered DNR's ability to manage the program's financial aspects, including the fund balance.

Alternative methods for issuing loans may be more attractive to communities and individuals

DNR only makes leveraged and interim loans to communities. Interim loans are used to meet project costs incurred prior to loan closing in the Leveraged Loan Program. As noted in DNR's response to this report, funding is provided to individual farmers for animal waste management systems. However, DNR has not expanded its loan programs to include loans to communities or to individuals for construction of human wastewater management systems.

Seven of the 48 community officials we interviewed stated they chose not to obtain funding through the SRF program because they "had to go through too many hoops" and/or the SRF application process would have taken too long. One community chose to obtain its funding through a lease purchase agreement instead of the SRF. The community made this decision

because a DNR abatement order⁶ only allowed three years to fix sewage problems and the community did not believe it could obtain funding and finish construction within the required timeframe if it attempted to obtain SRF funding.

The leveraged loan program provides funding that secures bond proceeds issued by communities to fund construction, and results in an interest rate subsidy for communities. This financing process can be a complex, expensive, and onerous task for some communities. However, if DNR issued construction loans directly to communities, similar to DNR's Storm Water Grant and Loan Program, communities could eliminate some bond issuance costs. In addition, according to DNR personnel direct loans could expedite wastewater treatment projects. Although DNR would assume communities' repayment risk on direct loans, this risk could be low since no community has ever defaulted on a leveraged loan. Other states, including Kansas, Nebraska and Iowa, offer construction loans directly to communities.

In addition, DNR does not offer loans to individuals for upgrade and replacement of individual treatment systems due to its perception of a greater risk of default. DNR officials stated they investigated, but have not yet developed, different funding mechanisms offering these loans. Ohio and Pennsylvania provide individuals with assistance through linked deposit loans. The commercial lending institution takes on the default risk by an individual with linked deposit loans. Delaware provides loans directly to individuals up to \$10,000 with an interest rate of 3 percent and repayments for up to 20 years.

Past funding projections have been faulty

DNR projects a decrease in funding available to communities in the future. However, federal program evaluations have found weaknesses in DNR's past projections. According to the EPA's Program Evaluation Report, DNRs' projected IUP binding commitments⁷ have fallen short since 1996. DNR projected new binding commitments totaling \$319.1 million in fiscal year 2001, but only accomplished commitments totaling \$56.1 million (18 percent).⁸ This erroneous projection was caused by projects listed on the IUP failing to move to the construction phase in a timely manner. DNR has not developed basic criteria, such as completed facility plans and authority for communities to incur debt, to be met to ensure projects are viable and ready for construction prior to placing the projects on the IUP. Nor has DNR considered using more reliable information for financial forecasting purposes. DNR officials told us its new accounting system will better track loan commitments and help maximize use of available funds.

Under Missouri's leveraged loan program, the reserve fund is 70 percent of the bonds outstanding. According to EPA officials, this is the highest percentage in the nation. These reserves provided enhanced security for the bonds and sizeable interest earnings, which paid off

⁶ The term abatement order means an order issued by DNR, requiring the community to repair, correct, or reduce the effluents or discharges from its wastewater treatment facility.

⁷ The term binding commitment is a legal obligation by a state to a local recipient that defines the terms for assistance under the SRF. Cumulative binding commitments must equal at least 120 percent of cumulative capitalization grant payments received one year earlier. Binding commitments requirements are intended to help assure the state utilizes grant funds in a timely manner.

⁸ Program Evaluation Report, Missouri Clean Water State Revolving Fund, fiscal year 2001, Environmental Protection Agency (February 26, 2003)

the communities' bond debt service. Per the EPA's SRF Fund Management Handbook, most states' leveraging percentage is between 40 and 60 percent. Kansas and Iowa leverage loans at 10 and 30 percent, respectively. Missouri's leveraging percentage was initially 50 percent in 1992, but DNR increased it to 70 percent to make the program more attractive to the few applicants at that time.

At the current 70 percent leveraging percentage, DNR forecasted funding to projects totaling \$248.4 million in 2003. In the 2004 plan, the funding available for projects decreased by \$76.4 million to \$172 million. The decrease in projected funds means fewer new projects can be funded. At a reduced leveraged rate of 40 percent, \$106.6 million more would have been available to fund wastewater projects on the 2003 Intended Use Plan (IUP).

Interest on the reserve accounts provided a subsidy for debt service

Unlike most states, DNR allows interest earning on the reserve accounts to help fund communities' debt service. In 2002, SRF reserve accounts earned approximately \$16 million. Communities already receive an interest rate subsidy because their debt is guaranteed by the amounts deposited in the reserve accounts. In addition, a community that obtained a \$1 million loan outside the SRF at a market interest rate of 5.1 percent⁹ would have to pay \$597,182 in interest over a 20-year period. By obtaining financing through the SRF program the community would only pay \$167,860, a rate of 1.6 percent,¹⁰ after allowing for interest earned on the reserve accounts.

Five of the six states we contacted stated they deposited the interest earned on their reserve accounts into the SRF and used the funds for additional loans or paid debt service on their state match bonds. Nebraska did not leverage loans and therefore did not maintain reserve accounts.

The use of SRF interest earnings should be re-evaluated

In addition to the interest earned on the reserve accounts noted above, the SRF earned interest on the SRF cash balance totaling \$4.6 million and received interest from loans totaling \$415,030 during fiscal year 2003. Federal regulations allow states to use interest earned by the SRF to retire state match funds.¹¹ However, in March 2002, EPA denied DNR permission to use approximately \$19 million of SRF interest earnings to pay state matched bonds because the net bond proceeds were not deposited directly into the SRF. As a result of the EPA's decision, DNR initiated action to change the methods used to handle state matched bond proceeds. DNR now plans to utilize interest earnings from the SRF in fiscal year 2005 for some debt service payments. These payments will be for the state matched bonds issued after funding methods were changed and will total \$987,647. This amount will increase as additional bonds are issued to provide the match.

⁹ The market rate was obtained from the EPA's 2002 NIMS data and is an average of the reported weekly Bond Buyer 20 year general obligation bond index for the fiscal year ending June 30, 2002.

¹⁰ Fiscal year 2002 weighted average interest rate for Clean Water SRF Assistance for Missouri obtained from the EPA's 2002 NIMS data.

¹¹ 40 CFR 35.3135(b)(2)

As noted in DNR's response, it had previously considered issuing short-term bonds to match its Public Drinking Water SRF Capitalization Grant. However, DNR has not evaluated the benefits of issuing short-term bonds instead of long-term debt for the match portion of the Clean Water SRF Capitalization Grant. With this option, the state would issue a 6-12 month short-term bond each year to provide the required state match for the federal grant and then re-pay the debt each year with SRF interest revenues. DNR was required to provide state match amounts totaling \$11.7 million and \$9 million for the years ended June 30, 2003 and 2002, respectively. The state provided this match through long-term debt. However, short-term bonds would allow the state to utilize more of the fund's interest earnings for matching purposes. This method could reduce additional long-term debt issuances by up to \$10 million annually. Nebraska issued short-term revenue bonds to provide its state match requirement and immediately paid the bonds off when the bonds came due with the revenues from the state's SRF. EPA performed a study on Missouri's capacity to issue short-term debt to provide state match and determined the SRF receives sufficient revenue to pay the debt off each year. In responding to a draft of this report, DNR officials stated they would have to implement the use of short-term bonds with the Office of Administration.

Better oversight of projects is needed

DNR did not perform and/or document quarterly construction site inspections as required by its informal policy. DNR officials told us they did not have sufficient staff to perform the inspections. Of the 56 projects tested, 35 had little or no documentation of the required quarterly inspections. A DNR project, which had an average construction time of about 16 months, would require 5 quarterly inspections. However, DNR personnel averaged 1.63 quarterly inspections per project. As such, DNR could not ensure construction projects met approved plans and specifications, or whether communities complied with applicable state and federal regulations.

Conclusions

DNR expects communities to contact it regarding program eligibility, funding and assistance. DNR does not assess, or even consider, a communities' need unless the community submits an application. This approach limits DNR's ability to both assess and prioritize all wastewater treatment needs in the state and target communities needing assistance. Further, DNR has not attempted to determine ways to improve its ability to serve communities.

DNR could more proactively serve communities with outreach such as information or assistance to the communities prior to submitting their application and facility plan. This outreach could generate more complete and accurate information from communities, reducing the time needed to review and approve project applications. Improvements are needed to these processes to encourage more communities to construct or upgrade inadequate wastewater treatment facilities.

DNR's financial management procedures have also affected the increasing SRF balance and increased costs to the state and communities. For example, in addition to providing leveraged loans, DNR can enhance the program's effectiveness by providing construction loans to communities and individuals. In addition, based on our analysis, if DNR accurately forecasted and timely initiated projects so the existing fund balance was fully utilized, the 70 percent

leveraging percentage would have to be decreased and/or interest policies revised to provide additional funding to assist more communities. Absent any improvements, the SRF program will continue to not address Missouri's wastewater treatment needs in a timely manner.

Recommendations

We recommend the Director, DNR:

1. Develop a comprehensive inventory of areas that lack adequate wastewater treatment systems and coordinate with enforcement staff to identify communities needing assistance.
2. Increase outreach activities, including meeting with local officials, to fully explain programs prior to the application process.
3. Require facility plans to be submitted with applications.
4. Analyze the workload of SRF staff to determine staffing needed to perform SRF duties and the benefits of staff specialization.
5. Provide construction loans directly to communities and individuals.
6. Develop basic criteria to be met before placing projects on the IUP, and monitor the accuracy of future financial forecasting, cash balances, and the demand for SRF funding to determine if changes to the leveraging percentage and/or interest on reserve account policies should be implemented.
7. Evaluate the benefits of using short-term debt financing for state match purposes.
8. Ensure quarterly inspections are performed.

Agency Comments and Our Evaluation

We obtained comments on a draft of this report in a meeting on December 17, 2003 with DNR officials responsible for the SRF program. We have incorporated these comments in the sections of the report where appropriate. DNR also documented these comments in a letter dated January 12, 2004 as follows:

1. *We disagree. The Clean Water Needs Survey is a detailed inventory of wastewater treatment needs for the state, and Missouri has been recognized nationwide as a leader in assessing our wastewater needs.*

As mentioned in our response to the draft audit report, our Clean Water Needs Survey is prepared according to federal requirements and has expanded over the years to identify and quantify Missouri's evolving needs. The Clean Water State Revolving Fund (CWSRF), Outreach and Assistance Center (OAC), enforcement, and regional office staff have routinely

worked together to either assist communities in maintaining compliance or gaining compliance, through construction, in a timely manner.

2. *We partially agree. Outreach activities can always be improved upon.*

We would like to repeat that we market and provide technical and financial assistance to local communities and other audiences, from our regional offices and OAC by working directly and frequently with local communities. Our response to the draft audit report, provided many examples of outreach, from coordinating with other state and federal agencies that provide infrastructure funding, to more than 13,000 direct SRF marketing contacts to Missouri communities since 1999. In fact, a community need only identify their need and submit it to Missouri Water and Wastewater Review Committee (MWWRC). This group is composed of staff of the Department of Economic Development, Community Development Block Grant; United States Department of Agriculture, Rural Development; and the Department of Natural Resources, State Revolving Fund. The MWWRC will advise the community the funding program for which they are eligible. This approach relieves a community of the necessity to research funding opportunities.

3. *We partially agree. Requiring facility plans with an application will present an additional financial burden on communities prior to knowing their funding eligibility, especially affecting the smaller communities. However, they are very beneficial for our review and prioritization. While we may not require facility plans for all applications, we will encourage applicants to provide this information with their application.*
4. *We partially agree. Comparison of staffing between Missouri and different states does not give a true representation of our ability to perform SRF duties.*

Missouri has one of the top State Revolving Fund programs in the nation. According to the Council of Infrastructure Financing Authorities, Missouri is ranked 11th in the nation for total assistance (1st in EPA region 7), and 12th in the nation in number of SRF loans (also 1st in region 7). This reflects favorably on the ability of Missouri to fund communities.

Staff and management are currently evaluating assignments to effectively decrease the time from application and document submittal to financing. The department's Water Pollution Control Program has undergone restructuring effective January 1, 2004 to further increase the efficiency of the program. An example would be the combining of the engineers who review construction plans with the SRF project officers. This will ensure a dedicated engineering staff to expedite project reviews.

5. *We agree. Our primary objective is to offer communities funding that provide the lowest interest rates, thereby providing savings to the communities while addressing environmental issues. By leveraging we are able to provide more funds to more communities at a lower cost than we can with direct loans.*

There are a number of alternative methods for issuing financial assistance to communities and individuals that we are using. While leveraged loans and the associated interim direct

loans are our primary financial tools, direct loans have been made and are being utilized more. The department response to the draft audit report outlined instances in which the department is providing funding to individuals, such as through the Missouri Department of Agriculture by providing low-interest loans to individual farmers for animal waste management systems. As of June 30, 2003, there have been 98 loans totaling more than \$6.3 million to Missouri small farmers. In addition, the department is presently exploring different ways to expand the use of interim and direct loans as well as loans for individual home wastewater treatment needs.

6. *We disagree. There is already basic criteria in place that must be met prior to being placed on the IUP. Since 1989 our financial forecasting has allowed the State Revolving Fund to provide more than \$1 billion to 300 Missouri communities to construct or improve wastewater facilities. These communities saved more than \$350 million in interest. The leverage percentage is calculated to be the most beneficial for Missouri communities.*

Our past funding projections have allowed us to offer a quality nationally recognized program. The CWSRF projections are based on the annual IUP and the binding commitment dates contained therein.

The cash balance reported by the auditor did not take into consideration current obligations of the funds and projects planned in the near future. These issues need to be taken into consideration. The cash balance is fully obligated as outlined in our response to the draft audit report.

State Auditor Comments: DNR contends our analysis of cash balances did not consider current obligations and projects planned for the near future. In addition, DNR notes it has or intends to obligate funding for projects totaling more than the amount of cash on hand. However, our analysis notes that because past projects have progressed so slowly, disbursements to communities have lagged and been outpaced by receipts consisting of loan repayments, federal grant receipts, and interest earnings. This trend is clearly illustrated by Figure 1 on page 4. As a result, it is clear DNR needs to better monitor the fund's cash balances and improve future financial forecasting.

The interest subsidy for our leveraged loan CWSRF is among the highest leveraged loan subsidy in the nation and therefore offers the highest benefit of any such CWSRF to its participants. Many other states can offer loan programs with lower leveraged loan subsidies because they still have grant programs.

Decreasing the leveraging percentage or decreasing the use of the interest earnings for subsidy will increase the cost to the communities and their individual users. The purpose of the SRF is to provide low-interest loans for wastewater construction projects to protect public health and the environment and to make these facilities less costly to the users.

7. *We agree. We have been evaluating the use of the SRF interest earnings. The department is working very closely with the Office of Administration and the Governor's Office on various options related to state match. The department has evaluated the use of short-term debt to*

provide state match but after comments by bond counsel and financial advisors, we focused on other options. We will reevaluate this option.

8. *We agree. We do require the recipient to have a resident engineer perform day-to-day construction inspections. In addition to this daily oversight, our staff perform quarterly inspections. We also receive payment requests documented and signed by the resident engineer, the community and the contractor. All these assurances attest projects meet approved plans and specifications.*



**STATE OF MISSOURI
SINGLE AUDIT
YEAR ENDED JUNE 30, 2003**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-16
March 5, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

March 2004

The United States Congress passed the Single Audit Act of 1996 to establish uniform requirements for audits of federal awards administered by states, local governments, and non-profit organizations. The Single Audit includes the federal awards expended by all state agencies, except for the public universities and various financing authorities which provide their financial information directly to the federal government. State agencies expended \$7.9 billion of federal grant funds during the year ended June 30, 2003. Expenditures of federal awards have increased significantly over the past five years. Although all sixteen state departments and other state offices expended federal awards, six state departments expended the bulk of the federal awards (95 percent). These six departments are: Social Services, Transportation, Labor and Industrial Relations, Elementary and Secondary Education, Health and Senior Services, and Public Safety. Overall, the state expended federal awards in 296 different programs.

Expenditures reported on the original schedule of expenditures of federal awards prepared by the Department of Health and Senior Services (DHSS) were understated by approximately \$9.5 million. Many of the understatements resulted from the incorrect compilations of data reported on the department's internal accounting system. In addition, the DHSS does not reconcile its internal accounting system to the statewide accounting system (SAM II). (page 25)

The DHSS and the State Emergency Management Agency need to improve monitoring of subrecipients. Various federal regulations establish the requirements that must be met when state agencies provide federal funds to subrecipients. (page 27 and 29)

The Department of Social Services (DSS), Family Support Division (FSD) improperly charged an employee's salary, benefits, and related indirect costs to the Refugee and Entrant Assistance-State Administered Programs grant. We questioned costs of \$30,418. (page 30)

The DSS, Childrens' Division (CD) made Adoption Assistance payments after contract authorizations had expired. Also, invoices or other supporting documentation for some payments could not be located. We questioned costs of \$5,996. (page 31)

Indirect costs related to DSS-CD training expenses were charged to the Foster Care - Title IV-E grant at an incorrect rate of 75 percent rather than 50 percent, resulting in an overpayment of \$34,161. Additionally, residential treatment center training costs were improperly charged to the Foster Care-Title IV-E grant. The federal share of these costs

(over)

YELLOW SHEET

that were questioned totaled \$429,208. We also could not locate invoices or other adequate supporting documentation for some payments. The federal share of these expenditures questioned totaled \$6,344. (page 32)

On March 18, 2003, the Missouri State Auditor's Office issued audit report No. 2003-25, ***Department of Social Services Foster Care Program***. The report noted concerns regarding in-home visits of foster children and the tracking inventory system for foster children. Additionally, family support team meetings did not occur as often as required and often did not include all required parties or the foster child. Also, the division does not always initiate termination of parental rights action on a timely basis and foster parent background checks can be improved and expanded. (page 33)

On December 5, 2003, the Missouri State Auditor's Office issued audit report No. 2003-115, ***Department of Social Services Foster Care Program***. This audit found that residential facilities were overpaid \$22,000 for children that had run away. In addition, social workers did not promptly update a child's placement status in the computer system to runaway, causing overpayments. Division workers disregarded criminal convictions documented in background checks and inappropriately licensed three foster parents. Only one of these three foster parents received any federal funds from the state. (page 38)

The DSS, Division of Medical Services charged salary and fringe benefit costs totaling \$194,875 (federal share \$97,438) for five employees to the Medical Assistance Program, even though these employees are primarily responsible for working with a state program called Missouri Senior Rx. As there were no time sheets or other documentation maintained to identify actual time spent on each program, there is no existing support to justify the salary and fringe benefit costs charged to the Medical Assistance Program. (page 40)

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STATE OF MISSOURI
SINGLE AUDIT

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STATE OF MISSOURI
SINGLE AUDIT

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INTRODUCTION AND SUMMARY

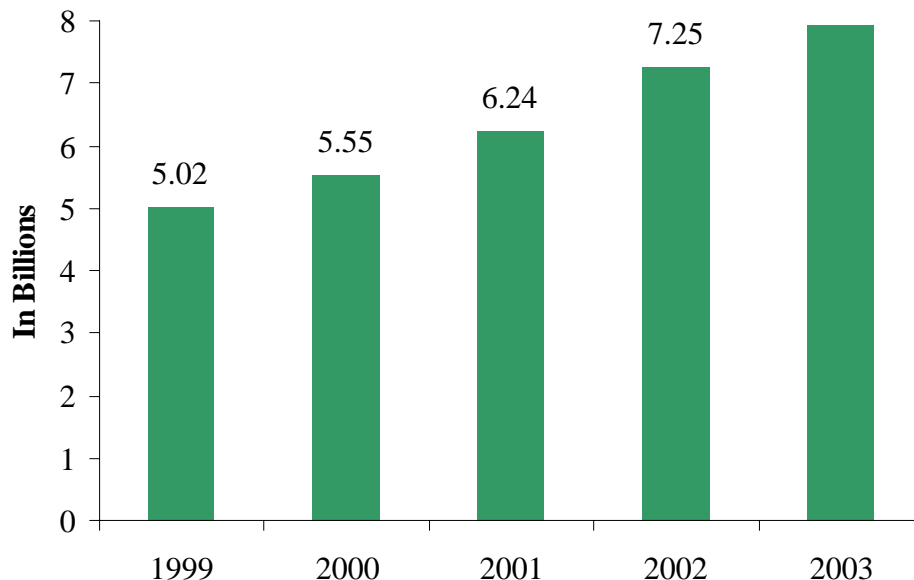
INTRODUCTION AND SUMMARY

The United States Congress passed the Single Audit Act of 1996 to establish uniform requirements for audits of federal awards administered by states, local governments, and non-profit organizations. The Office of Management and Budget (OMB) issued Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* to set forth standards for obtaining consistency and uniformity among federal agencies for the audit of non-federal entities expending federal awards. The single audit requires an audit of the state's financial statements and expenditures of federal awards. The audit is required to determine whether:

- The state's basic financial statements are presented fairly in all material respects in conformity with generally accepted accounting principles.
- The schedule of expenditures of federal awards is presented fairly in all material respects in relation to the financial statements taken as a whole.
- The state has adequate internal controls to ensure compliance with federal award requirements.
- The state has complied with the provisions of laws, regulations, and contracts or grants that could have a direct and material effect on federal awards.

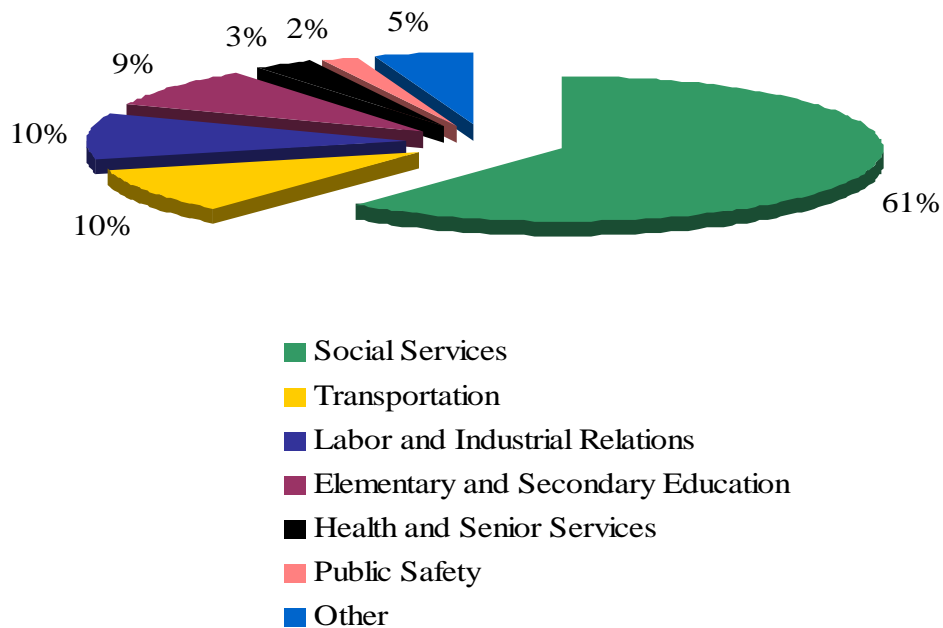
The Single Audit report includes the federal awards expended by all state agencies that are part of the primary government. The report does not include the component units of the state, which are the public universities and various financing authorities. These component units have their own separate OMB Circular A-133 audits conducted by other auditors. The state expended \$7.9 billion in federal awards during the year ended June 30, 2003. Expenditures of federal awards have increased significantly over the past five years.

**Total Expenditures of Federal Awards
Five Year Comparison**



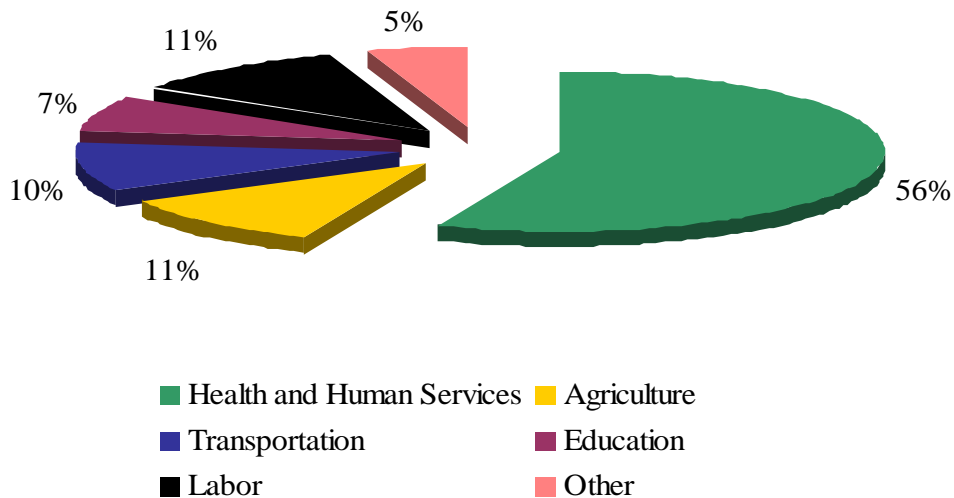
Although all sixteen state departments and other state offices expended federal awards, six state departments expended the bulk of the federal awards (95 percent).

Expenditures of Federal Awards by State Department



The state received federal awards from 20 different federal agencies. Most of the federal awards (95 percent) came from five federal agencies.

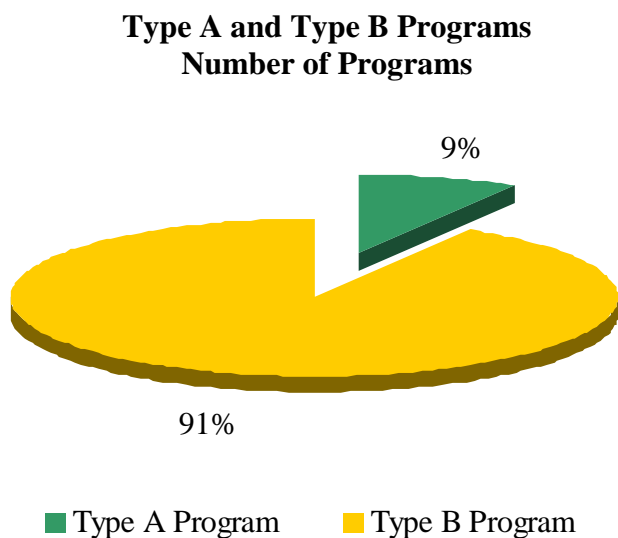
Expenditures of Federal Awards by Federal Department



Overall, the state expended federal awards in 296 different programs. Under the audit requirements of OMB Circular A-133, federal programs are divided into Type A and Type B programs based on a dollar threshold. For the state of Missouri, OMB Circular A-133 defines the dollar threshold to distinguish between Type A programs and Type B programs at three-tenths of one percent (.003) of total awards expended.

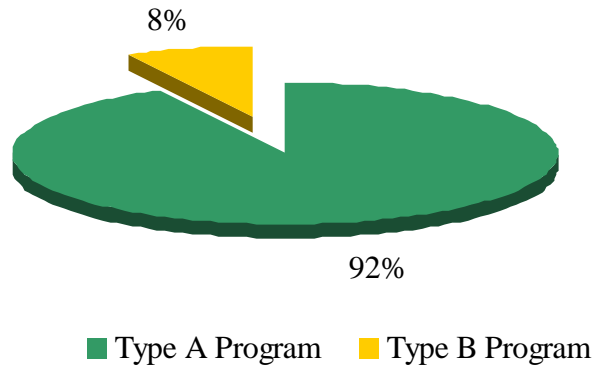
Determination of Type A Programs	
Total expenditures of federal awards	\$ 7,942,913,924
Three-tenths of one percent	.003
Dollar Threshold	\$ 23,828,742

We rounded the dollar threshold to \$23.8 million. Programs with federal expenditures over \$23.8 million are Type A programs and the programs under \$23.8 million are Type B programs. Of the 296 different federal award programs, 26 were Type A programs and 270 were Type B programs.



The 26 Type A programs had expenditures of federal awards totaling \$7.3 billion, which was 92 percent of the total expenditures for all programs. The 270 Type B programs had expenditures of federal awards totaling \$597 million, which was only 8 percent of the total expenditures for all programs.

Type A and Type B Programs Expenditures of Federal Awards



OMB Circular A-133 requires the auditor to use a risk-based approach to determine which federal award programs to audit as major programs. We performed a risk assessment on each Type A program and determined that 8 of the 26 Type A programs were low risk and did not need to be audited as major, based on the guidance in OMB Circular A-133.

OMB Circular A-133 requires the auditor to perform risk assessments on the larger Type B programs to determine which ones to audit as major in place of the Type A programs that are not audited as major. The dollar threshold to determine the larger Type B programs is three-hundredths of one percent (.0003) of total awards expended (\$7.94 billion times .0003 = \$2.38 million). We performed risk assessments on the 59 larger Type B programs that were over \$2.38 million and determined that 5 of them were high risk. In accordance with OMB Circular A-133, we audited 4 (over one-half) of these 5 high risk Type B programs as major. As a result of the risk-based approach required under OMB Circular A-133, we audited 18 Type A programs and 4 Type B programs as major.

Major and Non-major Programs

Audit Coverage by Type of Program	Number of Programs	Expenditures	Percentage of Expenditures
Type A major programs	18	\$ 6,479,183,646	
Type B major programs	4	70,693,120	
Total major programs	22	6,549,876,766	82%
Type A non-major programs	8	866,344,790	
Type B non-major programs	266	526,692,368	
Total non-major programs	274	1,393,037,158	18%
Total all programs	296	\$ 7,942,913,924	100%

STATE OF MISSOURI
SUMMARY OF TYPE A PROGRAMS AND TOTAL EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2003

CFDA Number	Federal Program Name	Federal Grantor Agency	Federal Awards Expended
	Food Stamp Cluster:		
10.551	Food Stamps	Agriculture	\$ 536,152,147
10.561	State Administrative Matching Grants for Food Stamp Program	Agriculture	42,046,932
	Child Nutrition Cluster:		
10.553	School Breakfast Program	Agriculture	29,739,604
10.555	National School Lunch Program	Agriculture	109,744,063
10.556	Special Milk Program for Children	Agriculture	369,454
10.559	Summer Food Service Program for Children	Agriculture	6,309,625
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	Agriculture	67,461,040
10.558	Child and Adult Care Food Program	Agriculture	34,538,576
14.228	Community Development Block Grants/State's Program	Housing and Urban Development	33,392,484
17.225	Unemployment Insurance	Labor	785,091,679
	Workforce Investment Act Cluster:		
17.258	Workforce Investment Act - Adult Program	Labor	16,009,697
17.259	Workforce Investment Act - Youth Activities	Labor	18,465,650
17.260	Workforce Investment Act - Dislocated Workers	Labor	18,187,509
20.205	Highway Planning and Construction	Transportation	742,400,383
66.458	Capitalization Grants for State Revolving Funds	Environmental Protection Agency	57,940,502
83.544	Public Assistance Grants	Federal Emergency Management Agency	57,272,321
84.010	Title I Grants to Local Educational Agencies	Education	152,324,305
	Special Education Cluster:		
84.027	Special Education - Grants to States	Education	140,955,926
84.173	Special Education - Preschool Grants	Education	8,963,536
84.032	Federal Family Education Loans	Education	56,940,614
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States	Education	66,262,477
84.367	Improving Teacher Quality State Grants	Education	38,746,200
93.268	Immunization Grants	Health and Human Services	24,848,696
93.558	Temporary Assistance for Needy Families	Health and Human Services	181,806,210
93.563	Child Support Enforcement	Health and Human Services	43,015,623
93.568	Low-Income Home Energy Assistance	Health and Human Services	41,800,000
	Child Care Cluster:		
93.575	Child Care and Development Block Grant	Health and Human Services	57,190,911
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Health and Human Services	54,849,434
93.658	Foster Care - Title IV-E	Health and Human Services	66,133,087
93.667	Social Services Block Grant	Health and Human Services	54,879,017
93.767	State's Children's Insurance Program	Health and Human Services	69,387,399
	Medicaid Cluster:		
93.775	State Medicaid Fraud Control Units	Health and Human Services	837,692
93.777	State Survey and Certification of Health Care Providers and Suppliers	Health and Human Services	12,768,764
93.778	Medical Assistance Program	Health and Human Services	3,659,207,561
93.959	Block Grants for Prevention and Treatment of Substance Abuse	Health and Human Services	26,775,051
96.001	Social Security - Disability Insurance	Social Security Administration	32,714,267
	Total Type A Programs (expenditures greater than \$23.8 million)		7,345,528,436
	Total Type B Programs (expenditures less than \$23.8 million)		597,385,488
	Total Expenditures of Federal Awards		\$ <u>7,942,913,924</u>

STATE AUDITOR'S REPORTS



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS IN ACCORDANCE WITH
OMB CIRCULAR A-133 AND ON COMPLIANCE AND INTERNAL CONTROL
OVER FINANCIAL REPORTING**

Honorable Bob Holden, Governor
and
Members of the General Assembly

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, discretely presented component units, each major fund, and the aggregate remaining fund information of the state of Missouri, as of and for the year ended June 30, 2003, which collectively comprise the state's basic financial statements, and have issued our report thereon dated December 19, 2003. We did not audit the financial statements of the Missouri Department of Transportation, the Consolidated Health Care Plan, the State Employees' Insurance Plan, the Transportation Employees' and Highway Patrol Insurance Plan, and the Transportation Self-Insurance Plan, which represent 79 percent and 12 percent of the assets and operating revenues, respectively, of the governmental activities. We did not audit the State Lottery and the Petroleum Storage Tank Insurance Fund, which represent 60 percent and 58 percent of the assets and revenues, respectively, of the business-type activities. We did not audit the component units. We did not audit the pension trust funds and the Public Employees' Deferred Compensation Plan, which represent 94 percent and 95 percent of the assets and additions, respectively, of the fiduciary funds. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to these amounts, are based on the reports of the other auditors. Our report expressed a qualified opinion on the basic financial statements because we were not allowed access to tax returns and related source documents for income taxes. Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Our audit was made for the purpose of forming an opinion on the basic financial statements of the state of Missouri taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. The state of Missouri has excluded federal award expenditures of public universities from the accompanying Schedule of Expenditures of Federal Awards. The information in the Schedule of Expenditures of Federal Awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, except for the exclusion of federal award expenditures of public universities, is fairly presented in all material respects, in relation to the basic financial statements.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of the state of Missouri are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of the state of Missouri, we considered its internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

The State Auditors office regularly issues management reports on the various programs, agencies, divisions, and departments of the state of Missouri. The conditions mentioned in those management reports were considered in determining the nature, timing, and extent of the audit tests to be applied in our audit of the basic financial statements. Our reports of these conditions do not modify our report dated December 19, 2003, on the basic financial statements.

This report is intended for the information and use of the management of the state of Missouri and federal awarding agencies. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

December 19, 2003 (fieldwork completion date)



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND
INTERNAL CONTROL OVER COMPLIANCE

Honorable Bob Holden, Governor
and
Members of the General Assembly

Compliance

We have audited the compliance of the state of Missouri with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2003. The state's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the state's management. Our responsibility is to express an opinion on the state's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the state's compliance with those requirements and performing other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the state's compliance with those requirements.

In our opinion, the state of Missouri complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2003. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2003-4, 2003-5, 2003-6, and 2003-9.

Internal Control over Compliance

The management of the state of Missouri is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the state's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the state's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 2003-2 and 2003-3.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

This report is intended for the information and use of the state's management; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.



Claire McCaskill
State Auditor

February 6, 2004 (fieldwork completion date)

SUPPLEMENTARY SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS

STATE OF MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2003

CFDA Number	Federal Grantor Agency - Program	Federal Awards Expended	Amount Provided to Subrecipients
Office of National Drug Control Policy			
07	HIDTA	\$ 2,089,906	1,384,940
	Total Office of National Drug Control Policy	<u>2,089,906</u>	<u>1,384,940</u>
Department of Agriculture			
10.025	Plant and Animal Disease, Pest Control, and Animal Care	114,139	13,700
10.064	Forestry Incentives Program	1,461	0
10.069	Conservation Reserve Program	24,181	0
10.156	Federal-State Marketing Improvement Program	11,784	0
10.163	Market Protection and Promotion	3,511	0
10.250	Agricultural and Rural Economic Research	69,152	0
10.435	State Mediation Grants	295,396	0
10.475	Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	271,955	0
10.550	Food Donation	15,383,279	14,537,302
10.551	Food Stamps	536,152,147	0
10.553	School Breakfast Program	29,739,604	29,739,604
10.555	National School Lunch Program	109,744,063	108,412,590
10.556	Special Milk Program for Children	369,454	369,454
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children (Note 2)	67,461,040	12,660,108
10.558	Child and Adult Care Food Program	34,538,576	34,028,776
10.559	Summer Food Service Program for Children	6,309,625	6,102,987
10.560	State Administrative Expenses for Child Nutrition	2,318,686	339,622
10.561	State Administrative Matching Grants for Food Stamp Program	42,046,932	160,880
10.565	Commodity Supplemental Food Program	373,430	300,695
10.568	Emergency Food Assistance Program (Administrative Costs)	992,483	944,414
10.569	Emergency Food Assistance Program (Food Commodities)	9,316,907	9,316,907
10.570	Nutrition Services Incentive	4,229,731	4,229,731
10.572	WIC Farmers' Market Nutrition Program (FMNP)	206,445	171,534
10.576	Senior Farmers' Market Nutrition Program	259,488	240,262
10.600	Foreign Market Development Cooperator Program	59,073	0
10.664	Cooperative Forestry Assistance	1,284,857	248,742
10.665	Schools and Roads - Grants to States	3,190,555	3,190,555
10.672	Rural Development through Forestry	27,184	0
10.769	Rural Business Enterprise Grants	15,024	0
	Total Department of Agriculture	<u>864,810,162</u>	<u>225,007,863</u>
Department of Defense			
12	Troops to Teachers	114,373	66,623
12.104	Flood Plain Management	10,902	0
12.112	Payments to States in Lieu of Real Estate Taxes	882,853	882,853
12.113	State Memorandum of Agreement Program for the Reimbursement of Technical Services	772,069	0
12.401	National Guard Military Operations and Maintenance Projects	15,919,814	0
12.AAG	Drug Interdiction & Counter Drug Activities (Note 4)	111,213	111,213
12.unknown	Formally Utilized Sites Remedial Action Program	282,993	0
	Total Department of Defense	<u>18,094,217</u>	<u>1,060,689</u>
Department of Housing and Urban Development			
14.228	Community Development Block Grants/State's Program	33,392,484	32,583,189
14.231	Emergency Shelter Grants Program	1,493,134	1,493,134
14.238	Shelter Plus Care	3,440,373	3,440,373
14.241	Housing Opportunities for Persons with AIDS	459,966	459,966
14.401	Fair Housing Assistance Program - State and Local	475,465	0
	Total Department of Housing and Urban Development	<u>39,261,422</u>	<u>37,976,662</u>
Department of the Interior			
15.250	Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	408,013	0
15.252	Abandoned Mine Land Reclamation Program	1,255,843	629,833
15.605	Sport Fish Restoration	5,180,391	0
15.611	Wildlife Restoration	5,360,379	0
15.615	Cooperative Endangered Species Conservation Fund	153,605	16,845
15.616	Clean Vessel Act	16,845	0
15.622	Sportfishing and Boating Safety Act	116,123	116,123
15.623	North American Wetlands Conservation Fund	1,218,950	0
15.634	State Wildlife Grants	601,520	0
15.808	U.S. Geological Survey - Research & Data Acquisition	5,940	0

STATE OF MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2003

CFDA Number	Federal Grantor Agency - Program	Federal Awards Expended	Amount Provided to Subrecipients
15.810	National Cooperative Geologic Mapping Program	207,235	0
15.904	Historic Preservation Fund Grants-In-Aid	1,025,242	230,899
15.916	Outdoor Recreation - Acquisition, Development and Planning	378,386	353,804
15.921	Missouri Lewis & Clark Interpretive Signage & Information	9,916	0
15.978	Upper Mississippi River System Long Term Resource Monitoring Program	435,193	0
15.FFB	Webless Migratory Game Bird Research Program	34,360	0
Total Department of the Interior		16,407,941	1,347,504
Department of Justice			
16	Marijuana Eradication Program	410,735	0
16.007	State Domestic Preparedness Equipment Support Program	2,828,128	2,820,689
16.202	Offendor Reentry Program	66,722	0
16.523	Juvenile Accountability Incentive Block	3,430,056	3,366,881
16.540	Juvenile Justice and Delinquency Prevention - Allocation to States	1,589,493	1,544,031
16.542	National Institute for Juvenile Justice and Delinquency Prevention	2,568,826	0
16.543	Missing Children's Assistance	14,443	0
16.548	Title V Delinquency Prevention Program	365,001	365,001
16.549	Part E State Challenge Activities	115,247	115,247
16.554	National Criminal History Improvement Program	934,115	465,453
16.564	Crime Laboratory Improvement_Combined Offender DNA Index System Backlog Reduction	232,446	152,990
16.575	Crime Victim Assistance	6,810,857	6,712,222
16.576	Crime Victim Compensation	1,525,311	0
16.579	Byrne Formula Grant Program	7,229,531	7,069,497
	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program		
16.580		256,553	28,169
16.585	Drug Court Discretionary Grant Program	42,605	0
16.586	Violent Offender Incarceration and Truth in Sentencing Incentive Grants	1,424,033	0
16.588	Violence Against Women Formula Grants	2,080,465	2,000,461
16.589	Rural Domestic Violence and Child Victimization Enforcement Grant Program	68,287	68,287
16.590	Grants to Encourage Arrest Policies and Enforcement of Protection Orders	169,831	110,580
16.592	Local Law Enforcement Block Grants Program	801,227	799,405
16.593	Residential Substance Abuse Treatment for State Prisoners	2,005,947	956,972
16.606	State Criminal Alien Assistance Program	121,310	0
16.607	Bulletproof Vest Partnership Program	1,765	1,765
16.610	Mid-States Organized Crime Information Center	3,260,343	3,260,343
16.710	Public Safety Partnership and Community Policing Grants	5,390,271	23,242
16.727	Enforcing Underage Drinking Laws Program	493,862	490,035
16.733	National Incident Based Reporting System	135,977	58,634
Total Department of Justice		44,373,387	30,409,904
Department of Labor			
17.002	Labor Force Statistics	1,713,564	0
17.005	Compensation and Working Conditions	172,397	16
17.203	Labor Certification for Alien Workers	107,828	0
17.207	Employment Service	14,785,578	53,150
17.225	Unemployment Insurance (Note 3)	785,091,679	0
17.235	Senior Community Service Employment Program	2,245,887	2,223,681
17.245	Trade Adjustment Assistance - Workers	11,621,419	0
17.249	Employment Services and Job Training - Pilot and Demonstration Programs	5,591	1,294
17.253	Welfare-to-Work Grants to States and Localities	3,112,024	2,993,306
17.255	Workforce Investment Act	561,405	234,820
17.258	Workforce Investment Act - Adult Program	16,009,697	14,554,757
17.259	Workforce Investment Act - Youth Activities	18,465,650	15,575,486
17.260	Workforce Investment Act - Dislocated Workers	18,187,509	16,071,156
17.261	Employment & Training Administration	23,785	0
17.264	Migrant & Seasonal Farm Workers	257,091	33,369
17.266	Work Incentives Grant	82,369	0
17.504	Consultation Agreements	886,017	0
17.600	Mine Health and Safety Grants	274,259	0
17.801	Disabled Veterans' Outreach Program	1,436,022	0
17.804	Local Veterans' Employment Representative	1,588,063	0
Total Department of Labor		876,627,834	51,741,035
Department of Transportation			
20.02-154-AL-1	154/164 Transfer Funds	6,456,746	6,456,746

STATE OF MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2003

CFDA Number	Federal Grantor Agency - Program	Federal Awards Expended	Amount Provided to Subrecipients
20.106	Airport Improvement Program	10,724,870	10,532,255
20.205	Highway Planning and Construction	742,400,383	79,296,087
20.218	National Motor Carrier Safety	2,367,570	1,051,985
20.219	Recreational Trails Program	841,584	816,992
20.500	Federal Transit Capital Investment Grants	5,880,682	5,880,682
20.505	Federal Transit Metropolitan Planning Grants	836,060	756,595
20.509	Formula Grants for Other Than Urbanized Areas	6,550,489	6,227,669
20.513	Capital Assistance Program for Elderly Persons and Persons with Disabilities	2,440,543	2,356,709
20.516	Job Access Reverse Commute	1,200,475	1,200,475
20.600	State and Community Highway Safety	2,143,119	2,037,322
20.601	Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	970,881	970,881
20.602	Occupant Protection	63,598	63,598
20.603	Federal Highway Safety Data Improvements Incentive Grants	241,816	241,816
20.604	Safety Incentive Grants for use of Seatbelts	957,760	957,760
20.700	Pipeline Safety	276,768	0
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	286,184	286,184
Total Department of Transportation		784,639,528	119,133,756
Equal Employment Opportunity Commission			
30.002	Employment Discrimination - State and Local Fair Employment Practices Agency Contracts	382,187	0
Total Equal Employment Opportunity Commission		382,187	0
General Services Administration			
39.003	Donation of Federal Surplus Personal Property (Note 4)	1,876,328	1,430,204
Total General Services Administration		1,876,328	1,430,204
National Foundation of Arts and the Humanities			
45.025	Promotion of the Arts - Partnership Agreements	471,530	154,335
45.310	State Library Program	2,794,685	1,391,236
Total National Foundation of Arts and the Humanities		3,266,215	1,545,571
Department of Veterans Affairs			
64.005	Grants to States for Construction of State Home Facilities	11,690,038	0
64.015	Veterans State Nursing Home Care	20,791,987	0
64.123	Vocational Training for Certain Veterans Receiving VA Pension	501,059	0
64.203	State Cemetery Grants	10,796,627	0
Total Department of Veterans Affairs		43,779,711	0
Environmental Protection Agency			
66.034	Surveys, Studies, Investigations and Special Purpose Activities Relating to the Clean Air Act	9,016	0
66.433	State Underground Water Source Protection	140,285	0
66.438	Construction Management Assistance	1,005	0
66.454	Water Quality Management Planning	316,905	185,281
66.458	Capitalization Grants for State Revolving Funds	57,940,502	38,312,473
66.460	Nonpoint Source Implementation Grants	2,686,195	901,565
66.461	Wetlands Grants	171,442	0
66.463	Water Quality Cooperative Agreements	78,088	7,006
66.468	Capitalization Grants for Drinking Water SRF	20,779,674	18,811,708
66.474	Water Protection Grants to the States	86,860	0
66.605	Performance Partnership Grants	11,279,382	1,845,110
66.606	Surveys, Studies, Investigations and Special Purpose Grants	3,239,812	1,714,474
66.608	State Information Grants	280,551	0
66.701	Toxic Substances Compliance Monitoring Cooperative Agreements	144,163	0
66.707	TSCA Title IV State Lead Grants - Certification of Lead-Based Paint Professionals	281,957	507
66.708	Pollution Prevention Grants Program	71,743	0
66.709	Capacity Building Grants and Cooperative Agreements for States and Tribes	81,214	56,765
66.802	Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	2,195,170	37,958
66.805	Leaking Underground Storage Tank Trust Fund Program	1,547,108	0
Total Environmental Protection Agency		101,331,072	61,872,847
Department of Energy			
81.039	National Energy Information Center	5,648	0
81.041	State Energy Program	1,133,505	15,294
81.042	Weatherization Assistance for Low-Income Persons	5,010,936	4,737,624
81.092	Weldon Springs Site Remedial Action Project	274,943	0

STATE OF MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2003

CFDA Number	Federal Grantor Agency - Program	Federal Awards Expended	Amount Provided to Subrecipients
81.117	Energy Efficiency & Renewable Energy Information Dissemination, Outreach, Training, & Technical Analysis/Assistance	58,599	41,262
81.119	State Energy Program Special Projects	265,521	139,364
81.902	State Environmental Oversight & Monitoring	254,247	0
Total Department of Energy		7,003,399	4,933,544
Federal Emergency Management Agency			
83.012	Hazardous Materials Assistance Program	9,000	0
83.105	Community Assistance Program - State Support Services Element	136,965	0
83.536	Flood Mitigation Assistance	30,986	30,486
83.541	Disaster Unemployment Assistance	78,930	0
83.543	Individual and Family Grants	244,462	239,056
83.544	Public Assistance Grants	57,272,321	57,158,849
83.548	Hazard Mitigation Grant	1,747,794	1,741,594
83.550	National Dam Safety Program	114,907	0
83.552	Emergency Management Performance Grants	2,616,963	2,616,963
83.555	Cooperating Technical Partners	81,400	0
83.562	State and Local All Hazards Emergency Operations Planning	52,181	0
83.564	Citizen's Corps	63,707	41,252
83.859	Crisis Counseling	32,093	30,861
Total Federal Emergency Management Agency		62,481,709	61,859,061
Department of Education			
84.002	Adult Education - State Grant Program	11,572,994	9,661,412
84.010	Title I Grants to Local Educational Agencies	152,324,305	150,189,258
84.011	Migrant Education - Basic State Grant Program	1,766,231	1,766,231
84.013	Title I Program for Neglected and Delinquent Children	933,298	870,019
84.027	Special Education - Grants to States	140,955,926	136,961,172
84.032	Federal Family Education Loans	56,940,614	0
84.048	Vocational Education - Basic Grants to States	23,275,223	22,246,733
84.069A	Leveraging Educational Assistance Partnership	1,323,297	0
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States	66,262,477	110,596
84.154	Public Library Construction and Technology Enhancement	182,538	182,538
84.158	Secondary Education and Transitional Services for Youth with Disabilities	842,765	858,162
84.162	Immigrant Education	244,257	244,257
84.169	Independent Living - State Grants	90,602	90,602
84.173	Special Education - Preschool Grants	8,963,536	8,963,536
84.177	Rehabilitation Services - Independent Living Services for Older Individuals Who are Blind	625,652	0
84.181	Special Education - Grants for Infants and Families with Disabilities	8,025,478	8,025,478
84.185	Byrd Honors Scholarships	886,750	0
84.186	Safe and Drug-Free Schools and Communities - State Grants	7,655,925	7,176,873
84.187	Supported Employment Services for Individuals with Severe Disabilities	822,177	0
84.196	Education for Homeless Children and Youth	702,118	702,118
84.213	Even Start - State Educational Agencies	3,749,791	3,749,791
84.215	Fund for the Improvement of Education	313,711	272,610
84.224	Assistive Technology	546,382	0
84.235	Rehabilitation Services Demonstration and Training: Special Demonstration Programs	484,128	0
84.243	Tech-Prep Education	2,229,892	2,191,334
84.265	Rehabilitation Training - State Vocational Rehabilitation Unit In-Service Training	198,373	0
84.276	Goals 2000 - State and Local Education Systemic Improvement Grants	111,733	113,846
84.278	School To Work State Implementation Grants	1,334,541	1,280,006
84.281	Eisenhower Professional Development State Grants	5,121,722	4,845,372
84.282	Charter Schools	815,331	713,034
84.287	Twenty-First Century Community Learning Centers	989,775	901,896
84.298	Innovative Education Program Strategies	6,205,786	5,422,864
84.310	Parental Assistance Centers	105,360	0
84.318	Technology Literacy Challenge Fund Grants	7,680,033	7,310,701
84.323	Special Education-State Program Improvement Grants for	1,093,476	1,093,476
84.326	Special Education-Technical Assistance and Dissemination to	138,456	138,456
84.330	Advanced Placement Incentive Program	2,183	2,183
84.331	Grants to States for Incarcerated Youth Offenders	292,693	0
84.332	Comprehensive School Reform Demonstration	4,995,907	4,991,097
84.334S	Gaining Early Awareness and Readiness for Undergraduate Programs	965,530	504,579
84.336	Teacher Quality Enhancement Grants	126,000	126,000
84.340	Class Size Reduction	4,486,386	4,486,386

STATE OF MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2003

CFDA Number	Federal Grantor Agency - Program	Federal Awards Expended	Amount Provided to Subrecipients
84.346	Occupational and Employment Information State Grants	169,977	0
84.348	Title I Accountability Grants	1,721,531	1,721,531
84.352	School Renovation Grants	7,874,644	7,874,644
84.358	Rural Education Achievement Program	1,862,828	1,760,463
84.365	English Language Acquisition State Formula Grant Program	1,209,214	1,082,596
84.367	Improving Teacher Quality State Grants	38,746,200	38,266,842
84.RN94-13-6026	National Cooperative System Program	34,648	0
Total Department of Education		578,002,394	436,898,692
National Archives and Records Administration			
89.003	National Historical Publications and Records Grants	102,915	102,915
Total National Archives and Records Administration		102,915	102,915
Department of Health and Human Services			
93	Mammography Inspections	179,548	0
93.003	Public Health and Social Services Emergency Fund	1,651,166	1,453,807
93.006	State and Territorial and Technical Assistance Capacity Development Minority HIV/AIDS Demonstration Program	19,013	0
	Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation	69,119	68,924
93.041	Special Programs for the Aging - Title VII, Chapter 2 - Long Term Care Ombudsman Services for Older Individuals	324,184	80,720
93.042	Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	376,678	376,678
	Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	7,407,885	6,721,997
93.044	Special Programs for the Aging - Title III, Part C - Nutrition Services	11,213,952	11,213,952
93.045	Alzheimer's Disease Demonstration Grants to States	319,669	315,680
93.051	National Family Caregiver Support	2,685,090	2,685,090
93.052	Food and Drug Administration Research	90,401	0
93.103	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	892,594	878,379
93.104	Maternal and Child Health Federal Consolidated Programs	506,490	420
93.110	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	457,864	86,590
93.116	Grants for Technical Assistance Activities Related to the Block Grant for Community Mental Health Services - Technical Assistance Centers for Evaluation	23,366	0
	Primary Care Services - Resource Coordination and Development	195,615	70,000
93.130	Centers for Research and Demonstration for Health Promotion and Disease Prevention	131,205	0
93.135	Injury Prevention and Control Research and State and Community Based Programs	1,335,295	371,677
93.136	Projects for Assistance in Transition from Homelessness (PATH)	570,173	570,173
93.150	Health Program for Toxic Substances and Disease Registry	202,255	21,056
93.161	Grants for State Loan Repayment	31,500	31,500
93.165	Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	564,725	270,414
93.197	Human Health Studies - Applied Research and Development	12,794	0
93.206	Research on Healthcare Costs, Quality and Outcomes	850,351	526,874
93.226	Consolidated Knowledge Development and Application (KD&A) Program	544,061	436,600
93.230	Traumatic Brain Injury - State Demonstration Grant Program	117,250	62
93.234	Abstinence Education	1,103,065	0
93.235	Cooperative Agreements for State Treatment Outcomes and Performance Pilot Studies Enhancement	763,781	555,658
93.238	Policy Research and Evaluation Grants	194,801	0
93.239	State Capacity Building	330,216	69,314
93.240	State Rural Hospital Flexibility Program	329,950	110,000
93.241	Substance Abuse and Mental Health Services Projects of Regional and National Significance	110,017	109,285
93.243	Universal Newborn Hearing Screening	246,554	606
93.251	Rural Access to Emergency Devices Grant	6,230	0
93.259	Immunization Grants (Note 4)	24,848,696	22,468,493
93.268	Prevention Needs Assessment	103,252	103,252
93.277-98-6020	Centers for Disease Control and Prevention - Investigations and Technical Assistance	17,932,784	5,148,371
93.283	Uniform Alcohol and Drug Abuse Grants	91,117	91,117
93.283-95-0026	Small Rural Hospital Improvement Grants	276,221	268,469
93.301	Promoting Safe and Stable Families	8,183,355	0
93.556	Temporary Assistance for Needy Families	181,806,210	0
93.558	Child Support Enforcement	43,015,623	11,363,367
93.563			

STATE OF MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2003

CFDA Number	Federal Grantor Agency - Program	Federal Awards Expended	Amount Provided to Subrecipients
93.566	Refugee and Entrant Assistance - State Administered Programs	2,958,634	0
93.568	Low-Income Home Energy Assistance	41,800,000	20,274,943
93.569	Community Services Block Grant	18,653,221	18,491,091
93.570	Community Services Block Grant - Discretionary Awards	29,960	0
93.571	Community Services Block Grant Discretionary Awards - Community Food and Nutrition	79,299	0
93.575	Child Care and Development Block Grant	57,190,911	0
93.576	Refugee and Entrant Assistance - Discretionary Grants	1,328,561	864,879
93.584	Refugee and Entrant Assistance - Targeted Assistance	827,206	0
93.585	Empowerment Zones Program	100,000	100,000
93.586	State Court Improvement Program	199,570	34,279
93.590	Community-based Family Resource and Support Grants	125,000	125,000
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	54,849,434	0
93.597	Grants to States for Access and Visitation Programs	174,425	0
93.600	Headstart	222,463	222,463
93.603	Adoption Incentive Payments	149,997	0
93.630	Developmental Disabilities Basic Support and Advocacy Grants	1,373,876	886,829
93.643	Children's Justice Grants to States	163,141	0
93.645	Child Welfare Services - State Grants	5,995,018	0
93.652	Adoption Opportunities	310,041	0
93.658	Foster Care - Title IV-E	66,133,087	0
93.659	Adoption Assistance	23,279,327	0
93.667	Social Services Block Grant	54,879,017	0
93.669	Child Abuse and Neglect State Grants	521,996	0
	Family Violence Prevention and Services/Grants for Battered Women's Shelters - Grants to States		
93.671	and Indian Tribes	1,578,376	0
93.674	Chafee Foster Care Independent Living	4,398,436	0
93.767	State Children's Insurance Program	69,387,399	0
	Medicaid Infrastructure Grants To Support the Competitive Employment of People with		
93.768	Disabilities	222,097	0
93.769	Demonstration to Maintain Independence and Employment	88,043	0
93.775	State Medicaid Fraud Control Units	837,692	0
93.777	State Survey and Certification of Health Care Providers and Suppliers	12,768,764	39,342
93.778	Medical Assistance Program	3,659,207,561	0
93.779	Health Information Counseling and Assistance Grant Program	312,958	0
93.865	Center for Research for Mothers and Children	296,401	293,903
93.913	Grants to States for Operation of Offices of Rural Health	98,775	0
93.917	HIV Care Formula Grants	10,108,506	10,108,506
	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early		
93.919	Detection Programs	1,282,429	912,477
93.938	Cooperative Agreements to Support Comprehensive School Health Programs to	366,252	108,538
93.940	HIV Prevention Activities - Health Department Based	4,013,080	2,544,671
	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Syndrome (AIDS)		
93.944	Surveillance	601,064	171,210
93.945	Assistance Programs for Chronic Disease Prevention and Control	1,793,676	396,516
93.952	Improving EMS/Trauma Care in Rural Areas	2,782	0
93.958	Block Grants for Community Mental Health Services	8,150,334	7,811,686
93.959	Block Grants for Prevention and Treatment of Substance Abuse	26,775,051	24,288,329
93.977	Preventive Health Services - Sexually Transmitted Diseases Control Grants	2,193,208	617,152
	Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of		
93.988	Surveillance Systems	310,108	55,626
93.991	Preventive Health and Health Services Block Grant	3,325,813	610,327
93.994	Maternal and Child Health Services Block Grant to the States	12,441,496	6,547,110
Total Department of Health and Human Services		4,462,018,600	161,973,402
Corporation for National Service			
94.003	State Commissions	211,750	0
94.004	Learn and Serve America - School and Community Based Programs	377,709	301,630
94.006	AmeriCorps	2,649,351	2,649,351
94.007	Planning and Program Development Grants	88,798	88,387
94.009	Training and Technical Assistance	95,575	0
Total Corporation for National Service		3,423,183	3,039,368
Social Security Administration			
96.001	Social Security - Disability Insurance	32,714,267	0
96.008	Social Security - Benefits, Planning, Assistance, and Outreach Program	227,547	0

STATE OF MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2003

CFDA Number	Federal Grantor Agency - Program	Federal Awards Expended	Amount Provided to Subrecipients
Total Social Security Administration		32,941,814	0
Total Expenditures of Federal Awards		\$ 7,942,913,924	1,201,717,957

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF MISSOURI
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards of the state of Missouri has been prepared to comply with U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The circular requires a schedule of expenditures of federal awards showing total expenditures for each federal financial assistance program as identified in the catalog of federal domestic assistance (CFDA), and identification of federal financial assistance programs which have not been assigned a CFDA number.

The accompanying schedule includes all federal financial assistance programs administered by the state of Missouri, except for those programs administered by public universities which are legally separate component units of the state of Missouri. Federal financial assistance provided to public universities has been excluded from this audit. The public universities were audited by other auditors under OMB Circular A-133.

B. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards is presented in accordance with OMB Circular A-133, which defines federal financial assistance as assistance that non-federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations and other assistance, but does not include amounts received as reimbursement for services rendered to individuals.

The schedule presents both Type A and B federal assistance programs administered by the state of Missouri. OMB Circular A-133 establishes the formula for determining the level of expenditures or disbursements to be used in defining Type A and B federal financial assistance programs. For the state of Missouri, Type A programs are those which exceed \$23.8 million in disbursements, expenditures, or distributions. The determination of major and nonmajor programs is based on the risk-based approach outlined in OMB Circular A-133.

C. Basis of Accounting

The expenditures for each of the federal financial assistance programs are presented on the accounting basis as required by the federal agency which awarded the assistance. Most programs are presented on a cash basis, which recognizes expenditures of federal awards when disbursed in cash. However, some are presented on a modified accrual basis, which recognizes expenditures of federal awards when the related liability is incurred.

2. Special Supplemental Nutrition Program for Women, Infants and Children Program Rebates

The state received cash rebates from an infant formula manufacturer, totaling \$27,354,248, on sales of formula to participants in the Special Supplemental Nutrition Program for Women, Infants and Children Program (CFDA No. 10.557). Rebate contracts with infant formula manufacturers are authorized by 7 CFR 246.16(m) as a cost containment measure. Rebates represent a reduction of expenditures previously incurred for WIC food benefit costs. The state was able to extend program benefits to more persons than could have been served this fiscal year in the absence of the rebate contract.

3. Unemployment Insurance Expenditures

Expenditures of federal awards for the Unemployment Insurance program (CFDA No. 17.225) include unemployment benefit payments from the State Unemployment Compensation Fund totaling \$741,187,371 and \$43,904,308 funded by federal grants.

4. Nonmonetary Assistance

The Department of Health and Senior Services distributes vaccines to local health agencies and other health care professionals under the Immunization Grants program (CFDA No. 93.268). Distributions are valued at the cost of the vaccines paid by the federal government and totaled \$20,768,496.

The State Agency for Surplus Property distributes federal surplus property to eligible donees under the Donation of Federal Surplus Personal Property program. Property distributions totaled \$8,052,910 valued at the historical cost as assigned by the federal government, which is substantially in excess of the property's fair market value. The amount of expenditures presented on the Schedule of Expenditures of Federal Awards is 23.3 percent of the historical cost, which approximates the fair market value of the property at the time of distribution as determined by the General Services Administration.

The Department of Public Safety distributes excess Department of Defense equipment to state and local law enforcement agencies under the Department of Defense Surplus Property program. Property distributions totaled \$477,307 valued at the historical cost as assigned by the federal government, which is substantially in excess of the property's fair market value. The amount of expenditures presented on the Schedule of Expenditures of Federal Awards is 23.3 percent of the historical cost, which approximates the fair market value of the property at the time of distribution.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

STATE OF MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2003

Section I - Summary of Auditor's Results

Financial Statements

The auditor's report on the financial statements was qualified.

The audit did not note any reportable conditions in the internal control over financial reporting.

The audit did not note any noncompliance material to the financial statements.

Federal Awards

The auditor's report on compliance on the major programs was unqualified.

The audit identified reportable conditions in the internal controls over major programs.

None of these reportable conditions were considered to be material weaknesses.

The audit identified findings related to compliance on major programs that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.

The state of Missouri did not qualify as a low-risk auditee under the provisions of OMB Circular A-133.

The dollar threshold to distinguish between Type A programs and Type B programs was **\$23,800,000.**

The following programs were audited as major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
	Child Nutrition Cluster:
10.553	School Breakfast Program
10.555	National School Lunch Program
10.556	Special Milk Program for Children
10.559	Summer Food Service Program for Children
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
17.225	Unemployment Insurance
20.205	Highway Planning and Construction
66.458	Capitalization Grants for State Revolving Funds
83.544	Public Assistance Grants

84.010	Title I Grants to Local Educational Agencies
	Special Education Cluster:
84.027	Special Education – Grants to States
84.173	Special Education – Preschool Grants
84.032	Federal Family Education Loans
84.048	Vocational Education – Basic Grants to States
84.298	Innovative Education Program Strategies
84.367	Improving Teacher Quality State Grants
93.268	Immunization Grants
93.283	Centers for Disease Control and Prevention – Investigations and Technical Assistance
93.558	Temporary Assistance for Needy Families
93.563	Child Support Enforcement
	Child Care Cluster:
93.575	Child Care and Development Block Grant
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund
93.658	Foster Care – Title IV-E
93.659	Adoption Assistance
93.667	Social Services Block Grant
93.767	State Children's Insurance Program
	Medicaid Cluster:
93.775	State Medicaid Fraud Control Units
93.777	State Survey and Certification of Health Care Providers and Suppliers
93.778	Medical Assistance Program

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* require to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

2003-1	Schedule of Expenditures of Federal Awards
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Federal Agency:	Department of Agriculture Department of Health and Human Services
Federal Program:	10.557 Special Supplemental Nutrition Program for Women, Infants, and Children 93.268 Immunization Grants 93.283 Centers for Disease Control and Prevention - Investigations and Technical Assistance
State Agency:	Department of Health and Senior Services (DHSS)

Expenditures reported on the original schedule of expenditures of federal awards (SEFA) prepared by the DHSS were understated by a net amount of approximately \$9.5 million. Listed below are the programs with misstatements.

CFDA #	Program	Overstated/ (Understated)
93.777	State Survey and Certification of Health Care Providers and Suppliers	\$8,439,780
93.778	Medical Assistance Program (Passed-through from state Department of Social Services)	(8,439,780)
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	(5,557,781)
93.268	Immunization Grants	(3,971,331)
93.048	Special Programs for the Aging - Title IV and Title II - Discretionary Projects	319,669
93.051	Alzheimer's Disease Demonstration Grants to States	(319,669)

The majority of the errors resulted from the incorrect compilation of data reported on the department's internal accounting system. The DHSS uses its internal accounting system to track expenditures of federal programs and to prepare the SEFA.

In addition, the DHSS does not reconcile its internal accounting system to the statewide accounting system (SAM II). The prior Statewide Single Audit noted two WIC program rebates, totaling approximately \$5.6 million, were recorded in the SAM II system but had not been recorded in the internal accounting system, which contributed to the misstatement of the WIC federal expenditures in fiscal year 2002. DHSS made correcting entries for these errors to fiscal year 2003 internal accounting records instead of to fiscal year 2002 records, which caused the fiscal year 2003 federal expenditures to be understated by \$5.6 million. A reconciliation of the internal accounting records to the SAM II records could have detected this understatement and helped ensure the schedule of expenditures of federal awards was accurate.

Because the expenditures for the Immunization Grants and Special Programs for the Aging – Title IV and Title II – Discretionary Projects involved amounts provided to subrecipients, the errors noted above caused the amounts provided to subrecipients to be understated on the SEFA by a net amount of approximately \$3.7 million.

Although the summary schedule of prior audit findings prepared by the DHSS indicates corrective action was taken, we noted similar concerns in our current audit. While some improvement was noted from the prior year, additional improvement is needed in the preparation of the SEFA. DHSS made revisions to the schedule after our review.

Section .310(b) of OMB Circular A-133 requires the DHSS to prepare a schedule of expenditures of federal awards showing the financial activity for each federal program. The DHSS needs to establish effective procedures to ensure the schedule is complete and accurate. To be effective, the procedures should include a detailed supervisory review.

WE RECOMMEND the DHSS implement procedures to ensure the schedule of expenditures of federal awards is complete and accurate.

AUDITEE'S RESPONSE

We agree with the auditor's finding. Our Corrective Action Plan includes our planned actions to address the finding.

2003-2

Subrecipient Monitoring

Federal Agency: Department of Agriculture
Federal Program: 10.557 Special Supplemental Nutritional Program for Women, Infants, and Children (WIC)
State Agency: Department of Health and Senior Services (DHSS)

The DHSS needs to improve its monitoring of subrecipients of the WIC program. The DHSS awards grants to 119 local WIC providers to certify applicants' eligibility for benefits and to deliver benefits to eligible persons. The DHSS provided approximately \$12.6 million to subrecipients for these services during fiscal year 2003. The DHSS is required by federal regulations to conduct an on-site monitoring review of each subrecipient at least once every two years.

- A. The DHSS does not always notify the subrecipient on a timely basis about the findings noted in the on-site monitoring review. Federal regulation 7 CFR 246.19(b)(4) requires the DHSS to promptly notify a subrecipient of any instances of noncompliance with program requirements. The DHSS's WIC Operational Manual indicates it will mail a finding letter within 21 days of the on-site monitoring visit. For 13 of 40 (33 percent) reviews we tested, the finding letter had not been sent within the 21-day requirement. In one instance, the finding letter was mailed 254 days after the on-site monitoring visit.
- B. The DHSS does not adequately ensure that subrecipients take corrective action on findings. Federal regulation 7 CFR 246.19(b)(4) provides that the state must require the subrecipient to submit a corrective action plan within 60 days if a monitoring review reports findings of program non-compliance. The WIC Operational Manual states it will require subrecipients to file a corrective action plan within 21 days after receipt of the finding letter, and DHSS internal procedures indicate it will approve the corrective action plan within 21 days of receipt. For 3 of 40 (8 percent) reviews we tested, the corrective action plan was not received within the 60-day time period required by federal regulation. Also, for 12 of 40 (30 percent) reviews we tested, the corrective action plan was not approved within 21 days of receipt of the corrective action plan.

- C. The DHSS does not adequately monitor and document the implementation of the corrective action plans. The WIC Operations Manual states that the DHSS will monitor the subrecipients' corrective action within six to twelve months after approval of the corrective action plan. Federal regulation 7 CFR 246.19(b)(1) provides that the state should monitor the subrecipients' corrective action and document the results. The only documentation of monitoring the implementation the DHSS provides is a check box on a review worksheet that indicates if the findings were resolved; however, these worksheets are prepared only during the on-site monitoring every two years. As a result, there is no assurance that follow-up is performed within the required six to twelve month time frame.
- D. The DHSS has not established adequate internal controls to ensure subrecipient monitoring is adequately completed and documented. DHSS internal procedures state that a complete monitoring packet is to be submitted to the DHSS Compliance Unit Coordinator within 14 calendar days of submitting the corrective action plan approval letter. A completed monitoring packet is to include the following:
- Monitor report routing form.
 - The corrective action plan approval letter.
 - Correspondence used to clarify or provide recommendations.
 - Corrective action plan.
 - Monitoring team cover letter with combined findings letter.
 - Monitoring worksheets.

For 29 of 40 (73 percent) reviews we tested, the monitoring packet was not fully completed. For 28 of these 29 reviews, the monitor report routing form was either not completed or was not in the file. For four of these 29 reviews, the file did not include the corrective action plan, and for three of these 29 reviews, the file did not include the corrective action plan approval letter.

Similar concerns were noted in our prior audit. While the summary schedule of prior audit findings prepared by the DHSS indicates they are in the process of implementing these recommendations, additional improvements are needed in these areas.

WE RECOMMEND the DHSS:

- A. Submit finding letters to subrecipients on a timely basis.
- B. Ensure that subrecipients file a corrective action plan within 21 days of the finding letter and approve the corrective action plan within 21 days of receipt.

- C. Monitor and document the subrecipients' implementation of their corrective action plan within six to twelve months after approval of the corrective action plan.
- D. Ensure that routing forms are complete and accurate, and maintain adequate documentation to support each monitoring review.

AUDITEE'S RESPONSE

A-D. We agree with the auditor's findings. Our Corrective Action Plan includes our planned actions to address the findings.

2003-3	Subrecipient Monitoring
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Federal Agency:	Federal Emergency Management Agency
Federal Program:	83.544 Public Assistance Grants
State Agency:	Department of Public Safety – State Emergency Management Agency (SEMA)

The SEMA has not established adequate internal controls to ensure subrecipient monitoring is properly documented. The SEMA prepares project status reports to document various steps in the monitoring process. However, the audit report monitoring information contained in the status reports has not been completed because the individual in charge of maintaining the status reports indicated she was unsure of how to proceed with and document such information.

As a result, the SEMA does not adequately monitor subrecipients to ensure that an A-133 audit is performed, when applicable, and submitted to the SEMA. We noted the SEMA did not have an annual A-133 audit report on file for 7 of the 10 subrecipients tested with more than \$300,000 in grant expenditures and does not adequately follow up with subrecipients to ensure annual A-133 audits are submitted when applicable.

During the period included in this audit, OMB Circular A-133 required grant recipients to ensure that subrecipients obtain an A-133 audit when grant expenditures exceed \$300,000 in a fiscal year.

WE RECOMMEND the SEMA require project status reports adequately document subrecipient monitoring and ensure all subrecipients submit an A-133 audit when applicable.

AUDITEE'S RESPONSE

We agree with the auditor's finding. Our Corrective Action Plan includes our planned actions to address the finding.

2003-4.

Employee Cost Allocation

Federal Agency:	Department of Health and Human Services	<u>Questioned Costs</u>
		\$30,418
Federal Program:	93.566 Refugee and Entrant Assistance – State Administered Programs	
State Agency:	Department of Social Services – Family Support Division (FSD)	

During our review of the department's procedures for assigning employee costs to federal grants, we noted charges for one employee have been in error for almost a year.

To minimize the record keeping burden for allocating payroll costs for such direct employee time, OMB Circular A-87, Attachment B, Section 11.h.(3) indicates that where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and related costs are to be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications are to be prepared at least semi-annually and are to be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee.

Our review of the certifications for April 1, 2002 to September 30, 2002, noted an employee's salary, benefits, and related indirect costs were improperly charged to the Refugee and Entrant Assistance - State Administered Programs grant. Based on discussions with division personnel, the employee has never worked for the program. Although the employee was not certified to be working for the program after September 30, 2002, the employee's salary, benefits, and related indirect costs for October 2002 to May 2003 were also improperly charged to the grant. A similar condition was noted in our prior report.

We question the federal share of \$30,418 (100 percent) for salaries, benefits, and indirect costs improperly charged to the Refugee and Entrant Assistance - State Administered Programs grant from July 2002 through May 2003.

WE RECOMMEND the FSD resolve the questioned costs with the grantor agency.

AUDITEE'S RESPONSE

We agree with the auditor's finding. Our Corrective Action Plan includes our planned actions to address the finding.

2003-5.**Eligibility for Adoption Assistance Payments**

Federal Agency:	Department of Health and Human Services	
Federal Program:	93.659 Adoption Assistance	<u>Questioned Costs</u>
State Agency:	Department of Social Services (DSS) – Children's Division (CD)	\$ 5,996

During the year ending June 30, 2003, the CD provided Adoption Assistance benefits totaling approximately \$34 million for 6,864 adopted children with special needs. To qualify for the benefits, the child must be eligible for Title IV-E foster care benefits, Temporary Assistance for Needy Families (TANF) benefits, or Social Security Income (SSI) benefits, as required by 42 USC 673(a)(2)(A). In addition, the nature of services to be provided and nonrecurring expenses to be paid must be stated in the subsidy contract between the CD and the adoptive parents, as required by 42 USC 675(3) and 45 CFR 1356.41(a), respectively. Subsidized costs may include maintenance, tutoring, clothing, day care, respite care, legal expenses, etc.

To test compliance with these requirements, we reviewed eligibility documentation, subsidy contracts, and expenditure documentation for 60 Adoption Assistance recipients. The 60 recipients received Adoption Assistance totaling \$266,032 during the year ending June 30, 2003. Payments were made after contract authorization expired for two of sixty (3 percent) cases reviewed. Authorization for the payments expired in February and March 2002, respectively. In addition, we could not locate invoices or other supporting documentation for some payments on nine of thirty-one (29 percent) cases reviewed. Division personnel determined the payment for one case was a \$40 overpayment, and initiated corrective action to recoup the payment. The expenditures related to the remaining errors totaled \$9,829 for March 2002 through June 2003. We question the federal share of \$5,996 (61 percent). Similar conditions were noted in our prior report.

The CD should ensure adoption assistance payments are not made after contract authorization expires and ensure all payments are supported by adequate documentation.

WE RECOMMEND the CD resolve the questioned costs with the grantor agency. In addition, the CD should ensure payments are not made after contract authorization expires and ensure all payments are supported by adequate documentation.

AUDITEE'S RESPONSE

We partially agree with the auditor's finding. Our Corrective Action Plan includes an explanation and specific reasons for our disagreement and any planned actions to address the finding.

2003-6.**Foster Care Matching and Activities Unallowed**

Federal Agency: Department of Health and Human Services

Federal Program: 93.658 Foster Care - Title IV-E

State Agency: Department of Social Services – Children's
Division (CD)

Questioned Costs

\$ 469,713

- A. Indirect costs related to training expenses were charged to the Foster Care - Title IV-E grant at an incorrect rate. During the three quarters ending March 31, 2003, these indirect costs totaling \$136,646 were charged to the Foster Care – Title IV-E grant at the federal financial participation (FFP) rate of 75 percent authorized for training costs. The amount charged to the federal grant was \$102,484 (75 percent). However, under 45 CFR 1356.60(c), indirect costs are considered administrative costs, which are reimbursable at the FFP rate of 50 percent. Thus, it appears only \$68,323 (50 percent) should have been claimed for the indirect costs. Indirect training costs for the quarter ending June 30, 2003, were correctly charged to the Foster Care – Title IV-E grant at the 50 percent FFP rate.

We question the overpayment of \$34,161 for indirect costs erroneously charged to the Foster Care Title IV-E grant at the FFP rate of 75 percent, instead of 50 percent, from July 2002 through March 2003.

- B. Residential treatment center training costs were improperly charged to the Foster Care – Title IV-E grant. During the year ending June 30, 2003, residential treatment center training costs totaling \$572,278 were charged to the Foster Care – Title IV-E grant. The federal share of the costs claimed was \$429,208 (75 percent). However, costs for residential treatment center training were not included in the Title IV-B training plan for the year ending June 30, 2003.

Federal regulation 45 CFR 1356.60(b)(2) requires that all training activities and costs funded under Title IV-E be included in the state agency's training plan for Title IV-B. Residential treatment center training costs have been included in the Title IV-B training plan for the year ending June 30, 2004.

We question the federal share of \$429,208 (75 percent) for residential treatment center training costs improperly charged to the Foster Care Title IV-E grant.

- C. During the year ending June 30, 2003, the CD provided Foster Care benefits totaling approximately \$37 million for 10,401 foster children. To qualify for benefits, the child must be eligible for Temporary Assistance for Needy Families (TANF) benefits, and eligibility ceases at age 18, unless the child is expected to graduate from a secondary education institution before his or her nineteenth birthday, as required by 42 USC 672(a). Benefits may include subsidies for maintenance, clothing, day care, respite care, legal expenses, transportation, etc.

To test compliance with these requirements, we reviewed eligibility and expenditure documentation for 60 Foster Care benefit recipients. The 60 recipients received Foster Care assistance totaling \$149,568 during the year ending June 30, 2003. We could not locate invoices or other adequate supporting documentation for some payments on twenty-five of fifty (50 percent) cases reviewed. The expenditures related to these errors totaled \$10,400. We question the federal share of \$6,344 (61 percent).

The CD should ensure all payments are supported by adequate documentation.

WE RECOMMEND the CD resolve the questioned costs with the grantor agency and ensure all payments are supported by adequate documentation.

AUDITEE'S RESPONSE

We partially agree with the auditor's finding. Our Corrective Action Plan includes an explanation and specific reasons for our disagreement and any planned actions to address the finding.

2003-7.	Foster Care Monitoring
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Federal Agency: Department of Health and Human Services
Federal Program: 93.658 Foster Care - Title IV-E
State Agency: Department of Social Services (DSS) – Children's Division (CD)

On March 18, 2003, the Missouri State Auditor's Office issued audit report No. 2003-25, ***Department of Social Services Foster Care Program.*** (A copy of the complete audit report can be obtained from: Missouri State Auditors Office, P.O. Box 869, Jefferson City, MO 65102-0869, or on the Internet at www.auditor.mo.gov.) The report included the following findings:

- A. In-home visits were not always made according to division policy. Social workers only made the required twice-a-month, in-home visits in 4 of 170 cases reviewed. Division workers did not visit 14 children within 6 months of the audit review date and 3 children in over 1 year from the review date. Another 24 children had no record of any in-home visits by division workers. Only 26 percent of the cases reviewed had a visit within 30 days of the audit review.

The audit also noted large time spans between visits. One child had not been visited since December 2001. Another child was placed with a relative in Texas and neither Missouri nor Texas officials visited the child for 3 years until their guardianship was finalized. A second test of 170 cases indicated that 13 cases had 6-12 months between visits, 1 case had more than a year between visits, 6 cases had only 1 prior visit in the year before the last visit, and 3 cases had only 2 prior visits in the year before the last visit.

Home visits are a necessary part of a quality control system, even if the worker has seen the child in other circumstances such as supervising a natural parent visit or a school visit. However, the audit noted some workers inappropriately replaced home visits with these other contact situations. Routine visits to the foster home ensure the home meets state standards and help assess a child's progress towards adjusting to the new living arrangement. During these visits, division officials observe the home's condition and meet with the foster parents and foster child. The visits also confirm the child is present in the home.

Division policy states that the workers are to make at least two home visits per month. Section 475(5)(B) of the Social Security Act provides that the status of each child is to be reviewed periodically, but not less frequently than once every six months.

- B. Division staff do not have a clear understanding of who is responsible for visiting children placed in counties outside their home counties and discrepancies were found in documentation of visits. For example, an infant from one county (home county) had been placed in a foster home in another county (service county) for approximately 9 months, but the service county worker did not realize she needed to visit the child.

One file recorded a home visit which never occurred and dates of visits recorded in case file narratives did not match visit dates cited on travel reimbursement statements for 31 of 61 (51 percent) applicable case files tested. In addition, audit tests showed 45 of 176 (26 percent) files reviewed did not adequately document the home visits in the case narrative.

Adequate documentation of home visits is necessary to ensure the visits were performed in accordance with division policy.

- C. Local division offices have no central tracking process to determine the number and location of foster children. A tracking system organized by child could show the child's name, date in custody, assignment (foster home, residential facility, etc.), date out of custody, and pertinent telephone numbers and addresses. Such a system maintained in the local offices would represent a critical management control, could be maintained perpetually, kept current, and better assure a known location for each foster child.
- D. Several problems were noted with the inventory of foster children. The need for an inventory of foster children was discussed with division management in October 2002. Shortly after that, division officials directed all area offices to find and certify face-to-face contact with all foster children. As of February 18, 2003, 120 foster children still had not been visited. Division personnel failed to correct problems encountered in the study until they were questioned by the auditors. In addition, errors were noted in the inventory results. Most of the errors were due to the division's computer system not being updated in a timely manner to

accurately reflect the child's current placement status. The division should ensure all problems or inconsistencies identified are corrected and ensure foster child status changes are recorded on a timely basis.

- E. Family support team meetings did not occur as often as required and often did not include all required parties or the foster child. The family support team is responsible for monitoring the foster child's and biological parent's progress and assessing needed services.

For 124 of 187 (66 percent) applicable files tested, the family support team meetings were not held in the time frames set by policy. In addition, the review of case files in selected counties disclosed documentation intended to show identification of attendees at these team meetings was not complete in 59 of 185 (32 percent) cases, which made it impossible to determine who attended and whether each agreed or disagreed with the decision. Also, in 14 of 73 (19 percent) applicable cases tested, the age appropriate foster child did not attend the family support team meetings, as required. As a result, the team meeting could not effectively be considered a tool for face-to-face attestation of the location of the child.

According to policy and division management, the teams are required to meet within 72 hours of the child entering foster care. Subsequent meetings should occur at 30, 60, 90 days and every 6 months, or more often if needed, throughout the child's tenure in foster care. In addition, division policy states the minimum accepted participants for team meetings are the parents or guardian, placement provider, child (if age appropriate), and social worker.

- F. Runaway foster children are not consistently managed by social workers. In addition, social workers did not always follow up with foster families to understand why the youth fled.

As of October 2002, division personnel classified 167 children as runaways; most were teenagers (97 percent). In 34 of 137 (25 percent) runaway cases, a sporadic effort by social workers to find the runaway was disclosed. Some social workers spent time and effort trying to locate the child while others (9 of 34, or 26 percent) waited for them to return on their own or be brought back into custody by law enforcement. Social workers stated some runaways regularly call in to report to the social worker but refuse to say where they are. In addition, social workers did not follow-up with the foster family in 16 of the 34 (47 percent) applicable cases to understand why the youth fled.

Some social workers had the opportunity to help return the runaways to state custody but instead took various other actions. For example, older foster children are paid to attend an Independent Living Class as preparation for life after foster care and some children attended the classes while on runaway status. In one of these runaway cases, division personnel said a social worker called the police to

take a child into custody; while, in other cases, workers allowed the child to attend the class and leave. Policies regarding the management of runaways should be consistently enforced.

- G. The division does not always initiate termination of parental rights action on a timely basis. Audit tests showed parental rights terminations were not initiated for 76 of 144 (53 percent) test cases for children who had been in care for 15 of the last 22 consecutive months. For 30 of the 76 (39 percent) cases without timely initiation of termination, the required compelling reason for not terminating was not documented in the file as required. During fiscal year 2001, the average length of time for a child to stay in alternative care is 24.6 months which exceeded the time allotted in the Adoption and Safe Families Act.

According to federal law, 45 CFR 1356.21(i), the division is required to begin terminating parental rights if the child has been in division custody 15 of the last 22 months. This law and concurrent planning are intended to help avoid children remaining in the foster care system and more promptly find the child a permanent home. Under concurrent planning, division workers continue to help the natural parents try to preserve the family unit and reunite the family; however, at the same time, workers also try to avoid future delays to parental rights termination and the adoption process (if it becomes necessary).

- H. Foster parent background checks can be improved and expanded. A review of foster parent files noted 15 of 44 (34 percent) applicable tested foster parent files did not contain current (within the last two years) criminal and child abuse and neglect record checks.

However, the division does not search available Missouri Circuit Court records for potential problem indicators such as orders of protection issued against the prospective foster parent or foster parent needing to be re-licensed. These court records are not identified in the current background checks and could indicate a foster parent has a history of family violence or is unable to control his or her behavior. Audit tests matching all licensed foster parents against available computerized court records identified two active foster parents who have had orders of protection against them.

Division policies and 45 CFR 1356.30(a) and (b) require prospective foster parents undergo and pass background checks, which include a limited check for criminal convictions and child abuse and neglect histories. Checks of these records must be made on a regular basis to help ensure the safety of children in care. Division policy provides that foster parents are to be re-licensed every two years and background checks should be obtained before the license is renewed.

WE RECOMMEND the Children's Division:

- A. Ensure social workers make foster child home visits frequently enough to ensure the children are safe and are progressing appropriately in their adjustment to their foster home setting. If workers are unable to comply with the required twice monthly visit schedule, management should take proper steps to ensure gaps between visits are kept to a minimum.
- B. Ensure social workers assume their responsibilities for visits for children placed in their counties from other counties and make appropriate reports back to the home counties. In addition, management should ensure workers adequately document details of the child's progress found during each home visit.
- C. Develop and establish a centralized tracking process for use at all local offices. The process should be designed to continuously identify and track the status and location of each child brought into state custody.
- D. Reassess the results of the division's statewide inventory to ensure all problems or inconsistencies identified are corrected, and take steps to improve the timeliness of system updates to accurately show the current status of each child.
- E. Improve the process of arranging and scheduling team meetings to achieve better attendance and documentation. One method could include establishing focus groups of the primary stakeholders to obtain appropriate input.
- F. Ensure local offices follow consistent policy when dealing with foster children who have run away from foster homes. The policy to be followed should include giving appropriate considerations to the child's continuing safety, reasons for leaving the assigned foster home, and reporting a runaway child for custody apprehension.
- G. Where appropriate, take steps to ensure local offices increase the timeliness for requesting termination of parental rights and where not appropriate, ensure the case records document the required compelling reason for not requesting termination. In addition, greater emphasis should be given to concurrent planning to ensure the stage is properly set for beginning the termination process in a timely fashion if it becomes necessary.
- H. Augment the foster parent background checking process by adding a step to review circuit court records for indications of possible problems as identified by having orders of protection recorded against the foster parent.

AUDITEE'S RESPONSE

A,B,D,

E,G,H. We partially agree with the auditor's findings. Our Corrective Action Plan includes an explanation, and specific reasons for our disagreement and any planned actions to address the finding.

C. We disagree with the auditor's finding. Our Corrective Action Plan includes an explanation and specific reasons for our disagreement.

F. We agree with the auditor's finding. Our Corrective Action Plan includes our planned actions to address the finding.

2003-8. Foster Care Compliance

Federal Agency: Department of Health and Human Services

Federal Program: 93.658 Foster Care - Title IV-E

State Agency: Department of Social Services (DSS) -
Children's Division (CD)

Questioned Costs

\$2,175

On December 5, 2003, the Missouri State Auditor's Office issued audit report No. 2003-115, ***Department of Social Services Foster Care Program***. (A copy of the complete audit report can be obtained from: Missouri State Auditors Office, P.O. Box 869, Jefferson City, MO 65102-0869, or on the Internet at www.auditor.mo.gov.) The report included the following findings:

A. Division personnel overpaid residential facilities by over \$22,000 for 246 days of service for 27 children who had ran away from residential care facilities as of October 14, 2002. At that time, there were 137 runaways in Jasper, Jackson, Greene, and St. Louis counties and the city of St. Louis, 27 of whom ran from residential facilities.

When a child runs away from a residential facility, division policy allows payment for up to 7 extra days of care if the facility officials agree to hold the opening and accept the child upon return. Consequently, this policy compensates the residential facility without reciprocal value. None of the 27 runaways in the analysis returned to their residential facilities. The daily reimbursement rates range from \$56.28 for children in emergency care to \$118.20 for children in psychiatric care.

B. Social workers did not promptly update the child's placement status in the computer system to runaway, which caused overpayments. Audit tests showed providers received 117 payments for the 137 runaways (discussed above) for the month the child ran away and for part of the subsequent month. Forty of 117

payments were paid in violation of the division policy, (noted above) and payments continued up to 20 days after the child ran away.

Retrieving overpayments create unnecessary workloads because the division officials deduct these amounts from one or more future payments. If the provider is no longer receiving payments from the division, the local county office must pursue the needed repayment. The division is preparing to implement system improvements to identify payment errors more quickly. These changes should help decrease the amount and number of overpayments and speed up the error corrections; however, errors will not be decreased significantly until social workers promptly update the system.

- C. Division workers disregarded criminal convictions documented in background checks and inappropriately licensed three foster parents. The auditors matched court records to foster parent records. Based on the match results, the division found three inappropriately licensed foster parents. Background checks in the division's files disclosed one foster parent had assault and stealing charges and two foster parents had drug convictions within five years. Two of the foster parents received no federal funding and one received funding totaling \$3,565. Timely supervisory review of the three foster parent applications could have prevented these problem. We question the federal share of \$2,175 (61 percent).

Under 45 CFR 1356.30(a), the state must provide documentation that criminal records checks have been conducted with respect to prospective foster and adoptive parents and under 45 CFR 1356.30(b) state officials cannot approve or license a foster parent with convictions, such as child abuse, spousal abuse, or crimes against a child or children. Also, under CFR 1356.30(c), persons convicted of a physical assault or a drug-related crime within the last five years may be not licensed. The regulation prohibits the use of federal funds to pay foster parents having such convictions.

- D. Although the division conducts a series of background checks for prospective new social workers, staff do not use the Family Care Registry. This registry would identify if the applicant was excluded from working for the Department of Health and Senior Services or Department of Mental Health because of their previous history.

A worker considered unacceptable for working with the elderly or mentally ill should also receive more careful consideration before being accepted to serve as a children's social worker.

WE RECOMMEND the Children's Division:

- A. Discontinue reimbursing residential facilities for runaway children during their flight status. Take action to amend current contracts if feasible, and delete the contract language in future contract bids.
- B. Ensure social workers promptly initiate and enter child placement changes into the tracking system.
- C. Resolve the questioned costs with the grantor agency and pursue reimbursement from the foster parent. In addition, the division should ensure foster parents who fail to meet the applicable licensing criteria are not licensed and ensure worker licensing decisions are promptly reviewed by supervisors.
- D. Expand the background check of social workers to include a review of the Family Care Registry to identify workers who are not considered acceptable to work with children, the elderly or the mentally ill.

AUDITEE'S RESPONSE

A-D. We partially agree with the auditor's finding. Our Corrective Action Plan includes an explanation and specific reasons for our disagreement.

2003-9

Allowable Costs

Federal Agency: Department of Health and Human Services
Federal Program: 93.778 Medical Assistance Program
State Agency: Department of Social Services - Division of
Medical Services (DMS)
Questioned Costs: \$97,438

The total salary and fringe benefit costs for five employees were charged to the Medical Assistance Program even though these employees are primarily responsible for working with a state program called Missouri Senior Rx. These employees work with obtaining state rebates from drug manufacturers similar to how the Medical Assistance Program processes rebates from drug manufacturers and similar duties are performed for each program. However, no time sheets or other documentation is maintained by these employees to identify actual time spent on each program. Therefore, no support exists to justify the salary and fringe benefit costs charged to the Medical Assistance Program for these employees.

During the year ended June 30, 2003, salary and fringe benefit costs of \$194,875 for these five employees were charged to the Medical Assistance Program. As a result, we question costs totaling \$97,438, which is the federal share of salary and fringe benefit costs.

Office of Management and Budget (OMB) Circular A-87 requires that where employees work on multiple activities or cost objectives, a distribution of their salaries or wages has to be supported by personnel activity reports or equivalent documentation. Such documentary support is required where employees work on a federal award and a non-federal award.

WE RECOMMEND the DMS resolve the questioned costs with the grantor agency. In addition, the DMS should comply with the provisions of OMB Circular A-87 and allocate costs based on the actual time spent on the various federal and state programs.

AUDITEE'S RESPONSE

We disagree with the auditor's finding. Our Corrective Action Plan includes an explanation and specific reasons for our disagreement.

FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

STATE OF MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by the State of Missouri, on the applicable findings in the prior audit report issued for the year ended June 30, 2002.

1. Internal Control Plans

Seventeen state agencies had not submitted an internal control plan as of March 12, 2003.

Recommendation:

The Office of Administration (OA) make further attempts to obtain an internal control plan from all state agencies.

Status:

Partially implemented. Additional internal control plans were received by the OA. However, a few agencies still have not submitted an internal control plan. Although not repeated in the current report, our recommendation remains as stated above.

2. Accounts Receivable Estimates

The OA did not have procedures for state agencies to follow in preparing accounting estimates for accounts receivable and/or uncollectible accounts.

Recommendation:

The OA implement procedures to ensure state agencies use an appropriate process to calculate estimates for accounts receivable and uncollectible accounts.

Status:

Not implemented. As stated in the prior report response, the auditee believes that each agency is in the best position to make the final determination if the estimates are realistic, especially by specific revenue type. Although not repeated in the current report, our recommendation remains as stated above.

3. Fixed Assets and Accumulated Depreciation

- A. The Department of Revenue, the House of Representatives, the Senate, and the Department of Conservation had not converted their fixed assets to the SAM II system.
- B. Several agencies did not perform periodic reconciliations between the general ledger and the fixed asset subsystem in accordance with SAM II procedures.
- C. The Department of Corrections, the Department of Social Services, most of the facilities within the Department of Mental Health, the Department of Natural Resources, and 3 of the 11 divisions within the Department of Public Safety did not perform a physical inventory during 2002.
- D. The OA issued guidance in SAM II that allowed agencies to decide the estimated useful life and salvage value for fixed asset items which resulted in unnecessary inconsistencies. The SAM II guidance also appeared to be unnecessarily complicated.
- E. Accumulated depreciation and the corresponding expense, as calculated by the SAM II system, were not accurate.

Recommendation:

The OA:

- A. Make further attempts to get all state agencies to convert fixed assets to the SAM II system.
- B. Ensure state agencies perform periodic reconciliations between the general ledger and fixed asset subsystem.
- C. Ensure state agencies perform an annual physical inventory.
- D. Consider simplifying the guidance on estimated useful lives and consider establishing a statewide policy on salvage value.
- E. Determine if changes are needed to the SAM II system to ensure depreciation is calculated correctly.

Status:

A&E. Implemented.

- B. Partially implemented. Several agencies still were not able to fully reconcile their fixed asset balances. However, OA has finalized their development of a

reconciliation report to aid agencies in their monthly reconciliations for fiscal year 2004. Although not repeated in the current report, our recommendation remains as stated above.

- C. Partially implemented. Improvement was made although some agencies still had not completed their 2003 inventory. Although not repeated in the current report, our recommendation remains as stated above.
- D. Not implemented. No changes were made to simplify the guidance on estimated useful lives and a statewide policy on salvage value was not established. Although not repeated in the current report, our recommendation remains as stated above.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

STATE OF MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all audit findings in the prior audit for the year ended June 30, 2002, and the findings from the prior audits for the years ended June 30, 2001 and 2000, except those that were listed as corrected, no longer valid, or not warranting further action. This section includes the Summary Schedule of Prior Audit Findings, which is prepared by the state's management.

Circular A-133 requires the auditor to follow-up on these prior audit findings, perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings, and report, as a current year finding, when the auditor concludes that the Summary Schedule of Prior Audit Findings materially misrepresents the status of any prior audit findings.

The disposition of the findings from the year ended June 30, 2001 is as follows:

Findings numbered 1, 2, 3A, 4A, 4B, 4C, 4E, 5, 6, 7, 8, 9, 11, 17, 18, 20, 21, 23, 25, and 28 were corrected.

Findings numbered 3B, 4D, 10, 12, 13, 14, 15, 16, 19, 22, 24, 26 and 27 are included in the Summary Schedule of Prior Audit Findings.

For the year ended June 30, 2000, all of the findings were corrected, no longer valid, or did not warrant further action.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding 2001-3B. Subrecipient Monitoring

Federal Agency: Housing and Urban Development
Federal Program: 14.238 - Shelter Plus Care
State Agency: Department of Mental Health (DMH)

On May 2, 2001, the federal Department of Housing and Urban Development issued their report resulting from a review of the program, which noted several concerns on compliance with grant requirements.

Recommendation:

The DMH resolve these issues with the grantor agency and implement procedures to ensure compliance with grant requirements.

Status of Finding:

We have continued to pursue resolution of this issue with HUD and to date we have not received a response.

Contact Person: Janet Gordon
Phone number: (573) 751-8050

Finding 2001-4D. Accounting and Reporting Procedures

Federal Agency: Environmental Protection Agency
Federal Program: 66.458 - Capitalization Grants for State Revolving Funds
State Agency: Department of Natural Resources (DNR)

Administration fees are unnecessarily being held by the trustee banks.

Recommendation:

The DNR establish procedures to ensure the trustee banks remit administration fees to the DNR when received from each community.

Status of Finding:

We continue to work with the Trustee to ensure the Trustee does not hold administration fees unnecessarily. We have established a spreadsheet to monitor submittal and our new accounting and project management system enhances this monitoring.

Contact Person: Carrie Schulte
Phone Number: (573) 526-8403

Finding 2001-10. Sponsored Alien Reimbursement Claims

Federal Agency: Department of Agriculture
 Department of Health and Human Services

	<u>Questioned Costs</u>
Federal Program: 10.551 - Food Stamps	\$ 3,364
93.558 - Temporary Assistance for Needy Families	3,510
State Agency: Department of Social Services – Division of Family Services (DFS)	

The DFS has not established policies and procedures to pursue reimbursement of public assistance benefits to sponsored aliens. During our testing of Temporary Assistance case files, we noted the DFS provided a sponsored alien \$5,580 in Temporary Assistance benefits and \$3,364 in Food Stamp benefits over a period of nearly 24 months. We questioned the federal share of \$3,364 for Food Stamps (100 percent) and \$3,510 for Temporary Assistance (60 percent).

Recommendation:

The DFS resolve the questioned costs with the grantor agencies and pursue reimbursement from the sponsor. In addition, the DFS should establish policies and procedures to ensure identification of sponsors and reimbursement of benefits.

Status of Finding:

The Family Support Division (FSD) issued policies pertaining to sponsored aliens: Memorandum #IM-27 was released February 19, 2003, discussing Temporary Assistance sponsored alien eligibility, and Memorandum #IM-122 (dated September 12, 2003) addresses policy manual revisions as they relate to immigrants. Memorandum IM-56 (dated April 18, 2003) discusses at length immigrant Food Stamp policy changes, which includes sponsor deeming and sponsor liability. Additionally, the Food Stamp section issued IM Memorandum 132 (October 9, 2003) discussing system data code entries by staff.

Status of Questioned Costs:

As to the State Auditor's Office's (SAO's) questioned cost for Food Stamps (FS) overpayment, the case-holding county is effecting a claim against the client. The Federal Food and Nutrition Service (FNS) will review the claim when it is in place and issue a position as to whether that suffices for reconciliation.

The claim will include the SAO's questioned TANF costs; the Federal Health and Human Services (HHS)/Administration for Children and Families (ACF) sustained the questioned cost (federal portion) in a statement issued in August 2003, but has not yet approached the FSD to resolve the matter. Likely, when (they) do, if the implemented claim itself does not suffice to address the erroneous payments issue, then the FSD will work with the HHS to offset any due amount.

Contact Person: D. Wayne Osgoode
Phone number: (573) 526-0967

Finding 2001-12. Management of Outstanding Felony Warrants

Federal Agency: Department of Agriculture
 Department of Health and Human Services
Federal Program: 10.551 - Food Stamps
 93.558 - Temporary Assistance for Needy Families
State Agency: Department of Social Services – Division of Family Services (DFS)

On August 16, 2001, the Missouri State Auditor's Office issued audit report No. 2001-63, ***Management of Outstanding Felony Warrants***. The audit matched the Missouri State Highway Patrol's (MSHP's) database of outstanding warrants to the DFS database of benefit recipients. The audit reported 802 individuals with outstanding felony warrants were collecting Food Stamp and/or Temporary Assistance benefits. We determined 605 individuals collected an estimated \$192,712 in improper Food Stamp benefits and 197 individuals collected an estimated \$479,928 in improper Temporary Assistance benefits. The federal share of the Temporary Assistance benefits is \$287,956 (60 percent) and the Food Stamp benefits are \$192,712 (100 percent).

Recommendation:

The DFS coordinate with the Missouri Highway Patrol to develop a system to routinely match benefit payments on federal programs to felony warrants data and use the results to stop payments to ineligible individuals. In addition, the DFS should establish recoupment claims where appropriate.

Status of Finding:

Due to the complexity of implementation and severe resource limits (current budget and staffing concerns), the FSD has not been able to move forward in partnership with the MSHP to routinely implement a warrant-match program as recommended by the SAO. Until fiscal and staffing concerns are situated, the FSD cannot responsibly project for when such a program could viably be in place.

The FSD notes that policy (IM memorandum #53 dated May 2, 2002) was issued, in-line with the USDA's position, discussing addressing a household containing a member alleged to have an outstanding warrant; when the FSD has received notice that a possible fleeing felon is part of a household's assistance group, the policy outlines the formal procedure for working with the household regarding eligibility. IM memorandum #116 (issued September 18, 2002) discusses establishing claims on individuals determined to have been ineligible for benefits received due to their status regarding outstanding warrants.

The FSD notes that (exception) cases identified as having had erroneous assistance payments issued to household member(s) are in the process of being reviewed. Where those reviews support the SAO declaration of overpayment, an appropriate claim – as recommended by the SAO -- is (or will be) implemented. The FSD cannot, at present, project when this project could be completed due to the amount of time each of the 800+ exception cases (involving the Food Stamp program and/or the TANF program) demands

for thorough review (and subsequent case actions as warranted) and in consideration of the limited available time from staff assigned to work on the task.

Contact Person: D. Wayne Osgoode

Phone number: (573) 526-0967

Finding 2001-13. Eligibility – Out of State Recipients

Federal Agency: Department of Agriculture
 Department of Health and Human Services

Questioned Costs

Federal Program: 93.767 - State Children's Insurance
 Program (SCHIP)

\$ 87

93.778 - Medical Assistance Program

67,861

State Agency: Department of Social Services – Division of Family Services (DFS)
 Division of Medical Services (DMS)

Inadequate procedures for changing the eligibility and benefit status for Medicaid and SCHIP recipients that move out of the state resulted in unnecessary managed care payments of at least \$111,312 (federal share \$67,948).

Recommendation:

The DSS resolve the questioned costs with the grantor agency. In addition, the DSS should improve procedures to ensure recipients that move out of the state are timely removed from eligibility or the managed care program. The DSS should review the eligibility status for all other managed care program recipients with out of state addresses and recoup improper managed care payments.

Status of Finding:

The FSD IM section worked with the DMS to resolve questioned costs relating to exception cases identified by the SAO; the DMS has recouped capitation payments erroneously made to managed care vendors on behalf of ineligible IM clients identified by the SAO. Additionally, the FSD IM worked with the DMS to ensure that the DMS receives a quarterly listing identifying managed care recipients who relocate from Missouri and remain case-active; this is a result of Missouri's participation in the multi-state PARIS match. The FSD IM section issued a memo (dated 02-28-03) to staff reiterating, when it is established that a Medicaid-covered client has relocated to another state while in active status in Missouri, the case should be reviewed as to whether it is a managed care case and acted upon accordingly.

Status of Questioned Costs:

Identified over-paid capitation payments have been recouped.

Contact Person: D. Wayne Osgoode

Phone number: (573) 526-0967

Finding 2001-14. Eligibility - Recipient Social Security Numbers

Federal Agency: Department of Health and Human Services
Federal Program: 93.767 - State Children's Insurance Program (SCHIP)
 93.778 - Medical Assistance Program

State Agency: Department of Social Services (DSS)

During July 2001, there were nearly 57,000 recipients (7 percent of the total 838,000 recipients) that were eligible for Medicaid or SCHIP benefits without social security numbers or with invalid numbers on the state's computer systems.

Recommendation:

The DSS improve procedures to ensure social security numbers are received from all Medicaid and SCHIP eligible recipients, validated with the Social Security Administration, and entered into the state's computer systems.

Status of Finding:

Staff is periodically reminded to secure and validate Social Security Numbers prior to entering them into the system.

Contact Person: D. Wayne Osgoode
Phone number: (573) 526-0967

Finding 2001-15. Eligibility - Redeterminations

Federal Agency: Department of Health and Human Services
Federal Program: 93.767 - State Children's Insurance Program (SCHIP)
 93.778 - Medical Assistance Program
State Agency: Department of Social Services – Division of Family Services (DFS)
 Division of Medical Services (DMS)

The DFS did not perform Medicaid and SCHIP eligibility redeterminations on a timely basis.

Recommendation:

The DFS establish procedures to ensure Medicaid and SCHIP recipient eligibility is redetermined in accordance with state and federal regulations.

Status of Finding:

Our corrective action plan remains unchanged.

The Family Support Division (FSD) of the Department of Social Services has experienced a significant loss of veteran staff over the past two years and current economic circumstances do not allow for the hiring of additional personnel. Given this, staff have been compelled to restructure their work format in order to ensure that Missourians in need are optimally served as best as humanly possible. This restructure involves

prioritizing functions in the course of the work format, with routine eligibility reviews – where there is no indication of circumstantial change – being among the lowest. Of course, where staff are alerted to changes that apparently could change benefit eligibility levels, then reviews would be among the highest of priorities; clients are required under program regulations to report changes to household circumstances, and especially where that involves changes to household income. This has been outlined to staff. The FSD endeavors in every way to be in compliance with guidelines as laid out in Federal regulations.

Contact Person: D. Wayne Osgoode

Phone number: (573) 526-0967

Finding 2001-16. Spenddown Program

Federal Agency: Department of Health and Human Services

Federal Program: 93.778 - Medical Assistance Program

State Agency: Department of Social Services – Division of Family Services (DFS)

Division of Medical Services (DMS)

Questioned Costs: \$2,283

The state is incurring unnecessary Medicaid costs because spenddown program policies are not in compliance with federal requirements. In five spenddown recipients tested, costs paid by the Medicaid program, which were the responsibility of the spenddown recipient, totaled \$3,741. We questioned the federal share of this amount, \$2,283.

Recommendation:

The DMS resolve the questioned costs with the grantor agency. In addition, the DFS should establish policies and procedures to ensure Medicaid does not pay for any portion of a recipient's spenddown obligation.

Status of Finding:

DFS fully implemented required changes by 10/1/2002.

Status of Questioned Costs:

Questioned costs were resolved with the grantor agency through the Medicaid Partnership Agreement.

Contact Person: Janel Luck

Phone number: (573) 751-3124

Finding 2001-19. School District Administrative Claiming Program

Federal Agency: Department of Health and Human Services

Federal Program: 93.778 - Medical Assistance Program

State Agency: Department of Social Services – Division of Medical Services (DMS)

Sufficient controls are not in place to ensure claims submitted for the School District Administrative Claiming program are accurate. The DMS did not adequately monitor the work performed by the contractor.

Recommendation:

The DMS strengthen procedures to evaluate the controls in place by the contractor to ensure program billings are accurate.

Status of Finding:

A contract compliance plan for monitoring work performed by the contractor has been completed. The compliance plan was implemented in June 2003. The contractor has submitted data for the January-March 2003 quarter. DMS is analyzing submitted data. DMS will continue to collect and analyze data from the contractor on a quarterly basis. Adjustments to the compliance plan will be made as deemed necessary. The audit tool for review of school district compliance to program policy is in place and DMS will continue to monitor the school district's activity through such an audit tool.

Contact Person: Sandra Levels

Phone number: (573) 751-6926

Finding 2001-22. Medicaid Eligibility Quality Control

Federal Agency: Department of Health and Human Services

Federal Program: 93.778 - Medical Assistance Program

State Agency: Department of Social Services – Division of Family Services (DFS)

The DFS has not completed Medicaid eligibility quality control pilot projects that cover a broad enough recipient population to meaningfully reduce the state's Medicaid error rate.

Recommendation:

The DFS perform additional pilot projects covering a broader Medicaid recipient population which also evaluate whether the recipient's eligibility was appropriately determined and whether the person remained eligible through appropriate redeterminations.

Status of Finding:

While the Division stands behind its previous response to this finding, we have recently been contacted by Centers for Medicare and Medicaid Services (CMS) regarding our quality control waiver. They have revised their expectations to require that we perform some quality control activity every month. To meet this new requirement, we have submitted a revised plan to CMS and are now performing additional projects.

Contact Person: Janel Luck
Phone number: (573) 751-3124

Finding 2001-24. Allowable Costs

Federal Agency: Department of Health and Human Services
Federal Program: 93.563 - Child Support Enforcement
State Agency: Department of Social Services – Division of Child Support
 Enforcement (DCSE)

Questioned Costs: \$44,336

We identified expenditures totaling \$67,176 (federal share \$44,336) that were either unallowable or unnecessary.

Recommendation:

The DCSE resolve the questioned costs with the grantor agency. In addition, the DCSE should establish procedures to ensure costs charged to the grant are allowable and necessary to administer the child support program.

Status of Finding:

A memo was sent to Division of Budget and Finance (DBF) on April 4, 2002, to prepare a prior period adjustment to the Federal Form 396-A to correct the federal participation. The adjustment was made on the June 2002 396-A. The adjustment did exclude the \$3,020 for lodging expenses.

In a letter dated June 25, 2003, the federal agency sustained the audit finding for the remaining \$3,020.

Status of Questioned Costs:

Questioned costs totaling \$41,316 have been resolved with the grantor agency. A memo was sent to DBF on October 2, 2003 requesting a prior period adjustment be made on the September 2003 Federal Form 396-A to resolve the remaining questioned costs.

Contact Person: Michael Longanecker
Phone number: (573) 526-3227

Finding 2001-26. Compliance

Federal Agency: Department of Health and Human Services
Federal Program: 93.563 - Child Support Enforcement
State Agency: Department of Social Services – Division of Child Support
 Enforcement (DCSE)

- A. We randomly selected cases to review for paternity services from a population of 48,673 cases in the paternity function. Test results disclosed that for 29 of 85

cases reviewed, DCSE failed to take action within the required time frames, resulting in a compliance rate of 54 percent for cases tested.

- B. We randomly selected cases to review for establishment services from a population of 57,289 cases in the establishment function. Test results disclosed that for 17 of 42 establishment cases reviewed, DCSE failed to take the required actions to establish an order of support within the established timeframe, resulting in a compliance rate of 60 percent for cases tested.
- C. We randomly selected cases to review for enforcement services from a population of 287,359 cases in the enforcement function. Test results disclosed that for 13 of 55 enforcement cases reviewed, DCSE failed to initiate income withholding, or another enforcement action, within 30 days of identifying a delinquency, resulting in a compliance rate of 76 percent for cases tested.
- D. We randomly selected cases to review for medical support services from a population of 203,341 cases requiring or having medical support orders. Test results disclosed that for 28 of 101 cases reviewed, DCSE failed to take one or more required actions. For cases tested, the compliance rate for providing medical support services is 72 percent.
- E. We selected cases where interstate activity was present on the other tests for support enforcement services. For 12 of 28 cases reviewed, DCSE failed to provide interstate services as required by federal regulation, resulting in a compliance rate of 57 percent for cases tested.

Recommendation:

The DCSE provide services within timeframes established by federal regulation.

Status of Finding:

We disagree with the finding. The DCSE does not believe the limited number of cases reviewed by the State Auditor provides a valid sample from which reliable and accurate conclusions may be drawn.

In a letter dated June 25, 2003, the Regional Administrator stated "I do not sustain this finding and note that we agree with the State's contention that the sample size was not adequate to serve as a basis for definitive findings. As the auditors noted, paternity establishment is included in the State Self-Assessment. The accuracy of the State's data is then verified independently as part of the Data Review Audit (DRA) process. For FY 2001, the period covered by this audit, Missouri's paternity establishment rate was 86%; the DRA found that the State's documentation supporting this rate was acceptable. While we strongly support continuing improvement in this most important area, we agree with the State that this particular finding should not be the basis for any new corrective action. This finding is resolved."

Contact Person: Michael Longanecker
Phone number: (573) 526-3227

Finding 2001-27. Reconciliations and Interest
Federal Agency: Department of Health and Human Services
Federal Program: 93.563 - Child Support Enforcement
State Agency: Department of Social Services – Division of Child Support Enforcement (DCSE)

Child support monies in a State Treasurer's account are not being reconciled to DCSE accounting records by the Division of Budget and Finance (DBF). In addition, interest totaling \$994,383 has accumulated in the Family Support Trust Fund account since October 1999, and has not been disbursed as of October 31, 2001.

Recommendation:

The DCSE and DBF establish procedures to reconcile accounting records to cash in State Treasurer's account. In addition, we recommend the DBF remit accumulated interest to the state's general revenue fund and adjust the quarterly report of expenditures for the federal share.

Status of Finding:

The DBF has accomplished the interest transfer every quarter and the federal 396-A report has reflected the transfer since this audit. DBF and DCSE have asked for a change in the programming of the MACSS system. The results of preliminary programming changes indicate additional changes are needed to get data compatible with the SAM system.

Contact Person: Michael Longanecker
Phone number: (573) 526-3227

2002-1A. Subrecipient Monitoring

Federal Agency: Department of Agriculture
Federal Program: 10.557 - Special Supplemental Nutritional Program for Women, Infants, and Children (WIC)
State Agency: Department of Health and Senior Services (DHSS)

The DHSS did not always notify the subrecipient on a timely basis about the findings noted in the on-site monitoring review.

Recommendation:

The DHSS submit finding letters to subrecipients on a timely basis.

Status of Finding:

A tracking database has been implemented to track all required steps of the process. The monitoring results may not be submitted on a timely basis to all subrecipients. This will

Contact Person: Mark Reading
Phone number: (573) 751-6014

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Phone number: (573) 751-6014

Status of Finding:

Beginning in October 2003, field staff of WIC and Nutrition Services will be expected to appropriately monitor the corrective action plans. Staff will submit documentation to be filed with the monitoring and entered into the tracking data base. A spreadsheet has been developed and is currently up to date.

Contact Person: Mark Reading
Phone number: (573) 751-6014

2002-1D. Subrecipient Monitoring

Federal Agency: Department of Agriculture
Federal Program: 10.557 - Special Supplemental Nutritional Program for Women, Infants, and Children (WIC)
State Agency: Department of Health and Senior Services (DHSS)

The DHSS has not established adequate internal controls to ensure subrecipient monitoring is adequately completed and documented.

Recommendation:

The DHSS ensure that routing forms are complete and accurate, and maintain adequate documentation to support each monitoring review.

Status of Finding:

A routing form has not been used in the current year but will be re-established in October 2003. A coordinator was hired in December 2003 and has developed a spreadsheet, which is currently up to date.

Contact Person: Mark Reading
Phone number: (573) 751-6014

2002-2. Schedule of Expenditures of Federal Awards

Federal Agency: Department of Agriculture
Federal Program: 10.557 - Special Supplemental Nutritional Program for Women, Infants, and Children (WIC)
10.558 - Child and Adult Care Food Program

State Agency: Department of Health and Senior Services (DHSS)

Expenditures reported on the original schedule of expenditures of federal awards prepared by the DHSS were understated by approximately \$38 million.

Recommendation:

The DHSS implement procedures to ensure the schedule of expenditures of federal awards is complete and accurate.

Status of Finding:

Corrective action was taken.

Contact Person: Mark Reading
Phone number: (573) 751-6014

2002-3. Child Care Facilities Inspections and Licensing

Federal Agency: Department of Health and Human Services
Federal Program: 93.575 - Child Care and Development Block Grant
State Agency: Department of Health and Senior Services (DHSS)

On July 19, 2002, the Missouri State Auditor's Office issued audit report No. 2002-52, ***Child Care Facilities Inspections and Licensing***. The audit noted several weaknesses in child care licensing laws and regulations, and DHSS's procedures for ensuring facilities comply with these requirements.

Recommendation:

The DHSS establish procedures to improve oversight of unlicensed child care facilities. In addition, the DHSS should establish written guidelines to determine the severity of rule violations and effectively assess penalties or revoke child care licenses.

In addition, the DHSS should pursue legislative action to increase the penalty that can be assessed against child care providers operating in violation of state laws and regulations, and to limit the number of related and unrelated children in child care facilities to more closely align with the National Fire Protection Association suggested limit of one adult for no more than six children.

Status of Finding:

The federal agency is not currently following up with the state agency on the audit finding and does not warrant further action.

Contact Person: Mark Reading
Phone number: (573) 751-6014

2002-4A. Cost Allocation Procedures

Federal Agency: Department of Education
Federal Program: 84.032 - Federal Family Education Loans (FFEL)
State Agency: Department of Higher Education (DHE)
Questioned Costs: \$183,084

Approximately 30 of the department's 87 employees worked on more than one program and were required to submit time sheets. Our review of 11 of these employees indicated that time sheets either did not exist or did not support the salary amount allocated to the FFEL program. Timesheets did not exist to support \$104,484 of the allocated salary

expenses, and \$78,600 of the allocated salary expenses exceeded the amount supported by the timesheets for the prior six months. As a result, we questioned costs totaling \$183,084 which is the federal share of salary costs not supported by the time sheets.

Recommendation:

The DHE resolve the questioned costs with the grantor agency. In addition, the DHE should comply with the provisions of OMB Circular A-87 and allocate costs based on the actual time spent on the various federal and state programs.

Status of Finding:

The Department of Higher Education developed a new timesheet procedure and revised the draft policy to further comply with Circular OMB A-87.

Status of Questioned Costs:

DHE has not received any recommendation from the U.S. Department of Education regarding the questioned costs. In addition, a subsequent examination of DHE's management, financial structure and guaranty operation of the FFEL program by the U.S. Department of Education contained no similar questioned costs.

Contact Person: Janelle Jaegers
Phone number: (573)751-2361

2002-4B. Cost Allocation Procedures

Federal Agency: Department of Education
Federal Program: 84.032 - Federal Family Education Loans (FFEL)
State Agency: Department of Higher Education (DHE)

The DHE drafted a new policy requiring every employee to fill out monthly time sheets according to each employee's salary split, as opposed to their actual time worked.

Recommendation:

The DHE require employees to complete time sheets that document actual time worked and require supervisors to ensure that time sheets reflect actual hours worked.

Status of Finding:

The Department of Higher Education developed a new timesheet procedure and revised the draft policy to further comply with Circular OMB A-87.

Contact Person: Janelle Jaegers
Phone number: (573)751-2361

2002-5.

Eligibility - Work Search Contracts

Federal Agency: Department of Labor
Federal Program: 17.225 - Unemployment Insurance (UI)
State Agency: Department of Labor and Industrial Relations -
Division of Employment Security (DES)

The DES did not have adequate procedures to ensure that individuals (claimants) receiving UI benefits met the eligibility requirements of conducting weekly work search contacts.

Recommendation:

The DES implement additional procedures to verify claimants work search contact information and deny benefits to those claimants that do not adequately document the required information.

Status of Finding:

This audit finding has not yet been resolved as the Department of Labor and Industrial Relations, Division of Employment Security (DES) disagrees with the auditor's finding. There are no provisions in the Missouri Statutes to deny unemployment insurance (UI) benefits to claimants who have failed to document in writing the specific information relating to the employers contacted as part of the work search requirement. The DES believes its procedures are correct and in compliance with the federal guidelines to verify work search requirements.

It is our understanding that the purpose of the Single Audit is to provide oversight for the interests of the federally funded programs by ensuring that the DES is following the federal guidelines. While the conclusions of the audit suggest that the DES is not in compliance with federal guidelines, the federal representatives of these programs have confirmed through multiple audits that the DES is in compliance with the federal guidelines. Federal representatives from the Office of Inspector General, Office of Accountability Audits and the United States Department of Labor's Employment and Training Administration's Regional Office have conducted extensive reviews of Missouri's federal guidelines for claimant work search verification requirements. At no time have any of the federal reviews generated findings of non-compliance. The DES has been found to be operating well within the federal parameters and has exceeded many of the guideline requirements. No federal reviews of the Missouri work search requirement have resulted in any corrective improvement or corrective action plans. The current procedures have presented no threat to federal funding.

In addition, the State Auditor's Office performance audit of the Unemployment Trust Fund, Review of the Missouri Unemployment Compensation Trust Fund, dated September 5, 2003, did not address the DES' work search requirements as a contributing factor in the Unemployment Trust Fund's insolvency.

Contact Person: Rebecca A. Wills
Phone number: (573) 751-1135

2002-6. Subrecipient Monitoring

Federal Agency: Environmental Protection Agency
Federal Program: 66.458 - Capitalization Grants for State Revolving Funds
State Agency: Department of Natural Resources (DNR)

The DNR did not adequately monitor subrecipients to ensure that an A-133 audit was performed when applicable and submitted to the DNR.

Recommendation:

The DNR ensure all subrecipients submit an A-133 audit.

Status of Finding:

A tracking report has been in place since June 2002 and has been enhanced to track multiple years of compliance. The report is reviewed for non-complying recipients. Reminder letters are sent to these recipients and informed of an additional fee for not complying with the A-133 reporting requirement. Our new accounting and project management system will help us distinguish subrecipients needing to comply with the A-133 audit requirement.

Contact Person: Carrie Schulte
Phone number: (573) 526-8403

2002-7. Case Management Standards

Federal Agency: Department of Health and Human Services
Federal Program: 93.563 - Child Support Enforcement
State Agency: Department of Social Services - Division of
Child Support Enforcement (DCSE)

- A. We randomly selected cases to review for paternity services from a population of 39,757 cases in the paternity function. Test results disclosed that for 9 of 67 cases reviewed, DCSE failed to take action within the required time frames, resulting in a compliance rate of 87 percent for paternity services.
- B. We randomly selected cases to review for establishment services from a population of 51,357 cases in the establishment function. Test results disclosed that for 17 of 60 cases reviewed, DCSE failed to take the required actions to establish an order of support within the established time frame, resulting in a compliance rate of 72 percent for establishment services.
- C. We randomly selected cases to review for enforcement services from a population of 294,421 cases in the enforcement function. Test results disclosed that for 7 of

48 enforcement cases reviewed, DCSE failed to initiate income withholding, or another enforcement action, within 30 days of identifying a delinquency, resulting in a compliance rate of 85 percent for enforcement services.

- D. We randomly selected cases to review for medical support services from a population of 328,939 cases requiring or having medical support orders. Test results disclosed that for 4 of 59 cases reviewed, DCSE failed to take one or more required actions. The compliance rate for providing medical support services is 93 percent for cases tested.
- E. We randomly selected cases to review for interstate services from a population of 51,546 cases requiring interstate services. For 2 of 36 initiating interstate cases reviewed, DCSE failed to provide interstate services within the required timeframes, resulting in a compliance rate of 94 percent for cases tested.

Recommendation:

The DCSE provide services within timeframes established by federal regulation.

Status of Finding:

The DCSE refutes the State Auditor's assertion that federal regulations require corrective action.

No corrective action is necessary.

Contact Person: Michael Longanecker
Phone number: (573) 526-3227

2002-8. Eligibility Redeterminations

Federal Agency: Department of Health and Human Services
Federal Program: 93.767 - State Children's Insurance Program (SCHIP)
93.778 - Medical Assistance Program
State Agency: Department of Social Services - Division of
Family Services (DFS)
Division of Medical Services (DMS)

The DFS did not have adequate procedures to ensure it performs Medicaid and SCHIP eligibility redeterminations in accordance with state and federal regulations.

Recommendation:

The DFS establish procedures to ensure Medicaid and SCHIP recipient eligibility is redetermined in accordance with state and federal regulations.

Status of Finding:

Our corrective action plan remains unchanged.

The Family Support Division (FSD) of the Department of Social Services has experienced a significant loss of veteran staff over the past two years and current economic circumstances do not allow for the hiring of additional personnel. Given this, staff have been compelled to restructure their work format in order to ensure that Missourians in need are optimally served as best as humanly possible. This restructure involves prioritizing functions in the course of the work format, with routine eligibility reviews – where there is no indication of circumstantial change – being among the lowest. Of course, where staff are alerted to changes that apparently could change benefit eligibility levels, then reviews would be among the highest of priorities; clients are required under program regulations to report changes to household circumstances, and especially where that involves changes to household income. This has been outlined to staff. The FSD endeavors in every way to be in compliance with guidelines as laid out in Federal regulations.

Contact Person: D. Wayne Osgoode
Phone number: (573) 526-0967

2002-9. Schedule of Expenditures of Federal Awards

Federal Agency: Department of Agriculture
Department of Health and Human Services
Federal Program: 10.561 - State Administrative Matching Grants for Food Stamp Program
93.575 - Child Care and Development Block Grant
93.596 - Child Care Mandatory and Matching Funds of the Child Care and Development Fund
93.667 - Social Services Block Grant
93.777 - State Survey and Certification of Health Care Providers and Suppliers
93.778 - Medical Assistance Program
State Agency: Department of Social Services (DSS)

The DSS incorrectly reported expenditure amounts for some programs on the schedule of expenditures of federal awards (SEFA).

Recommendation:

The DSS implement procedures to ensure the SEFA is complete and accurate.

Status of Finding:

Corrective action has been implemented.

Contact Person: Roger Backes
Phone number: (573) 751-2170

2002-10. Employee Cost Allocations

Federal Agency: Department of Health and Human Services
Federal Program: 93.566 - Refugee and Entrant Assistance - State Administered Programs
State Agency: Department of Social Services - Division of Family Services (DFS)
Questioned Costs: \$88,042

Our review of employee time distribution certifications noted an employee's salary, benefits, and related indirect costs were erroneously charged to the Refugee and Entrant Assistance - State Administered Programs grant. We questioned the federal share of \$88,042 (100 percent) for salary, benefit, and indirect costs erroneously charged to the Refugee and Entrant Assistance - State Administered Programs grant from August 2000 through June 2002.

Recommendation:

The DFS resolve the questioned costs with the grantor agency. In addition, the DFS should ensure that the semi-annual federally funded certifications are accurate and complete.

Status of Finding:

The DFS will begin completing the bi-annual federal program employee certification reporting forms beginning with the period June 30, 2003, through December 31, 2003.

Status of Questioned Costs:

Questioned Costs have not yet been resolved with the grantor agency.

Contact Person: D. Wayne Osgoode
Phone number: (573) 526-0967

2002-11A. Duplicate Payments and Refunds

Federal Agency: Department of Health and Human Services
Federal Program: 93.658 - Foster Care - Title IV-E
 93.659 - Adoption Assistance
 93.667 - Social Services Block Grant
State Agency: Department of Social Services (DSS) - Division of Family Services (DFS)

Weaknesses in disbursement procedures have allowed duplicate payments to occur. During our review of vendor refunds for the two years ended June 30, 2002, we identified approximately \$348,000 of refunds received by the DFS for duplicate payments issued through the Children's Services Integrated Payment System (CSIPS), including approximately \$293,000 received from one vendor.

Recommendation:

The DFS establish internal controls to prevent duplicate payments, including a policy requiring all payments to be supported by an original vendor invoice. In addition, the DFS should review supporting documentation for payments processed through the CSIPS to identify and correct any other duplicate payments.

Status of Finding:

A Missouri Results Initiative workgroup has identified a number of enhancements to the current Children's Services Payment System and child welfare payment processes in general. One of these recommendations was to have the automated system identify, and thus, prevent, potential duplicate payments and overpayments to vendors. Systems work was implemented by July 1, 2003.

Contact Person: Linda Vaughan
Phone number: (573) 751-8946

2002-11B. Duplicate Payments and Refunds

Federal Agency: Department of Health and Human Services

Federal Program: 93.658 - Foster Care - Title IV-E
93.659 - Adoption Assistance
93.667 - Social Services Block Grant

State Agency: Department of Social Services (DSS) - Division of Family Services (DFS)

Vendor refunds were not always remitted to the Division of Budget and Finance (DBF) for deposit on a timely basis.

Recommendation:

The DFS remit receipts to the DBF for deposit on a timely basis in accordance with DSS policy.

Status of Finding:

With regard to remittance of vendor refunds to the Division of Budget and Finance, procedures have already been implemented to remit the payments as soon as possible, but no longer than within 5 working days of receipt. This was implemented by April 1, 2003.

Contact Person: Linda Vaughan
Phone number: (573) 751-8946

2002-12. Oversight of Temporary Assistance for Needy Families

Federal Agency: Department of Health and Human Services
Federal Program: 93.558 - Temporary Assistance for Needy Families (TANF)
State Agency: Department of Social Services (DSS) - Division of Family Services (DFS)

On January 28, 2003, the Missouri State Auditor's Office issued audit report No. 2003-10, *Division of Family Services Oversight of Temporary Assistance for Needy Families*. The audit noted division personnel had not made and/or not documented referrals to employment assistance programs for 39 of 179 (22 percent) cases reviewed. In addition, the audit noted case managers had not stayed in contact with recipients to monitor compliance with work requirements or reevaluate exemptions from work requirements for 36 of 120 (30 percent) cases reviewed. The audit also noted case documentation was not adequate for 78 of 120 (65 percent) cases reviewed. Further, the audit noted that on July 1, 2002, the division extended temporary assistance benefits for 1,034 recipients beyond the 60-month lifetime benefit period without determining whether these recipients were entitled to receive extended benefits.

Recommendation: The DFS:

- A. Establish quality controls to require periodic reviews of cases to ensure referrals are made and recipients are contacted in a timely manner.
- B. Ensure division personnel provide adequate case documentation.

Status of Finding:

- A. *Corrective action is no longer necessary due to the program being transitioned to the Department of Economic Development, Division of Workforce Development (DED-DWD).*
- B. *Corrective action will be ongoing.*

Contact Person: D. Wayne Osgoode
Phone number: (573) 526-0967

Status of Finding:

- A. *DED-DWD has set up a monitoring system to ensure that recipients are contacted in a timely manner following receipt of referral from Family Support Division (FSD). All employment and training ready Temporary Assistance recipient referrals are electronically transmitted from FSD to DWD through Missouri Toolbox. Individuals referred for services are posted to a pending call-in list, with a call-in letter to be sent within five calendar days of referral date. If that letter is not sent within the five day time period, the name will automatically be placed on a supervisor's call-in list. The supervisor is then responsible for ensuring that a call-in letter is sent within two working days.*

Contact Person: Steve Kraus
Phone number: (573) 751-6694

2002-13. Eligibility for Adoption Assistance Payments

Federal Agency: Department of Health and Human Services
Federal Program: 93.659 - Adoption Assistance
State Agency: Department of Social Services (DSS) - Division of Family Services (DFS)
Questioned Costs: \$17,804

We reviewed eligibility documentation, subsidy contracts, and expenditure documentation for 28 Adoption Assistance recipients. The 28 recipients received Adoption Assistance totaling \$132,900 during the year ending June 30, 2002. We could not locate eligibility documentation for five of twenty-eight (17 percent) cases reviewed. Some services paid were not listed in the subsidy contracts for three of twenty-eight (10 percent) cases reviewed. We could not locate invoices or other supporting documentation for some payments on eight of twenty-eight (29 percent) cases reviewed. The expenditures related to these errors totaled \$29,188 and we questioned the federal share of \$17,804 (61 percent).

Recommendation:

The DFS resolve the questioned costs with the grantor agency. In addition, the DFS should ensure eligibility is properly documented, ensure all services to be provided are documented in adoption subsidy contracts, and ensure all payments are supported by adequate documentation.

Status of Finding:

Corrective action has been implemented.

Status of Questioned Costs:

The DFS refutes the questioned costs associated with the finding. Proper documentation for five cases noted in the audit was found and the questioned costs were all eligible and appropriate. Additionally, the State Auditor misunderstood service codes on three cases. Costs for these cases were all eligible and appropriate. Finally, supporting documentation for eight cases mentioned in the audit was located and the expenditures were appropriate. No further corrective action is necessary.

Contact Person: D. Wayne Osgoode
Phone number: (573) 526-0967



MISSOURI SENIOR RX PROGRAM

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-15
March 4, 2004
www.auditor.mo.gov**

PERFORMANCE AUDIT



Office of
Missouri State Auditor
Claire McCaskill

March 2004

Statutory changes and improvements in management and oversight would benefit the Senior Rx program

The cost of prescription drugs, especially for senior citizens on fixed incomes, has been an ongoing concern for the last several years. The Missouri Senior Rx program was established in a September 2001 special legislative session to help seniors with these costs. Program administrative costs were \$2.8 million in fiscal year 2003 and budgeted at \$2.4 million in fiscal year 2004. The audit focused on whether the program was effectively and efficiently implemented.

Results-based strategic planning process not implemented

Program officials have not implemented a results-based strategic planning process outlining specific goals to be achieved. As a result, they cannot ensure a key element of strategic planning - accountability. (See page 11)

Fiscal year 2003 enrollment less than half what was anticipated

Enrollment was less than half what was anticipated for fiscal year 2003 and declined in fiscal year 2004. Lower enrollment for fiscal years 2003 and 2004 may have resulted from benefit details not being announced until after the initial fiscal year 2003 enrollment period and limited marketing opportunities between the fiscal years 2003 and 2004 open enrollment periods. Program officials increased program marketing for the fiscal year 2005 enrollment period. (See page 5)

Medicaid rates for multi-source drugs were lower than Senior Rx rates for those drugs

The Senior Rx program and seniors could have saved over 12 percent of total prescription expenditures (\$2.9 million of \$23.6 million) in fiscal year 2003 by using pharmacy reimbursement options similar to the state's Medicaid program. The specific amount of savings possible for seniors and the program cannot be determined due to co-payment and other issues; however, each would benefit about equally from any potential savings. Legislative action is needed to implement this change. (See page 11)

No review of rejection reasons performed

Our analysis of fiscal year 2003 claims data identified 27 percent of pharmacy submitted claims were rejected, costing the program about \$300,000. Program officials did not evaluate trends by pharmacies or reasons for rejected claims to identify correctable issues that unnecessarily increased program costs. (See page 15)

(over)

YELLOW SHEET

New federal Medicare drug benefit will force changes to state's program

Coordination of benefits will be necessary for any state programs in place once the Medicare prescription drug benefit is fully implemented. The Medicare legislation caps the first benefit tier at \$2,250 in prescription drug expenditures with no additional federal participation until a senior has \$3,600 in out-of-pocket costs. During fiscal year 2003, approximately 3,600 Senior Rx program enrollees had program related prescription costs exceeding \$2,250. These seniors would be the only ones to potentially realize any significant benefit from Missouri's program once the full Medicare benefit is established. (See page 6)

Private programs may offer better benefits

Most brand-name pharmaceutical manufacturers and other organizations operate discount programs to help low income individuals. Auditors determined some seniors and the state could have saved approximately \$60,000 and \$28,000, respectively, if they had enrolled in private pharmaceutical companies discount programs instead. State law allows the Senior Rx Commission to establish a clearinghouse to assist Missouri residents in accessing prescription drug programs to help evaluate the most cost-effective option. A clearinghouse was not funded by the legislature for fiscal years 2003 or 2004. (See page 8)

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ABBREVIATIONS

RSMo	Revised Statutes of Missouri
AWP	Average Wholesale Price
DAW	Dispense as Written
DOR	Department of Revenue
PTC	Property Tax Credit
CLAIM	Community Leaders Assisting the Insured of Missouri



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Members of the General Assembly
and
Members of the Missouri Senior Rx Commission
and
Laurie Hines, Executive Director
Missouri Senior Rx Program
Jefferson City, MO 65102

The cost of prescription drugs, especially for seniors on fixed incomes, has been an ongoing concern for the last several years, and has received more attention lately due to planned federal Medicare benefit changes. The Missouri Senior Rx program was established to help seniors with these costs. Our objectives were to determine if the program has been effectively and efficiently implemented, including whether other alternatives may exist to augment the program.

The recent federal Medicare prescription drug benefit will impact the future of the Senior Rx program. Other alternatives for providing prescription drug savings for Missouri citizens are available and need to be evaluated. Regarding program management, officials did not establish a strategic plan and mission statement to guide the program, failed to ensure state statutes were complied with, and did not sufficiently evaluate the results of contractor pharmacy audits and the reasons for rejected claims. The lack of management oversight resulted in seniors and the program incurring actual or potentially unnecessary costs and pharmacies being underpaid for some transactions. Pharmacy reimbursement changes could save seniors and the program several million dollars annually.

We have included recommendations to improve the management and oversight of the Senior Rx program.

We conducted our work in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such tests of the procedures and records as were considered appropriate under the circumstances.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire C. McCaskill
State Auditor

The following auditors contributed to this report:

Director of Audits:	Kirk R. Boyer
Assistant Director of Audits:	Jon Halwes, CPA, CGFM
Auditor In-Charge:	Anissa Falconer
Audit Staff:	Lori Melton, CPA

INTRODUCTION

The Missouri Senior Rx program was established in a September 2001 special legislative session¹ to help defray the costs of prescription drugs for residents at least age 65 (referred to as seniors). The program began accepting applications in April 2002 and benefits were first offered to seniors in July 2002. The program is governed by a 15-member appointed commission and is considered part of the Department of Health and Senior Services, Division of Senior Services and Regulation. An executive director and five staff run the program on a day-to-day basis.

The Department of Health and Senior Services is to provide technical assistance for program administration. The Senior Rx Commission contracts with a company to do most of the day-to-day program processing such as processing applications and claims, determining eligibility, collecting enrollment fees, enrolling pharmacies, and distributing payments to pharmacies.

The Senior Rx program consists of two benefit tiers. Single seniors with incomes less than \$12,000 and married seniors with combined incomes of less than \$17,000 are eligible for tier one, which has an administrative fee of \$25 per person and an annual deductible of \$250. Single seniors with incomes less than \$17,000 and married seniors with combined incomes of less than \$23,000 are eligible for tier two, which has an administrative fee of \$35 per person and an annual deductible of \$500. After the \$250 or \$500 deductible has been met, seniors pay 40 percent of prescription costs while the Senior Rx program pays 60 percent. The Senior Rx program pays a maximum of \$5,000 per senior annually.

Pharmaceutical manufacturers must apply for participation in the program and agree to rebate a percentage of the actual manufacturer's price² to the state. The program received a 15 percent rebate for both brand-name and generic drugs in fiscal year 2003. For fiscal year 2004, the program is receiving rebates of 15 percent for brand-name drugs and 11 percent for generic drugs. Only drugs of participating manufacturers are reimbursable under the program. Generic drugs must be used for the program when available. Pharmacies receive a \$4.09 dispensing fee per completed transaction.

Table 1 shows program revenues and expenditures for fiscal year 2003:

Table 1: Fiscal Year 2003 Senior Rx Program Revenues and Expenditures

Area	Amount
Program Revenues ¹	\$2,382,219
Administrative Expenditures	\$2,770,484
Prescription Expenditures	\$10,535,949

¹ Enrollment fees and rebates from pharmaceutical companies.

Source: Senior Rx program data

Seniors paid deductibles and co-payments totaling about \$13 million in fiscal year 2003.

¹ The program is governed by sections 208.550 to 208.571, RSMo Cumulative Supp. 2003, and must be reauthorized by the General Assembly every 4 years.

² Actual selling price between a manufacturer and a wholesaler.

Methodology

We obtained claim information from the claims processor for fiscal year 2003. We tested the reliability of this data through analysis of edit checks and materially agreed the total of claims paid from this data to state payment records. We analyzed the data to determine if controls were working effectively, state laws were complied with, and charges to seniors and the Senior Rx program were correct. We also obtained and tested the reliability of drug pricing information for the Medicaid program at August 2003. The prices for a sample of these records were agreed to pricing information reported by the state to pharmacy providers. No material differences were noted. This data was used to analyze potential changes in pharmacy reimbursements for the Senior Rx program.

We obtained program enrollment records for fiscal years 2003 and 2004 to analyze enrollment trends. We obtained and reviewed the agreement with the program's processing contractor, pharmacy audit reports, and monthly program statistical reports prepared by the contractor. We reviewed internal controls over contract compliance, eligibility and transaction processing.

We reviewed state statutes and regulations for the Senior Rx program and the statutes and regulations for other states' prescription assistance programs. We also contacted officials of Illinois, Indiana, Iowa, Kansas, Maine, Michigan, North Carolina, Pennsylvania, South Carolina, and Wisconsin to obtain information on their programs.

We performed our work between July and November 2003. We obtained comments on a draft of this report during a meeting with the program's executive director on December 17, 2003 and in a letter from the Senior Rx Commission dated January 15, 2004, and incorporated those comments into the report as appropriate.

RESULTS AND RECOMMENDATIONS

1. National Events and Other Alternatives Impact Program's Future

Based on enrollment, seniors have not responded to the Senior Rx program (program) as state officials anticipated. Enrollment was less than half what was anticipated for fiscal year 2003 and declined in fiscal year 2004. The recent federal Medicare drug benefit legislation affects the future of this program. Other state program alternatives and/or private programs may be less costly for seniors and other potential enrollees. State officials must evaluate the Medicare drug benefit's impact on the Senior Rx program and the cost-effectiveness of other alternative drug assistance programs. In addition, the Senior Rx program can do more to assist seniors in evaluating the costs and benefits of prescription drug assistance options relative to their needs.

Enrollment less than expected

Eligible seniors have thus far not enrolled as expected in the program. Of the estimated 150,000 seniors eligible for the program, state officials³ anticipated enrollment of 50,000 and 75,000 in fiscal years 2003 and 2004, respectively. However, less than 22,000 and 19,000 enrolled during fiscal years 2003 and 2004, respectively. Over one-third of the enrollees in fiscal year 2003 received little or no benefit from the program—4,310 did not use their Senior Rx cards and 3,750 used their card at least once but did not meet their deductibles. Further, 83 percent of the enrollees that did not use their card did not re-enroll in fiscal year 2004. Lower fiscal year 2003 enrollment may have resulted from the commission not finalizing the benefit limits, deductibles and enrollment fees until after the enrollment period had ended due to budgetary concerns. Enrollment for fiscal year 2004 began halfway through the fiscal year 2003 program year and only 7 months after the initial enrollment leaving less opportunity to market the program and identify senior's program concerns.

Program officials⁴ increased program marketing for the fiscal year 2005 enrollment period, which ended February 28, 2004. The initiatives included (1) hiring a public relations firm to manage key aspects of the marketing effort, (2) identifying the zip codes in the state where the majority of program eligible seniors live and targeting marketing in those areas, (3) doubling the number of presentations and training events for seniors from the prior year, and (4) providing family practice and geriatric physicians more information about the program.

The enrollment period may also impact program participation. State law⁵ sets the program's open enrollment period, after the first year enrollment period, as the January and February prior to each new fiscal year beginning July 1. As a result, if seniors miss an enrollment period they have to wait up to 16 months to join the program.

Feedback provided to program staff by seniors indicated the limited enrollment period forces some seniors to estimate their household income on applications since they are receiving tax

³ Governor's Senior Prescription Drug Task Force report dated August 30, 2001.

⁴ The Senior Rx Commission and the executive director.

⁵ Section 208.559, RSMo Cumulative Supp. 2003.

documents throughout this period and inclement weather sometimes keeps them from seeking assistance completing the application.

According to program officials, the limited enrollment period was established because of budget concerns. That is, the legislature established the short timeframe to have final enrollment figures before approving program funding. However, extending the enrollment period could benefit seniors without causing budget concerns. For example, the legislature could set program funding at a maximum amount for each fiscal year with program staff estimating the maximum number of seniors that could be enrolled based on that funding. The enrollment period could then be extended, with enrollment ending when the estimated cap was reached or the new fiscal year started.

New federal Medicare program will affect the state program

The recent federal Medicare legislation designed to assist seniors with prescription drug costs also impacts how Missouri's program should be structured. In November 2003, the federal government passed legislation that will add an optional prescription drug benefit to the federal Medicare program, which will be fully implemented in 2006. Coordination of benefits will be necessary for any state programs in place once the Medicare program is implemented. The Medicare legislation caps the first benefit tier at \$2,250 in prescription drug expenditures with no additional federal participation until a senior has \$3,600 in out-of-pocket costs. Appendix I, page 19, shows a comparison of the benefit limits and a senior's maximum out-of-pocket costs for the 2006 Medicare prescription drug benefit and the current Senior Rx program.

During fiscal year 2003, approximately 3,600 Senior Rx program enrollees had program related prescription costs exceeding \$2,250. These seniors would be the only ones to potentially realize any significant benefit from Missouri's program once the Medicare benefit is fully established. Prescription expenditures for these enrollees outside of federal participation limits totaled approximately \$3.7 million in fiscal year 2003.

Other program alternatives are available

As of November 1, 2003, 29 states had pharmaceutical assistance programs in operation. We contacted 10 states to review the details of their programs and compare them to Missouri's program. Many programs were set up similar to Missouri's subsidy program with some level of benefit cap, co-insurance and enrollment fee. Some other alternative program design methods include (1) Medicaid Pharmacy Plus waivers, or (2) discount programs. Some states have set up both subsidy and discount programs covering different populations—not just seniors. Discount programs require less direct state funds, but also provide less savings for seniors or other eligible enrollees.

The federal government recently approved Medicaid Pharmacy Plus waiver projects in six states (Florida, Illinois, Indiana, Maryland, South Carolina and Wisconsin).⁶ Under this waiver, states can provide prescription and over-the-counter drug coverage to Medicare beneficiaries and/or

⁶ Five-year Medicaid Section 1115 Demonstration Waiver projects approved by the federal Department of Health and Human Services, Centers for Medicare and Medicaid Services.

people with disabilities who are not eligible for full Medicaid benefits⁷ and with incomes at or below 200 percent of the federal poverty level. Illinois was the first state to be granted such a waiver in January 2002.

Medicaid waiver projects provide a subsidized pharmacy benefit intended to assist individuals with limited income and assets in maintaining their health status to avoid becoming Medicaid eligible. These waivers require budget neutrality for the federal government. Therefore, the federal costs of services can be no more than the cost to provide all Medicaid services to the eligible groups without the waiver. A state operating under a Pharmacy Plus waiver would be responsible for any Medicaid costs above this level. In Missouri, federal matching funds would pay for about 61 percent of waiver program costs.⁸

Before applying, states would need to perform a cost-benefit analysis to evaluate the waiver's cost-effectiveness. Representatives from Illinois, Wisconsin and Florida each told us their cost-benefit analysis determined the waiver to be cost-effective. In November 2003, a Department of Social Services, Division of Medical Services⁹ official said Missouri has only very preliminarily researched the benefits to the state of setting up a waiver and has not applied for one because the first year implementation cost of a waiver would require new state resources and cost containment is the primary focus this fiscal year. This official said the division is monitoring the experience of other states that have implemented such waivers and the details of proposed federal Medicare drug legislation.

The Maine legislature has approved a new pharmaceutical assistance program to start January 2004. This program allows residents with an income at or below 350 percent of the federal poverty level with no prescription drug insurance benefit to receive discounts on drugs. The program requires participating pharmacies to sell covered drugs to qualified residents at Medicaid prices initially and possibly lower prices after October 1, 2004 if the state is able to negotiate secondary discounts with drug manufacturers. Pharmacies will be reimbursed by the state for the difference between the initial discounted price and the secondary discounted price. Program legislation indicates the state is using \$2.8 million in General Revenue monies for initial implementation and operation of the program and plans to use rebates received from pharmaceutical manufacturers to fund at least in part future administrative costs.

Maine's program and the Medicaid waiver programs expand prescription benefits to other low income individuals besides seniors. A Medicaid waiver program, while substantially paid for with federal funding, could ultimately cost a state more than an existing prescription assistance program for seniors due to more citizens being covered. A discount program like Maine's program requires no state subsidy putting less of a burden on a state's budget.

⁷ Under Title XIX of the Social Security Act.

⁸ Federal Register: November 15, 2002 (Volume 67, Number 221) for federal fiscal year ending September 30, 2004.

⁹ State agency responsible for the Medicaid program.

Some seniors could receive better benefits in private programs

We determined some seniors and the state could have saved approximately \$60,000 and \$28,000, respectively, if they had enrolled in private pharmaceutical company's discount programs rather than the Senior Rx program. To evaluate if Senior Rx enrollees could save money in a manufacturers' program, we determined, by manufacturer, the number of enrollees that were only prescribed drugs from either one or two manufacturers during fiscal year 2003. We evaluated claims data for 284 enrollees that were only prescribed drugs from the two brand-name manufacturers with the most recipients from the compiled list.

Most brand-name pharmaceutical manufacturers and other organizations operate discount programs to help low income individuals. In Missouri, citizens can obtain help determining which pharmaceutical program would be best for them from the Community Leaders Assisting the Insured of Missouri (CLAIM) program.¹⁰ A CLAIM official said the organization currently provides assistance to about 50 seniors weekly, and funding limitations could impact the ability to continue the service in the future.

State law¹¹ allows the Senior Rx Commission, subject to appropriation, to establish a clearinghouse to (1) assist all Missouri residents in assessing prescription drug programs, (2) educate the public on quality drug programs and cost-containment strategies, and (3) serve as a resource for pharmaceutical benefit issues.¹² Providing seniors with help identifying other prescription assistance options will allow them to make better informed decisions, save the seniors money and leave more state funding available for seniors for whom the Senior Rx program is more cost-beneficial. The Senior Rx executive director estimated it would take four additional staff to establish a clearinghouse. Since most of the pharmaceutical manufacturers' programs do not allow enrollees to have other insurance, a senior would have to evaluate the benefits of all programs before enrolling in one.

Clearinghouse
has not been
established

Conclusions

The state has a difficult task of achieving a delicate balance in offering seniors some relief from the soaring prescription drug costs while appropriately spending public funds. While Missouri's Senior Rx program is in its infancy, its future is uncertain because of less than anticipated enrollment and national events. State officials must evaluate the cost-effectiveness of alternative programs to determine the appropriate balance of providing seniors cost savings within available state revenues.

By the spring 2004, state officials should have a clearer idea whether or not Missouri's seniors are responding to the current program. If enrollment figures remain less than expected, then an alternative program needs to be considered. By not enrolling, many seniors may be saying they either do not see how the current program benefits them or are not interested in a state program.

¹⁰ Established through the Missouri Patient Care Review Foundation.

¹¹ Section 208.571, RSMo Cumulative Supp. 2003.

¹² The clearinghouse was not funded by the legislature for fiscal years 2003 or 2004.

National events and other practices suggest that other alternatives are being established on a regular basis providing options to replace or augment the Senior Rx program. The implementation of a federal Medicare prescription drug benefit over the next few years will impact the future of the Senior Rx program. Given these choices and alternatives, state officials must evaluate how the existing program could change without duplicating programs and incurring costs that could become the responsibility of the federal government.

Program officials also need to be cognizant of providing seniors with help identifying other prescription assistance options, either public or private, that will allow them to make better informed decisions, save both seniors and the state money, and leave more state funding available for seniors for whom the Senior Rx program is more cost-effective.

Recommendations

We recommend the General Assembly:

- 1.1 Monitor the establishment of a Medicare prescription drug benefit and its impact on Missouri's Senior Rx program. Modify the program as necessary based on the enacted federal program to limit the state's costs, but still benefit seniors in need of assistance.
- 1.2 Consider having the Senior Rx Commission evaluate programs currently operating in other states that could better benefit Missouri citizens.
- 1.3 Evaluate ways to expand the program enrollment period.

We recommend the Senior Rx Commission:

- 1.4 Establish a clearinghouse, as statutorily allowed, to assist seniors on prescription program alternatives.

Agency Comments

The Senior Rx Commission provided the following comments in a letter dated January 15, 2004:

- 1.1 *The Commission will continue to follow the statutory provisions and legislative intent of sections 208.550 through 208.571 RSMo. This recommendation would require consideration by the General Assembly through the legislative process.*
- 1.2 *The Commission will continue to follow the statutory provisions and legislative intent of sections 208.550 through 208.571 RSMo. This recommendation would require consideration by the General Assembly through the legislative process.*
- 1.3 *The Commission will continue to follow the statutory provisions and legislative intent of section 208.559.1 RSMo. This recommendation would require consideration by the General Assembly through the legislative process.*

- 1.4 *Section 208.571, RSMo Cum. Supp. 2003 does establish a clearinghouse within the Senior Rx Program, for the purpose of educating and assisting seniors and the public with accessing prescription drug programs. The clearinghouse function is by state law, subject to appropriations. No funds have been appropriated for the clearinghouse. If funding is made available, the Commission will proceed with its development.*

Providing the kind of advice and assistance to citizens, as envisioned by the audit report, would require staff who are trained to assess someone's drug usage and needs, and have a good understanding of all the available programs and their individual requirements.

The program staff does supply seniors who do not qualify for this program, or who miss the enrollment period, with information about other programs including programs sponsored by the pharmaceutical manufacturers.

2. Improvements in Management and Oversight and Statutory Changes Would Benefit the Program

We found various factors adversely affected the program's overall effectiveness. Use of alternative reimbursement rates used in the state's Medicaid program could save the program millions annually. Program officials did not ensure state statutes were complied with, evaluate the results of pharmacy audits, review reasons for rejected claims, and establish an effective and efficient applicant income eligibility means test. These problems, at least partially, resulted from management turnover, inadequate consideration of some issues, and program implementation challenges. In addition, program officials cannot ensure the program accomplished intended goals or accountability without a clearly defined strategic plan.

Results-based strategic planning process not implemented

Program officials have less assurance state funds expended for the program are accomplishing intended goals because they have not implemented a results-based strategic planning process and created a program mission statement. As a result, program officials cannot ensure a key element of strategic planning—accountability. Without accountability, taxpayers cannot be assured the program has spent available funding the most effectively. To address strategic planning adequately, program officials must (1) establish specific goals to be achieved, (2) use data to measure and/or report on progress achieved, (3) restrict the number of performance measures used, and (4) assess the impact of other programs and resources when implementing strategies. The program's strategic planning could be included in the Department of Health and Senior Services strategic planning process.

The lack of strategic planning may have been impacted by turnover in the executive director position. Since inception in the fall 2001, the program has had two executive directors and one interim director with the current director taking her position in January 2003.

Medicaid rates for multi-source drugs were lower than Senior Rx rates for those drugs

The Senior Rx program and seniors could have saved over 12 percent of total prescription expenditures (\$2.9 million of \$23.6 million) in fiscal year 2003 by using pharmacy reimbursement options similar to the state's Medicaid program. The Senior Rx program reimburses pharmacies for brand-name drugs at average wholesale price (AWP) minus 10.43 percent and generic drugs at AWP minus 20 percent. The Missouri Medicaid program reimburses pharmacies for prescription drugs at the lesser of:

- AWP minus 10.43 percent
- Missouri Maximum Allowable Cost
- Federal Maximum Allowable Cost
- Price Submitted by the Pharmacy
- Wholesale Acquisition Cost plus 10 percent¹³

¹³ Although the wholesale acquisition cost is a pricing option used by Medicaid, we did not observe any prescription drugs which Medicaid paid for using this option. We did not include it in our analysis of savings to the Senior Rx program.

The Missouri and federal maximum allowed cost rates are set for certain multi-source drugs.¹⁴ Upper payment limit rates are set based on the prices for a brand-name drug and its associated generic versions and normally set near the lowest price for any of the products. The Missouri maximum allowable cost is determined and maintained by the state's Medicaid program. The program's claims processing contractor currently has the federal maximum allowable costs in its claims processing system.

We obtained the August 2003 drug price information for the Medicaid program and compared it to the Senior Rx fiscal year 2003 paid claims. For those drugs with a Missouri or federal maximum allowable cost, the Senior Rx program and seniors could have saved approximately \$2.9 million if these maximum allowed rates had been used as reimbursement options. The specific amount of savings possible for seniors and the program cannot be determined due to co-payment and other issues; however, each would benefit about equally from any potential savings. Table 2.1 shows the savings for a month's supply of six drugs:

Table 2.1: Senior Rx Statutory Pharmacy Reimbursement Rates Compared to Medicaid Pharmacy Reimbursement Rates

Drug Name	Senior Rx	Medicaid	Difference	Percent of
	Cost	Cost		Senior Rx
Darvocet®100 mg	\$21.08	\$3.03	\$18.05	85
Furosemide 20 mg	3.36	1.60	1.76	52
Lisinopril 20 mg	25.63	19.17	6.46	25
Lovastatin 20 mg	56.95	37.46	19.49	34
Prozac ® 20 mg	74.71	2.33	72.38	97
Zestril ®10 mg	27.56	17.91	9.65	35

Source: Senior Rx program data and Medicaid drug price data

Part of the state's saving could be offset by less rebate revenue and higher contractor costs charged to manage and implement any change.

Seniors incorrectly charged and pharmacies incorrectly compensated for some brand-name drug transactions

Program officials did not ensure state law was appropriately implemented when seniors received brand-name drugs with a generic equivalent. As a result, 4,540 seniors paid the wrong amount for over 27,000¹⁵ prescription transactions in fiscal year 2003. State law¹⁶ requires, "Generic prescription drugs shall be used for the program when available. An enrollee may receive a name-brand drug when a generic drug is available only if both the physician and enrollee request that the name-brand drug be dispensed and the enrollee pays the coinsurance on the generic drug plus the difference in cost between the name-brand drug and the generic drug." These prescriptions are commonly referred to as "dispense as written" (DAW) prescriptions.

¹⁴ See Appendix II, page 20, for detail on how these rates are set.

¹⁵ Approximately 3 percent of over 800,000 submitted transactions.

¹⁶ Section 208.562 (1), RSMo Cumulative Supp. 2003.

Our review of fiscal year 2003 paid claims for DAW prescription transactions disclosed seniors' coinsurance (40 percent of the cost of the drug) computations were not being done correctly in the reimbursement calculation process. After we discussed this issue with program officials, they reported it to the claims processing contractor for further review. Contractor staff also determined that the difference in cost seniors were required to pay was not based upon a generic drug price as required by statute, but the difference between the pharmacy billed amount and the allowed cost for the brand-name drug. A contractor representative said the claims processing system did not use a generic drug price because there can be multiple generic equivalents for a brand-name drug and no information had been provided by program officials as to which generic cost to use. Claims processor staff presented this issue at the September 30, 2003 commission meeting. As of December 2003, the contractor was implementing system changes based on a proposal provided to the commission.

We further reviewed the paid claims transactions after obtaining this information and identified that pharmacies were underpaid about \$74,000 for the DAW transactions. State law¹⁷ requires pharmacies to be paid the AWP minus 10.43 percent for brand-name drugs and AWP minus 20 percent for generic drugs. For DAW transactions, the program paid pharmacies AWP minus 20 percent for brand-name drugs.

Table 2.2 illustrates all 3 DAW transaction errors for a 30-day prescription for the brand-name drug Mevacor® (20 mg version). The highlighted areas represent the different calculation results for the pharmacy reimbursement amount and the cost responsibilities of the state and senior.

¹⁷ Section 208.562(2), RSMo Cumulative Supp. 2003.

Table 2.2: DAW Transaction Error Example

State's Current Calculation		State Law Calculation	
Brand AWP	\$79.09	Brand AWP	\$79.09
Senior Rx AWP reduction (20% of AWP)	<u>(15.82)</u>	Senior Rx AWP reduction (10.43% of AWP)	<u>(8.25)</u>
Brand Allowed Cost ¹	63.27	Brand Allowed Cost ¹	70.84
Pharmacy Billed Amount	\$79.10	Brand Allowed Cost	70.84
Brand Allowed Cost	<u>(63.27)</u>	Generic Allowed Cost (Generic AWP – 20%) ²	<u>(56.95)</u>
DAW Difference	15.83	DAW Difference	13.89
Co-pay Allocation Total	67.36 ³	Co-pay Allocation Total	61.04 ⁴
State's Percentage	<u>* .6</u>	State's Percentage	<u>* .6</u>
Subtotal	40.42	State's Payment	36.62
DAW Difference	<u>(15.83)</u>		
State's Payment	24.59		
Co-pay Allocation Total	67.36 ³	Co-pay Allocation Total	61.04 ⁴
Senior's Percentage	<u>* .4</u>	Senior's Percentage	<u>* .4</u>
Senior's Co-Payment	26.94	Senior's Co-Payment	24.42
DAW Difference	+ <u>15.83</u>	DAW Difference	+ <u>13.89</u>
Total Paid by Senior	42.77	Total Paid by Senior	38.31

¹The pharmacy would be paid this amount plus a \$4.09 dispensing fee.

²Generic drug Lovastatin was selected as the generic equivalent in this example.

³Brand Allowed Cost \$63.27 + \$4.09 dispensing fee.

⁴Generic Allowed Cost \$56.95 + \$4.09 dispensing fee.

Source: Senior Rx and Medicaid program data

We could not estimate the total over- or under-paid by seniors and/or the state because the generic rates necessary for the calculation have not been determined. Once the commission finalizes the generic drug cost to use in these transactions, program officials will still need to work with the contractor to resolve the pharmacy reimbursement and senior co-insurance calculation problems.

No action taken on pharmacy audits

Program officials failed to review contracted pharmacy audit reports or initiate any follow-up action until we asked about the audit results. While aware of the reports, officials could not provide an explanation why they had not been reviewed. On-site pharmacy audits were required in the Senior Rx claims processor contract. As of September 2003, the processing contractor's subcontracted auditor had completed audits of claim transactions for the fourth quarter of 2002 and the first quarter of 2003. The auditor identified questionable billing records or procedures at 14 of 20 pharmacies audited with recoupments totaling \$4,280 recommended from 11 of these pharmacies. The auditor recommended both further review and recoupments for 8 pharmacies, further review only for 3 pharmacies and recoupments only for 3 pharmacies.

The claims processor contract specified the scope of the audit services as well as optional audit services available. The commission has not elected to receive any optional services. The audits included a general overview of the pharmacy, examination of the pharmacy's practices and procedures and a test of transactions. The majority of the recoupments recommended were due to a lack of the recipient's signature on the claim log or a copy of the prescription was not available. The audit reports recommended two types of further review (1) letters to doctors prescribing or the patient receiving prescriptions to verify the prescription and/or receipt; or (2) an intensive pharmacy audit focusing on the on-site audit concerns.

The first pharmacy audit results were received in early 2003 during the transition period from the interim executive director to the current executive director. As a result of our inquiry, the commission formed a committee in September 2003 to develop policies and procedures for evaluating the pharmacy audits and make a decision on the recoupments. As of December 2003, these policies and procedures had not been finalized.

No review of rejection reasons performed

Program officials did not evaluate trends by pharmacies or reasons for rejected claims to identify correctable issues that unnecessarily increased program costs. The officials could not provide an explanation why such a review did not occur. Our analysis of fiscal year 2003 claims data identified 27 percent of pharmacy submitted claims were rejected, costing the program about \$300,000. For each rejected claim, the program paid \$1.3347 per transaction in fiscal year 2003 and \$0.5746 per transaction during fiscal year 2004.

We also identified 76 pharmacies that submitted at least 1,000 claims during the fiscal year had a rejection rate of 30 percent or higher. Program staff did not review these claims to identify rejection reasons, which would allow program staff to implement pharmacy training or education programs to limit future rejected claims, and, thus, reduce processing costs.

Claims processor edit records indicate claims could be denied for many reasons. For example, if (1) the drug was not covered in the program, (2) the claim is a duplicate to a previously submitted claim, or (3) the claim did not include a valid date of service. For each claim submitted for processing, whether it is paid or not, the claims processor receives a fee under the contract agreement with the program.

More efficient income testing could identify more ineligible applicants

Program staffs' income testing of applicants was not as effective and efficient as possible because results were not obtained and analyzed in an electronic format. As a result, program staff estimated 3 employees worked on the income test up to 60 percent of the time for over 3 months, but only 20 percent of applicants were included in the test. The test results indicate up to 16 percent of the untested population may be ineligible for the program or in the wrong benefit tier, but this population was not further evaluated. The time staff spent on this testing may also have contributed to some of the management weaknesses previously discussed.

To satisfy state law¹⁸ requirements of a eligibility means test, staff decided to test the income submitted for nearly 20 percent (4,200 of about 21,000 applicants) of fiscal year 2004 applicants against DOR property tax credit (PTC) form records. Only 85 percent of the applicants provided a social security number on their application and were included in the potential sample population.¹⁹ About 61 percent of tested enrollees (2,576) matched DOR records. Program staff received hardcopy results from the DOR and manually reviewed the information to determine if any differences occurred that would impact a senior's eligibility. For example, if a single senior's income was reported to the program as \$15,000 and on the PTC form as \$18,000, the senior's eligibility could potentially change to the tier 2 benefit level. Program staff sent letters to seniors whose income listed on their PTC form made them ineligible for the program or placed them in a different benefit tier. The staff said much of the test time was spent handling inquiries from the seniors and follow-up correspondences. The test resulted in 11 percent (298 of 2,576) of matched enrollees changing benefit tiers and 5 percent (116 of 2,576) being removed from the program.

Obtaining and analyzing the test results in an electronic format would allow quicker identification of applicants needing further review and would provide an opportunity to evaluate more applicants to ensure they are in the appropriate benefit tier and eligible for the program.

Pharmacy reimbursement statute needs clarification

Although the pharmacy reimbursement option approved by the Senior Rx Commission saves the program and seniors money, it is not specifically authorized by state law. State law²⁰ says pharmacies shall be reimbursed for brand-name drugs at the AWP minus 10.43 percent and generic drugs at the AWP minus 20 percent. The Senior Rx Commission has approved that pharmacies will be reimbursed the lower of the statute defined rates or the pharmacy's usual and customary price if this option is agreed to by the pharmacy.

As of January 2003, 977 of 1,056 pharmacies had agreed to be reimbursed under the alternative option. Senior Rx staff said approval of the alternative reimbursement option occurred because the commission felt it was the legislature's intent the statutory rates would be the maximum reimbursement allowed. While this interpretation may be what the legislature intended, the law is not worded that way.

Conclusions

Management and implementation challenges have hindered the program's ability to adequately and efficiently serve seniors. Improvements in program management would likely provide additional opportunities for seniors and the state to save on prescription drug costs. Program officials need to develop a strategic plan that clearly establishes program goals to be achieved and ensures accountability of public funds.

¹⁸ Section 208.556.9, RSMo Cumulative Supp. 2003.

¹⁹ Social security numbers are used for the match, but seniors are not required to provide it on the Senior Rx application.

²⁰ Section 208.562, RSMo Cumulative Supp. 2003.

Statutory changes to the pharmacy compensation calculations could reduce costs for seniors and the state and are needed to clarify the meaning. Increased management attention to compliance with state law, and analysis of the contracted pharmacy audits and claims activity is needed to control program costs and ensure seniors and the state pay the appropriate amounts. More efficient eligibility testing could also help limit program costs.

Recommendations

We recommend the General Assembly:

- 2.1 Clarify in Section 208.562, RSMo Cumulative Supp. 2003, if pharmacy reimbursement for covered drugs can be the lower of the providers usual and customary charge or the applicable statutory rate. Add the Missouri and federal maximum allowable costs to possible reimbursement options.

We recommend the Senior Rx Commission:

- 2.2 Develop a strategic plan and mission statement.
- 2.3 Work with the claims processing contractor to ensure pharmacy reimbursement calculations reflect state law and monitor those calculations on a regular basis.
- 2.4 Establish procedures for evaluating pharmacy audit results that ensure all applicable monies are recouped and additional audit procedures are performed when necessary.
- 2.5 Review and evaluate rejected claims data on a regular basis to identify trends or unusual patterns that could be corrected or eliminated resulting in lower contractor processing charges.
- 2.6 Establish eligibility testing that yields the maximum results with minimum expense and staff time. Future results should be obtained in an electronic format and consideration should be made of including all applicants that provided social security numbers in the test.

Agency Comments

The Senior Rx Commission provided the following comments in a letter dated January 15, 2004:

- 2.1 *The Commission will continue to follow the statutory provisions and legislative intent of section 208.562.2 RSMo. This recommendation would require consideration by the General Assembly through the legislative process.*
- 2.2 *The Commission will consider developing a strategic plan and mission statement.*
- 2.3 *The Commission is aware that the claims processing contractor's system was not calculating dispense as written (DAW) claims correctly. The Commission is considering*

what action to take with regard to this failure by the contractor. The Commission will monitor the contractor's pharmacy reimbursement calculations on a regular basis.

- 2.4 The Commission has new pharmacy audit procedures in place that will ensure all applicable monies are recouped and additional audit procedures are performed when the Commission determines they are necessary.*
- 2.5 The Commission will continue to review and evaluate the claims data provided by the claims processing contractor. The Commission is considering possible recoupments from the contractor for any claims incorrectly processed and paid for by the state that are due to contractor system errors.*
- 2.6 The Commission will request that the Department of Revenue provide the program with an electronic format for any data needed to perform the statutorily required income testing.*

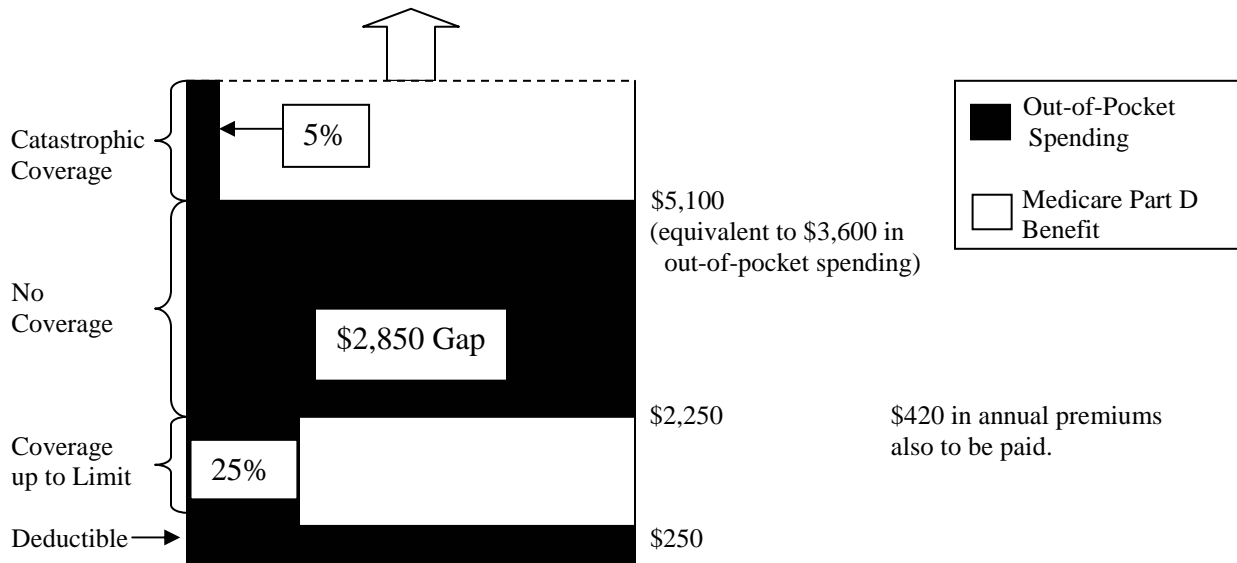
The substantial amount of staff time and associated expense spent on this income testing was not due to the lack of an electronic file from Department of Revenue. The income testing process required that the program send letters to any member whose eligibility was impacted by the testing. Some seniors were determined to be ineligible, which meant they had to be notified in writing, a refund of their enrollment fee had to be processed, and they had to be removed from the system. In some instances, seniors had to be moved from one benefit tier to another, which meant a written explanation about a change to their deductible and either collecting or refunding some of the enrollment fees. These letters and actions caused a great deal of confusion among seniors, which resulted in significant staff time dealing with their concerns and questions. The average age of our membership is 78 years old. The program staff is very cognizant of the needs of this population. So, they make considerable effort to ensure that seniors understand the results of the income testing, and the impact on them.

The Commission is aware that the program staff hope to make this process more efficient, but not at the cost of added confusion and anxiety for seniors.

The Commission will consider expanding the testing to all seniors who supply a social security number on their application, only if the staff confirms that they can administer the additional calls and provide the needed assurances to the seniors affected.

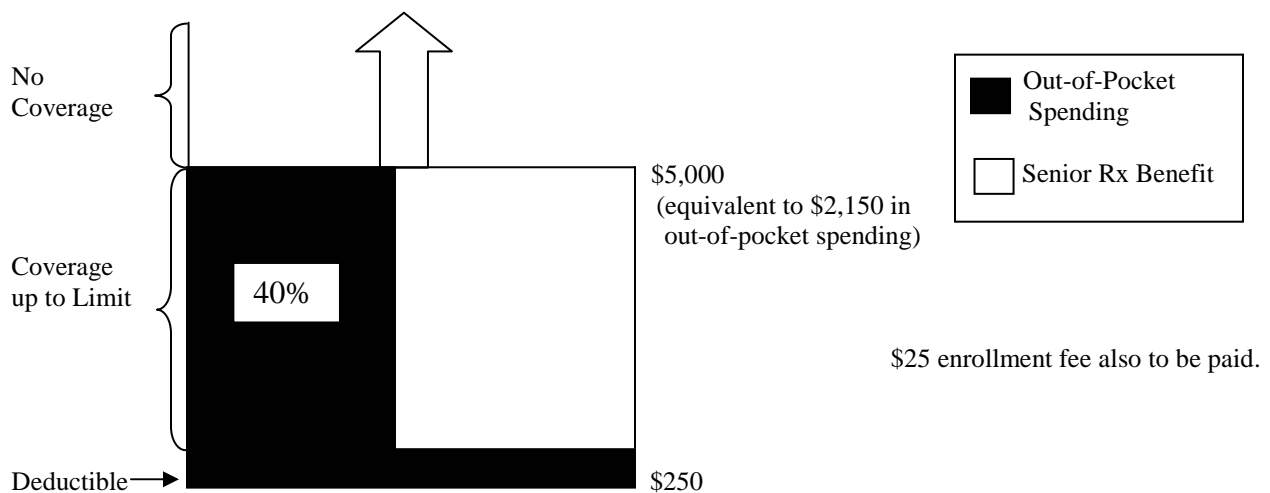
**COMPARISON 2006 MEDICARE DRUG BENEFIT AND CURRENT
SENIOR RX BENEFIT**

2006 Medicare Benefit



Benefit levels are indexed to growth in per capita expenditures for covered Part D drugs. As a result, the Part D deductible is projected to increase from \$250 in 2006 to \$445 in 2013; and the catastrophic threshold is projected to increase from \$5,100 in 2006 to \$9,066 in 2013.

Current Tier I Senior Rx Benefit



The Tier II benefit requires a \$35 enrollment fee, \$500 deductible and maximum out-of-pocket spending of \$2,300.

Source: The Henry Kaiser Family Foundation and SAO analysis

MEDICAID PHARMACY REIMBURSEMENT OPTIONS

Medicaid regulations provide for the pharmacy reimbursement of outpatient drugs using two methods (multiple source and single source).

If a drug is a multiple source drug (brand-name drug and 3 or more generic versions of the drug), then reimbursement is based on the lower of the pharmacist's usual and customary charge to the general public or a federal upper limit amount plus a dispensing fee. The federal upper limit amounts are established by the Department of Health and Human Services, Centers for Medicare and Medicaid Services. The reimbursed amount for the brand-name and associated generic drugs will be the federal upper payment limit amount no matter what the billed cost of the drug. The rate is set based on the prices for each product and normally set near the lowest price for any of the products. Missouri also has established another option (state upper payment limit) which is similar to the federal upper payment limit, but may be set once a brand-name drug has at least 1 but generally 2 or more generic versions versus the federal criteria of 3 or more versions. Pharmacy reimbursement is based on the lower of the pharmacist's usual and customary charge to the general public, the state upper payment limit plus a dispensing fee or the federal upper limit amount plus a dispensing fee (if applicable).

If a drug is a single source drug (brand-name drug), or a generic drug for which a state or federal upper limit amount has not been established, then the reimbursement is the lower of the pharmacist's usual and customary charge to the general public or the estimated acquisition cost plus a dispensing fee. Missouri uses two potential estimated acquisition prices (1) AWP minus 10.43 percent and (2) Wholesale acquisition cost plus 10 percent.



COMPILATION OF 2003 CRIMINAL ACTIVITY FORFEITURE ACT SEIZURES

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-14
February 27, 2004
www.auditor.mo.gov**



Office Of The
State Auditor Of Missouri
Claire McCaskill

February 2004

As required by state law the State Auditor's Office compiled the 2003 Criminal Activity Forfeiture Act (CAFA) seizure reports submitted to our office by prosecuting attorneys and the Attorney General. This compilation was limited to the presentation of information submitted.

The State Auditor received a total of 104 (90%) of the 116 CAFA seizure reports, from prosecuting attorneys and the Attorney General for property seized in calendar year 2003 as required by section 513.607, RSMo. Cum. Supp. 2003. Ninety-five (82%) of the reports were received prior to the January 31, 2004 deadline. The implementation of Senate Bill 5 and 21 effective in 2001 significantly increased the compliance percentage of CAFA seizure reports submitted. Prior to that legislation, CAFA seizure reports were submitted only to the Department of Public Safety and there was no penalty provision for failure to comply with the reporting requirements.

After receiving information from jurisdictions across the state, there is reason for some concern. Even though the majority of jurisdictions actually filed reports with the State Auditor, some failed to report how they disposed of their seized property.

A comparison of 2003, 2002, and 2001 report filings show the number and dollar value of reported seizures was greater in 2002. This appears due to increases in seizures in just a small number of counties in 2002. The result of this increased activity, appears to have had the most impact on the dollar value of seizures transferred to a federal agency.

To accomplish our objectives, we compiled all seizure information submitted to the State Auditor for calendar year 2003 and reviewed the compiled information previously submitted for the calendar years 2002 and 2001 so that a comparison would be available.

A letter dated December 31, 2003 was mailed to prosecuting attorneys and the Attorney General, notifying them of the deadline for submission of the CAFA seizure and forfeiture reports. This letter listed the information that should be included in their report according to Section 513.607 RSMo. Cum. Supp. 2003, and that the report should be submitted to both the State Auditor and to the Director of the Department of Public Safety. The letter also indicated that if there were no seizures, a report was still needed indicating that information.

Due to the February 28, 2004 statutory deadline to submit this report, only seizure reports received by February 17, 2004 are included in the compilation.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

COMPILATION OF 2003 CRIMINAL ACTIVITY FORFEITURE ACT SEIZURES

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Members of the General Assembly
Jefferson City, MO 65102

As required by Section 513.607, RSMo Cum. Supp. 2003, we have compiled the 2003 Criminal Activity Forfeiture Act (CAFA) seizure reports submitted to the State Auditor by prosecuting attorneys and the Attorney General. A compilation is limited to presenting information that is submitted. We have not audited the reports submitted and, accordingly, do not express an opinion or any other form of assurance on them. The primary objectives of this compilation were to:

- (1) Identify those officials who submitted 2003 CAFA seizure reports to the State Auditor.
- (2) Summarize and evaluate the 2003 CAFA seizure information reported.

Section 513.607, RSMo Cum. Supp. 2003, requires prosecuting attorneys and the Attorney General to report CAFA seizures for the previous calendar year by January 31, to both the Director of the Department of Public Safety and the State Auditor. We received 82% of the CAFA seizure reports, by the required due date of January 31, 2004.

A handwritten signature in black ink that reads "Claire McCaskill".

Claire McCaskill
State Auditor

February 17, 2004 (fieldwork completion date)

The following staff participated in the preparation of this report:

Director:	Thomas J. Kremer, CPA
In-Charge Auditor:	Becky Webb
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	Adrian Kennedy

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

Background

The State Auditor's report number 99-97 titled *Review of Forfeited Property* identified weaknesses in the state's Criminal Activity Forfeiture Act (CAFA) law. Subsequently, revisions to the state's CAFA law (Section 513.600 to 513.653 RSMo 1994) were addressed.

Revisions to the CAFA law by Senate Bills 5 and 21 effective in 2001, required the prosecuting attorneys and the Attorney General to whom seizures were reported to submit a copy of the seizure report to the State Auditor at the time the report is submitted to the Director of the Department of Public Safety (DPS). The legislation added the requirement for the State Auditor to make an annual report compiling the data received regarding the seizures. A penalty provision for intentional or knowing failure to comply with any reporting requirements was also included.

Other revisions in the CAFA by Senate Bills 5 and 21 included more restrictions on transfers of seized property by state or local agency to any federal agency. These restrictions were not reviewed, as they are not within the scope of our report.

Compliance with Submitting Criminal Activity Forfeiture Act (CAFA) Seizures Reports

The State Auditor received a total of 104 (90%) of the 116 CAFA seizure reports, from prosecuting attorneys and the Attorney General for property seized in calendar year 2003 as required by section 513.607, RSMo Cum. Supp. 2003. Ninety-five (82%) of the reports were received prior to the January 31, 2004 deadline. Table 1.1 lists the total number of CAFA seizure reports submitted to the State Auditor for 2003, 2002, and 2001.

Table 1.1: Summary of CAFA Seizure Reports Submitted By Date

Reporting Status	2003 Seizures		2002 Seizures*		2001 Seizures	
By January 31	95	82%	97	84%	83	72%
After January 31	9	8%	16	14%	30	26%
Total Reported	104	90%	113	98%	113	98%
Failed to Report	12	10%	3	2%	3	2%
Total Reports Required	116	100%	116	100%	116	100%

Source: CAFA seizure reports submitted by prosecuting attorneys and the Attorney General

* Includes 3 CAFA seizure reports submitted by prosecuting attorney to the State Auditor after the 2002 report was issued. Only Camden, Vernon, and Wayne county prosecuting attorneys failed to submit a 2002 CAFA seizure report to the State Auditor.

Prosecutors that Failed to Report 2003 CAFA Seizures or Submitted Report Late

Table 1.2 lists the prosecuting attorneys that either submitted the 2003 CAFA seizure report after January 31, 2004 or failed to report a 2003 CAFA seizure report at all. Section 513.607.10 RSMo Cum. Supp. 2003 states intentional or knowing failure to comply with any reporting requirement shall be a class A misdemeanor, punishable by a fine of up to one thousand dollars.

Table 1.2: Summary of Prosecuting Attorneys that Failed to Report 2003 CAFA Seizures or Submitted 2003 CAFA Seizure Reports Late

Prosecuting Attorney	Failed to Report	Submitted Late
Cape Girardeau	X	
Carroll		X
Cedar		X
Christian	X	
Dallas	X	
Dent	X	
Dunklin		X
Jasper		X
Knox	X	
Madison	X	
Maries		X
Marion	X	
Newton	X	
Perry		X
Pettis		X
Phelps		X
Polk	X	
Reynolds	X	
Sullivan	X	
Wayne	X	
St. Louis City		X
Totals	12	9

Source: Review of CAFA seizure reports submitted by prosecuting attorneys and the Attorney General

Disposition of the Seizures Reported

The disposition of the CAFA seizures reported was obtained from the reports submitted by the prosecuting attorneys and the Attorney General. Not all the seizure reports included the estimated value of the property seized and not all the reports included the disposition of the seizures reported. The compilation includes only the information reported by the prosecuting attorneys and the Attorney General. Table 1.3 lists the dollar value of the disposition of seizures reported by the prosecuting attorneys and the Attorney General.

Table 1.3: Summary of Required Information Reported

Reported Disposition	2003 Seizures		2002 Seizures*		2001 Seizures	
Pending	1,801,833	58%	2,171,488	42%	1,559,080	43%
Returned	718,266	23%	1,038,313	20%	1,100,845	30%
Transferred to Federal Agency	310,078	10%	1,372,961	27%	498,373	14%
Transferred to State	210,340	7%	232,848	4%	225,921	6%
Disposition Not Reported	70,038	2%	349,143	7%	268,754	7%
Other	23,089	0%	1,802	0%	300	0%
Total	3,133,644	100%	5,166,555	100%	3,653,273	100%

Source: CAFA seizure reports submitted by prosecuting attorneys and the Attorney General

* Includes data from 3 CAFA seizure reports submitted by prosecuting attorney to the State Auditor after the 2002 report was issued. Only Camden, Vernon, and Wayne county prosecuting attorneys failed to submit a 2002 CAFA seizure report to the State Auditor.

See Appendix I for a listing of the 2003 CAFA seizures disposition reported by each prosecuting attorney and the Attorney General.

Compliance with Reporting the Required Information

Section 513.607.8, RSMo Cum. Supp. 2003, requires the prosecuting attorneys and the Attorney General to report the following information: date, time, and place of the seizure, the property seized, the estimated value of the property seized, the criminal charges filed, and the disposition of the seizure, forfeiture, and criminal actions. Table 1.4 lists the required information for the CAFA seizure reports received and the number of cases that reported each required item. Some reports did not include all of the required information; therefore our compilation includes only the information reported.

Table 1.4: Summary of Required Information Reported

Required Information	2003 Seizures		2002 Seizures*		2001 Seizures	
Date	2,184	99.9%	2,300	99.9%	2,254	99.9%
Time	1,897	86.7%	2,022	87.9%	1,551	68.8%
Place of Seizure	2,161	98.8%	2,297	99.8%	2,254	99.9%
Property Seized	2,179	99.6%	2,299	99.9%	2,232	98.9%
Est. Value of Property Seized	908	41.5%	889	38.6%	914	40.5%
Person(s) Property Seized From	2,187	100.0%	2,260	98.2%	2,252	99.9%
Criminal Charges Filed	430	19.6%	1,470	63.9%	500	22.2%
Disposition of Seizure	2,187	100.0%	2,269	98.6%	1,924	85.3%
Disposition of Criminal Actions	2,037	93.1%	2,134	92.7%	1,773	78.6%
Total Cases Reported	2,187	100.0%	2,301	100%	2,255	100%

Source: CAFA seizure reports submitted by prosecuting attorneys and the Attorney General

* Includes data from 3 CAFA seizure reports submitted by prosecuting attorney to the State Auditor after the 2002 report was issued. Only Camden, Vernon, and Wayne county prosecuting attorneys failed to submit a 2002 CAFA seizure report to the State Auditor.

See Appendix II for a listing of the number of 2003 CAFA seizure cases that contained the required information reported for each prosecuting attorney and the Attorney General.

OBJECTIVES, SCOPE AND METHODOLOGY

OBJECTIVES, SCOPE AND METHODOLOGY

Objectives

The primary objectives of this compilation were to: (1) identify those officials which submitted 2003 CAFA seizure reports to the State Auditor and (2) summarize and evaluate the 2003 CAFA seizure information reported.

Scope and Methodology

To accomplish our objectives we:

- Reviewed the compiled seizure information submitted to the State Auditor for calendar year 2002 and 2001 for comparison purposes only.
- Mailed a letter to prosecuting attorneys and to the Attorney General, dated December 31, 2003, notifying them of the deadline for submission of the CAFA seizure and forfeiture reports.
- Compiled all seizure information submitted to the State Auditor for calendar year 2003.
- Identified the reports that were submitted on a timely basis.
- Identified the reports that did not contain the required information.
- Compiled the dollar value of the disposition of all seizures reported.
- Contacted the Missouri Department of Public Safety to identify the 2003 CAFA seizure reports submitted to both the State Auditor and to the Director of the Missouri Department of Public Safety or to one office.
- Compiled only seizure reports received by February 17, 2004, due to the February 28, 2004 statutory deadline for the State Auditor to submit this report.

Limitations

The data presented in the appendixes was compiled from information submitted by the various prosecuting attorneys and the Attorney General and were not verified by us via additional audit procedures. In analyzing these appendixes, some disparity may result due to the different methods used by the various prosecuting attorneys and the Attorney General of presenting essentially the same information.

APPENDIXES

2003 CAFA Seizure Disposition Reported

Reporting Entity	Est. Value of all Cases Reported	Disposition of Property					
		Pending	Returned	Transferred to Federal Agency	Transferred to State	Not Reported	Other
Adair	29,100	28,500			600		
Andrew	0						
Atchison	0						
Attorney General	0						
Audrain	11,024	10,030			994		
Barry	4,158	4,158					
Barton	0						
Bates	0						
Benton	0						
Bollinger	0						
Boone	34,602	26,279	5,934		2,389		
Buchanan	15,725	4,773	329		7,123	3,500	
Butler	5,274			5,274			
Caldwell	0						
Callaway	0						
Camden	0						
Cape Girardeau	DNF						
Carroll	0						
Carter	0						
Cass	27,470	18,370	9,100				
Cedar	31,394	31,394					
Chariton	0						
Christian	DNF						
Clark	3,150					3,150	
Clay	192,440	171,238	7,202	14,000			
Clinton	2,106	2,106					
Cole	7,275		1,625		5,650		
Cooper	130,349	500			129,849		
Crawford	46,502	46,502					
Dade	0						
Dallas	DNF						
Daviess	0						
Dekalb	0						
Dent	DNF						
Douglas	0						
Dunklin	5,400				5,400		
Franklin	103,820	103,640	180				
Gasconade	0						
Gentry	0						
Greene	33,240	24,870	1,350	7,020			
Grundy	350	350					
Harrison	0						
Henry	313	313					
Hickory	0						
Holt	0						
Howard	173	173					
Howell	3,689	2,031			1,658		
Iron	500	500					

2003 CAFA Seizure Disposition Reported

Reporting Entity	Est. Value of all Cases Reported	Disposition of Property					
		Pending	Returned	Transferred to Federal Agency	Transferred to State	Not Reported	Other
Jackson	319,612	278,367	41,245				
Jasper	76,473	66,864	9,609				
Jefferson	43,234	41,894	1,340				
Johnson	11,134					11,134	
Knox	DNF						
Laclede	23,084	18,038	5,046				
Lafayette	58,715	7,065		50,600	300		750
Lawrence	0						
Lewis	0						
Lincoln	36,558	18,123	14,910		3,525		
Linn	0						
Livingston	0						
Macon	1,156		1,156				
Madison	DNF						
Maries	16,900	16,900					
Marion	DNF						
McDonald	0						
Mercer	0						
Miller	0						
Mississippi	6,262			5,559	703		
Moniteau	4,699	4,699					
Monroe	5,050	4,000			1,050		
Montgomery	3,400	3,400					
Morgan	4,410	4,410					
New Madrid	26,155		17,500	8,655			
Newton	DNF						
Nodaway	0						
Oregon	0						
Osage	3,000	3,000					
Ozark	0						
Pemiscot	0						
Perry	0						
Pettis	81,952	69,408	3,400		9,144		
Phelps	90,036	81,636	8,400				
Pike	2,417	2,417					
Platte	10,341	10,341					
Polk	DNF						
Pulaski	0						
Putnam	0						
Ralls	0						
Randolph	0						
Ray	0						
Reynolds	DNF						
Ripley	0						
Saline	0						
Schuyler	0						
Scotland	147,805	147,805					
Scott	9,500	9,500					

2003 CAFA Seizure Disposition Reported

Reporting Entity	Est. Value of all Cases Reported	Disposition of Property					
		Pending	Returned	Transferred to Federal Agency	Transferred to State	Not Reported	Other
Shannon	0						
Shelby	0						
St. Charles	73,328	12,109		8,965		52,254	
St. Clair	0						
St. Francois	15,342	15,342					
St. Louis City	944,726	260,048	480,513	188,685	15,480		
St. Louis County	375,248	239,847	69,427	21,320	22,315		22,339
Ste. Genevieve	0	0					
Stoddard	0						
Stone	2,253	2,253					
Sullivan	DNF						
Taney	6,376	6,376					
Texas	0						
Vernon	29,000		29,000				
Warren	2,386				2,386		
Washington	0						
Wayne	DNF						
Webster	0						
Worth	0						
Wright	15,038	2,264	11,000		1,774		
Total	\$ 3,133,644	1,801,833	718,266	310,078	210,340	70,038	23,089

DNF - Did not file a 2003 CAFA seizure report with the State Auditor's Office

Other - Paid to child support enforcement, local law enforcement agency, or was destroyed

This Appendix compiles only the information reported to the State Auditor by prosecuting attorneys and the Attorney General. Not all seizure reports included an estimated value of the property seized and not all the reports included the disposition of all seizures reported.

2003 CAFA Seizures Required Information Reported

Reporting Entity	Number Of Cases Reported	Est. value of all Cases Reported	Number of Cases that Reported Required Information									
					Place of Seizure	Property Seized	Est. value of Property Seized	Person(s) Property Seized From	Criminal Charges Filed	Disposition		
			Date	Time						Seizure	Criminal Actions	
Adair	4	\$ 29,100	4	4	4	4	4	4	4	4	4	
Andrew	0	0										
Atchison	0	0										
Attorney General	0	0										
Audrain	4	11,024	4	4	4	4	4	4	4	4	4	
Barry	3	4,158	3	3	3	3	3	3	3	3	3	
Barton	0	0										
Bates	0	0										
Benton	0	0										
Bollinger	0	0										
Boone	16	34,602	16	16	16	16	16	16	15	16	16	
Buchanan	20	15,725	20		20	20	20	20	20	20	20	
Butler	1	5,274	1		1	1	1	1		1		
Caldwell	0	0										
Callaway	0	0										
Camden	0	0										
Cape Girardeau	DNF											
Carroll	0	0										
Carter	0	0										
Cass	8	27,470	8	6	8	8	8	8	8	8	7	
Cedar	1	31,394	1		1	1	1	1	1	1	1	
Chariton	0	0										
Christian	DNF											
Clark	1	3,150	1	1	1	1	1	1		1	1	
Clay	15	192,440	15	15	15	15	15	15	11	15	15	
Clinton	2	2,106	2	2	2	2	2	2	2	2	2	
Cole	8	7,275	8	8	8	8	8	8	7	8	8	
Cooper	5	130,349	5	4	5	5	5	5	5	5	5	
Crawford	6	46,502	6	6	6	6	5	6	6	6	6	
Dade	0	0										
Dallas	DNF											
Daviess	0	0										
Dekalb	0	0										
Dent	DNF											
Douglas	0	0										
Dunklin	1	5,400	1	1	1	1	1	1	1	1	1	
Franklin	37	103,820	37	26	37	37	32	37	8	37	1	
Gasconade	0	0										
Gentry	0	0										
Greene	13	33,240	13	13	13	13	10	13	2	13	2	
Grundy	1	350	1	1	1	1	1	1	1	1	1	
Harrison	0	0										
Henry	3	313	3	3	3	3	1	3	1	3	3	
Hickory	0	0										
Holt	0	0										
Howard	1	173	1	1	1	1	1	1	1	1	1	
Howell	2	3,689	2	2	2	2	2	2	2	2	2	

2003 CAFA Seizures Required Information Reported

Reporting Entity	Number Of Cases Reported	Est. value of all Cases Reported	Number of Cases that Reported Required Information								
					Place of Seizure	Property Seized	Est. value of Property Seized	Person(s) Property Seized From	Criminal Charges Filed	Disposition	
			Date	Time						Seizure	Criminal Actions
Iron	1	500	1	1	1	1	1	1	1	1	1
Jackson	85	319,612	85	85	85	85	83	85	83	85	85
Jasper	9	76,473	9		9	9	9	9	9	9	9
Jefferson	26	43,234	26		26	26	26	26	3	26	2
Johnson	2	11,134	2	2	2	2	2	2	1	2	2
Knox	DNF										
Laclede	7	23,084	7	7	7	7	7	7	7	7	7
Lafayette	5	58,715	5	5	5	5	5	5	5	5	5
Lawrence	0	0									
Lewis	0	0									
Lincoln	19	36,558	19		13	19	19	19	19	19	19
Linn	0	0									
Livingston	0	0									
Macon	1	1,156	1	1	1	1	1	1	1	1	1
Madison	DNF										
Maries	1	16,900	1	1	1	1	1	1	1	1	1
Marion	DNF										
McDonald	0	0									
Mercer	0	0									
Miller	0	0									
Mississippi	2	6,262	2		2	2	2	2	2	2	2
Moniteau	1	4,699	1		1	1	1	1		1	1
Monroe	2	5,050	2	2	2	2	2	2	2	2	2
Montgomery	1	3,400	1	1	1	1	1	1	1	1	1
Morgan	1	4,410	1	1	1	1	1	1	1	1	1
New Madrid	5	26,155	5	4	5	5	5	5	5	5	5
Newton	DNF										
Nodaway	0	0									
Oregon	0	0									
Osage	1	3,000	1	1	1	1	1	1	1	1	1
Ozark	0	0									
Pemiscot	0	0									
Perry	0	0									
Pettis	9	81,952	9		9	9	9	9		9	9
Phelps	4	90,036	4	4	4	4	4	4	4	4	4
Pike	4	2,417	4	4	4	4	4	4	4	4	4
Platte	4	10,341	4	4	4	4	4	4	4	4	4
Polk County	DNF										
Pulaski	0	0									
Putnam	0	0									
Ralls	0	0									
Randolph	0	0									
Ray	0	0									
Reynolds	DNF										
Ripley	0	0									
Saline	0	0									
Schuyler	0	0									

2003 CAFA Seizures Required Information Reported

Reporting Entity	Number Of Cases Reported	Est. value of all Cases Reported	Number of Cases that Reported Required Information								
					Place of Seizure	Property Seized	Est. value of Property Seized	Person(s) Property Seized From	Criminal Charges Filed	Disposition	
			Date	Time						Seizure	Criminal Actions
Scotland	3	147,805	3	3	3	3	2	3	3	3	3
Scott	2	9,500	2	1	2	2	2	2	2	2	2
Shannon	0	0									
Shelby	0	0									
St. Charles	18	73,328	17	7	16	18	18	18	6	18	8
St. Clair	0	0									
St. Francois	4	15,342	4	2	4	4	4	4	3	4	3
St. Louis City	1,658	944,726	1,658	1,507	1,655	1,650	401	1,658	82	1,658	1,658
St. Louis	134	375,248	134	134	134	134	134	134	53	134	70
Ste. Genevieve	1	0				1		1	1	1	
Stoddard	0	0									
Stone	3	2,253	3		3	3	3	3	3	3	3
Sullivan	DNF										
Taney	5	6,376	5	1	5	5	5	5	4	5	5
Texas	0	0									
Vernon	1	29,000	1	1	1	1	1	1	1	1	1
Warren	2	2,386	2	2	2	2	2	2	2	2	2
Washington	0	0									
Wayne	DNF										
Webster	0	0									
Worth	0	0									
Wright	14	15,038	13			14	7	14	14	14	13
Total	2,187	\$ 3,133,644	2,184	1,897	2,161	2,179	908	2,187	430	2,187	2,037

DNF - Did not file a 2003 CAFA seizure report with the State Auditor's Office

This Appendix compiles the total number of 2002 CAFA seizure cases, the total estimated value of all cases reported, and the number of cases that reported the required information for each county prosecuting attorney, the city of St. Louis and the Attorney General.

December 31, 2003

TO: Prosecuting Attorneys

RE: Annual Seizure Report due **January 31, 2004**

Purpose...

This letter is a reminder of the upcoming deadline for the submission of annual seizure and forfeiture reports.

Responsibility of the State Auditor...

Under Section 513.607.9, RSMo, of the Criminal Activity Forfeiture Act (CAFA), the State Auditor has the responsibility to compile and issue an annual report of the data received from law enforcement, prosecuting attorneys and the Attorney General. The report is considered an open record.

Responsibility of the Prosecuting Attorney and Attorney General...

Under Section 513.607.8, RSMo, of CAFA, the prosecuting attorneys or Attorney General to whom seizures are reported shall report annually to the State Auditor and to the Director of Public Safety by January 31, information on all reported seizures for the previous calendar year. This report shall include the following information:

- date, time and place of the seizure, the property seized, the estimated value of the property seized, the person(s) from whom the property was seized, the criminal charges filed, and the disposition of the seizure, forfeiture and criminal actions.

Procedures...

Please use the enclosed form to report the seizures that were reported to your office by local law enforcement personnel. If you would like the enclosed form in an excel spreadsheet, please call or e-mail our office at moaudit@mail.state.mo.us. Indicate the total number of seizures, even if the number is zero, that were reported to your office and the dollar value of the seized property. Make copies of the enclosed form to accommodate the number of seizures reported to your office and mail a copy to each of the following:

State Auditor of Missouri
PO Box 869
Jefferson City, MO 65102

Department of Public Safety
PO Box 749
Jefferson City, MO 65102

Questions or Suggestions...

Thank you for your immediate attention to this matter. If you have any suggestions to make this process more efficient, please direct them to Becky Webb.

Sincerely,

CLAIRE McCASKILL
STATE AUDITOR

Thomas J. Kremer, CPA
Director of Audits

Enclosure

Chapter 513

Executions and Exemptions

Section 513.607

August 28, 2003

Property subject to forfeiture--procedure--report required, when, contents-- annual state auditor's report, contents--violations, penalty.

513.607. 8. The prosecuting attorney or attorney general to whom the seizure is reported shall report annually by January thirty-first for the previous calendar year all seizures. Such report shall include the date, time, and place of seizure, the property seized, the estimated value of the property seized, the person or persons from whom the property was seized, the criminal charges filed, and the disposition of the seizure, forfeiture and criminal actions. The report shall be made to the director of the Missouri department of public safety and shall be considered an open record. The prosecuting attorney or attorney general shall submit a copy of the report to the state auditor at the time the report is made to the director of the department of public safety.

9. The state auditor shall make an annual report compiling the data received from law enforcement, prosecuting attorneys and the attorney general, and shall submit the report regarding seizures for the previous calendar year to the general assembly annually by February twenty-eighth.

10. Intentional or knowing failure to comply with any reporting requirement contained in this section shall be a class A misdemeanor, punishable by a fine of up to one thousand dollars.



SPECIAL NEEDS ADOPTION TAX CREDIT

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-13
February 16, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

February 2004

More than 90 percent of tax credits meant to help with the adoption of Missouri children, funded mostly international adoptions instead

Although the \$2 million in Missouri Special Needs Adoption Tax Credits may have originally been intended to help residents adopt Missouri children, auditors found more than 90 percent of the credits issued involved adoptions of international children. The following highlights our findings:

\$2 million in credits are in high demand

The tax credit, which is capped at \$2 million, is so popular all credits are claimed within the first few weeks of availability. Any Missouri resident who adopts a special needs child can receive a tax credit of up to \$10,000 for nonrecurring adoption expenses (such as travel to pick up the child) for each adoption. Legislation passed in 2003, but later vetoed, would have eliminated the cap. Eliminating the cap could ultimately cost the state \$5 million, at a minimum, based on claims filed the first day tax credits were available in fiscal year 2004.

Current tax credit law does not restrict use to Missouri children

Nothing in the current law restricts the credit's use to Missouri children. If the Missouri program was restricted to Missouri-born or resident special needs children, approximately \$1.8 million in tax credits would be available for such adoptions, auditors found. A similar federal tax credit is restricted to U.S. citizens or residents.

All adoptable children in state custody are considered "special needs"

Division of Family Services (DFS) officials said all the adoptable children in state custody are considered special needs children, which totaled 2,187 children at the end of 2002. Whether restricting the credit to Missouri children would actually increase adoptions of children in state custody is difficult to determine, auditors found. First, the current credit must be used for "nonrecurring" expenses, and many persons adopting Missouri's special needs children can already receive a state adoption subsidy to cover such expenses. But if the credit could offset other expenses, the credit may be used more often by persons wanting to adopt Missouri's special needs children. Secondly, inadequate tax credit record keeping by the DFS made it impossible for auditors to determine how many families willing to adopt a resident Missouri special needs child could not use the tax credit because the cap had been reached.

YELLOW SHEET

Small number of metropolitan adoption firms assisted with adoptions involving most tax credits

Adoption firms operating in the St. Louis area claimed about 90 percent of the tax credits issued in 2004. For example in 2003, 190 of the 275 adoptions using the tax credit were coordinated by only 10 firms, with more than 100 of these adoptions handled by two St. Louis adoption firms. This situation has partly occurred due to population and demographic factors. In addition, several DFS staff in smaller counties said they had never heard of the tax credit program and suggested they receive training on it.

Administration of credit could be more consistent and better documented

Auditors found adequate supporting documentation was not always properly maintained for a period of five years as required. Special needs adoption tax credit claim forms are not filed in a standard or consistent manner. Department officials are not properly verifying claim form information.

All reports are available on our website: www.auditor.mo.gov

SPECIAL NEEDS ADOPTION TAX CREDIT

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STATE AUDITOR'S REPORTS



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Members of the General Assembly
and
Steve Roling, Director
Department of Social Services
and
Denise Cross, Director
Division of Family Services
Jefferson City, MO 65102

We have audited the special needs adoption tax credit program administered by the Department of Social Services, Division of Family Services and the Department of Revenue. The program is established under Sections 135.325 through 135.339, RSMo 2000 and RSMo Cumulative Supp. 2002. The scope of this audit included, but was not necessarily limited to, the year ended December 31, 2002. The objectives of this audit were to:

1. Determine the number of special needs adoption tax credit applications approved for the year ended December 31, 2002.
2. Review how the special needs adoption tax credit is being used.
3. Review management practices, policies, and procedures for administration of the program.

Except as noted below, our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed written policies, and other pertinent documents and interviewed various department personnel. We were not allowed access to tax returns and related source documents for income taxes. Access was denied by the Director of Revenue based on her interpretation of the decision rendered by the Missouri Supreme Court in the case of Director of Revenue v. State Auditor 511 S.W.2d 779 (Mo. 1974).

As part of our audit, we assessed the Department of Social Services, Division of Family Services' management controls to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to management controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Statistical Information is presented for informational purposes. This information was obtained from the division's management and was not subjected to the procedures applied in the audit of the Special Needs Adoption Tax Credit.

The accompanying Management Advisory Report presents our findings arising from our audit of the Special Needs Adoption Tax Credit.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

July 11, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	John Blattell, CPA, CFE
In-Charge Auditors:	Daniel J. Reeb
	Joyce Thomson

EXECUTIVE SUMMARY

SPECIAL NEEDS ADOPTION TAX CREDIT EXECUTIVE SUMMARY

Although the intentions of the Missouri Special Needs Adoption Tax Credit are to provide assistance to families willing to adopt special needs children, the current tax credit program results in less than 10 percent of credits utilized in adoption cases involving a resident Missouri special needs child. Over 90 percent of the approved tax credit claim forms involved either out-of-state or international adoptions.

The federal government restricts the use of the federal special needs adoption tax credit to special needs children who are citizens or residents of the United States. If the Missouri program was restricted to resident Missouri special needs children, approximately \$1.8 million in tax credits each year would be available for use by adoptive families wishing to adopt a Missouri resident special needs child which is currently utilized by out of state or international adoptions. Whether such a restriction would actually increase the number of adoptions of children in the Missouri system is difficult to determine. However, a Missouri resident restriction coupled with allowing the tax credit to be used to offset other types of expenses may allow for the tax credit to be utilized more often for the adoption of special needs children in the Missouri system.

Currently, the program is capped at \$2 million annually. The credit is not allowed for any nonrecurring expenses reimbursed by other federal, state or local funds. A recently vetoed bill would have eliminated the \$2 million cap on the special needs adoption tax credit. Without any further restrictions on the use of this tax credit, the elimination of the current \$2 million cap will significantly increase the costs of the program. For example, on July 1, 2003, the first day of fiscal year 2004, approximately 560 adoption tax credit claims were filed with the Department of Revenue. If all the first day claims were for the \$10,000 maximum amount, which is usually the case, the cost of the tax credit program from these claims without any cap would ultimately be \$5.6 million.

Regardless of whether there is a legislative change to the tax credit program, the Department of Social Services, Division of Family Services (DFS) needs to improve its administration of the program. Approved tax credit forms are not retained in the local DFS offices as required by DFS policy. The policy requires the tax credit claim forms to be retained for a period of five years. Only 10 of the DFS offices which processed tax credit claim forms maintained these forms for the required five years. Additionally, filing procedures in many of the offices made it difficult for staff to provide accurate information on the number of tax credit applications handled in each office.

Usage of the special needs adoption tax credit program is heavily concentrated in the larger urban areas of the state. Over 90 percent of the tax credit claim forms were from the two largest metropolitan areas and almost 70 percent of these adoptions were coordinated by only 10 adoption firms. Two adoption firms in the St. Louis metropolitan area coordinated more than 50 percent of the adoptions handled by the 10 firms. While some reasons for this are clearly based on population and other demographic factors, another reason may be that in smaller county offices DFS staff are not adequately trained on the special needs adoption tax credit program and, as a result, the citizens in the county are not informed about the tax credit. In several survey

responses, DFS staff in these smaller county offices stated they were not familiar with the special needs adoption tax credit and suggested additional information and training be provided.

MANAGEMENT ADVISORY REPORT –
STATE AUDITOR’S FINDINGS

SPECIAL NEEDS ADOPTION TAX CREDIT
MANAGEMENT ADVISORY REPORT-
STATE AUDITOR'S FINDINGS

Background

The Special Needs Adoption Tax Credit Act, in Sections 135.325 through 135.339, RSMo, created a tax credit program to help Missouri families adopting a special needs child with certain nonrecurring expenses incurred during the adoption process. According to current state law, any person residing in Missouri who proceeds in good faith with the adoption of a special needs child on or after January 1, 2000, shall be eligible to receive a tax credit of up to \$10,000 for nonrecurring adoption expenses for each child. The credit is not allowed for any nonrecurring expenses reimbursed by other federal, state or local funds. This tax credit may be applied to income taxes due under Chapter 143, RSMo. The credit may be reduced under certain circumstances, such as if the adoptive family temporarily or permanently loses custody of the special needs child. There are no income restrictions and the tax credit is non-refundable. The tax credit may be assigned, transferred, or sold. Any tax credit sale shall be at a rate of 75 percent, or greater, of the original amount of the credit. Currently, the program is capped at \$2 million annually.

Under the Missouri program a special needs child is defined as a child for whom it has been determined cannot or should not be returned to the home of his or her parents; or who has a specific factor or condition such as ethnic background, age, membership in a minority or sibling group or a medical condition, or handicap because of which it is reasonable to conclude that such child cannot be easily placed with adoptive parents. According to Department of Social Services, Division of Family Services (DFS) officials, all children in DFS custody eligible for adoption are considered special needs children.

Nonrecurring adoption expenses are defined as reasonable and necessary adoption fees, court costs, attorney fees, and other expenses which are directly related to the legal adoption of a special needs child. These expenses would not include expenses to prepare a vehicle or home for the special needs of the child; however, costs for travel such as to a foreign country or to another state to bring the child home would be considered nonrecurring expenses.

In administering the tax credit program, DFS staff have the responsibility to:

- 1) certify a child's eligibility as a special needs child, if the child was in DFS custody at the time of the adoptive placement,
- 2) certify that none of the eligible expenses were reimbursed by other federal, state or local funds, and
- 3) complete the appropriate sections of the Department of Revenue Adoption Tax Credit Claim Form when presented by the adoptive parents.

The Department of Revenue handles the processing of the tax credit claims that have been approved by DFS staff.

As a part of our audit, information and data was reviewed from the 114 county and the city of St. Louis DFS offices to determine if the special needs adoption tax credit is beneficial to families adopting resident Missouri special needs children and whether the program is being administered properly. Also, a survey was sent to each local DFS office to obtain information about the number of tax credit claim forms which have been signed in the last five years, the number of calls received annually inquiring about the tax credit, how the forms are filed, how many adoptions are Missouri versus international children, and the average amount requested on each claim form. In addition, a copy of each 2002 claim form was requested for additional review.

DEPARTMENT OF SOCIAL SERVICES GENERAL RESPONSE:

The Department views its role in the tax credit as verifying that the child meets the special needs criteria, verifying that no state or federal adoption subsidy funds have been used to reimburse the adoptive parent for their non-recurring expenses related to the adoption of the specified child. It is impossible for the Department to determine if local funds have been accessed, as our system only reports funds that may have been paid out by the Department.

1. Revisions to Tax Credit Program Needed
--

Fewer than 10 percent of the approved special needs adoption tax credit forms in 2002 involved the adoption of a resident Missouri child. Over 90 percent of the approved tax credit claim forms involved either out-of-state or international adoptions. The special needs adoption tax credit is often not available to a family adopting a resident Missouri special needs child because either the family does not have any nonrecurring adoption expenses; the family receives a direct adoption subsidy from the state for these expenses; or the funds are not available.

In past years, the \$2 million cap amount has been reached in July, the first month of the fiscal year. Recently passed legislation would have eliminated the cap on this tax credit but did not restrict any of the eligibility requirements. This legislation, which has been vetoed by the Governor, would have increased the cost of the tax credit program to at least \$5 million, based on claims filed on the first day the tax credits were available for fiscal year 2004.

- A. In its current form, while the credit is often not beneficial to families wishing to adopt a resident Missouri special needs child, it is beneficial to families that adopt an out-of-state or international child.

Based on the responses to our survey of all local DFS offices, the number of approved tax credit applications utilized for adoptions of resident Missouri special needs children represents less than 10 percent of the total approved tax credit applications. Approximately 90 percent of the approved tax credit applications

are for international adoptions and for adoptions of special needs children residing in other states.

We discussed with DFS officials the low percentage of approved tax credit applications for families adopting resident Missouri special needs children. The officials stated that approximately 90 to 95 percent of the tax credit applications filed are for international adoptions. The officials said that there is nothing in the law that would suggest that credits are to be restricted to Missouri born children. The officials stated most of the parents who adopt children residing in the state would not apply for the tax credit because the adoption would be handled through DFS and the adoptive family would have received a direct state adoption subsidy to cover the nonrecurring expenses.

According to DFS officials, all children in DFS custody eligible for adoption are considered special needs children. At the end of 2002, the number of children in the custody of DFS eligible for adoption was 2,187. In calendar year 2002, DFS reported that it finalized 1,474 adoptions of children that were previously in its custody. During this same period, the special needs adoption tax credit was claimed for 275 adoptions, of which approximately 10 percent were Missouri resident children.

The federal government also has an adoption tax credit. The special needs component of the federal credit is similar to the Missouri credit. However, unlike the Missouri special needs adoption tax credit which may be used for international adoptions, to qualify for the federal special needs tax credit the child must be a citizen or resident of the United States at the beginning of the adoption process. The federal program does allow a tax credit for expenses involving non-special needs and international adoptions, however, the federal program has different rules for these adoptions. Also, the federal adoption tax credit is not transferable and is reduced if income exceeds certain levels.

Table 1: Comparison of Missouri and Federal Special Needs Adoption Tax Credit

Missouri Adoption Tax Credit	Federal Tax Credit for Adoption Expenses
"Special needs child", a child for whom it has been determined by the Division of Family Services, or by a child-placing agency licensed by the state, or by a court of competent jurisdiction to be a child:	The term "child with special needs" means any child if -
(A) That cannot or should not be returned to the home of his or her parents; and	(A) a State has determined that the child cannot or should not be returned to the home of his parents,
(B) Who has a specific factor or condition such as ethnic background, age, membership in a minority or sibling group, medical condition, or handicap because of which it is reasonable to conclude that such child cannot be easily placed with adoptive parents;	(B) such State has determined that there exists with respect to the child a specific factor or condition (such as his ethnic background, age, or membership in a minority or sibling group, or the presence of factors such as medical conditions or physical, mental, or emotional handicaps) because of which it is reasonable to conclude that such child cannot be placed with adoptive parents without providing adoption assistance, and
	(C) such child is a citizen or resident of the United States (including U.S. possessions).
Non-refundable	Non-refundable
Transferable	Non-transferable
No income restrictions	Credit is reduced if income exceeds certain levels

Sources: Sections 135.325 to 135.339, RSMo and I.R.C. section 23 and I.R.S. Publication 968

If the Missouri special needs adoption tax credit was identical to the federal program, almost 90 percent of the adoptions in the state currently utilizing the tax credit would have been ineligible to receive the credit due to the U.S. citizen requirement. If Missouri's program was restricted to only Missouri children, this would provide a further incentive to adopt Missouri children and may also help to reduce the costs of the tax credit program. There is no guarantee the \$1.8 million in tax credits would be used by families adopting resident Missouri special needs children because DFS officials have said most of the cases where the family is adopting a resident Missouri special needs child, the family does not have any nonrecurring expenses or the state provides a direct adoption subsidy to cover the full amount of the expenses incurred by the family during the adoption process. According to DFS approximately \$12 million was provided in calendar year 2002 in direct adoption subsidies.

According to DFS officials, the \$2 million in special needs adoption tax credits available each year are usually all claimed within the first month of availability due to very high demand for the credit, the majority of which are claims for the adoption of international children. Because the DFS offices did not properly file

and maintain copies of all the tax credit claim forms, it is impossible to determine how many families willing to adopt a resident Missouri special needs child were unable to obtain the tax credit because the cap had already been reached for the year.

- B. If the \$2 million annual cap on the tax credit program was raised or eliminated without any other changes to the program, it appears the costs of special needs adoption tax credit program would increase significantly. However, the restrictions on the eligibility standards as discussed above, may help to limit any increases in the costs of the special needs adoption tax credit program.

During the 2003 legislative session, House Bill 679 was passed and would have eliminated the \$2 million cap on the Missouri special needs adoption tax credit program. This bill was vetoed by the Governor. Before the bill was vetoed, the Department of Revenue received certified tax credit claims for fiscal year 2004 in excess of the \$2 million cap figure. On July 1, 2003, the first day of fiscal year 2004, approximately 560 adoption tax credit claims were filed with the Department of Revenue. If all these first day claims were for the \$10,000 maximum amount, which is usually the case, the cost of the tax credit from these claim forms without a cap would ultimately be \$5.6 million. Since the legislation removing the \$2 million cap has been vetoed the cap is still in place.

If no further restrictions are placed on the eligibility requirements for the tax credit, the current \$2 million cap should not be eliminated. However, if the eligibility for the tax credit is limited to resident Missouri special needs children, consideration should be given to removing the cap so all Missouri families meeting the requirements of the program could take advantage of the tax credit. These suggested changes may provide an incentive to Missouri families to adopt a Missouri child and also decrease the number of children in DFS custody. Any changes to the program would also require monitoring of the costs to identify areas where further changes may be needed.

WE RECOMMEND the Director, Department of Social Services:

- A. Seek legislative changes to the tax credit program to restrict eligibility to only Missouri resident special needs adoptions.
- B. Monitor and report potential costs to the state if the cap is removed, particularly if no legislative changes are made to restrict eligibility to Missouri resident children.

AUDITEE'S RESPONSE

- A. *The Department of Social Services (DSS) will discuss with the Missouri Department of Revenue if we should pursue any legislative changes to the tax credit program in order to restrict the eligibility to only Missouri resident special needs adoptions.*
- B. *The Director will provide documentation upon request, as to the number of tax credit requests signed by Children's Division staff each year, and the amount of tax credits requested. We will attempt to learn what impact lifting its cap may have. However, since we are not involved in all qualified adoptions, information will need to be obtained from other sources. Policy will be enhanced to better ensure the documentation is maintained and able to be reported. As reported in the audit, at least 275 requests were received for calendar year 2002.*

2. Administration of Tax Credit Program Needs Improvement
--

The local DFS offices are responsible for administering the special needs adoption tax credit program, including determining eligibility and maintaining documentation on each tax credit claim. We noted the following areas where improvements are needed in the DFS's administration of the tax credit program:

- A. Adequate supporting documentation was not always properly maintained for a period of five years, as required. As a result, local DFS offices could not provide complete tax credit information.

DFS policy instructs staff to make a copy of the special needs adoption tax credit claim form and retain the form, with related correspondence and case information, for five years from the date of certification for children not in DFS custody. We noted 19 of the 115 offices maintained the forms for one year while two maintained the forms for three years. Only 10 offices actually maintained the forms for the required five years. The remaining 84 offices either did not retain forms, did not provide us the information, or kept the forms for a different length of time.

- B. Special needs adoption tax credit claim forms are not filed in a standard or consistent manner.

We noted that the local DFS offices had several different methods for filing the tax credit claims. These methods included filing by family name, filing by county, filing by year, or not filing at all. In 11 offices, the claim forms were filed by name in a "families file" to keep all the adoption information together; in 36 offices, the claim forms were filed in an "adoption" file, by county name; and in two offices, the forms were filed by year. The remaining 66 offices either did not retain copies of the claim forms, did not provide us information, or did not have any claim forms. In several of these offices, DFS supervisors explained they were new to the job and could not provide any information prior to their

employment because no file was maintained. The inconsistent filing methods within the DFS offices in several cases resulted in the inability of new staff to produce the adoption tax credit forms we requested.

C. Department officials are not properly verifying claim form information.

During our audit work, several DFS offices indicated claim forms were signed without expense information being provided. Part B of the adoption tax credit claim requests all nonrecurring adoption expenses paid by the adoptive parents to be listed by adoption fees, court costs, attorney fees, and other directly related expenses. Also, Part D requests all nonrecurring adoption expenses paid by the employer to be listed. Both parts together may not exceed \$10,000 per adoptive child. Part F of the claim form requires DFS staff to certify that nonrecurring expenses listed in Parts B and D were not paid for with any other federal, state or local subsidies.

Once it is determined none of the nonrecurring expenses were paid by a source other than the adoptive family (or an employer), DFS staff are instructed to sign and date the form and return it to the adoptive parents to submit with their income taxes. However, one DFS staff person indicated her supervisor told her to ensure subsidy funds were not used, sign the form, and not worry about whether the nonrecurring adoption expense information was complete on the form.

The DFS policy requires staff to review the nonrecurring expenses in Parts B and D to determine if any expenses listed were paid or reimbursed by DFS or any other source other than the adoptive family or an employer. If it is determined that some of the expenses were paid by another resource, the adoptive family should be required to adjust the expenses accordingly before DFS staff completes Part F which certifies that no federal, state or local funds were expended to meet the nonrecurring adoption expenses listed in Parts B and D.

D. Usage of the tax credit is primarily in large metropolitan areas of the state.

Our audit work noted the large metropolitan areas of the state had a majority of the tax credit claim forms. The St. Louis area, comprised of St. Louis City and St. Louis, Franklin, Jefferson, and St. Charles counties had 247 of 275, or 90 percent, of the claim forms we reviewed. The Kansas City area, comprised of Jackson, Clay, and Cass counties had 9 of 275, or 3 percent, of the claim forms we reviewed. The remaining 7 percent are spread throughout the state. In addition, 191 of the 275 adoptions were coordinated by only 10 firms with more than 100 of these adoptions coordinated by two firms in the St. Louis metropolitan area.

While population and other demographic factors are some of the reasons for the large concentration of tax credits awarded in the St. Louis area, several DFS staff in smaller counties indicated in their survey response they had never heard of the tax credit program and suggested information and training be provided to them. To ensure the tax credit program is provided to all taxpayers, all DFS staff must

be aware of the program and provide program information to all applicable adoptive families.

WE RECOMMEND the Director, Department of Social Services:

- A. Ensure all DFS county offices maintain copies of the tax credit forms for a period of five years for all applicable adoptions.
- B. Develop consistent filing procedures for adoption tax credit claim forms.
- C. Ensure that DFS staff documents and verifies allowable adoption expenses prior to certifying the tax credit claim forms.
- D. Provide all local DFS office staff with information and training on the special needs adoption tax credit program.

AUDITEE'S RESPONSE

- A, B, & C. *The current Division policy established September 16, 2003, located in Section 4, Chapter 30, Attachment F of the Child Welfare manual will be reiterated to staff.*
- D. *Existing policy is available to everyone. A PowerPoint "How to" guide has been developed to walk staff through the process. The Department will post this presentation to the Department's intranet site in order to make it available to all staff. A memorandum will be sent to all staff, introducing this new resource, and to reiterate current policy.*

STATISTICAL INFORMATION

APPENDIX A

This appendix lists the number of adoption cases in each Missouri county utilizing the special needs adoption tax credit and the type of adoption.

Special Needs Adoption Tax Credit Approvals By County

County Name ¹	Number of 2002 US/Missouri Adoptions	Number of 2002 International Adoptions ²	Number of 2002 Country/State of Origin Unknown Adoptions	Total 2002 Adoptions
Boone	0	1	3	4
Callaway	2	1	0	3
Camden	2	0	0	2
Cape Girardeau	0	1	0	1
Christian	0	1	0	1
Clay	0	3	0	3
Dade	0	1	0	1
Franklin	0	7	0	7
Jackson	0	6	0	6
Jefferson	0	6	2	8
Johnson	0	0	2	2
Nodaway	0	1	0	1
Pettis	0	0	1	1
Platte	0	1	0	1
Pulaski	0	1	0	1
Randolph	0	0	1	1
St. Charles	41	0	23	64
St. Louis	1	73	62	136
St. Louis City	0	25	7	32
Total	46	128	101	275

Source: DFS county office responses to SAO survey

¹ If the county name is not listed there were no Special Needs Adoption Tax Credits approved in 2002 for that county.

² Number of international adoptions were either identified by DFS staff or by an analysis performed by SAO. Discussions with DFS officials and survey responses indicate the majority of the country/state of origin unknown adoptions are international adoptions, as well.

APPENDIX B

This appendix lists the Adoption Firms and the number of adoptions that were assisted by each firm.

List of Adoption Firms	
Adoption Firm Name	Number of adoptions assisted
Children's Hope International	61
Small World Adoption Foundation, Inc.	50
Heart of America Family Services, Inc.	16
Children of the World, Inc.	15
Seek International	10
Dillon International, Inc.	9
Christian Family Life Center	8
Hammerman & Deveraux Counseling & Adoption Services, Inc.	8
Future, Inc	7
Lutheran Family & Children Services	7
Love Basket, Inc.	5
Creative Families, Inc.	4
Firms assisting in 3 or less adoptions	36
Agency not identified on claim form	16
DFS local office could not provide a copy of claim form	23
Total	275
Source: DFS county office responses to SAO survey	



REVIEW OF VOCATIONAL REHABILITATION PROGRAM

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-12
February 10, 2004
www.auditor.mo.gov**

PERFORMANCE AUDIT



Office of
Missouri State Auditor
Claire McCaskill

February 2004

Improvements needed in the management and oversight of the Division of Vocational Rehabilitation's Employment Program

The Division of Vocational Rehabilitation provides specialized services to individuals with disabilities that prevent them from either obtaining employment or maintaining current employment. Program expenditures totaled \$65 million (state and federal funds) for the federal fiscal year ending September 30, 2002. Auditors found the validity of program achievements are questionable and the inadequacy of case management has resulted in unnecessary assistance.

Validity of program achievements questionable

In annual reports, required by federal regulations, the division reported successfully closing an average of 70 percent of cases through fiscal years 1998 and 2002. However, our review disclosed success rates reported might have been overstated because about one-third of sampled employment outcomes were questionable. Counselors had not always followed division guidance when authorizing substantial rehabilitation services, and in determining whether participants had achieved and maintained suitable employment for the required timeframe. (See page 5)

Employment information not adequately supported

We found counselors had not adequately supported case closure information on sampled cases reported as closed successfully and therefore the success rates may have been overstated. This occurred because division guidance did not require counselors to obtain adequate support for employment information or to document the source of employment information before closing cases. (See page 6)

Cases were not closed in a timely manner

Division guidance does not address timeframes for closing cases when the participant cannot be located. While it is appropriate to put cases in interrupted status temporarily, the average case in this status had been idle for 10 months. Several counselors stated that delays in closing cases occur, in part, because of a perceived need to meet success goals mandated by the federal government and high caseloads. (See page 7)

Financially ineligible individuals may have been admitted to the program

Auditors reviewed 30 sample cases and disclosed 24 participants received services based on financial need. Further review disclosed 12, or one-half of these participants received program services and assistance totaling approximately \$49,000, based on incomes that were unverified or exceeded program guidelines, and therefore may have been ineligible for assistance. (See page 10)

YELLOW SHEET

Comparable services not considered in all cases

Counselors did not document the consideration of comparable services for 65 percent of sample cases reviewed. Had comparable services been considered, the division may have avoided authorizing some portion of the \$61,000 in services and assistance to program participants. (See page 12)

Quality control deficiencies have contributed to inadequate case management

Auditors found weaknesses in the guidance and supervisory review of cases. Program officials had not ensured reviews of counselors' cases were performed and documented. In addition, auditors found numerous discrepancies between data shown on participant applications and the division's computer system. The division should implement guidance requiring personnel to ensure the reliability of computer-generated data especially since this is the program data submitted to the U.S. Department of Education. (See page 15)

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ABBREVIATIONS

IPE	Individual Plan for Employment
SAO	State Auditor's Office



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
D. Kent King, Commissioner of Education
Department of Elementary and Secondary Education
Jefferson City, MO 65102

The Division of Vocational Rehabilitation (division) spent \$65 million in state and federal funds on services and assistance provided to disabled individuals in federal fiscal year 2002, helping those individuals achieve and maintain employment. Because of the importance of ensuring disabled individuals get much needed assistance to become more employable, the review focused on the division's management and oversight of the vocational rehabilitation employment program (program). Review objectives included determining the validity of accomplishments reported by the division and whether improvements are needed in case management efforts.

Improvements are needed in the division's management and oversight of the program. We found division officials have not ensured the validity of program results (employment successes) because division personnel have not always (1) followed division guidance when authorizing rehabilitation services, and determining whether participants achieved and maintained suitable employment, (2) adequately supported employment information, and (3) closed cases in a timely manner. As a result, program outcomes reported to the federal government may have been overstated. Improvements in case management are needed because officials have not ensured (1) only eligible individuals participated in the program, (2) comparable services were considered in all applicable cases, and (3) counselors adhered to division guidance when authorizing services to participants. Quality control deficiencies have also contributed to inadequate case management. As a result, some participants have received unnecessary services and assistance.

We have included recommendations to the Commissioner to improve the accuracy of accomplishments reported and case management efforts.

We conducted our work in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such tests of the procedures and records as were considered appropriate under the circumstances. The department provided comments in a meeting on November 13, 2003, and in a letter dated December 1, 2003. We have incorporated these comments as appropriate. We conducted our work between November 2002 and August 2003.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire C. McCaskill
State Auditor

The following auditors contributed to this report:

Director of Audits:	Kirk R. Boyer
Audit Manager:	Robert D. Spence, CGFM
Auditor In-Charge:	Douglas E. Brewer
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RESULTS AND RECOMMENDATIONS

Improvements Needed in the Management and Oversight of the Division of Vocational Rehabilitation's Employment Program

Improvements are needed in the management and oversight of the division's employment program because division officials have not ensured the validity of program results or the adequacy of case management efforts by division counselors. Division counselors have not always (1) followed guidance when authorizing services and determining achievement of suitable employment, (2) adequately supported employment information, and (3) closed cases in a timely manner. As a result, program outcomes reported to the federal government may have been overstated. Improvements are needed in case management because program officials have not ensured (1) only financially eligible individuals participated in the program, (2) comparable services were considered in all applicable cases, and (3) counselors adhered to division guidance when authorizing services. Quality control deficiencies have also contributed to inadequate case management. As a result, some participants have received unnecessary services and assistance.

Background

Program expenditures totaled \$65 million (state and federal funds) for the federal fiscal year ending September 30, 2002. The division provides specialized services to individuals with disabilities that prevent them from either obtaining employment or maintaining current employment. Twenty-eight district offices are maintained statewide in addition to the central office located in Jefferson City. Each district office is comprised of district managers, counselors, and administrative personnel. Regional managers are located in some of the district offices. They are responsible for the oversight of several district offices, and they report to program officials.

Program applicants are assessed for eligibility based upon the following four criteria.

- The applicant must have a physical or mental impairment which has been determined by qualified, licensed or certified personnel in accordance with state law or regulation.
- The applicant's impairment must constitute or result in a substantial impediment to employment.
- The applicant must be able to benefit in terms of an employment outcome from services provided.
- The applicant must require services to prepare for, enter into, engage in, or retain gainful employment consistent with the applicant's strengths, resources, priorities, concerns, abilities, capabilities, and informed choices.

Counselors are responsible for determining and documenting the assessment of eligibility. Once determined eligible, counselors can authorize services for program participants, such as guidance and counseling, and services from contractors or other

facilities, such as vocational assessments, job coaching, and college training. Some participants receive restorative services or equipment such as surgeries or eyeglasses to correct impairments. The types of services vary depending on the needs and eligibility of each participant, and some services are based upon participants' financial need.

Division officials are required to include program statistics in an annual report in accordance with federal regulations. The program's success rate is among these statistics and is calculated by dividing the number of cases counselors closed successfully by the total number of cases closed (successfully and unsuccessfully) during the federal fiscal year. The division reported success rates of about 69 percent to about 72 percent for federal fiscal years 1998 through 2002, and averaged 70 percent for those years.

Methodology

To determine the purpose of the program and understand program requirements, we reviewed applicable federal and state regulations, program policies and procedures, annual reports, and other program records. We also interviewed program officials.

To determine the validity of program achievements and adequacy of actions taken by counselors, we reviewed a random sample of participant cases. We identified cases closed during the period of October 1, 2001 through September 30, 2002 (federal fiscal year 2002), as well as October 1, 2002 through February 28, 2003. From the identified universe of closed cases, we eliminated cases which were closed before services were provided to participants, leaving a universe of 9,377. We then randomly selected 103 cases for review. Due to the time it took to perform a thorough review of a case, we limited the number of sample cases to 30, based on the number of cases represented by each office in the initial random sample. Sampled cases represented 11 district offices in 6 cities throughout the state. In discussing the sample, program officials agreed the limited sample and locations selected accurately and fairly represented the program. Counselors authorized services and assistance totaling \$166,000, for the 30 sampled cases.

We reviewed sampled cases to determine the validity of employment outcomes by assessing whether counselors followed division guidance when (1) determining participants' eligibility for assistance, (2) providing assessments of participants' needs and authorizing services, and (3) determining whether suitable employment goals had been achieved. We also determined the adequacy of employment outcome information and whether case closures had been timely.

To determine the adequacy of case management, we determined whether ineligible individuals had been admitted to the program, comparable services had been considered in all eligible cases, and decisions to authorize services conflicted with division guidance. We also assessed the adequacy of quality control procedures pertaining to counselors' cases and the reliability of computer generated data.

To determine the rationale used by counselors in taking certain case actions, we interviewed 24 counselors responsible for sample cases reviewed. In addition, we interviewed selected district managers, regional managers, and other program officials to obtain program information.

While we did not rely on the accuracy of computer data during our review, we tested 243 data elements to ensure data submitted by participants agreed with data on the division's computer system and found 27 (11 percent) discrepancies. See page 16 for more information regarding data reliability.

Validity of program achievements questionable

Our review disclosed about one-third of sampled employment outcomes were questionable because counselors had not always followed division guidance in authorizing substantial rehabilitation services, and determining whether participants had achieved and maintained suitable employment for the required timeframe. In addition, participants' employment information had not been adequately supported and some counselors were reluctant to close inactive cases.

The division's policy and procedure manual provides guidance for closing a case as successful. It stated a participant with a disability must, at a minimum, have been (1) determined to be eligible for vocational rehabilitation services; (2) provided an assessment for determining eligibility and vocational rehabilitation needs, and counseling and guidance as essential vocational rehabilitation services; (3) provided appropriate and substantial vocational rehabilitation services¹ in accordance with an individualized plan for employment (IPE); and (4) determined to have achieved and maintained a suitable employment goal for the required period (90-days).

Guidance not followed when authorizing services and determining achievement of suitable employment

Counselors designated 22 of 30 (73 percent) sampled program participants "rehabilitated", or successful. However, our review disclosed 6 of 22 (27 percent) successful employment outcomes were questionable because division guidance had not been followed. The following cases illustrate questionable outcomes.

- A counselor considered a participant eligible for services because a disability restricted continued employment as a restaurant server. Services totaling approximately \$3,100 were authorized for college training. However, after completing the training the participant again obtained employment as a server. The participant's achievement of a suitable employment goal is questionable because re-employment as a server does not meet guidance as a suitable employment goal. The counselor stated it

¹The division's policy and procedures manual defines "substantial services" as any vocational rehabilitation service provided during the participant's program that contributes in an identifiable, positive way to the rehabilitation of the participant.

did not matter the participant had not been using skills received while in college and the counselor classified the participant successful because the participant obtained employment.

- Another counselor provided a participant university tuition and other assistance totaling about \$6,000 to become an engineer. However, the participant's grade point average fell below program guidelines and eventually, the participant stopped attending the university. The counselor considered the participant successful after contacting a member of the family and confirming the participant had obtained employment at a local convenience store. According to division guidance, the counselor's determination of the achievement of a suitable employment goal would be questionable. The counselor defended the successful closure by stating services were provided, the participant obtained employment, and the participant's abilities were possibly maximized by program services.
- One participant received a vocational assessment at a contracted facility, transportation monies, and other services totaling approximately \$800. While records indicate the participant only attended one day of the assessment, according to the counselor, the case was successful because the participant obtained employment and the counselor contacted the participant throughout the 90-day period after obtaining employment. However, we found continued contact had not been documented in the case file. Furthermore, the counselor stated a case is closed successfully when a supervisor states it is acceptable. According to division guidance, participants must receive appropriate and substantial services. However, this participant only attended one day of an assessment.

Of the remaining 3 cases, 2 participants obtained employment which did not relate to employment objectives listed on respective IPEs, and the other participant obtained employment but quit during the required 90-day period. However, the participant's spouse stated the participant obtained another job, so the counselor considered the case a success and closed it accordingly. Services provided to these 3 participants totaled approximately \$19,000.

Employment information not adequately supported

Counselors did not adequately support closure information on two key documents—the closure IPE and closure statement—on 22 sampled cases which had been closed successfully. These documents are required to successfully close cases and are used to report success data to the federal government.

Our review disclosed none of the 22 closure IPEs had been adequately supported because division guidance did not require counselors to obtain adequate support for employment information or document the source of employment information. For example, we found counselors had not obtained information confirming such

things as date of employment or position, or support of participant weekly earnings from a paycheck or earnings statement. We also found sources of employment information included participants' family members, roommates, contracted providers, employers, or other agencies when participants could not be contacted, according to counselors. For example, one counselor attempted to contact a participant, but instead reached a roommate. The roommate indicated the participant was at work, so the counselor proceeded to close the case successfully. Another counselor stated when the place of employment is contacted and personnel indicate the participant is working that day, there is enough evidence to successfully close the case.

While division guidance requires the closure IPE be completed to successfully close a case, it does not address how employment information is to be supported or where to obtain this information. The closure IPE includes information such as the participant's date of employment, weekly earnings, number of hours worked, position, and employer. It also includes information about the types of public assistance received and employer insurance provided. The guidance also states when possible, each closure IPE is to be signed by the participant. We believe sound business practices dictate adequately supporting information used to successfully close cases and report program results to the federal government.

Our review of closure statements on sampled cases also disclosed counselors had not adequately supported decisions to close 22 cases successfully. For example, none of the 22 closure statements contained specific information describing how participants were suitably employed. Instead, 16 (73 percent) of 22 closure statements included non-specific, standard language, while the remaining 6 (27 percent) contained no information on suitability of employment. In addition, 17 (77 percent) of 22 closure statements only contained a check list of the services provided.²

Division guidance also requires completion of the closure statement to successfully close cases. The statement is used to document substantial services provided as well as the impact of services on the participant's employment. Also, the counselor must document how the participant is suitably employed. Division guidance requires consideration of these factors.

Cases were not closed in a timely manner

Our review disclosed 10 of 30 sampled cases had not been closed in a timely manner.³ Delays in closing cases have occurred, in part, because of counselors' perceived need to meet success goals mandated by the federal government and high caseloads. Only closed cases are used in the success rate calculation

²The remaining 5 (23 percent) closure statements included detailed information about the services provided to participants and how those services impacted employment.

³We analyzed the amount of time between the date of closure and the last time the counselor actually talked directly to, or met with, the participant.

reported to the federal government. Therefore, if inactive cases are not closed, the success rate is not affected.

Division guidance does not address timeframes for closing cases when the participant cannot be located. However, a program official stated counselors should make 3 attempts to contact the participant, and close the case within 3 months if there is no response. We believe sound business practices dictate division guidance address timeframes for closing cases instead of the division's current practice of leaving cases open indefinitely.

When asked why some cases are held open, 6 of 24 counselors interviewed indicated they felt pressured to only close cases successfully. Three counselors stated they needed a district supervisor's permission before a case could be closed. One of these counselors spoke directly about the pressure to meet the federal requirement stating, "We have to get the supervisor's permission; they see if we need the numbers. We must have like a 76 percent success rate."

Counselors felt pressure to meet federal goals

The following comments were also made.

- "Successful closures are the name of the game. Counselors close when the district supervisor lets them close the case."
- "We are told, 'don't close cases (unsuccessfully)'."
- "(We are) encouraged to hang on. I don't close (cases), I hold them until I locate (participants). (We are) also encouraged to put cases in (an interrupted) status; that status is getting large."

At our request, division officials provided us with a report, dated August 27, 2003, of cases placed in interrupted status. The report disclosed 296 cases⁴ where counselors interrupted services because program participants could not be located. While it is appropriate to put cases in this status temporarily, the report revealed the average case had been idle for 10 months. We found 12 (40 percent) of the 30 sampled cases also disclosed instances of infrequent contacts. The time between documented contacts ranged from 4 months to 26 months.

According to division guidance, a characteristic of good case management is carefully monitoring the progress of all cases throughout the delivery of services. However, division guidance does not specify exact time intervals between contacts. We believe sound business practices dictate division guidance address time intervals between contacts.

⁴These cases do not represent the total population of program participants which cannot be located. This report included cases put into interrupted status by counselors within the 28 district division offices. However, we noted idle cases in other statuses, or stages of the rehabilitation program, during our review.

In general, counselors stated the time between contacts is based on the responsibility of the participant. Participants exhibiting more responsibility (i.e., college students) could be contacted less often than those who appear to be less responsible. When discussing frequency of contacts, three counselors made the following comments.

- "It depends on how busy I am. However, this is not a priority since (participants) need to take a positive approach towards their rehabilitation."
- "If (participants) wanted guidance, they would find the counselor. Counselors are helping (participants) that really want help."
- "Monthly, but that is hard to do with 200 cases."

According to a program official, participants sometimes drop out of the program due to various hardships they face with their disabilities, and counselors sometimes cannot locate participants because of infrequent contacts. In addition, counselors should use all available resources to locate participants, however, cases should be closed after three attempts are made to locate them and closure should be completed within 3 months, according to the official.

Eight other counselors indicated cases were held open because they did not like to have unsuccessful closures. The following are examples of comments made by counselors and one district supervisor.

- "I keep cases open until the (participant) resurfaces, because I do not like to close the case unsuccessfully."
- "More effort is made to locate the (participant) in closing successful if money is spent, because we want credit for (the participant's) employment."
- "I will keep the case open a couple of years in case the (participant) comes back or goes to work, and I can close the case as successful."
- "(I) keep the case open as long as possible until all efforts are exhausted, because I don't like (unsuccessful closures)."

Six of 24 counselors stated it had been difficult to properly manage cases due to high caseloads. Three of these counselors specifically stated caseloads prevented timely contacts with participants. Of those interviewed, 21 full-time counselors had an average caseload of 149 cases,⁵ and 3 part-time counselors were managing an average of 94 cases. Nine full-time counselors' caseloads exceeded 149 cases, with the largest caseload being approximately 250 cases. One part-time counselor's caseload totaled 142 which nearly equaled the caseload of a full-time counselor. Caseloads increased from the prior year for 5 full-time counselors.

⁵Division officials established a caseload goal for federal fiscal year 2004 of 110 cases.

Inadequate case management has resulted in unnecessary assistance

Improvements in case management are needed because division personnel have not ensured (1) only financially eligible individuals participated in the program, (2) comparable services have always been considered, and (3) counselors followed division guidance when providing services and assistance. Quality control deficiencies have also contributed to inadequate case management.

Financially ineligible individuals may have been admitted to the program

Our review of 30 sampled cases disclosed 24 participants that received services based on financial need. Further review disclosed 12 (50 percent) of these participants received program services and assistance totaling approximately \$49,000, based on incomes that were unverified or exceeded program guidelines.

Counselors are required to obtain financial information from applicants to determine eligibility for services which are based on financial need.⁶ An applicant uses the financial application to report the amount of adjusted gross income (reported income) shown on the participant's, or the parent's most recent federal income tax return. Counselors are required to verify reported income by obtaining income tax returns or other proof of income when tax returns are not filed. If circumstances occurred changing the applicant's financial situation (i.e., a spouse losing a job), the applicant records the current year's income on the financial application. However, division guidance did not require verification of current income.

Most counselors interviewed stated they use current income to determine financial eligibility, and 4 (17 percent) of 24 counselors interviewed stated the participant's word is accepted for current income shown on the financial application. One counselor told us common sense is used to determine the participant's situation and financial eligibility. Another counselor said it is difficult to verify estimated income used for eligibility. We believe sound business practices dictate counselors obtain some proof of the income which the applicant is receiving at the time of application (i.e., a current payroll check stub) to validate the amount of current income reported on the financial application.

Table 1 illustrates why we believe the financial eligibility of participants was questionable for half of the cases reviewed.

⁶ Federal regulations do not require the consideration of financial need. However, federal regulations allow states to base eligibility on financial need.

Table 1: Questionable Financial Eligibility

Reasons	Number of Participants	Percentage of Cases Reviewed
Eligibility based on unverified current income	5	21
No tax return or proof of public assistance obtained	5	21
Reported and current income exceeded guidelines	2	8

Source: Participant case files

The following examples illustrate cases where we questioned the financial eligibility of participants.

- One participant received \$15,000 in tuition, fees and textbook assistance based on current income. The counselor subsequently obtained tax returns showing the participant's actual income significantly exceeded current income and program guidelines. However, the counselor continued to authorize assistance even though the participant had never been financially eligible. The counselor told us the district manager instructed counselors to base eligibility on current income.
- One counselor authorized \$18,000 in assistance for hospitalization and surgery costs for a participant. The participant's reported income of \$19,300 exceeded program guidelines by \$2,000. However, the participant was considered eligible based on current income, according to the counselor. No attempts to verify the amount of current income were made.
- Another counselor provided tuition, fee, and textbook assistance to a participant totaling approximately \$7,000, to attend an out-of-state college. However, the financial information in the participant's case file showed the amount of unverified current income reported by the participant's parents exceeded financial guidelines by \$20,000, and the counselor never documented any reason for considering this participant financially eligible. In addition, there was no documentation to suggest it was necessary for the participant to attend an out-of-state college. This counselor left the division and the successor counselor properly discontinued assistance after noting the parent's income exceeded guidelines. When asking about this case, we learned the successor counselor had questioned why the previous counselor sent the participant to an out-of-state college or to photography school without justification.
- Undergraduate tuition and other educational fees totaling about \$4,000, were paid to an out-of-state university on behalf of one participant. The family reported current income of \$35,000, which the counselor had not verified. While the \$35,000 exceeded guidelines, the counselor admitted the applicant to the program and reduced the assistance by the amount the family's current income exceeded guidelines which is permissible under program guidelines.

Another counselor took over the case and continued to authorize tuition assistance on behalf of the participant for the next year. However, the counselor did not obtain tax return information for the previous year, and had not determined whether the participant's parents had exceeded income guidelines and were still eligible to receive assistance. The counselor did not authorize any assistance in the third year because the participant informed the counselor the parent's income exceeded guidelines.

Comparable services had not been considered in all cases

Our review of sampled cases disclosed that case managers had not documented comparable services on 17 (65 percent) of the 26 cases requiring consideration of comparable services. Services and assistance provided to the 17 participants totaled about \$61,000. Counselors documented comparable services were considered for 9 (35 percent) of the 26 cases. The 9 case files contained proof participants applied for financial aid for those receiving tuition assistance and bids for participants receiving assistance buying restorative equipment.

Federal regulations and division guidance requires counselors to (1) determine whether comparable services and benefits exist under any other program, (2) determine whether those services and benefits are currently available to the individual, (3) utilize comparable services to meet, in whole or in part, the cost of the division services, and (4) obtain reimbursement for any overlap in benefits when benefits exist under any other program but are not currently available to the division.

Division guidance also states each counselor must be knowledgeable of all the types of comparable services and benefits available to participants. It also states counselors must initiate first contact, in many instances, to secure comparable services for the participant. The guidance also requires each counselor to document the search, availability and utilization of comparable services.

The following are examples of the types of services and assistance provided.⁷

- Maintenance and transportation assistance had been given to 13 (50 percent) of 26 participants. Maintenance is typically provided for the cost of meals and transportation is usually given to cover the costs of traveling to facilities for services such as the cost of a bus pass or other public transit.

One counselor told us comparable services were not considered before these services were authorized because there were no comparable services for maintenance or transportation for participants other than seniors. Again, division guidance requires the full consideration of comparable services for both of these types of assistance.

⁷One or more services may have been provided to the 26 participants.

- Two (8 percent) of 26 participants received assistance toward tuition, fees, and textbooks totaling \$10,400. However, there was no proof one of the participants applied for financial aid, and while the other participant applied, there is no documentation of the results or the application of any financial aid awarded. When asked why one participant had not been required to apply for financial aid, the counselor told us the college did not accept Pell grants. However, we found the college accepts Pell grants and other financial aid.
- Counselors authorized surgeries for 2 (8 percent) of 26 participants without evidence of comparable services. Participants received benefits totaling \$20,300. One counselor stated participants are asked whether they have applied for Medicaid, and in one case physical restoration services were provided, but the participant had no insurance. However, there was no evidence in either case file supporting counselors had verified participants applied for Medicaid, or whether participants had medical insurance.
- Supported employment services were provided to 7 (27 percent) of 26 participants. These are services provided to participants with the most severe disabilities by a community rehabilitation program under agreement with the division. The goal is to place these participants in integrated work settings.

When asked why comparable services were not considered for supported employment services, one counselor told us services provided were not financially-need based. However, there is no direct correlation between financially-need based services and comparable services, and division guidance states participants do not have to meet any financial guidelines to be eligible for supported employment services. Another counselor stated comparable services were not applicable for supported employment services. However, division guidance requires full consideration of comparable services before supported employment services are authorized.

When commenting on a draft copy of the audit report, division officials told us even though division guidance requires consideration of comparable services, they are only considered for extended services (i.e., services provided after initial supported employment services). We believe sound business practices dictate officials revise division guidance to reflect this situation.

We also asked the 24 counselors to give examples of the different types of comparable services. Table 2 depicts the counselors' responses.

Table 2: Examples of types of comparable services

Responses	Number of Counselors	Percentage Interviewed
Pell grant	22	92
Insurance, Medicaid, and/or Medicare	16	67
Other grants and scholarships	15	63
Other agencies	4	17
"Gift of Sight" program	3	13
Family and voluntary contributions	2	8
Bidding	1	4
Other	4	17

Source: Counselor interviews

Counselors had different explanations when defining comparable services. For example, 4 (17 percent) of 24 counselors stated Pell grants⁸ and other scholarships were the only comparable services that needed to be considered. However, division guidance requires counselors consider all available comparable services for a substantial number of services offered to participants.

Counselors not always aware of other services

Of the remaining 20 counselors, one defined comparable services as exhausting other possible services in the community. Another counselor defined comparable services as participants using their employment history and experience to help them find a job, and another explained counselors learn about different comparable services through experience.

Decisions to authorize services conflicted with division guidance

Twenty-two of 24 counselors stated they had updated copies of division guidance which they used regularly. However, our review of 30 sampled cases disclosed 11 (37 percent) instances where counselors provided services based on decisions that conflicted with division guidance. The following cases illustrate where counselors provided questionable assistance.

- A counselor authorized tuition assistance totaling \$27,000 so a participant could obtain a graduate degree, after assisting the participant in obtaining an undergraduate degree. Division guidance stated assistance can be given for a graduate degree only when a participant's vocational objective requires academic training beyond an undergraduate level. In addition, the case file must document the participant cannot obtain a job objective without a higher degree.

⁸A Pell grant is a type of federal financial aid. Division guidance requires assistance in educational costs be reduced by the amount of any Pell grant monies awarded to a program participant.

Division guidance also stated the counselor and participant must have made an agreement about the advanced degree prior to the beginning of the participant's third year of training and that the agency's participation in training costs stops when the participant reaches a vocational objective which would be entry level employment.

The participant's case file contained no documentation suggesting a graduate degree had been discussed prior to the time the participant decided to begin the graduate program. In addition, no documentation existed in the case file supporting the participant needed a graduate degree to obtain an entry level position in the participant's career field.

- One participant received tuition, fee, textbook, and maintenance assistance totaling \$13,000. However, after the initial interview with the participant, the counselor documented the participant defaulted on a student loan but would arrange restitution prior to further education. There is no other documentation in the case file regarding the default status.

Division guidance requires counselors to deduct the amount of a Pell grant a participant would have received, if not in default, from the assistance provided by the division if the participant has not pursued repayment of a defaulted loan. The counselor made no deductions from the amount of assistance provided by the division, and no documentation had been included in the case file on whether the participant had made any arrangements to repay the loan.

The counselor could not provide a reason why the defaulted loan had not been considered but acknowledged proof of restitution should generally be made. The counselor also stated, "We err on the side of the (participant) if there is a question."

- Three counselors did not perform annual determinations of participants' income. Division guidance requires counselors to collect financial information from participants annually. While counselors obtained financial information initially, they could not explain why they had not collected updated information in one or more subsequent years. Financially-need based services and assistance provided to these participants totaled \$32,000.

Quality control deficiencies have contributed to inadequate case management

Division guidance sets forth procedures to determine the extent counselors adhere to division policies and procedures and requires supervisors monitor the status of cases to ensure clients receive assistance in a timely manner. However, we found weaknesses in the guidance and supervisory case reviews. We also found the

division lacks guidance requiring personnel to ensure the reliability of computer generated data.

Division guidance required district supervisors to review at least 10 percent of each senior counselor's caseload every year. However, the guidance did not require supervisors to document the reviews, and program officials did not ensure reviews had been completed. In addition to that requirement, district supervisors were required to complete 5 additional case reviews for each senior counselor to help the district supervisor determine whether counselors met criteria set by division guidance and document district supervisors' comments. However, division guidance did not require district supervisors to perform the additional reviews. Review results were to be documented on quality assurance review forms. However, a program official stated the forms had not been utilized by some district supervisors. We believe sound business practices dictate division officials establish guidance ensuring reviews of counselor's cases are performed and documented.

Officials have not ensured reviews have been done

Division guidance also required district supervisors review counselors' caseload review reports each quarter to ensure participants received services in a timely manner.⁹ However, this policy had not been enforced since October 2000 because the division implemented a new computer system during that timeframe and initially, the system did not have the capability of producing the reports, according to a program official. According to division guidance, district supervisors must ensure counselors indicate the date and method of the last contact with the participant, justification for the case remaining in a particular status, and the next action planned. District supervisors are then required to review the report with counselors to determine actions needed to ensure proper case movement.

We also found weaknesses in quality control related to data reliability. For example, our test of 243 computer data entries disclosed 27 errors, or an error rate of 11 percent. Our test disclosed discrepancies between data shown on participant applications and the division's computer system. Nine data reliability items were tested in 27¹⁰ of 30 sampled cases. There were no discrepancies noted on participants' names, genders, or birth dates. However, Table 3 illustrates discrepancies noted during the data reliability test.

⁹According to division guidance, status numbers are assigned to cases internally to identify the position of the case throughout the rehabilitation process so case movement is orderly and structured. This report depicts the status of all cases and how long cases have been in that status. For example, some counselors place cases in an interrupted status for an extended period because they cannot locate participants.

¹⁰Data for three cases were not tested because the data had been archived and were not readily available.

Table 3: Data Reliability Test Results

Criteria	Discrepancies	Discrepancy Percentage
Income and Resources ¹	12	44
Disability Classification	8	30
Employment Status ¹	3	11
Educational Level ¹	2	7
Disability ¹	1	4
Family Size	1	4
Total	27	100

¹This data element is required to be reported to the U.S. Department of Education

Source: SAO analysis of participant case files.

Division guidance did not address quality control procedures to ensure participant data had been correctly entered in the division's computer system. Because division officials are required to submit participant data to the U.S. Department of Education, we believe sound business practices dictate the division's computer system reflect accurate data.

Some counselors stated the errors occurred because all data had not been imported from the division's prior computer system during the conversion to the current computer system. Other counselors explained administrative personnel entered the participant data using the best known information at the time of entry. However, they may not have changed the data once more current information became available.

Conclusions

A substantial number of sampled employment outcomes reported for fiscal year 2002 were questionable because counselors had not always (1) followed division guidance in determining whether participants had achieved and maintained a suitable employment goal for the required period of 90 days and (2) authorized appropriate and substantial vocational rehabilitation services in accordance with participant IPEs. In addition, counselors had not always adequately supported participant employment information and used vague, standardized language to document reasons for closing cases successfully. Counselors also had not always closed cases in a timely manner because counselors felt pressured to close cases successfully or did not like unsuccessful closures. As a result, program officials may have overstated successful employment outcomes reported to the federal government.

Unnecessary assistance has been provided to some participants because of inadequate case management. Counselors have allowed financially ineligible individuals to participate in the program. One-half of sampled participant cases, requiring services based on financial need, had been admitted to the program based on unverified incomes or incomes exceeding program guidelines. Counselors failed to obtain tax return information or proof of current incomes from applicants. Instead, some counselors

merely accepted the word of the applicant. We believe sound business practices dictate counselors obtain some proof of current income.

In addition, counselors had not documented the consideration of comparable services for 65 percent of sample cases reviewed. Had comparable services been considered, the division may have avoided authorizing some portion of the \$61,000 in services and assistance to program participants. While division officials stated comparable services did not apply to supported employment services, there continues to be a dichotomy between division guidance and current practices.

Counselors also authorized services and assistance to participants in a substantial number of sampled cases based on decisions which conflicted with division guidance. The division's inadequate quality assurance guidance, and the lack of enforcement of that guidance, has contributed to inadequate case management. Supervisors are not required to document reviews of counselors' case files or monitor the movement of cases throughout the rehabilitation process. Also, procedures have not been developed to ensure data is accurately entered in the division's computer system. Because of these deficiencies, counselors' errors have gone unnoticed, unnecessary assistance has been provided to participants, and the computer system contains incorrect data.

Recommendations

We recommend the Commissioner of Education:

1. Ensure division personnel adhere to division guidance in classifying case outcomes.
2. Require division personnel adequately justify and document employment information on the closure IPE and closure statement.
3. Develop guidance establishing timeframes for closing all cases, successful or not, and the frequency of contacts with participants.
4. Require division personnel obtain proof of reported income to determine eligibility of applicants.
5. Develop guidance requiring division personnel obtain proof of current income to determine eligibility of applicants.
6. Require division personnel document the consideration of comparable services for all applicable cases and clarify guidance pertaining to supported employment services.
7. Require division personnel adhere to division guidance when authorizing services and assistance for participants.

8. Establish detailed guidance specifying quality control procedures to ensure periodic reviews of counselor cases are documented and are monitored for timely movement, and data on the computer system is accurate.

Agency Comments and Our Evaluation

In a letter dated December 1, 2003, the Commissioner of Education provided the following comments.

1. *We concur with the recommendation and will develop guidance and training on employment verification and documentation of employment outcomes. In addition, the division has developed a method to support employment verification. The division will work with the UMC (University of Missouri-Columbia) Department of Economics to develop a method of verifying employment by matching closure information with Unemployment Insurance (UI) wage records.*

Auditor's Comment: We do not believe it is necessary to incur costs to contract with the university when employment verification could be performed by division personnel.

2. *The division will conduct additional training on this issue. However, the closure statement (which contains a checklist of services) and employment verification process are in compliance with federal regulations and have previously been reviewed on numerous occasions by the Rehabilitation Services Administration (RSA). The division uses a variety of methods to verify employment information, including contacting the client, family members, job placement personnel, etc., to verify employment. In all cases, successfully employed individuals receive a copy of their closure IPE via mail and are given an opportunity to sign and/or revise any information on the IPE, including earnings, hours worked, dates of employment, etc.*
3. *We concur with the recommendation and plan to develop guidance and training for staff on closure timeframes and frequency of contacts. The comment from our employee stating that the division's interrupted status is growing large is not accurate. A review of the division's status for cases in "interrupted status" for three years prior to the implementation of the success rate calculation, finds the following: September 2000, 9.5%; September 1999, 9.2%; February 1998, 8.6%; while August 15, 2003, it was 9.2%. The division also believes that making an effort to "re-engage" individuals who are in interrupted status and/or hard to locate is important. A disproportionate percentage of individuals in this group are minorities who often encounter difficult barriers to completing services such as homelessness, child care, transportation, disability relapse, etc. As an example, the division has already started one pilot project focusing this population. Thus far, the pilot shows a 36% re-engagement rate for clients in interrupted status.*
4. *We concur with the recommendation. Without opportunity to review the individual examples listed in the report, we are unable to determine if the individuals*

participated in any costs of services, were classified as dependent or independent on their financial application or had out-of-pocket disability related expenses. These circumstances would be exceptions to our financial need guidelines, as specified in our administrative rules.

5. *We concur with the recommendation.*
6. *We concur with the finding that our staff needs to document the consideration of comparable services for all applicable benefits. The division is in the process of revising its guidance on comparable services and proper documentation. The division notes that not all services have available comparable services, e.g., supported employment services, maintenance and transportation. Federal regulations specifically list job-related services, including follow-along (supported employment) services, exempt from obtaining comparable services.*
7. *We concur with the recommendation. The division is revising the current guidance and administrative rules to reflect the RSA Policy Directive which outlines policy on establishing an employment goal. This is applicable to the examples listed in the report in which a graduate degree was authorized. This policy directive clarifies that services will be provided consistent with their strengths, resources, priorities, concerns, abilities and capabilities, including informed choice. According to the federal directive, authorization of a graduate degree program may be indicated if the individual had not reached the level of employment that is consistent with their abilities, capabilities, etc., as mentioned above.*

The audit infers that the division may in some way be wasteful in its utilization of college training. It should be noted that at UMC, the persistence to graduation rate is 57% in six years. At SMSU, the rate is 56% in six years. The division believes its persistence to graduation rate with person with disabilities is greater than these two examples. The division will work with the Department of Higher Education to determine a persistence to graduation rate with VR supported students with disabilities.

8. *We concur with the recommendations and are in the process of developing guidance on quality assurance reviews. It is now a practice of the division to require all district supervisors to review a percentage of their counselors' files every year. This review is a criterion in the district supervisory performance appraisal and monitored by the Regional Managers. In addition, the division is in the process of implementing a quarterly caseload review which will address timely movement of cases as addressed in the report. Supplemental reviews are also held in each district office every other year. In a supplemental review, approximately ten (10) files are evaluated for each counselor for compliance to program guidelines. Regarding the issue of data reliability mentioned in the report, a team of individuals has been assigned to work on the computer screen discrepancies.*



**REVIEW OF INDEPENDENT AUDITS OF
FIRE PROTECTION DISTRICTS
IN ST. LOUIS COUNTY**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-11
February 6, 2004
www.auditor.mo.gov**



Office Of The
State Auditor Of Missouri
Claire McCaskill

February 2004

The annual review of audits of fire protections districts in St. Louis County has been completed. This review covered the reports for the year ended December 31, 2002.

Fire protection districts in St. Louis County are required by statute to have biennial audits performed if revenues exceed \$50,000. The State Auditor received, reviewed and accepted 22 reports for the year ended December 31, 2002. However, five of the twenty-two reports were received after the June 30, 2003, statutory deadline, with two districts being over 75 days late.

In 2002, 12 of 22 districts had increases in their General Fund balances; however, the aggregate General Fund balance of all districts increased by only one percent, similar to 2001, and much less than the annual increases of up to 15 percent in 1991 to 2000.

In previous reviews, it was noted that several districts had large General Fund balances in relation to expenditures. For 2002, fifteen districts had fund balance to expenditure ratios greater than one, which indicated the districts' fund balance was greater than one year's cost of operations. Although many districts reserved a portion of their General Fund balance for capital improvements and future years' operations, six still had unreserved fund balances greater than one year's cost of operations. As noted in prior reports, the districts should annually re-evaluate the propriety of their tax levies to ensure that excess revenues are not being received and accumulated.

Revenues of the Pension Funds decreased significantly in 2002, similar to 2001, and apparently due to significant losses in investment earnings. Many of the districts with defined benefit plans are having problems adequately funding their actuarial accrued liability and the sustainability of the pension funds may be in question.

Seven districts issued general obligations bonds totaling \$26.5 million in 2002 to fund new construction, renovations, and equipment. Total debt service fund tax levies increased significantly.

Also included in the report are over 100 specific recommendations made by independent auditors to improve the overall management of the fire districts. These recommendations included concerns regarding expenditure procedures, various accounting records and procedures, investments and pensions, fixed assets, pledged securities, unclaimed property, budgets, payroll and employee benefits. The individual districts should review all the recommendations and their applicability to their district.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION
DISTRICTS IN ST. LOUIS COUNTY

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REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION
DISTRICTS IN ST. LOUIS COUNTY

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Members of the General Assembly
and
Boards of Directors of Fire Protection
Districts in St. Louis County

Fire protection districts in St. Louis County are required by Section 321.690, RSMo 2000, to be audited. We have conducted a review of these independent audits of the fire protection districts in St. Louis County. The objectives of this review were to:

1. Evaluate the impact of, and the districts' compliance with, statutory audit requirements and the State Auditor's regulations on the effectiveness of financial reporting and auditing for fire protection districts in St. Louis County.
2. Notify the various fire protection districts and independent auditors of any specifically identifiable reporting deficiencies that should be considered and corrected in future audit reports.
3. Summarize and evaluate the financial data presented for the various fire districts and any comments for improvements made by the independent auditors.

Our review was limited to the specific matters described above and was based on selective procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The State Auditor's office has reviewed fire protection districts' audit reports for several years and noted many improvements. It appears that the fire protection districts, on the whole, are working to improve the quality of their financial reporting. The format of this report includes an executive summary and a scope and methodology section describing the work performed. We solicit from the readers of this report any suggestions for changes or requests for other new information that may benefit those involved with the St. Louis County fire protection districts.

While the State Auditor will continue to review the CPA audits and correspond with districts, future reporting of such information will be done on a biennial basis beginning with the years ended December 31, 2003 and 2004.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire C. McCaskill
State Auditor

September 18, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Alice M. Fast, CPA
In-Charge Auditor:	Robert L. McArthur II

EXECUTIVE SUMMARY

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION
DISTRICTS IN ST. LOUIS COUNTY
EXECUTIVE SUMMARY

Section 321.690, RSMo 2000, requires all fire protection districts with revenues in excess of \$50,000 annually to cause an audit to be performed on a biennial basis. For those districts with annual revenues of less than \$50,000, the State Auditor may exempt the district from the audit requirement, if the appropriate reports are filed. Based on the tax rate and assessed valuation information available, the Kinloch Fire Protection District received approximately \$22,200 in tax receipts during 2002; therefore, while it appears a biennial audit was not required, unaudited financial statements are required to be filed.

For those districts for which an audit is required, the district must file a copy of the completed audit report and management letter with the State Auditor within six months after the close of the fiscal year. The audit reports and management letters are reviewed to determine if they are prepared in accordance with guidelines contained within the Code of State Regulations (CSR) (Section 15 CSR 40-4). Any weaknesses noted during the review are communicated to the districts by letter. Should the weaknesses be of a serious enough nature to require the report to be amended, the district is granted a ninety-day period from the date of notification by the State Auditor to correct the report. The State Auditor accepted all 22 reports that were received for the year ended December 31, 2002. However, instances of non-compliance including the lack of district responses to recommendations, the lack of follow up to previous recommendations, and the lack of complete and adequate footnote disclosures were still noted. These problems were communicated to the applicable fire protection district auditors.

Five of the 22 reports were received after the June 30, 2003, statutory deadline, with two districts being over 75 days late. The following table shows the districts that failed to meet the statutory deadline, three of which also failed to meet the statutory deadline last year.

District	2002 Report Received	2001 Report Received
Eureka	August 15, 2003	July 11, 2002
Lemay	September 23, 2003	
Maryland Heights	August 25, 2003	July 11, 2002
Normandy	September 17, 2003	September 19, 2002
Pattonville/Bridgeton Terrace	July 28, 2003	

While not only required by statute, timely audits also provide information to the board and district taxpayers on the financial status of the district and ways to improve the management of the district. Fire district board members should ensure that audits are completed by the statutory deadline.

Twelve of 22 districts had increases in their General Fund balances in 2002. However, the aggregate increase again was about one percent, similar to 2001, and much less than the annual increases of up to 15 percent in 1991 to 2000. An aggregate increase in revenues was offset

somewhat by an aggregate increase in salaries, employee benefits, and capital improvements, resulting in the minimal change in the fund balances. In addition, 4 of 22 districts had voter approved increases in their General Fund tax levy. An additional ten districts had slight increases in their General Fund tax levy due to decreased assessed valuations and the adjustments for Article X, Section 22 of the Missouri Constitution (commonly referred to as the Hancock Amendment).

Since property tax is the main source of revenue, and is received at the end of each year, districts need larger fund balances to provide an adequate cash flow. However, fifteen districts have fund balance to expenditures ratios greater than one which indicates the total fund balance is greater than one year's cost of operations (in 2001, 13 districts had ratios greater than one). In addition, although a large number of these districts have reserved or designated a portion of their 2002 fund balances for new firehouses, additional equipment, future years' operations and other uses, six still have unreserved, undesignated fund balances greater than one year's cost of operations (in 2001, five districts had ratios greater than one). This is reflected in the table below.

Fund Balances to Expenditures Ratio						
District	2000		2001		2002	
	Total	Unreserved/ Undesignated	Total	Unreserved/ Undesignated	Total	Unreserved/ Undesignated
Afton	1.40	1.17	0.84	0.64	1.51	1.22
Black Jack	1.09	1.09	0.96	0.85	1.05	0.94
Chesterfield	1.73	0.75	1.26	0.45	1.17	0.08
Community	1.04	0.90	1.20	1.07	1.24	0.44
Creve Coeur	3.31	1.81	2.52	1.28	1.88	1.16
Eureka	0.90	0.90	0.87	0.87	0.82	0.82
Fenton	1.37	1.28	1.50	1.46	1.34	1.25
Florissant Valley	1.06	0.01	1.39	0.12	0.95	0.01
Lemay	0.56	0.56	0.83	0.83	0.86	0.86
Maryland Heights	2.23	1.06	2.17	0.95	2.04	1.13
Mehlville	1.16	0.82	0.86	0.62	0.98	0.76
Metro West	1.02	0.08	0.91	0.31	0.80	-0.05
Mid-County	0.93	0.93	0.93	0.93	1.01	1.01
Moline	0.83	0.83	0.92	0.92	0.84	0.84
Normandy	1.00	0.35	1.06	0.32	1.07	0.12
Pattonville/Bridgeton						
Terrace	0.87	0.87	0.85	0.84	1.27	0.95
Riverview	1.53	0.36	1.44	0.33	1.66	0.42
Robertson	1.71	1.71	1.69	0.79	1.79	0.87
Spanish Lake	1.12	1.12	1.05	1.05	0.98	0.98
Valley Park	1.64	1.39	1.69	1.49	1.18	1.07
West County EMS	1.73	0.40	1.72	0.81	1.40	0.37
West Overland	1.76	0.65	1.86	0.82	1.80	0.84

Three of the six fire districts have had ratios greater than one for the last several years. However, all five districts that had excessive fund balances in 2001 lowered their ratios in 2002. Metro West reserved an amount in excess of their total fund balance for subsequent year's appropriations resulting in a negative ratio. As noted in previous reports, the districts should annually re-evaluate the propriety of their tax levies to ensure that excess revenues are not being received and accumulated.

Most fund balances of the Special Revenue Funds have remained constant or only slightly increased. However, ten districts increased either their Ambulance Fund or Dispatch Fund tax levies, or both. One district, the Metro West Fire Protection District, had a voter approved increase in its Dispatch Fund tax levy (the remaining districts experienced a slight increase due to a Hancock adjustment, as noted above). While most fund balances appear reasonable, a few fire protection districts should assess their need for large balances. In addition, Maryland Heights Fire Protection District had a negative balance in the Ambulance Fund. While the auditor for Maryland Heights has made recommendations in his last four reports regarding the negative balance in the Ambulance Fund, the board has chosen not to make any changes.

Revenues of the Fiduciary Funds decreased significantly in 2002 despite the fact that nine districts increased their Pension Fund tax levy. The decrease was similar to that of 2001, and was apparently due to significant losses in investment earnings. One district, the Riverview Fire Protection District, had a voter approved increase (the remaining districts experienced a slight increase due to a Hancock adjustment, as noted above). Deductions from such funds remained constant and the overall fund balances decreased eight percent.

Based on the pension plan notes in the audit reports, ten of the eleven districts with defined benefit plans do not have enough estimated actuarial assets to cover the estimated actuarial liability (pension benefits) in their Pension Fund, resulting in an unfunded liability. The remaining districts have defined contribution plans, in which no liability typically exists above that of the assets accumulated. The table below focuses on the unfunded liabilities of the district's with defined benefit plans.

Defined Benefit Plan Funding Progress				
District	Estimated Actuarial Value of Assets	Estimated Actuarial Liability	Estimated Unfunded Liability	Projected Funded Ratio
Affton	\$ 3,283,302	\$ 4,184,434	\$ (901,132)	78.5%
Black Jack	3,065,733	6,393,038	(3,327,305)	48.0%
Creve Coeur	2,841,729	8,170,472	(5,328,743)	34.8%
Eureka	3,258,982	3,258,982	0	100.0%
Fenton	15,246,113	15,835,974	(589,861)	96.3%
Florissant Valley	4,930,290	11,450,222	(6,519,932)	43.0%
Mehlville	36,965,918	40,690,510	(3,724,592)	90.9%
Metro West	17,518,333	27,875,629	(10,357,296)	62.8%
Mid-County	526,786	1,236,158	(709,372)	42.6%
Pattonville/Bridgeton				
Terrace	7,574,009	14,408,926	(6,834,917)	52.6%
Valley Park	1,213,342	1,347,375	(134,033)	90.1%

Note: The most recent valuation of the Pattonville/Bridgeton Terrace plan was January 1, 2002. The Eureka plan was valued at February 1, 2003, and all other district plans were valued at January 1, 2003. Also, Creve Coeur's is a supplemental plan.

In five of these eleven districts, the funded ratio has decreased over the last two years. This includes Mid-County which is currently funded at 42.6 percent. Another district, Florissant Valley, has remained at approximately 43 percent funding for a second consecutive year. Based on the information presented it appears many of these districts are having problems adequately funding their liability, and the sustainability of their pension fund itself may be in question. A similar conclusion was documented in the Special Review of Fire Protection District Defined Benefit Retirement Plans report issued on April 5, 2002, by the Joint Committee on Public Employee Retirement (JCPER).

There are 14 districts that have Capital Projects Funds. Four districts established such funds while three other districts closed their Capital Projects Funds in 2002. Capital Projects Funds are funded with proceeds from bonds (see subsequent paragraph), certificates of participation (COPS) [Affton and Mehlville have issuances of COPS] and/or transfers from other district funds. Each district's Capital Projects Fund is used to account for these financial resources to be used for the acquisition, construction, and/or renovation of major capital assets. Several districts currently have commitments to purchase or have already purchased fire trucks, ambulances, and other equipment. In addition, several districts have begun to or have plans to renovate their old fire houses or construct new or additional fire houses. The balances in these funds should be considered when analyzing the fund status of the district. Seven districts that have total General Fund balance to expenditures ratios greater than one also have Capital Projects Funds with balances over \$1 million.

Sixteen districts have outstanding bond debt. Seven of these districts issued general obligation bonds totaling \$26.5 million in 2002. The bond principal and interest payments are to be funded by a dedicated tax. Four districts established a new debt service levy in 2002, while two other districts increased their previous levy. When setting their debt service levies each year, the districts should ensure amounts available and to be collected are sufficient only to meet necessary obligations. For 2002, it appears no districts' levies were excessive.

Fire protection districts are continuing to add to their capital structure in buildings and equipment each year. In 2002, the asset balance of districts, excluding Pattonville/Bridgeton Terrace (Pattonville), increased by \$9.1 million or eight percent. Six districts, including Black Jack, Creve Coeur, Moline, Spanish Lake, Valley Park, and West County, had increases of over 15 percent due to new construction, renovations, and/or equipment.

Pattonville fixed assets are not reflected in Schedule 7 because the district did not have adequate fixed asset records. As a result, the district's independent auditor qualified their report. In addition, similar concerns were noted in seven other districts, but did not result in report qualifications. Adequate fixed asset records are necessary to secure better internal control over district property and to provide a basis for determining proper insurance coverage.

As noted throughout the executive summary, assessed valuations have decreased slightly (less than 1 percent) while tax levies have increased. The total general, pension, dispatching, and ambulance fund tax levy increases ranged from one to eight percent. However, the total debt service fund tax levies increased significantly, approximately 97 percent. This increase was

related to the new bond issuances discussed above. No debt service taxes are levied as a result of the COPS obligations.

Audit fees have remained consistent for most districts. The Pattonville/Bridgeton Terrace Fire Protection District audit fee was higher in 2002 due to additional work performed by the independent auditor.

Compensation to directors has increased in several districts over the last two years. This is due to their implementation of Section 321.603, RSMo, allowing directors additional compensation. Increases noted in the districts that had already implemented this statutory change in 2001, were the result of fees for additional board meetings the directors are required to attend.

Independent auditors made specific recommendations to improve the overall management of the fire districts. In total, over 100 recommendations were made to the various districts. Recommendations included concerns regarding expenditure procedures, various accounting records and procedures, investments and pensions, fixed assets, pledged securities, unclaimed property, and other various policies and procedures. In addition, recommendations were made concerning budgets and payroll and employee benefits. Of the 60 recommendations made during the 2001 audits, only 19 were identified as implemented. Each fire district should review all of the recommendations and their applicability to their individual district and implement these recommendations in an efficient and timely manner. Also, consideration should be given by individual districts to have their independent auditor review any areas where risk and citizen concern may be evident.

SCOPE AND METHODOLOGY

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION
DISTRICTS IN ST. LOUIS COUNTY
SCOPE AND METHODOLOGY

Scope

At December 31, 2002, there were 23 fire protection districts in St. Louis County. Audit reports were received for 22 districts. The Kinloch Fire Protection District's receipts were less than \$50,000, so no audit report was required.

During our review we: 1) considered Section 321.690, RSMo 2000 (Appendix A), 15 CSR 40-4 (Appendix B), and audit reports submitted to the State Auditor by the various fire districts for the year ended December 31, 2002, 2) reviewed the supporting working papers of various independent auditors' reports for the year ended December 31, 2002 (information contained in the working papers constitutes the principal record of work the auditor has accomplished and provides evidence for conclusions that he has reached concerning significant matters), 3) reviewed the Special Review of Fire Protection District Defined Benefit Retirement Plans issued on April 5, 2002, by the Joint Committee on Public Employee Retirement (information contained in this report provides an independent actuarial opinion of St. Louis County Fire Protection District Defined Benefit Retirement Plans), 4) obtained completed questionnaires from each of the fire protection districts regarding audit and other fees paid, and 5) verified dispatching fees paid by the fire protection districts with the service contract providers. In addition, financial data for the year ended December 31, 2001, has been presented for comparative purposes.

Methodology

We compiled the following schedules to accomplish the objectives of this report:

- Schedule 1 presents revenues, expenditures, and fund balance for the General Funds in a combined format. The General Fund is the general operating fund of the district and is used to account for all resources except those accounted for in other funds.
- Schedule 2 presents revenues, expenditures, and fund balance for the Ambulance Funds in a combined format. This fund is a special revenue fund which is used to account for the proceeds of a special tax levy which is restricted for ambulance operations. In addition, some districts receive contract revenues and ambulance fees.
- Schedule 3 presents revenues, expenditures, and fund balance for the Dispatching Funds in a combined format. This fund is a special revenue fund which is used to account for the proceeds of a special tax levy which is restricted to the purchasing of dispatching services. This is commonly accomplished by means of a contractual agreement with outside entities which provide dispatching services for several districts.
- Schedule 4 presents additions, deductions, and fund balance for Employee Benefit Funds in a combined format. This fiduciary fund accounts for assets held in trust by the fire district or by an outside agency for the payment of retirement benefits and long-term disability benefits

to eligible fire fighters. The funds' primary sources of revenue are property taxes and investment income. There were four districts that reported a negative amount for additions, resulting from a net decrease in the value of their investments. Other districts reflected this decrease as a deduction.

- Schedule 5 presents revenues, expenditures, and fund balance for the Capital Project Funds in a combined format. This fund is used to account for the revenues and expenditures needed to finance the acquisition or construction of capital assets and improvements. The primary sources of revenues for this fund are bond proceeds, certificate of participation proceeds, investment income, and transfers from other funds.
- Schedule 6 presents the operations of the Debt Service Funds for the year ended December 31, 2002, the amount of bonds outstanding (principal only), and the debt obligations of the districts for 2003 (principal and interest). This fund is used to account for the accumulation of resources for the payment of general long-term debt principal and interest. The legal debt limit for a fire protection district is five percent of the fire protection district's assessed valuation. The reports submitted show that all fire protection districts with outstanding debt were within their statutory limits.
- Schedule 7 presents the General Fixed Asset balances of the districts at December 31, 2002, with comparative totals of general fixed assets at December 31, 2001. The schedule represents fixed assets acquired or constructed for general governmental purposes that are reported as expenditures in the fund that financed the acquisition or construction and capitalized at historical cost or estimated historical cost if actual historical cost is not available. No amounts are reported for the Pattonville/Bridgeton Terrace Fire Protection District due to the district having inadequate fixed asset records. As a result, a report qualification was issued by their independent auditor. In addition, the Black Jack Fire Protection District provided for depreciation over the useful lives of the general fixed assets. The total accumulated depreciation through December 31, 2002, was \$1,091,385.
- Schedule 8 presents the assessed valuations of the individual fire protection districts as well as tax levies for each of the districts' various funds as reported in the audit reports.
- Schedule 9 is a listing of the audit fees for each fire protection district. This information was obtained from a questionnaire sent to the districts.
- Schedule 10 is a listing of total compensation paid to the directors by each district during the year ended December 31, 2002 and 2001. The independent audit reports included the names of the principal officeholders during the year ended December 31, 2002 and 2001 and the compensation received by each official in the performance of his or her duty as established by Sections 321.190 and 321.603, RSMo 2000. There were instances when more than three names would be listed; however, this was due to a change in the officials serving on the board.
- Schedule 11 is a summary of the various comments contained in the independent auditor's reports on compliance and internal control and in the management letters submitted to the

State Auditor. These comments apply to individual fire protection districts unless otherwise noted. These comments extracted from the reports and management letters were not verified by the State Auditor's Office via additional audit procedures for accuracy, validity, or completeness.

Interfund and equity transfers are included in the revenue and expenditure numbers on Schedules 1 through 6. Schedules 1, 2, 3, 5 and 6 represent governmental type funds and are accounted for on the modified accrual basis of accounting. The modified accrual basis recognizes revenues in the period in which they become available and measurable. Expenditures are recognized in the accounting period in which the fund liability is incurred. Schedule 4 represents a fiduciary fund and is accounted for on the accrual basis of accounting. The accrual basis recognizes revenues when they are earned and expenses when they are incurred.

Limitations

Some data presented in the schedules was compiled from information submitted by the various fire districts and their independent auditors and was not verified by us via additional audit procedures. In analyzing these schedules, some disparity will result due to the different methods of presenting essentially the same information. Reasons for some problems in comparison are:

- 1) The Pension Fund is presented differently by the fire districts. Eleven districts offer defined contribution plans and six offer defined benefit plans. Four districts offer both types and another offers a defined contribution plan and a supplemental defined benefit plan.
- 2) Some districts may have major bond issues, certificate of participation issues, and related Capital Project Funds. In addition, some districts account for the related capital improvements and large asset purchases in their Capital Project Fund while others account for this activity in their General Fund.
- 3) Some districts collect user fees and others may not.
- 4) Some districts have significant transfers to and from funds which causes disparity in comparison.

In addition, the medical self-insurance/benefit funds, internal service funds, of the Eureka and Lemay Fire Protection Districts and the deferred compensation fund, an agency fund, of the Riverview Fire Protection District have not been presented in the schedules noted above. Information pertaining to these fire district funds can be obtained from the applicable fire district.

SCHEDULES

Schedule 1

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY
 COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES, AND FUND BALANCE -
 GENERAL FUNDS

District	Year Ended December 31,							
	2001				2002			
	Beginning Fund Balance	Revenues	Expenditures	Ending Fund Balance	Adjustments *	Revenues	Expenditures	Ending Fund Balance
Afton	\$ 3,333,444	2,584,796	3,208,496	2,709,744	0	3,174,569	2,340,819	3,543,494
Black Jack	3,528,499	3,689,773	3,685,074	3,533,198	0	4,036,740	3,698,523	3,871,415
Chesterfield	12,101,055	8,474,608	9,119,196	11,456,467	0	9,067,102	9,462,235	11,061,334
Community	3,967,253	5,068,246	4,103,602	4,931,897	0	4,921,555	4,391,249	5,462,203
Creve Coeur	19,593,606	7,353,658	7,665,072	19,282,192	303,068	7,039,309	9,233,490	17,391,079
Eureka	1,236,222	1,727,659	1,585,794	1,378,087	0	1,835,141	1,761,229	1,451,999
Fenton	4,513,988	4,169,287	3,470,772	5,212,503	0	3,187,301	3,596,109	4,803,695
Florissant Valley	4,224,560	4,794,329	3,777,979	5,240,910	0	4,672,926	5,082,114	4,831,722
Lemay	715,253	1,508,971	1,216,953	1,007,271	0	1,478,617	1,333,656	1,152,232
Maryland Heights	10,268,888	5,051,622	4,838,076	10,482,434	0	4,901,618	5,056,728	10,327,324
Mehlville	13,551,706	10,932,578	13,154,296	11,329,988	663,723	10,664,596	11,445,839	11,212,468
Metro West	6,927,676	7,479,528	7,530,968	6,876,236	0	7,519,183	7,986,772	6,408,647
Mid-County	1,739,809	2,025,299	1,966,468	1,798,640	0	1,873,752	1,823,396	1,848,996
Moline	1,119,419	1,341,884	1,284,951	1,176,352	0	1,453,830	1,426,085	1,204,097
Normandy	2,022,804	1,798,793	1,854,481	1,967,116	0	2,434,149	2,129,239	2,272,026
Pattonville/Bridgeton Terrace	4,142,222	5,706,228	5,327,086	4,521,364	0	7,530,413	5,300,840	6,750,937
Riverview	2,139,530	1,583,276	1,527,946	2,194,860	0	1,936,470	1,551,746	2,579,584
Robertson	4,332,869	3,113,803	2,765,318	4,681,354	0	2,909,133	2,721,447	4,869,040
Spanish Lake	2,109,917	1,993,718	2,004,869	2,098,766	0	1,980,593	2,060,020	2,019,339
Valley Park	1,681,300	1,352,843	1,127,965	1,906,178	0	1,368,540	1,504,288	1,770,430
West County EMS	7,102,932	4,740,735	4,350,564	7,493,103	0	4,834,528	5,133,414	7,194,217
West Overland	1,970,356	1,421,627	1,187,497	2,204,486	0	1,366,053	1,275,668	2,294,871
Total	\$ 112,323,308	87,913,261	86,753,423	113,483,146	966,791	90,186,118	90,314,906	114,321,149

* Prior period adjustments made by the CPA firms.

Schedule 2

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY
 COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES, AND FUND BALANCE
 SPECIAL REVENUE FUNDS-AMBULANCE

District	Year Ended December 31,							
	2001				2002			
	Beginning Fund Balance	Revenues	Expenditures	Ending Fund Balance	Adjustments *	Revenues	Expenditures	Ending Fund Balance
Affton	\$ 1,220,136	1,246,686	755,059	1,711,763	0	1,169,950	1,151,351	1,730,362
Black Jack	0	0	0	0	0	0	0	0
Chesterfield	5,208,772	4,889,147	4,179,608	5,918,311	0	5,096,282	4,974,067	6,040,526
Community	1,163,961	1,349,688	1,118,504	1,395,145	0	1,354,279	1,115,815	1,633,609
Creve Coeur	0	3,412,029	3,412,029	0	53,192	3,478,970	3,463,554	68,608
Eureka	721,302	969,877	972,235	718,944	0	1,036,838	1,013,781	742,001
Fenton	1,982,256	2,309,486	1,982,026	2,309,716	0	1,786,149	2,233,413	1,862,452
Florissant Valley	241,584	2,380,216	2,133,070	488,730	0	2,112,929	2,557,587	44,072
Lemay	337,527	736,681	592,183	482,025	0	651,296	607,170	526,151
Maryland Heights	(858,375)	1,168,215	1,106,476	(796,636)	0	1,213,678	1,307,526	(890,484)
Mehlville	3,720,532	3,873,096	4,112,904	3,480,724	(663,723)	4,255,511	4,283,209	2,789,303
Metro West	3,569,082	3,797,854	3,837,599	3,529,337	0	3,850,157	3,735,592	3,643,902
Mid-County	0	215,945	215,945	0	0	199,407	199,407	0
Moline	0	0	0	0	0	0	0	0
Normandy	605,477	697,433	598,738	704,172	0	710,521	780,952	633,741
Pattonville/Bridgeton Terrace	1,957,936	2,063,431	1,762,278	2,259,089	0	2,014,250	2,001,383	2,271,956
Riverview	0	0	0	0	0	0	0	0
Robertson	188,430	1,448,731	1,142,818	494,343	0	1,486,705	1,555,980	425,068
Spanish Lake	0	0	0	0	0	0	0	0
Valley Park	584,182	594,304	531,491	646,995	0	619,195	554,540	711,650
West County EMS	2,797,979	2,164,463	1,970,928	2,991,514	0	2,284,386	2,365,661	2,910,239
West Overland	290,458	583,204	605,790	267,872	0	632,463	615,103	285,232
Total	\$ 23,731,239	33,900,486	31,029,681	26,602,044	(610,531)	33,952,966	34,516,091	25,428,388

* Prior period adjustments made by the CPA firms.

Schedule 3

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY
 COMPARITIVE SCHEDULE OF REVENUES, EXPENDITURES, AND FUND BALANCE-
 SPECIAL REVENUE FUNDS-DISPATCHING

District	Year Ended December 31,							
	2001				2002			
	Beginning Fund Balance	Revenues	Expenditures	Ending Fund Balance	Revenues	Expenditures	Ending Fund Balance	
Affton	\$ 125,124	114,404	109,509	130,019	111,070	126,376	114,713	
Black Jack	0	165,826	165,826	0	189,783	189,783	0	
Chesterfield	399,275	595,159	306,917	687,517	595,118	460,272	822,363	
Community	10	138,824	138,824	10	137,822	137,821	11	
Creve Coeur	0	505,882	327,878	178,004	506,396	635,894	48,506	
Eureka	0	65,301	65,301	0	74,944	74,944	0	
Fenton	682,326	311,163	382,410	611,079	236,741	354,046	493,774	
Florissant Valley	292,842	211,341	123,719	380,464	266,532	422,494	224,502	
Lemay	6,666	52,858	47,204	12,320	54,755	44,138	22,937	
Maryland Heights	199,370	273,926	238,136	235,160	315,016	380,180	169,996	
Mehlville	727,621	707,050	493,094	941,577	743,770	551,385	1,133,962	
Metro West	236,178	359,970	333,520	262,628	613,346	278,334	597,640	
Mid-County	1,061	56,679	57,779	(39)	54,509	35,914	18,556	
Moline	0	31,209	31,208	1	32,738	32,739	0	
Normandy	0	66,522	66,522	0	64,816	64,816	0	
Pattonville/Bridgeton Terrace	286,307	293,899	293,899	286,307	284,786	338,088	233,005	
Riverview	0	50,494	50,494	0	51,266	51,266	0	
Robertson	1,209	141,285	100,753	41,741	128,242	109,592	60,391	
Spanish Lake	40,677	58,171	60,344	38,504	72,040	60,428	50,116	
Valley Park	37,713	56,944	49,840	44,817	60,874	56,518	49,173	
West County EMS	98,830	231,984	167,276	163,538	288,118	245,788	205,868	
West Overland	59	90,675	73,166	17,568	90,141	66,462	41,247	
Total	\$ 3,135,268	4,579,566	3,683,619	4,031,215	4,972,823	4,717,278	4,286,760	

Schedule 4

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY
 COMPARATIVE SCHEDULE OF ADDITIONS, DEDUCTIONS, AND FUND BALANCE-
 FIDUCIARY FUNDS (EMPLOYEE BENEFIT FUNDS)

District	Year Ended December 31,							
	2001				2002			
	Beginning Fund Balance	Additions	Deductions	Ending Fund Balance	Adjustments *	Additions	Deductions	Ending Fund Balance
Affton	\$ 4,501,123	(85,652)	442,757	3,972,714	(17,107)	(246,581)	375,171	3,333,855
Black Jack	2,713,126	442,125	110,030	3,045,221	0	485,593	216,171	3,314,643
Chesterfield	23,199,092	(1,352,599)	1,702,011	20,144,482	0	(1,370,608)	2,173,155	16,600,719
Community	7,366,658	481,532	1,457,494	6,390,696	0	474,430	1,550,295	5,314,831
Creve Coeur	18,666,735	1,715,098	2,504,076	17,877,757	0	(60,820)	1,129,490	16,687,447
Eureka	2,637,344	555,220	70,081	3,122,483	0	468,185	49,619	3,541,049
Fenton	15,152,814	1,538,274	2,591,723	14,099,365	0	1,227,676	792,598	14,534,443
Florissant Valley	5,121,722	675,695	426,922	5,370,495	0	549,520	10,965	5,909,050
Lemay	151,385	147,504	142,566	156,323	0	126,452	144,338	138,437
Maryland Heights	9,534,267	(224,607)	110,153	9,199,507	0	(466,784)	93,874	8,638,849
Mehlville	36,537,825	421,114	1,228,080	35,730,859	0	(792,036)	3,610,977	31,327,846
Metro West	17,952,512	233,757	481,307	17,704,962	0	240,416	538,473	17,406,905
Mid-County	1,088,528	13,403	89,500	1,012,431	0	82,597	181,819	913,209
Moline	3,397,700	260,014	196,484	3,461,230	0	215,372	656,511	3,020,091
Normandy	165,400	167,184	127,304	205,280	0	162,229	149,314	218,195
Pattonville/Bridgeton Terrace	10,961,817	547,957	1,924,085	9,585,689	1,415,109	(545,428)	313,756	10,141,614
Riverview	2,049,050	153,464	287,852	1,914,662	0	306,009	502,184	1,718,487
Robertson	4,718,717	256,875	494,175	4,481,417	0	(240,931)	338,543	3,901,943
Spanish Lake	5,548,027	(312,158)	10,940	5,224,929	0	(957,462)	365,156	3,902,311
Valley Park	1,215,308	209,925	110,270	1,314,963	0	264,588	16,123	1,563,428
West County EMS	1,771,422	726,268	734,939	1,762,751	0	784,198	2,163,750	383,199
West Overland	5,120,991	86,144	529,281	4,677,854	0	(328,100)	122,253	4,227,501
Total	\$ 179,571,563	6,656,537	15,772,030	170,456,070	1,398,002	378,515	15,494,535	156,738,052

* Prior period adjustments made by the CPA firms.

Schedule 5

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY
 COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES, AND FUND BALANCE-
 CAPITAL PROJECT FUNDS

District	Year Ended December 31,							
	2001				2002			
	Beginning Fund Balance	Revenues	Expenditures	Ending Fund Balance	Revenues	Expenditures	Ending Fund Balance	
Affton	\$ 0	763,640	763,640	0	7,001,865	381,540	6,620,325	
Black Jack	437,853	3,322	0	441,175	5,033,938	1,197,235	4,277,878	
Chesterfield	12,738	326,238	322,402	16,574	443,838	444,156	16,256	
Community	0	0	0	0	5,041,523	205,252	4,836,271	
Creve Coeur	0	0	0	0	0	0	0	
Eureka	2,045,400	233,755	764,666	1,514,489	275,152	542,023	1,247,618	
Fenton	0	0	0	0	0	0	0	
Florissant Valley	0	0	0	0	5,003,028	132,748	4,870,280	
Lemay	0	0	0	0	0	0	0	
Maryland Heights	(65,374)	0	0	(65,374)	65,374	0	0	
Mehlville	2,036,281	59,103	2,009,745	85,639	1,786	87,425	0	
Metro West	1,826,136	1,562,731	636,549	2,752,318	767,622	1,405,541	2,114,399	
Mid-County	0	0	0	0	4,017,735	132,149	3,885,586	
Moline	47,634	802	8,913	39,523	499,065	382,904	155,684	
Normandy	0	0	0	0	0	0	0	
Pattonville/Bridgeton Terrace	344,033	7,262	250,972	100,323	0	100,323	0	
Riverview	975,295	38,786	22,716	991,365	8,974	376,331	624,008	
Robertson	3,071,816	121,784	1,929,644	1,263,956	19,847	180,293	1,103,510	
Spanish Lake	2,832,767	84,229	836,905	2,080,091	18,669	1,159,768	938,992	
Valley Park	0	0	0	0	0	0	0	
West County EMS	0	5,045,125	980,810	4,064,315	5,070,612	2,269,942	6,864,985	
West Overland	0	0	0	0	1,981,629	0	1,981,629	
Total	\$ 13,564,579	8,246,777	8,526,962	13,284,394	35,250,657	8,997,630	39,537,421	

Schedule 6

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY
 SCHEDULE OF REVENUES, EXPENDITURES, FUND BALANCE, AND BOND OBLIGATIONS -
 DEBT SERVICE FUNDS
 YEAR ENDED DECEMBER 31, 2002

District	Fund Balance December 31, 2001	Revenues	Expenditures and Transfers Out	Fund Balance December 31, 2002	2003 Obligations	Outstanding Bonds at December 31, 2002
Affton *	\$ 0	0	0	0	0	0
Black Jack	0	917,506	0	917,506	659,733	5,000,000
Chesterfield	951,975	222,793	413,538	761,230	423,663	2,125,000
Community	0	1,079,019	0	1,079,019	776,580	5,000,000
Creve Coeur	0	0	0	0	0	0
Eureka	383,585	366,490	272,511	477,564	267,551	3,140,000
Fenton	0	0	0	0	0	0
Florissant Valley	0	1,056,437	0	1,056,437	921,555	5,000,000
Lemay	295,602	129,470	153,143	271,929	160,766	560,000
Maryland Heights	391,645	811	392,456	0	0	0
Mehlville *	0	0	0	0	0	0
Metro West	0	0	0	0	0	0
Mid-County	0	474,408	0	474,408	416,337	4,000,000
Moline	137,925	62,961	76,282	124,604	65,050	500,000
Normandy	73,154	118,053	99,507	91,700	70,250	180,000
Pattonville/Bridgeton Terrace	495,389	265,460	322,685	438,164	356,126	1,275,000
Riverview	174,047	185,970	154,286	205,731	128,545	930,000
Robertson	624,336	328,707	358,228	594,815	343,962	3,275,000
Spanish Lake	278,143	392,816	298,394	372,565	299,330	2,785,000
Valley Park	128,891	83,885	69,269	143,507	71,833	325,000
West County EMS	964,865	1,026,074	687,498	1,303,441	809,825	9,550,000
West Overland	0	8	0	8	0	2,000,000
Total	\$ 4,899,557	6,710,868	3,297,797	8,312,628	5,771,106	45,645,000

* In addition to the bond obligations listed above, the Affton and Mehlville Fire Protection Districts have issued certificates of participation. As of December 31, 2002, Affton's outstanding debt was \$6,930,000, with a 2003 obligation of \$658,862. Mehlville's outstanding debt and 2003 obligation was \$3,395,000 and \$304,231, respectively.

Schedule 7

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY
SCHEDULE OF GENERAL FIXED ASSETS

District	December 31, 2002			December 31, 2001
	Land and Building	Furniture and Equipment	Total	Total
Affton	\$ 1,357,258	1,239,564	2,596,822	2,709,218
Black Jack	815,096	1,915,359	2,730,455	2,227,216
Chesterfield	11,337,030	6,167,030	17,504,060	16,620,505
Community	276,870	1,743,444	2,020,314	1,937,167
Creve Coeur	5,977,679	4,792,151	10,769,830	9,012,453
Eureka	3,543,590	3,181,244	6,724,834	6,153,292
Fenton	3,820,786	2,591,209	6,411,995	6,392,074
Florissant Valley	1,492,930	2,598,033	4,090,963	3,999,476
Lemay	1,783,448	848,782	2,632,230	2,578,607
Maryland Heights	3,523,386	3,687,557	7,210,943	6,909,818
Mehlville	8,925,826	8,237,652	17,163,478	17,169,493
Metro West	6,496,834	5,527,419	12,024,253	11,088,114
Mid-County	759,220	1,031,551	1,790,771	1,745,101
Moline	185,080	956,278	1,141,358	851,376
Normandy	767,546	1,797,684	2,565,230	2,501,389
Pattonville/Bridgeton Terrace	N/A	N/A	N/A	6,778,424
Riverview	1,160,642	903,100	2,063,742	1,862,411
Robertson	2,899,265	2,494,683	5,393,948	5,174,582
Spanish Lake	2,105,281	1,327,746	3,433,027	2,250,282
Valley Park	1,101,434	1,631,103	2,732,537	2,357,102
West County EMS	3,190,855	3,658,017	6,848,872	5,163,697
West Overland	220,944	1,144,266	1,365,210	1,382,089
Total	\$ 61,741,000	57,473,872	119,214,872	116,863,886

Schedule 8

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY
 COMPARATIVE SCHEDULE OF ASSESSED VALUATION AND TAX LEVIES
 YEARS ENDED DECEMBER 31, 2001 AND 2000

District	Assessed Valuation		Tax Levy per \$100 of Assessed Valuation											
			Total		General		Pension		Dispatching		Ambulance		Debt Service	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
Affton	\$ 402,333,892	406,406,997	1.0640	0.8880	0.7930	0.6060	0.0630	0.0660	0.0270	0.0280	0.1810	0.1880	0.0000	0.0000
Black Jack	471,213,654	467,105,034	1.1080	0.9000	0.7440	0.7500	0.0990	0.1000	0.0400	0.0500	0.0000	0.0000	0.2250	0.0000
Chesterfield	1,536,565,681	1,567,207,832	0.9790	0.9950	0.5170	0.5170	0.0950	0.0950	0.0380	0.0400	0.3160	0.3160	0.0130	0.0270
Community	484,077,233	488,270,954	1.6180	1.3250	0.9920	0.9610	0.0990	0.0960	0.0290	0.0280	0.2480	0.2400	0.2500	0.0000
Creve Coeur	1,087,245,602	1,093,245,906	0.9960	0.9770	0.5950	0.5830	0.1430	0.1400	0.0470	0.0470	0.2110	0.2070	0.0000	0.0000
Eureka	240,746,252	233,280,081	1.2780	1.2770	0.7160	0.7150	0.0960	0.0960	0.0280	0.0280	0.2880	0.2880	0.1500	0.1500
Fenton	917,476,773	884,965,462	0.7400	0.7400	0.3800	0.3800	0.1000	0.1000	0.0300	0.0300	0.2300	0.2300	0.0000	0.0000
Florissant Valley	675,881,035	674,794,562	1.1490	0.9660	0.6920	0.6900	0.0990	0.0980	0.0400	0.0300	0.1480	0.1480	0.1700	0.0000
Lemay	145,652,327	145,291,497	1.4000	1.4000	0.9600	0.9600	0.0900	0.1000	0.0400	0.0300	0.2200	0.2200	0.0900	0.0900
Maryland Heights	546,550,352	566,481,855	1.0920	1.0690	0.8000	0.7800	0.1300	0.1260	0.0500	0.0480	0.1120	0.1070	0.0000	0.0080
Mehlville	1,741,490,014	1,717,583,697	0.9200	0.9200	0.5650	0.5650	0.0950	0.0950	0.0400	0.0400	0.2200	0.2200	0.0000	0.0000
Metro West	1,268,740,619	1,269,100,580	0.9920	0.9720	0.5540	0.5540	0.1040	0.1040	0.0480	0.0280	0.2860	0.2860	0.0000	0.0000
Mid-County	123,056,249	122,483,576	2.0500	1.6300	1.3500	1.3500	0.1000	0.1000	0.0300	0.0300	0.1500	0.1500	0.4200	0.0000
Moline	112,132,918	112,914,114	1.4340	1.4300	1.2080	1.1990	0.1450	0.1430	0.0290	0.0280	0.0000	0.0000	0.0520	0.0600
Normandy	172,742,248	173,232,525	2.0200	1.4800	1.5000	1.0000	0.1000	0.1000	0.0400	0.0400	0.3000	0.3000	0.0800	0.0400
Pattonville/Bridgeton Terrace	679,292,641	677,451,125	1.4540	1.1680	0.9830	0.7100	0.1500	0.1450	0.0400	0.0400	0.2440	0.2360	0.0370	0.0370
Riverview	130,055,002	130,542,349	1.9000	1.5000	1.4600	1.2040	0.2500	0.1060	0.0400	0.0400	0.0000	0.0000	0.1500	0.1500
Robertson	330,970,447	343,427,350	1.6200	1.5550	0.8600	0.7780	0.2000	0.1970	0.0400	0.0400	0.4200	0.3900	0.1000	0.1500
Spanish Lake	156,134,051	155,249,731	1.6810	1.5970	1.2200	1.2180	0.1460	0.1460	0.0480	0.0390	0.0000	0.0000	0.2670	0.1940
Valley Park	192,728,776	192,735,717	1.1000	1.1000	0.6400	0.6400	0.1000	0.1000	0.0300	0.0300	0.2900	0.2900	0.0400	0.0400
West County EMS	558,568,880	560,524,663	0.9620	0.9250	0.4580	0.4460	0.0800	0.0700	0.0490	0.0400	0.1950	0.1890	0.1800	0.1800
West Overland	166,680,282	168,269,464	1.1600	1.1540	0.7100	0.7040	0.1500	0.1500	0.0500	0.0500	0.2500	0.2500	0.0000	0.0000

Schedule 9

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY
COMPARATIVE SCHEDULE OF FEES FOR AUDIT SERVICES

District	2002 Audit Fees	2001 Audit Fees
Affton	\$ 7,000	6,800
Black Jack	8,700	8,400
Chesterfield	9,500	9,500
Community	6,000	6,000
Creve Coeur	12,800	13,700
Eureka	4,895	4,300
Fenton	6,900	5,500
Florissant Valley	5,550	5,275
Lemay	3,900	3,675
Maryland Heights	5,800	6,100
Mehlville	10,800	10,500
Metro West	12,500	12,527
Mid-County	5,175	4,950
Moline	4,775	4,575
Normandy	4,575	4,525
Pattonville/Bridgeton Terrace *	24,897	9,500
Riverview	2,100	2,100
Robertson	5,500	5,017
Spanish Lake	6,000	6,000
Valley Park	6,700	6,400
West County EMS	8,250	5,000
West Overland	3,500	4,300

* The amount presented for Pattonville/Bridgeton Terrace for 2002 includes audit fees as well as other accounting fees. The district was not able to report these fees separately. The amount for 2001 represents audit fees only.

Schedule 10

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY
COMPARATIVE SCHEDULE OF COMPENSATION PAID TO DIRECTORS BY DISTRICT

District	2002	2001
Affton	\$ 12,050	9,000
Black Jack	23,550	21,867
Chesterfield	21,088	18,167
Community	23,417	20,033
Creve Coeur	25,942	22,400
Eureka	6,800	6,900
Fenton	12,000	11,550
Florissant Valley	32,000	31,800
Lemay	16,400	10,200
Maryland Heights	21,900	19,850
Mehlville	16,050	15,329
Metro West	14,450	11,541
Mid-County	25,600	28,600
Moline	29,600	29,600
Normandy	23,132	21,366
Pattonville/Bridgeton Terrace	25,200	23,785
Riverview	22,400	21,200
Robertson	26,758	14,550
Spanish Lake	31,800	27,300
Valley Park	13,200	13,550
West County EMS	31,483	23,717
West Overland	26,002	22,407

Schedule 11

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY SUMMARY OF MANAGEMENT LETTER COMMENTS ISSUED BY AUDITORS IN CONNECTION WITH THE AUDITS OF THE YEAR ENDED DECEMBER 31, 2002

Expenditures/Purchasing

- Invoices were not cancelled or stamped paid after payment was made in two districts.
- An employee reimbursement claim form that would support all expense reimbursements was not developed.

Accounting Records and Procedures

- The accounting records service provider did not provide financial information, including journals, general ledgers, bank reconciliations and monthly financial statements in a timely manner.
- The accountant did not reconcile all bank accounts nor were the accounts reconciled to the month end financial statements.
- Three districts did not have a written accounting procedures manual.
- A system was not established for reconciling ambulance billings to actual amounts later collected or written off as uncollectible.
- The bookkeeper did not prepare and post cash to accrual adjustments prior to the audit commencing in two districts.
- Operating transfer accounts were not established for the general and dispatching funds.
- Segregation of duties was not established for receipt and disbursement procedures.
- The board in three districts did not review the bank reconciliations prepared by the district accountant on a periodic basis.
- Several old outstanding checks and posting errors were carried as reconciling items on the monthly cash reconciliations.
- Documentation supporting journal entries made during the year was not always retained.
- Blank checks were stored in an unlocked file drawer in an office.

- The district's internal controls over cash activities were limited to the Board of Directors' review and approval of cash disbursements. The Board performed no review of monthly cash activities by account.
- The report presented to the Board of Directors to help in their periodic review of what to do with available cash and maturing investments was informal and lacked consistency.
- Two new bank accounts were opened and another closed without approval of the Board.
- Several bank statements and their respective cancelled checks for the General and Ambulance Funds could not be located.
- Interfund balances in four districts were not periodically cleared/zeroed out.

Investments and Pensions

- Pension valuation reports and IRS Forms 1099-R were not prepared timely. In addition, IRS Forms 1099-R were not forwarded to the recipients or the IRS.
- Changes from the quarterly investment statements were not recorded on the internal financial statements.
- Reinvestments of the district's cash through the purchase of new securities were not approved by a formal motion of the Board of Directors.
- A fund, which provides other post-employment benefit options, had a \$485,000 unfunded obligation at year end.
- Documentation to substantiate deposits to, or payments from, pension accounts was not readily available.

Fixed Assets and Capital Improvements

- A detailed permanent record of fixed assets was not maintained in eight districts.
- Physical inventories were not performed in two districts.
- A formal policy for capitalizing fixed assets was not maintained.
- Formal long-term plans for capital replacement and acquisition were not established.

Budgetary Procedures

- Three districts' budget documents did not contain all of the required components as specified by Chapter 67, RSMo.

- The budget in one district did not contain provisions to eliminate the deficit fund balance at the beginning of the year in the Ambulance Fund. In addition, another district's Capital Projects and Dispatch Funds were deficit budgeted.
- Expenditures for twelve districts exceeded the budgetary appropriations in various funds. In addition, budget amendments for several of these districts were not adequately documented and approved by the Board of Directors or were not prepared at all.
- A budget was not prepared for various funds in two districts.
- A fund was not adequately budgeted to account for all activity of the respective fund. This comment was noted for two districts. In addition, budget estimates of another district's Pension Fund were poor.
- The Board transferred all unexpended operating funds to the Capital Improvement Fund at the beginning of the next fiscal year, eliminating fund balances that could be used for future unanticipated operating expenditures.

Payroll and Employee Benefits

- The vacation policy did not clearly document how vacation time could be earned or if vacation time could be carried forward into the following year.
- A district did not establish procedures requiring comparison of payroll payment information set up in the system to authorized rates approved by the Board.
- Personnel files in two districts did not contain pertinent information, such as approved pay rates, promotions, raises and/or position/title.
- Allocation of employee salaries could not be verified because documentation was not maintained to distinguish between ambulance and firefighter duties.
- Unclaimed payroll checks were kept unlocked on top of a filing cabinet in the main office area.
- The formula utilized to allocate wages and related employee benefit costs between the General and Ambulance Funds did not properly reflect the time spent between activities in both these funds.
- Payroll and its related expense and liabilities were not reconciled on a regular basis.
- Manual payroll checks were not always immediately reported to the payroll service, resulting in duplicate payments. Also, some of these payments were not included on respective employees' W-2 forms.

- The self-funded health insurance plan appeared to be poorly written.

Pledged Securities

- Bankers insurance totaling \$1,000,000 and pledged against district deposits were not a valid pledge under Section 30.270, RSMo.

Unclaimed Property

- Several checks outstanding for over one year were written off, but were not turned over to the state under the Unclaimed Property Law.

GASB 34 Implementation

- It was recommended in sixteen districts that they continue to plan for the adoption of Governmental Accounting Standards Board, Statement Number 34, Basic Financial Statements and Management's Discussion and Analysis for States and Local Governments.

Minutes

- Minutes were not always maintained for district board meetings. In addition, minutes were not maintained by another district for meetings held periodically by advisory committees.
- Minutes were not always prepared in a timely manner.

Fund Balances

- The district had an unrestricted fund balance greater than one year's cost of operations.

Component Units

- A component unit was not audited according to governmental standards.

APPENDICES

Missouri Revised Statutes

Chapter 321 Fire Protection Districts Section 321.690

Audits to be performed, when--rules established by state auditor (Christian County fire protection districts exempt from audits).

321.690. 1. In counties of the first classification having a charter form of government and having more than nine hundred thousand inhabitants and in counties of the first classification which contain a city with a population of one hundred thousand or more inhabitants which adjoins no other county of the first classification, the governing body of each fire protection district shall cause an audit to be performed consistent with rules and regulations promulgated by the state auditor.

2. (1) All such districts shall cause an audit to be performed biennially. Each such audit shall cover the period of the two previous fiscal years.

(2) Any fire protection district with less than fifty thousand dollars in annual revenues may, with the approval of the state auditor, be exempted from the audit requirement of this section if it files appropriate reports on its affairs with the state auditor within five months after the close of each fiscal year and if these reports comply with the provisions of section 105.145, RSMo. These reports shall be reviewed, approved and signed by a majority of the members of the governing body of the fire protection district seeking exemption.

3. Copies of each audit report must be completed and submitted to the fire protection district and the state auditor within six months after the close of the audit period. One copy of the audit report and accompanying comments shall be maintained by the governing body of the fire protection district for public inspection at reasonable times in the principal office of the district. The state auditor shall also maintain a copy of the audit report and comment. If any audit report fails to comply with the rules promulgated by the state auditor, that official shall notify the fire protection district and specify the defects. If the defects specified are not corrected within ninety days from the date of the state auditor's notice to the district, or if a copy of the required audit report and accompanying comments have not been received by the state auditor within six months after the end of the audit period, the state auditor shall make, or cause to be made, the required audit at the expense of the fire protection district.

4. The provisions of this section shall not apply to any fire protection district based and substantially located in a county of the third classification with a population of at least thirty-one thousand five hundred but not greater than thirty-three thousand.

(L. 1977 H.B. 216, A.L. 1981 S.B. 200, A.L. 1986 H.B. 877, A.L. 1991 S.B. 34, A.L. 1993 H.B. 177 and S.B. 346, A.L. 1998 H.B. 1847)

**Rules of
Elected Officials
Division 40—State Auditor
Chapter 4—Audits of Fire Protection Districts
in St. Louis and Greene Counties**

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Title 15—ELECTED OFFICIALS**Division 40—State Auditor
Chapter 4—Audits of Fire Protection
Districts in St. Louis and Greene
Counties****15 CSR 40-4.010 Requirements for Districts**

PURPOSE: The state auditor has authority to establish standards and reporting requirements for audits performed on fire protection districts in St. Louis and Greene Counties. This rule sets forth requirements to be met directly by the district.

(1) The district is responsible for preparing and providing financial information to be included in the audit report. The district shall maintain adequate accounting records for that purpose. These records may be maintained on the bases of accounting deemed appropriate by the district but the records shall provide adequate information to allow the district to report in accordance with generally accepted accounting principles.

(2) The district shall engage an independent auditor to conduct the audit. The state auditor does not recommend, select or approve the district's auditor or the auditor's fee, except as provided in 15 CSR 40-4.010(4). The district is responsible for fulfilling all contractual obligations with the auditor, including payment of all earned fees.

(3) The district shall require from the independent auditor an engagement letter which sets out all essential particulars. A copy of the engagement letter shall be submitted to the state auditor for his/her review before commencement of audit fieldwork. The purpose of this review is to provide reasonable assurance that the district has contractually committed an auditor to provide services to satisfy requirements of 15 CSR 40-4. The contents of this letter should include, but are not limited to:

(A) Period for which the financial statements are audited;

(B) Purpose of the audit;

(C) Scope of the audit, including consideration of the internal control structure and tests of compliance with applicable laws and regulations;

(D) Provisions that the auditor will communicate, in writing, to the district material weaknesses or reportable conditions in the internal control structure, instances of non-compliance with applicable laws and regulations and other areas of possible improvement;

(E) Provision that all workpapers, etc., will be made available to the state auditor for his/her review upon his/her request;

(F) Provision that the auditor will comply with applicable rules issued by the state auditor under 15 CSR 40;

(G) Provision that the auditor will discuss with the district any factors s/he may discover which would prevent him/her from issuing an unqualified opinion on the financial statements and allow the district and the auditor the opportunity to arrive at a resolution acceptable to both;

(H) Statement of the auditor's responsibility for detection of errors, irregularities and illegal acts; and

(I) The estimated cost of the audit and the rates which are the basis for that estimate.

(4) The district must file a copy of the completed audit report with the state auditor within six (6) months after the close of the audit period. If any audit report fails to comply with promulgated rules, the state auditor will notify the district and specify the defects. If the specified defects are not corrected within ninety (90) days from the date of the state auditor's notice to the district, or if a copy of the required audit report has not been received by the state auditor within the specified time, the state auditor will make, or cause to be made, the required audit at the expense of the district.

*Auth: section 321.690, RSMo (Cum. Supp. 1993). *Original rule filed May 12, 1978, effective Sept. 11, 1978. Amended: Filed Dec. 2, 1985, effective Feb. 13, 1986. Amended: Filed June 14, 1994, effective Nov. 30, 1994.*

**Original authority 1977, amended 1981, 1986, 1991, 1993.*

15 CSR 40-4.020 Standards for Auditing and Financial Reporting

PURPOSE: The state auditor has authority to establish standards and reporting requirements for audits performed on fire protection districts in St. Louis and Greene Counties. This rule sets forth standards for the auditing and financial reporting of the district.

(1) The independent auditor shall meet all requirements of Chapter 326, RSMo. The auditor must be able to demonstrate that s/he meets the independence criteria contained in the code of professional ethics and rules of conduct promulgated by the Missouri State Board of Accountancy.

(2) The independent auditor shall provide to the state auditor reasonable notification of any entrance or exit conferences held with the district. This notification shall be sufficiently

in advance to allow the state auditor to attend the entrance or exit conference at his/her discretion. Upon request, the independent auditor shall provide a draft copy of the audit report and management letter to the state auditor prior to the exit conference.

(3) The audit shall conform to the standards for auditing of governmental organizations, programs, activities and functions as established by the comptroller general of the United States.

(4) The financial statements, supplementary data and accompanying notes shall be presented in conformity with generally accepted accounting principles.

*Auth: section 321.690, RSMo (Cum. Supp. 1993). *Original rule filed May 12, 1978, effective Sept. 11, 1978. Amended: Filed Dec. 2, 1985, effective Feb. 13, 1986. Amended: Filed June 14, 1994, effective Nov. 30, 1994.*

**Original authority 1977, amended 1981, 1986, 1991, 1993.*

15 CSR 40-4.030 Contents of Audit Reports

PURPOSE: The state auditor has authority to establish standards and reporting requirements for audits performed on fire protection districts in St. Louis and Greene Counties. This rule describes required and suggested information to be included in the audit reports.

(1) Standards for auditing and financial reporting of fire protection districts are given in 15 CSR 40-4.020.

(2) All audit reports shall contain:

(A) A table of contents;

(B) A report on the financial statements;

(C) Combined financial statements and appropriate note disclosures;

(D) Other financial information which includes, but is not limited to, the following:

1. Supplemental schedule of expenditures/expenses by object, if not included in the financial statements;

2. Tax rates and assessed valuation;

3. Schedule of insurance in force which shall include, in addition to other information, the agent for each policy; and

4. Principal officeholders who held office during the period under audit, compensation received by each official in performance of his/her duty and all other compensation or reimbursement of expenses made by the district to each officeholder; and

(E) A report on the consideration of the internal control structure, a report on the tests of compliance with applicable laws and regulations and a management letter communicating areas of possible improvement not otherwise reported. The required scope of audit for the reports and management letter is set forth in 15 CSR 40-4.040(3). The reports and management letter shall include the findings and recommendations, if any, which the auditor developed during his/her audit and the district's responses to those findings and recommendations. The reports and management letter shall also indicate the nature of previous recommendations and the extent to which the district has implemented those recommendations.

(3) If the district or the auditor deems it appropriate, audit reports may contain or utilize the following:

(A) A history and organization section prepared by the district (unaudited);

(B) Comparative financial data for one (1) or more years; and

(C) Other statements, exhibits, schedules or analyses as deemed necessary or appropriate by the district or the auditor.

*Auth: section 321.690, RSMo (Cum. Supp. 1993). * Original rule filed May 12, 1978, effective Sept. 11, 1978. Amended: Filed Dec. 2, 1985, effective Feb. 13, 1986. Amended: Filed June 14, 1994, effective Nov. 30, 1994.*

**Original authority 1977, amended 1981, 1986, 1991, 1993.*

15 CSR 40-4.040 Scope of Audit

PURPOSE: The state auditor has authority to establish standards and reporting requirements for audits performed on fire protection districts in St. Louis and Greene Counties. This rule sets forth the scope of the audit.

(1) Nothing in the rules promulgated for audits of fire protection districts shall be construed as restricting, limiting or relieving the independent auditor of his/her professional judgment or responsibility.

(2) The audit shall include those tests of the accounting records and other auditing procedures which the independent auditor considers necessary in the circumstances to conform to the standards for auditing of governmental organizations, programs, activities and functions as established by the comptroller general of the United States.

(3) As part of the audit described in section (2), the auditor will obtain an understanding of the internal control structure, assess control risk and report any material weaknesses or reportable conditions. The auditor will also test compliance with applicable laws and regulations and report all material instances of noncompliance. As a part of, or in addition to, audit tests or procedures which may be necessary for the audit, the auditor shall—

(A) Review systems, procedures and management practices, including:

1. Review cash management practices to the extent necessary to determine whether significant improvements appear practicable and economically justifiable;

2. Evaluate the purchasing function to the extent necessary to determine that the district generally receives fair value, for example, bidding of significant purchases; that purchases generally represent items consistent with the function of the district; and that there is not significant likelihood of misuse or misappropriation of the district's resources through the purchasing process;

3. Review fixed asset records and procedures to the extent necessary to determine that fixed assets are properly recorded, physically controlled and in the possession of the district;

4. Review fidelity bond coverages to determine that all persons with access to assets of the district appear covered in sufficient amounts;

5. Evaluate the budgeting practices to the extent necessary to determine whether significant improvements appear practicable and economically justifiable;

6. Review related party transactions;

7. Review evaluate other areas as required by the district; and

8. Review significant areas or matters which come to the attention of the auditor;

(B) The auditor will note areas of possible improvement in the district's systems, procedures and management practices. In evaluating district systems, procedures and management practices, the auditor should consider whether improvements appear practicable and economically justifiable.

(C) Test compliance with applicable laws and regulations, including:

1. Design the audit to provide reasonable assurance of detecting errors, irregularities and illegal acts that could have a direct and material effect on the financial statements;

2. Be aware of the possibility of illegal acts that could have an indirect and material effect on the financial statements; and

3. Test compliance with other legal provisions as s/he deems necessary or appropriate in the circumstances.

(D) Legal provisions which the auditor should consider in his/her audit include, but are not limited to, the following:

1. Article III, Sections 38(a) and 39(3) and Article VI, Section 25, *Constitution of Missouri* limitations on use of funds and credit;

2. Article VI, Section 26, *Constitution of Missouri* limitations on indebtedness without popular vote;

3. Article VI, Section 29, *Constitution of Missouri* application of funds derived from public debts;

4. Article VII, Section 6, *Constitution of Missouri* penalty for nepotism;

5. Chapter 67, RSMo budgetary requirements;

6. Sections 70.210 to 70.230 and Section 432.070, RSMo contracts;

7. Section 105.145, RSMo annual report;

8. Chapter 105, RSMo conflict of interest;

9. Chapter 108, RSMo bond issues;

10. Chapter 321, RSMo fire protection districts;

11. Other applicable portions of the *Constitution of Missouri* and the *Missouri Revised Statutes*;

12. Applicable sections of *Code of State Regulations*; and

13. Other applicable legal provisions.

(4) The auditor shall report on the reviews and examinations required by this rule in a management letter as set forth in 15 CSR 40-4.030 (2)(E).

*Auth: section 321.690, RSMo (Cum. Supp. 1993). * Original rule filed May 12, 1978, effective Sept. 11, 1978. Amended: Filed Dec. 2, 1985, effective Feb. 13, 1986. Amended: Filed June 14, 1994, effective Nov. 30, 1994.*

**Original authority 1977, amended 1981, 1986, 1991, 1993.*



**CITY OF TRENTON, MISSOURI
YEAR ENDED APRIL 30, 2003**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-10
February 4, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

February 2004

The following problems were discovered as a result of an audit conducted by our office of the City of Trenton, Missouri.

The City of Trenton has not periodically solicited proposals for audit and legal services. From May 1, 2000 through April 30, 2003, the city paid an outside law firm approximately \$36,000 for various work related to tax increment financing and various other issues. The city could not provide documentation indicating why the City Attorney could not handle these legal issues. In addition, the city did not obtain bids, as required by city policy, for five purchases totaling almost \$30,000.

The purpose of many credit card expenditures, especially travel expenditures, was not documented. Credit card expenditures totaled \$21,899 for the year ended April 30, 2003. In several instances, the only documentation available was a signed charge slip and no detailed invoice was provided. In addition, the city needs to establish policies for meal expenses for employees while not on travel status and meal expenses for non-city employees.

The City Council did not adequately document its decisions related to a housing demolition project. The council accepted the overall low bid of \$75,500. At the February regular session council meeting and in spite of the original low bidder's objection, the City Administrator told the council the project would be rebid. In March the City Council voted to accept new low bids on the project totaling \$94,820. The Council's decision to reverse its previous decision and re-bid the project was not adequately documented.

The city's current procedures do not ensure payroll and other expenses are allocated to the proper funds. Each employee's salary or wages are paid from one fund regardless of how each employee's duties and functions overlap the various city services. Proper allocation of expenses is necessary to ensure the electric, water, and sewer rates are sufficient to cover the cost of providing the service without generating profits to subsidize other city services.

The city spent approximately \$4,700 in travel and other expenses for three marketing trips, two to California and one to Florida. Reports were not prepared to summarize the activities of the trips or to document how such efforts have enhanced economic development for the city.

(over)

YELLOW SHEET

The City and municipal utilities have not established comprehensive travel policies outlining what types of expenses are allowed, limits on those expenses, documentation requirements, and the review process, as follows:

- It is the city's informal policy to allow employees traveling for city business to charge one personal telephone call per day to the city. However, the city has not established any cost or time limits for such phone calls.
- The city has not established maximum limits on meal expenses, and some meal expenses incurred by city employees appeared excessive.
- The city requires receipt slips or invoices be turned in for all travel expenditures, including meals. Credit card charge slips, rather than detailed receipt slips or invoices, were submitted for several meal expenses.
- Formal expense reports, including the date of trip, purpose, origin, and destination, were not always prepared or were not always complete and accurate.

The city and municipal utilities do not have written policies regarding the use of approximately 60 vehicles and related equipment. In addition, the city does not report taxable benefits associated with city vehicles used for commuting purposes. During the year ended April 30, 2003, nine management-level employees were assigned vehicles which they all used for commuting purposes. IRS guidelines require the full value of the provided vehicle to be reported on the employees' W-2 forms if the employer does not require the submission of detailed logs, which distinguish between business and personal usage.

The compensation of the City Attorney is not clearly defined by ordinance or contract. During the year ended April 30, 2003, the city paid \$30,504 in base compensation, plus \$1,008 in additional services billed by the City Attorney for drawing up contracts, promissory notes, deeds, etc. for the city. Based on the city's ordinance, it appears the City Attorney's duties include attending to any and all legal matters of the city when requested to do so. Therefore, it is unclear whether the City Attorney should bill for any additional services.

The audit also includes some matters related to employee leave records, capital improvement sales tax fund, the asphalt plant, a land purchase, and budgets and financial statements upon which the city should consider and take appropriate corrective action.

All reports are available on our website: www.auditor.mo.gov

CITY OF TRENTON, MISSOURI

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the Honorable Mayor
and
Members of the City Council
City of Trenton, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the City of Trenton, Missouri. The city engaged Lockridge, Constant & Conrad, LLC, Certified Public Accountants (CPAs), to audit the city's financial statements, including Trenton Municipal Utilities which is part of city government, for the year ended April 30, 2003. To minimize duplication of effort, we reviewed the report and substantiating working papers of the CPA firm. The scope of our audit of the city included, but was not necessarily limited to, the year ended April 30, 2003. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review internal controls over significant management and financial functions.
3. Review compliance with certain legal provisions.

To accomplish these objectives, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents; interviewed various personnel of the city, as well as certain external parties; and tested selected transactions. Our methodology included, but was not necessarily limited to, the following:

1. We obtained an understanding of petitioner concerns and performed various procedures to determine their validity and significance.
2. We obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.
3. We obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the

provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the city's management and was not subjected to the procedures applied in the audit of the city.

The accompanying Management Advisory Report presents our findings arising from our audit of the City of Trenton, Missouri.

A handwritten signature in black ink that reads "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

August 14, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Mark Ruether, CPA
In-Charge Auditor:	Susan Beeler

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

CITY OF TRENTON, MISSOURI
MANAGEMENT ADVISORY REPORT –
STATE AUDITOR’S FINDINGS

1.	Expenditure Procedures
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A. Some city expenditures did not comply with certain provisions of the city's procurement policy as follows:

- 1) The city has not periodically solicited proposals for audit and legal services. The city's purchasing policy provided that when professional services were needed, at least three highly qualified firms should be considered.

The city has used the same CPA firm since 1997. During the year ended April 30, 2003, the city and the municipal utilities spent \$9,500 for auditing services. Additionally, from May 1, 2000 through April 30, 2003, the city paid an outside law firm approximately \$36,000 for various work related to tax increment financing and various other issues. City officials indicated the law firm had expertise in these areas but could not provide any documentation supporting this, nor could they provide documentation indicating why the City Attorney could not handle these issues.

Soliciting proposals for professional services helps provide a range of possible choices and allows the city to make a better-informed decision to ensure necessary services are obtained from the best qualified vendor at the lowest and best cost. Additionally, documenting reasons why an outside attorney is needed helps ensure justification of these additional costs.

- 2) The city's purchasing policy requires the city to advertise for bids for expenditures over \$6,000, obtain at least three written bids for purchases between \$3,000 and \$6,000, and obtain at least three oral bids for purchases between \$1,500 and \$3,000. The policy also applies to purchases made by the municipal utilities. No bids were solicited for the following expenditures during the recent fiscal year:

Storm sewer repair	\$ 12,511
Fire truck repair	7,832
Generator sensing panel	3,457
Mosquito spray ingredients	3,384
All-terrain vehicle	2,750

City personnel indicated the storm sewer repair was not bid because the contractor was already working on another job in Trenton, and since his equipment was already in town, his cost would be less than any other contractor. However, there is no documentation indicating the city obtained these services at a cheaper rate than if the project had been properly bid. City personnel indicated the all-terrain vehicle was a used vehicle, and therefore, it did not need to be bid. However, the purchasing policy does not make a distinction between purchases of new or used items. City personnel indicated the remaining items were available from only one provider; however, documentation of these sole source procurement situations was not maintained.

Formal bidding procedures for major purchases provide a framework for economical management of city resources and help ensure the city receives fair value by contracting with the lowest and best bidders. Competitive bidding helps ensure all parties are given an opportunity to participate in the city's business. Complete documentation should be maintained of all bids received and reasons why the bid was selected. If circumstances provide that bidding is not necessary or practical, such as sole source providers or emergency situations, the reasons for not soliciting bids in accordance with the city's policies should be documented.

- B. The purpose of many credit card expenditures, especially travel expenditures, was not documented, and adequate supporting documentation was not retained for some purchases. The city has five credit cards used by officials and employees for travel and other purposes. Credit card expenditures totaled \$21,899 for the year ended April 30, 2003. In several instances, the only documentation available was a signed charge slip but no detailed invoice was provided. Sales tax was paid on some credit card expenditures, and there were some personal purchases on credit cards that were reimbursed to the city.

The city should adopt policies and procedures to ensure credit cards are used for only necessary city-related purposes and are not used for personal purchases. The city should require the users of the credit cards to submit invoices or other documentation for all charges, and document the purpose of all travel-related charges prior to payment.

- C. Some expenditures do not appear to be necessary or a prudent use of city funds. During the year ended April 30, 2003, the city and municipal utilities spent \$2,175 for an annual appreciation dinner (including gift certificates) for 120 people (employees and guests) and \$255 for employees to participate in golf tournaments (apparently during normal working hours with no documentation that these employees took vacation time while participating in the tournaments). In addition, the city spent various amounts for an employee picnic, an employee

retirement party, and flowers and plants for funerals of relatives of city employees.

It is also the city's and municipal utilities' policy to purchase uniforms for employees; however, the written policy is not clear regarding which employees are required to wear uniforms. Most construction and maintenance employees wear city uniforms daily; however, shirts are also purchased for the administrative employees. Purchasing shirts that are not part of a required uniform does not appear to be a necessary cost of operating the city.

The city's residents place a fiduciary trust in their public officials to expend public funds in a necessary and prudent manner. The above expenses do not appear to represent a necessary and prudent use of public funds.

- D. The city does not have formal policies regarding using city funds for employee meals while not on travel status or for meals of non-city employees. Our review noted 12 expenditures totaling \$475 for meals that included at least one guest and/or meals within the city limits for employees.

The city should develop formal policies regarding these issues, which address meal expenditures for non-city employees and require documentation of the city-related business purpose of each meal. The policy should also address when in-town meal expenditures for city employees are allowed.

- E. The City Council did not adequately document its decisions related to a housing demolition project. In January 2003, the City Council opened bids for a multiple-house demolition project. The council minutes indicate the council accepted the overall low bid of \$75,500, pending verification of the bidder's insurance, and reserving the right to divide the project by house (if the total of the low bids for each house was lower than the total overall bid). City officials then apparently decided to accept the low bid for each house, which would have resulted in contracts being awarded to the overall low bidder and two additional bidders. The overall low bidder objected and insisted that he had been awarded the entire project. At the February regular session council meeting and in spite of the original low bidder's objection, the City Administrator told the council the project would be rebid. In March, the City Council voted to accept new low bids on each house totaling \$94,820.

City officials indicated that due to the confusion and disagreement on the awarding of the original bid, the City Attorney advised the city to rebid the project. While the city has copies of three letters between the original bidder's attorney and the City Attorney discussing the issues mentioned above, the Council's decision to reverse its previous decision and re-bid the project was not adequately documented and these letters did not clearly document the reasons that the project was to be re-bid. Given that the city will incur approximately \$19,000

in additional costs by accepting the new low bid, it is imperative that all significant business conducted by the city council be documented in the minutes.

WE RECOMMEND:

- A. The City Council ensure bids or proposals are solicited for purchases in accordance with the city's purchasing policy, or fully document reasons why bids are not solicited. Additionally, reasons for hiring an outside attorney should be adequately documented.
- B. The City Council review the use of the city's credit cards and adopt applicable policies and procedures to help ensure credit cards are used only for necessary city-related purposes and not for personal purchases. These policies should require adequate supporting documentation for all charges prior to payment, such as detailed invoices and the purpose of travel-related items.
- C. The City Council and Board of Public Works ensure all expenditures of city monies are a prudent use of public funds. The city's policy on employees' uniforms should clearly document which employees are required to wear uniforms, and the city should purchase uniforms for only those employees required to wear them.
- D. The City Council and Board of Public Works adopt policies regarding the payment of meal expenses for guests and in-town meal expenditures for city employees. Adequate supporting documentation and the purpose of the expenditures should be maintained to ensure such expenditures are for necessary city business.
- E. The City Council ensure significant decisions are adequately documented in the council meeting minutes.

AUDITEE'S RESPONSE

- A. *The City has already implemented the practice of providing additional documentation on all purchases, bids, and proposals. The City's purchasing policy will be reviewed and revised as necessary.*
- B. *The City has already implemented the practice of documenting the purpose of travel expenditures. The City will be adopting a formal travel policy, including review procedures. The detailed invoices are open records, and can be reviewed by anyone now.*
- C. *The City will review and revise the current uniform policy and address who the City will purchase uniforms for.*

- D. *The City Council will take this under advisement. The City has already implemented requiring additional documentation, including purpose, on all meal expenditures.*
- E. *The City Council will make a conscious effort to make sure items are formally rescinded and documented as necessary.*

2. Personnel Procedures

- A. The city's current procedures do not ensure payroll and other expenses are allocated to the proper funds. Each employee's salary or wages are paid from one fund regardless of how each employee's duties and functions overlap the various city services. For example, the Utility Billing Clerk is paid from the sewer fund. The Utility Director, Utility Comptroller, and two utility receptionists are paid from the electric fund. The City Clerk performs payroll duties for the city and municipal utilities and is paid from the general fund, while the Utility Accounts Payable Clerk performs all city and utility accounts payable duties and is paid from the water fund.

Additionally, the City Administrator's and Assistant Administrator/Economic Developer's salaries are paid from the general fund, even though these employees also oversee the municipal utilities. A 5 percent electric franchise fee, which goes to the general fund, is intended to help pay for these salaries and other shared expenses; however, there is no documentation to support the specific expenses reimbursed by the franchise fee. In addition, the City Administrator's cellular telephone expenses are paid exclusively by the municipal utilities.

It is essential that the city properly allocate expenses to the various funds. Allocation of expenses is necessary for the city to ensure the electric, water, and sewer rates are sufficient to cover the cost of providing the service without generating profits to subsidize other city services.

- B. The City Clerk maintains records of vacation and sick leave earned, taken, and accumulated for the municipal utilities employees, but does not maintain these records for other city employees. Annually, the department supervisors turn in records of leave balances to the City Clerk; however, the department supervisors maintain the detailed leave records for themselves and the employees in their departments.

Centralized records help ensure that employees' vacation and sick leave records are accurate and comply with city policy and aid in determining final pay for employees leaving city employment.

WE RECOMMEND the City Council:

- A. And Board of Public Works ensure all salary expenditures are properly allocated to the various funds and are supported by adequate documentation.
- B. Maintain centralized leave records for all employees.

AUDITEE'S RESPONSE

- A. *The City Council will take this under advisement and review salary allocations during the budget process.*
- B. *The City Council will take centralized leave records under advisement in accordance with the proposed personnel manual.*

3. Travel Expense Procedures

- A. The City and municipal utilities have not established comprehensive travel policies outlining what types of expenses are allowed, limits on those expenses, documentation requirements, and the review process. Travel expenditures include lodging, meals, gasoline, rental cars, and parking charged to the city's credit card and reimbursements to employees for mileage, gasoline, meals, lodging and other travel expenses. The following concerns relating to travel expenditures were noted:
 - It is the city's informal policy to allow employees traveling for city business to charge one personal telephone call per day to the city. However, the city has not established any cost or time limits for such phone calls. Several hotel bills included such long distance telephone charges.
 - The city has not established maximum limits on meal expenses, and some meal expenses incurred by city employees appeared excessive. Our review of meal expenses noted some individual employees' in-state meals ranging from \$34 to \$49 per meal.
 - The city requires receipt slips or invoices to be turned in for all travel expenditures, including meals. Credit card charge slips, rather than detailed receipt slips or invoices, were submitted for several meal expenses. On several hotel bills, meals were charged to the room but receipt slips or invoices were not submitted.
 - Formal expense reports, including the date of trip, purpose, origin, and destination, were not always prepared or were not always complete and accurate.

Formal travel policies are necessary to ensure public funds are spent wisely. The policies should require each employee to prepare travel expense reports and submit adequate documentation to support all travel expenses incurred. The city should also consider establishing maximum limits on meal and personal telephone expenses.

- B. The city paid for two marketing trips to California and one to Florida during the year ended April 30, 2003. However, the City Council did not require or retain documentation of the potential economic benefits of these trips prior to approving the city's participation.

The Assistant City Administrator/Economic Developer attended two marketing conventions in California, one in San Diego and one in Anaheim. The purpose of these trips was to make contacts with companies looking to open new facilities and attempt to attract these new businesses to Trenton. Both trips were sponsored by the Missouri Department of Economic Development. Expenses for the San Diego convention totaled approximately \$1,900 and expenses for the Anaheim convention totaled approximately \$1,400. Although meeting minutes indicate the Economic Developer made a presentation to the City Council regarding the Anaheim trip, there is no indication in the minutes that a presentation was made regarding the San Diego trip. Additionally, a detailed report was not prepared for these trips, such as a summary of the activities of each day of the trip and contacts made.

In March 2003, the Mayor (now the former Mayor) and a city resident traveled to a national association's headquarters in Tampa, Florida in an attempt to persuade the association (of which the city resident is a member) to hold its 2004 annual convention in Trenton. The city paid the related travel expenses, totaling approximately \$1,400, for both the Mayor and the resident. A report was not prepared to summarize the activities of this trip.

The potential economic benefits of large marketing trips should be weighed against the anticipated costs of these trips before such expenses are incurred. Adequate documentation should be prepared and retained showing the city's interest and actual activity associated with the trips. Additionally, the city should prepare and maintain documentation of how such efforts have enhanced economic development for the city.

WE RECOMMEND:

- A. The City Council and Board of Public Works establish written travel policies outlining the types of expenses allowed, maximum amounts, and documentation requirements. Travel expenses should be reviewed to ensure policy requirements are met and that only necessary and reasonable charges are paid by the city. In addition, expense reports should be prepared and filed for each employee traveling for business purposes.

- B. The City Council review the potential economic benefits and anticipated costs of marketing trips prior to approving them. Additionally, adequate documentation of the actual activities and the economic benefit for all marketing trips should be prepared and retained.

AUDITEE'S RESPONSE

- A. *The City is in the process of developing a formal travel policy. Expense reports are being prepared and filed for all business trips.*
- B. *The City Council will take this under advisement. Additional documentation is being obtained on all marketing trips.*

4. Vehicle and Equipment Usage

- A. The city and municipal utilities do not have written policies regarding the use of approximately 60 vehicles and related equipment. Usage and maintenance logs are kept and reviewed for all municipal utilities vehicles and equipment. However, logs are not maintained in some city vehicles and equipment, including the vehicles assigned to the Assistant City Administrator/Economic Developer and Police Chief. Logs that are maintained did not always include mileage readings or fuel quantity when vehicles were fueled, and city equipment logs only include maintenance expenditures and do not include usage. Additionally, when vehicles were driven out-of-town, the reason for the trip, destination, and mileage were not recorded, and supervisory reviews of the logs maintained for city vehicles are not performed or documented.

Usage and maintenance logs are necessary to document appropriate use of the vehicles and equipment and to support fuel and other charges. The logs should include the purpose and destination of each trip, beginning and ending odometer readings or hours of usage as applicable, and all operation and maintenance costs. Supervisory reviews of the logs should be performed to ensure vehicles and equipment are used only for city business, are being properly utilized, and help identify vehicles and equipment that should be replaced. Information on the logs should be periodically reconciled to applicable expenditure records to help identify and prevent inappropriate fuel purchases or other maintenance and operating charges. Finally, formal policies for vehicle and equipment usage should be adopted by both the city and municipal utilities.

- B. The city does not report taxable benefits associated with city vehicles used for commuting purposes. During the year ended April 30, 2003, the City Administrator, Assistant City Administrator/Economic Developer, Street Supervisor, Police Chief, Fire Chief, Utility Supervisor, Electric Supervisor, Water/Sewer Distribution Supervisor, and Wastewater Treatment Plant Supervisor were assigned vehicles which they all used for commuting purposes.

City officials indicated these employees are allowed to commute with city vehicles because they are on 24-hour call for emergency situations.

Internal Revenue Service (IRS) Code reporting guidelines indicate personal commuting mileage is a fringe benefit that should be reported on the individuals' W-2 forms. Clearly marked police and fire vehicles are exempt from these guidelines, as well as unmarked law enforcement vehicles if their use is officially authorized. However, for non-exempt vehicles, IRS guidelines require the full value of the provided vehicle to be reported on the employees' W-2 forms if the employer does not require the submission of detailed logs, which distinguish between business and personal (commuting) usage, and as noted in Part A above, usage logs are not maintained for the vehicles used by two of these employees.

The city should review the necessity of providing vehicles for commuting purposes. For those employees where commuting in city-owned vehicles is considered necessary, vehicle logs should be maintained which clearly distinguish between business and commuting use, and taxable benefits for commuting should be reported on applicable employees' W-2 forms.

WE RECOMMEND the City Council and Board of Public Works:

- A. Adopt formal policies regarding vehicle and equipment usage, which include policies prohibiting personal use of city vehicles and equipment. In addition, usage and maintenance logs should be maintained for all city vehicles and equipment and the logs should be periodically reviewed.
- B. Review the necessity of allowing employees to commute with city vehicles and comply with IRS guidelines for reporting fringe benefits related to commuting with city-owned vehicles.

AUDITEE'S RESPONSE

- A. *Maintenance logs have been kept on most vehicles and are now kept on all vehicles. We have already implemented the practice of obtaining additional documentation on vehicle usage. A policy on personal usage of equipment is addressed in the proposed personnel manual.*
- B. *Logs will be maintained for any personal use of City vehicles. We will comply with IRS guidelines. A formal policy will be addressed in the proposed personnel manual.*

5.**Capital Improvement Sales Tax Fund**

The city could not provide documentation how some expenditures of capital improvement sales tax monies complied with state law. In November 1995, city voters passed a ½ cent capital improvement sales tax to be used for the purpose of funding capital improvements. During the year ended April 30, 2003, the city received approximately \$350,000 in capital improvement sales taxes. Section 94.577, RSMo Supp. 2002, states that all capital improvement sales tax receipts shall be deposited in a special trust fund and used solely for capital improvements. Section 94.575, RSMo Supp. 2002, defines capital improvements as assets having an estimated useful life of at least two years.

Each year, the city transfers money from the capital improvements sales tax fund to the transportation fund to help subsidize the Old Age Transportation Service (OATS) bus operating costs. These transfers totaled \$17,992 for the year ended April 30, 2003. Additionally, the city used these sales tax funds to pay \$1,639 for asbestos testing during the same time period. The city did not document how these items complied with the statutory definition of capital improvements.

WE RECOMMEND the City Council ensure capital improvement sales tax monies are used for capital improvements as required by state law. In addition, the city should consider reimbursing the capital improvement sales tax fund for monies spent for purposes other than capital improvements.

AUDITEE'S RESPONSE

This has been reviewed by the City Auditor and is immaterial to the financial statement as a whole. This will be reconsidered during the budget process.

6.**Asphalt Plant**

The city owns and operates a plant to produce asphalt, and while the plant was originally set up to only produce asphalt for the city's needs, it is currently run similar to a private business in which asphalt is sold to the general public. The city began operating the asphalt plant in 1981. Currently, the city sells asphalt to the Missouri Department of Transportation (MoDOT) and local businesses and individuals. During the year ended April 30, 2003, asphalt sales produced over \$200,000 in revenues.

Attorney General's Opinion No. 51, 1988 to Ortwerth, and Opinion No. 26, 1988 to Stivison, make reference to court cases specifically prohibiting governments' direct or indirect engagement in commercial enterprise for profit or entry into private business. The city council should review this matter with legal counsel and determine whether the city should continue the practice of selling asphalt to private entities and individuals.

To increase controls over the operations of the asphalt plant, the city should consider the following areas of concern:

- A. The city accounts for the asphalt plant's revenues and expenses in the general fund and not in a separate fund. Specific government operations which are funded mainly from user fees (such as sales revenues) are normally accounted for separately in an enterprise fund, and the city should consider establishing a separate fund for the asphalt plant's operations.
- B. The selling price for asphalt is established based on the city's costs to produce the asphalt. The city's procedures are to annually compute amounts representing its costs per ton for materials, labor, equipment usage, electricity, and depreciation of the plant; however, this is not always documented and the city has not updated these amounts for at least two years. While some costs appear to remain fairly constant throughout the year, the city should consider reviewing its costs and update the selling price on a more regular basis.
- C. The city has not established adequate inventory records to account for asphalt plant materials. While physical inventory counts of raw materials are performed annually, perpetual inventory records to account for raw materials as they are received and used are not maintained. Perpetual records are necessary to ensure better internal controls over materials and to deter and identify loss, misuse, or theft of materials.

By accounting for the asphalt plant's operations separately in an enterprise fund, regularly computing costs for the basis of setting the selling price, and maintaining perpetual inventory records, the City Council will have the necessary information to determine whether the plant is operating at a profit or loss.

WE RECOMMEND the City Council consult legal counsel regarding the issue of selling asphalt to private entities and individuals. In addition, the city should separately account for the operations of the asphalt plant as an enterprise fund, regularly review the adequacy of the selling price, and maintain perpetual inventory records for plant materials.

AUDITEE'S RESPONSE

We have consulted legal counsel regarding this issue, who has determined the practice to be acceptable. The existing practice for the asphalt operations in the general fund will continue.

AUDITOR'S COMMENT

Even if the city continues to sell asphalt to the public, accounting for the operations in a separate fund, regularly reviewing the adequacy of the selling price, and maintaining perpetual inventories of plant materials would improve the overall operations and accountability.

7.**Land Purchase**

The city owns approximately 170 acres of land which has remained mostly idle for the past six years. This land was purchased in 1997 for \$300,000 as a potential state prison site and industrial park; however, the city was not awarded the prison and the land was rented to local farmers until September 2002 when it was annexed into the city limits as an industrial park. The city has been unable to attract any businesses to the industrial park at this time.

The land was purchased at a negotiated price and the city did not request or obtain an independent appraisal prior to purchasing the land, and no appraisal has been obtained since the purchase to determine the actual value of the land. In addition, it appears the city could have better documented its reasons for purchasing the property, if any other property was purchased, and backup plans if the city was not awarded the prison site.

The only documentation related to the decision to purchase the land was in the executive session City Council meeting minutes, which stated the city had looked at one other piece of land, but it was not for sale. Additionally, while the executive session minutes indicate the city had planned to develop a new industrial park on this land, little has been done to develop the park.

Good business practices require that major real estate purchases be formally and independently appraised to ensure a reasonable price is paid. In addition, because the decision making process was not adequately documented, it is unclear what steps were taken by the City Council to consider other potential sites, or to develop a backup plan in the event the city was not awarded the prison.

WE RECOMMEND the City Council obtain independent appraisals for any property being considered for purchase, and ensure plans and decisions made regarding future land purchases and site development are adequately documented.

AUDITEE'S RESPONSE

The City Council will take this under advisement. Future purchases will be adequately documented.

8.**City Attorney**

The compensation of the City Attorney is not clearly defined by ordinance or contract. While the City Attorney serves at the pleasure of the City Council, he is not considered a city employee and his compensation is paid to his law firm. The city's annual budgets (which are approved by ordinance) include the specific salary and wage amounts for each city employee; however, the City Attorney's compensation is not separately defined in the budgets and is included in a budget line item called "legal."

The City Attorney's specific duties, as defined by city ordinance, include acting as City Prosecutor, collecting delinquent license fees, attending City Council meetings, and drawing up city ordinances. The ordinance also instructs the City Attorney to ". . . attend to any or all legal matters for, the City, when requested so to do by the Mayor and City Council, and advise the Mayor and Council and all other City Officers as to the law pertaining to City affairs when requested so to do. . . ."

During the year ended April 30, 2003, the city paid \$30,504 in base compensation, plus \$1,008 in additional services billed by the City Attorney for drawing up contracts, promissory notes, deeds, etc. for the city. Based on the city's ordinance, it appears the City Attorney's duties include attending to any and all legal matters of the city when requested to do so. Therefore, it is unclear whether the City Attorney should bill for any additional services. City officials indicated the city relies on the City Attorney to interpret the applicable ordinances involving his own compensation and duties and when he is entitled to additional compensation. To avoid any confusion or any appearance of impropriety, the City Attorney's compensation should be clearly defined by ordinance or contract.

WE RECOMMEND the City Council clearly define the City Attorney's compensation by ordinance or contract.

AUDITEE'S RESPONSE

The City Council will request a revised ordinance clearly defining the City Attorney's compensation and duties.

9. Budgets and Financial Statements
--

- A. The City Council and Board of Public Works wait until the end of the fiscal year to prepare budget amendments. While potential budget amendments are normally discussed at various times throughout the fiscal year, the budgets are amended by formal resolution at year-end to ensure expenditures do not exceed the budgets.

Section 67.040, RSMo 2000, allows for budget increases, but only after the governing body officially adopts a resolution setting forth the facts and reasons. Section 67.080, RSMo 2000, provides that no expenditure of public monies shall be made unless it is authorized in the budget. The city should formally amend the budget before the related expenditures are incurred.

- B. The City Council and Board of Public Works do not publish semiannual financial statements as required by state law. Financial statements are published annually after the financial statement audits have been completed. Additionally, the city's annual published financial statements do not include the city's indebtedness.

Section 77.110, RSMo 2000, requires the city council to publish financial statements at the end of each fiscal year and six months after the end of each fiscal year in a newspaper of general circulation in the city. These financial statements are to include a detailed statement of the receipts, expenditures, and indebtedness of the city and shall be for the six-month period preceding the date of the statement.

WE RECOMMEND the City Council and Board of Public Works:

- A. Prepare budget amendments prior to incurring the related expenditures.
- B. Publish detailed semiannual financial statements that contain all information as required by state law.

AUDITEE'S RESPONSE

- A. *The City Council will take this under advisement. Currently, all unbudgeted items are approved prior to purchase.*
- B. *The City will publish unaudited financial statements semi-annually in accordance with state law.*

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

CITY OF TRENTON, MISSOURI
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The City of Trenton is located in Grundy County. The city was incorporated in 1857 and is currently a third-class city. The population of the city in 2000 was 6,216.

The city government consists of a mayor and an eight-member city council. The city council members are elected for 2-year terms. The mayor is elected for a 4-year term, presides over the city council, and votes only in the case of a tie. The Mayor, City Council, and other principal officials during the year ended April 30, 2003, are identified below. The compensation of the elected and appointed officials is established by ordinance. The Mayor is paid \$250 per month and City Council members are paid \$100 per month.

Elected Officials	Term	Compensation Paid For the Year Ended April 30, 2003
Gary Hall, Mayor	April 14, 2003, to April 30, 2003	\$ 125
Tim Whitaker, Mayor	May 1, 2002, to April 14, 2003	2,875
Steve Perry, Councilman	April 14, 2003, to April 30, 2003	50
Gary Black, Councilman	May 1, 2002, to April 14, 2003	1,150
Larry Crawford, Councilman		1,200
Kenneth Ewing, Councilman		1,200
Gary Hurst, Councilman		1,200
Nick McHargue, Councilman		1,200
Troy Smith, Councilman		1,200
Don Peyton, Councilman		1,200
Jackie Soptic, Councilwoman		1,200
<hr/>		
Other Principal Officials		
Clarice Pushkarsky, City Treasurer		1,200
Cindy Simpson, City Clerk		36,936
Kerry Sampson, City Administrator		60,534
Rick Childers, Assistant City Administrator/Economic Developer (1)	June 1, 2002, to April 30, 2003	40,615
Christopher Raynes, City Attorney		(2)
Robert Lewis, Police Chief		38,271
Anthony Ralston, Fire Chief		33,981
Larry Griffin, Street Superintendent		42,843

- (1) Rick Childers resigned August 2003. Prior to June 2002, the position of Assistant City Administrator/Economic Developer had been vacant since March 2002.

- (2) The law firm of Pickett and Raynes receives a semi-monthly payment of \$1,271 for Christopher Raynes to serve as city attorney. The firm also bills for additional services. For year ended April 30, 2003, the city paid Pickett and Raynes \$31,512 for legal services.

In addition to the officials identified above, the city employed 32 full-time and 6 part-time employees on April 30, 2003.

The city has a Board of Public Works composed of four members recommended by the Mayor and approved by the City Council. The members are appointed for 4-year terms. This board oversees the operation of the municipal utilities (water, sewer, and electricity). The Board of Public Works members and other principal officials during the year ended April 30, 2003, are identified below.

Name and Title	Term	Compensation Paid For the Year Ended April 30, 2003
Bill Redmond, Board President (1)		\$ 0
C. Phillip Hoffman, Board Vice President		300
Bill Kennebeck, Board Member		300
Larry Woldridge, Board Member		300
Chad Davis, Utility Supervisor (2)	July 1, 2002, to April 30, 2003	38,865
Theresa Price, Comptroller		41,527

- (1) Bill Redmond volunteered to be unpaid during his term. He resigned in May 2003 and Haydon Standiferd was appointed to fill the unexpired term.
- (2) Prior to July 2002, the position of Utility Supervisor had been vacant since July 1996, during which time these duties were performed by the City Administrator and Assistant City Administrator.

In addition to the officials identified above, the municipal utilities employed 36 full-time employees on April 30, 2003.

Assessed valuation and tax rates for 2002 were as follows:

ASSESSED VALUATION

Real estate	\$ 28,851,260
Personal property	16,036,151
Total	<u>\$ 44,887,411</u>

TAX RATES PER \$100 ASSESSED VALUATION

	Rate	Expiration Date
General	\$ 0.7556	None
Parks and recreation	0.2921	None

The city has the following sales taxes; the rates are per \$1 of retail sales:

	Rate	Expiration Date
General	\$ 0.010	None
Capital improvement	0.005	None



**ST. LOUIS PUBLIC SCHOOL DISTRICT
REVIEW OF FINANCIAL CONDITION AND PROJECTIONS**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-09
February 2, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

February 2004

St. Louis Public School District is facing a severe budget deficit for fiscal year 2004 and must make additional cuts to balance its budget

This audit is the first of two reports related to the St. Louis Public School District's financial viability. For this report, auditors reviewed the factors causing the district's current financial hardship. Prior to the audit, the district underwent a leadership change from a traditional superintendent to a management consultant team. The management team took over the district after a May 2003 school board vote. Shortly thereafter, district officials learned more about the severity of the cuts in state funding to the district.

Audit sorts out differing budget projections

Before the prior Superintendent left the district, he and his staff projected the district would suffer a budget deficit of \$55 million as of June 30, 2004 (if no cuts were made to the budget). They prepared the projection before the end of fiscal year 2003. In July 2003, the management team conducted their own analysis and figured a \$73 million deficit as of June 30, 2004 (if no cuts were made to the budget). The management team prepared this projection using similar methods as the prior Superintendent, but were able to use updated information from the Department of Elementary and Secondary Education and end of the fiscal year figures. Auditors found the \$73 million projection more accurate of the district's actual financial status, and detailed the differences in the two figures in the report. (See page 6)

Cash flow deficiencies

In addition to the year-end deficit, the management team also evaluated the district's financial position by looking at cash flow projections. The district has experienced cash flow deficiencies since early fiscal year 2003, but no cash flow projections had been performed. The prior administration covered cash flow shortfalls with restricted funds. The management team projected a cash flow shortfall of \$99 million in December 2003 (if no cuts were made in the budget). Although this cash flow shortfall is not comparable to the year-end budget deficit, auditors found this cash flow shortfall projection accurate and an issue the district should monitor. After reducing some expenditures and receiving local property taxes earlier, the actual cash flow shortfall in December came to \$37.6 million, which the district covered using desegregation funds. (See page 8)

State funding decrease and limited expense reductions led to deficits

Significant decreases in state funding, inadequate budgetary procedures and limited reductions in expenditures all led to the district's current financial difficulties. The

YELLOW SHEET

substantial decrease in state funding was the most significant factor in the district's financial decline. Prior administration officials said they could not have anticipated this sharp decrease in state funding, and contractual obligations made quick, radical cost cuts impossible. The district has operated with expenditures exceeding revenues since fiscal year 2002, auditors found. In addition, budgetary procedures were insufficient to monitor the budget. For example, had the district stayed within their original budgeted expenditures for fiscal year 2003, the year-end balance would have been positive, even with the state cuts. Instead, the unrestricted operating funds reserve dropped from \$55.4 million in June 2001 to a \$12.3 million deficit in June 2003, which made the district "financially stressed," according to state law. (See page 9 and 10)

Current budget has deficit, violates state law

The budget approved in August 2003 included a projected deficit of \$14.7 million at June 30, 2004, which violated state laws prohibiting unbalanced budgets. This budget is a projection and will be revised by the management team to more accurately reflect actual activity and project the year-end deficit. (See page 11)

The State Auditor's Office is continuing to audit the operations of the district and any findings and recommendations will be included in a subsequent report.

All reports are available on our website: www.auditor.mo.gov

ST. LOUIS PUBLIC SCHOOL DISTRICT

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Board of Education of St. Louis Public School District
801 Locust Street
St. Louis, Missouri

The State Auditor was requested by the Honorable Bob Holden, Governor, under Section 26.060, RSMo 2000, to audit the St. Louis Public School District. The district has engaged Rubin, Brown, Gornstein and Company LLP (RBG), Certified Public Accountants (CPAs), to audit the district's financial statements for the year ended June 30, 2003. The scope of our audit of the district included, but was not necessarily limited to, the year ended June 30, 2003. The objectives of this audit were to:

1. Review the fiscal year 2003 financial information and the fiscal year 2004 budget projections for the general operating funds.
2. Identify any factors that may have led to the district's declining financial condition in the general operating funds.

To accomplish these objectives, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents; and interviewed various personnel of the district including members of the School Board. Our methodology included, but was not necessarily limited to, the following:

1. We gained an understanding of the methodologies and assumptions used during the development of budget projections. We also verified applicable data from which various assumptions were based.
2. We reviewed detailed historical budget and actual financial data for fiscal years 2001 through 2003. This data was reviewed analytically to identify and explain significant fluctuations in revenues and expenditures.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying report presents information obtained during our audit regarding the financial condition of the district and the development of budget projections. While this report contains no specific recommendations to the Board at this time, district operations are still being audited and any findings and recommendations will be included in a subsequent report.

Appendixes I and II are included for informational purposes. This information was obtained from the district's accounting records and Comprehensive Annual Financial Reports and was not subjected to the procedures applied in the audit of the district. Appendix III includes responses obtained from the district's current and prior management.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

December 5, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Alice M. Fast, CPA
In-Charge Auditor:	Robert E. Showers, CPA
Audit Staff:	A. Dailey
	Kenneth M. Allman

RESULTS AND COMMENTS

ST. LOUIS PUBLIC SCHOOL DISTRICT RESULTS AND COMMENTS

Results

Budget projections developed by the St. Louis Public School District's management consultant firm (the management team) for fiscal year 2004 were prepared using a methodology consistent with prior years' budgets. The assumptions used appear reasonable based on the information available to the management team at the time the projections were prepared. The Prior Superintendent's projections were prepared prior to the end of the fiscal year and were less accurate. The Prior Superintendent projected a \$55 million general operating funds¹ deficit at June 30, 2004 (if no cuts were made in the budget). The management team projected a \$73 million general operating funds deficit at June 30, 2004 (if no cuts were made in the budget). In addition, because the timing of the receipt and disbursement of transactions varies throughout the year, to further evaluate the financial position of the district, the management team prepared cash flow projections based on the budgeted revenues and expenditures and projected cash flow shortfalls throughout the year including a cash flow shortfall of \$99 million in December 2003 (if no cuts were made in the budget).

Significant decreases in state funding combined with inadequate budgetary procedures and a lack of significant reductions in expenditures have lead to the district's current financial difficulties. General operating funds expenditures significantly exceeded revenues during fiscal years 2002 and 2003 resulting in the depletion of all district reserves and a negative general operating funds balance at the end of fiscal year 2003. This required the district to make reductions in expenditures to attempt to balance the budget for fiscal year 2004. The district's actual fiscal year 2004 budget, as approved by the current Board in August 2003, projected a deficit balance of \$14.7 million at June 30, 2004, in the general operating funds and was in violation of Section 67.010 (2), RSMo 2000. In addition, Section 161.520, RSMo 2000, considers a district to be "financially stressed" if the year end operating funds balance is less than three percent of expenditures or is negative.

The district must continue to monitor the budget and make any additional reductions necessary to balance the budget in fiscal years 2004 and 2005.

¹ The district defines general operating funds as the General, Teachers, Free Textbook, Student Health, and Reimbursable Operating Expenses Funds. The district also maintains the School Lunchroom Fund, Debt Service Fund, various capital improvement funds, and various federal funds.

Background

The St. Louis Public School District encompasses the entire city of St. Louis, Missouri, approximately 61 square miles, and serves a population of approximately 339,000 citizens. With a total average daily attendance of approximately 39,000 students in school year 2002-2003 and total budgeted general operating expenditures historically exceeding \$380 million per year, the district operates as the largest public school system in the State of Missouri. As of June 30, 2003, the district employed approximately 6,570 individuals, including approximately 4,100 full-time teachers and certified personnel.

The seven-member Board of Education is responsible for setting policy for the district to ensure efficient operations, overseeing the Superintendent of Schools, and adopting an annual budget and its supporting tax rate. Board members are elected by the voters of the city and serve without compensation. Four new members were elected to the Board in April 2003, while two of the remaining three members have served since 2001 and one has served since April 1997.

In January 2003, the Prior Superintendent, Dr. Cleveland Hammonds, announced his retirement effective at the end of fiscal year 2003. After the April 2003 election, the new Board voted to hire a management consultant firm in May 2003 to take over district operations starting in July 2003. The Prior Superintendent notified the Board in May 2003 of the impending projected operating funds budget deficit of approximately \$55 million at June 30, 2004, and included a list of proposed programmatic reductions to possibly reduce the deficit. The management team later estimated the 2004 operating funds budget deficit to be approximately \$73 million. The management team implemented measures to reduce the amount of the operating funds deficit. A total of 16 school facilities were closed with the students and teachers moved to other facilities prior to the start of the 2003-2004 school year. Additional measures are being discussed in an attempt to reduce the operating deficit, such as reductions in force in non-classroom related positions, privatizing a number of non-classroom related positions, and the elimination of nonessential costs.

Differences between management team and Prior Superintendent projections

In May 2003, the Prior Superintendent presented the Board with a preliminary fiscal year 2004 financial projection outlining an anticipated general operating funds deficit balance of \$55 million at June 30, 2004. In July 2003, the management team created a "status quo" projection in an attempt to more accurately quantify the budget deficit that would result if the district continued to operate at previous year levels. This projection estimated a \$73 million deficit general operating funds balance at June 30, 2004. The Prior Superintendent projections and the management team "status quo" projections are compared in Table 1.1.

Table 1.1: General Operating Funds Projection Differences

	Prior Superintendent 2004 Projections	Management Team "Status Quo" 2004 Projections	Differences in Projections
Beginning Balance	\$ 7,666,412	(3,497,426)	(11,163,838)
Local Revenue	195,309,078	195,873,282	564,204
State Revenue	140,092,961	135,710,769	(4,382,192)
Federal Revenue	5,325,115	5,315,115	(10,000)
Total Revenue	340,727,154	336,899,166	(3,827,988)
Payroll and Benefits	(306,402,184)	(303,430,640)	2,971,544
Other	(97,292,261)	(103,142,940)	(5,850,679)
Total Expenditures	(403,694,445)	(406,573,580)	(2,879,135)
Ending Balance	\$ (55,300,879)	(73,171,840)	(17,870,961)

Source: Prior administration and management team budget planning documents

As Table 1.1 indicates, the primary difference between the two sets of projections is \$(11.1) million in the beginning balances assumed. This difference was due in part to a \$(6.5) million restricted funds amount included in the Prior Superintendent's beginning balance figure and not included in the management teams amount. The remaining \$(4.6) difference was due to the Prior Superintendent preparing his budget before the end of the fiscal year and using estimated revenues and expenditures for the remainder of fiscal year 2003.

There were also differences noted between the revenue and expenditure projections. The difference of \$(3.8) million in revenues is primarily due to the management team's use of more conservative state revenue estimates based on updated information from the Department of Elementary and Secondary Education (DESE). The difference in "payroll and benefits" is because the management team projected a higher benefit figure than the prior administration, but also assumed lower staffing levels. In addition, the Prior Superintendent's "payroll and benefits" figure was overstated due to double counting summer school salary expenses. These differences netted to the \$2.9 million difference. **The difference of \$(5.8) million in the "other" expenditures projection is due primarily to the inclusion of the management team's fees, totaling approximately \$5 million.** The remaining difference in "other" expenditures is due to the net effects of the inclusion of additional textbook expenditures by the management team, certain capital expenditures mistakenly included by the Prior Superintendent, and other miscellaneous differences. Both sets of expenditure projections are comparable to actual fiscal year 2003 expenditure levels.

While the beginning balance assumed by the management team was initially a negative \$3.5 million, the final unrestricted beginning operating funds balance was negative \$12.3 million. The majority of this change was caused by a \$10.6 million adjustment made by the independent auditor to reverse a transaction made by the prior administration where it was thought that desegregation funds could be used to fund a general operating fund capital expense obligation.

Cash flow deficiencies

While the district's fiscal year budget reflects annual revenues and expenditures and a projected year end balance, the timing of the receipt and disbursement of transactions varies throughout the year. The timing of such cash flow may produce month end cash balances throughout the fiscal year that are either greater or are less than year end projections. Historically, the district experiences its lowest cash balance at December 31 as payments that month are especially high due to the district's annual employee retirement contribution payment² which is statutorily due by January 1. The district's cash balance has traditionally improved during the month of January when property tax revenues are received from the city.

To further evaluate the financial position of the district, the management team prepared cash flow projections based on the budgeted revenues and expenditures. In addition to their projected budget deficit of \$73 million in the general operating funds at June 30, 2004, they also projected a cash flow shortfall in these funds of \$99 million in December of 2003. So while the district had to focus on the projected fiscal year end budget deficit of \$73 million, the interim cash flow shortfalls also had to be monitored.

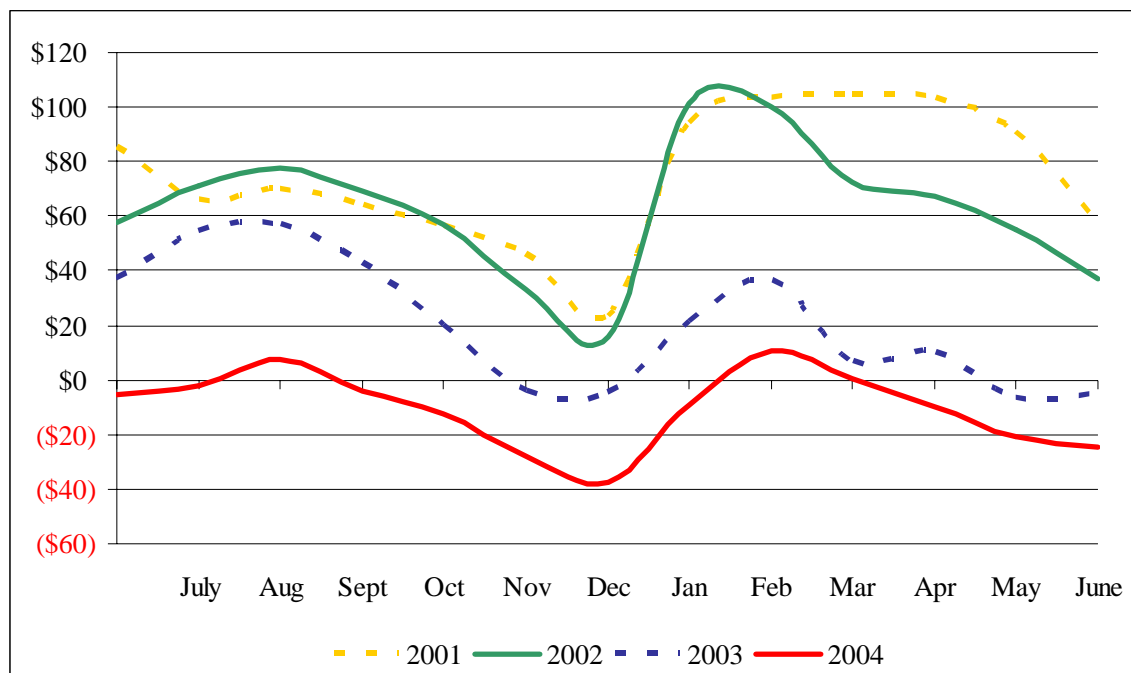
While the district's general operating funds have been experiencing cash flow deficiencies since early in fiscal year 2003, there was no evidence of cash flow projections being performed. For cash flow purposes, the prior administration used other restricted funds held in the combined bank account to cover negative cash operating funds balances during fiscal year 2003. This combined bank account includes the general operating funds, desegregation, federal, and other restricted funds. In November and December 2002, the prior administration needed up to \$4.8 million in these funds to cover negative cash operating funds balances. In May and June 2003, the district again needed up to \$6.8 million. In July 2003, the management team realized that the district would not have enough general operating cash to fund operations for the coming school year and that a cash shortfall would still exist at fiscal year end. The management team sought court approval to borrow monies from the desegregation funds to fund district operations. In August 2003, the United States District Court for the Eastern District of Missouri and the original plaintiffs in the desegregation litigation agreed to allow the district to borrow up to \$49.5 million in desegregation funding for operating purposes. The court agreement requires any desegregation funds not repaid by June 30, 2004, be repaid, interest free, in six annual installments beginning in fiscal year 2005.

After taking measures to reduce expenditures and receive local property taxes earlier, the district's cash flow shortfall at December 31, 2003, was \$37.6 million. The district covered this cash flow shortfall using desegregation funds.

Figure 1.1 depicts the district's general operating funds cash balances, by month, for fiscal years 2001 through 2003. Actual fiscal year 2004 month end cash balances are presented through December 2003, while balances through the end of fiscal year 2004 are projected.

² Historically this annual payment has been approximately \$20 million.

**Figure 1.1: General Operating Monthly Cash Balances By Year
In Millions**



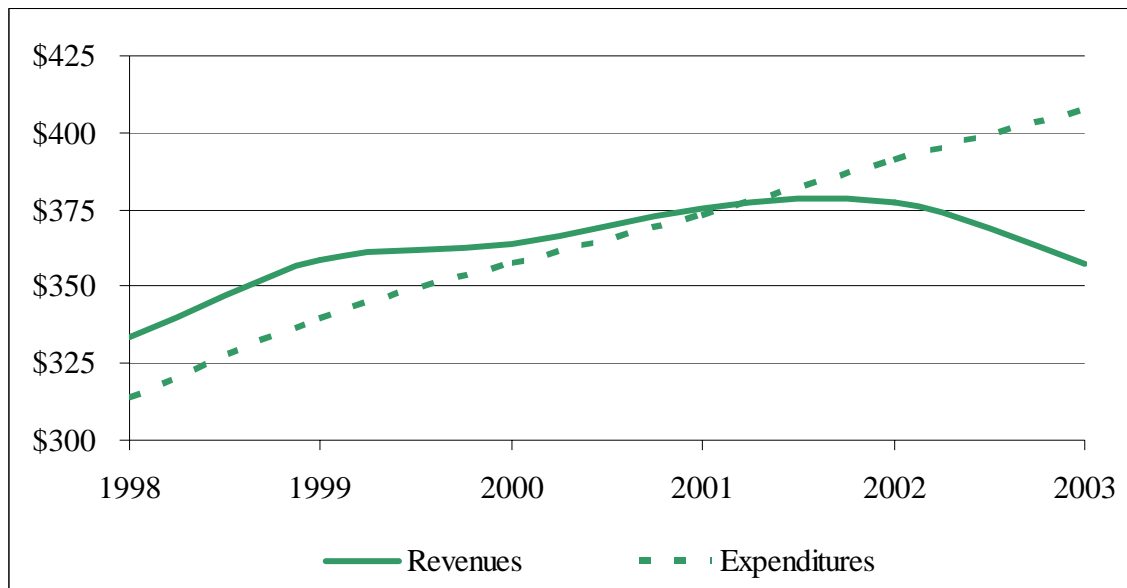
Source: District accounting records

As depicted in Figure 1.1, cash balances have been decreasing significantly each year since fiscal year 2001.

Factors leading to financial difficulties

Several factors have contributed to the decline in the district's financial condition, with the most significant being a substantial decrease in state revenues. As a result of state budget shortfalls, state revenues declined slightly in fiscal year 2002 (approximately \$5 million or 3 percent) and declined substantially (approximately \$21 million or 11.5 percent) in fiscal year 2003. A portion of this decline each year was due to increasing charter school payments (approximately a \$4 million increase per year in 2001, 2002, and 2003.) The district's other significant revenue source, local tax revenues, remained relatively constant over the same time period. Overall, general operating funds revenues declined 5.1 percent from fiscal year 2001 through 2003. In contrast, operating funds expenditures increased 8.8 percent over the same time period. The increase is almost exclusively due to a \$22.8 million (11 percent) increase in salaries and a \$13.7 million (25 percent) increase in benefits. These increases were a result of a three year salary increase agreement with teachers and other staff and increasing health insurance costs. Other expenditures, which comprise only 27 percent of total expenditures, decreased 3.4 percent overall from 2001 to 2003. See Appendix I for a schedule of revenues, expenditures, and change in operating funds balance for fiscal years 2001 through 2003. Figure 1.2 depicts general operating funds total revenues and expenditures from fiscal year 1998 through 2003.

**Figure 1.2: General Operating Revenues and Expenditures
In Millions**



Source: Comprehensive Annual Financial Reports 1998 – 2000, District accounting records 2001 – 2003.

The district has been operating with expenditures exceeding revenues since fiscal year 2002. The disparity in operating funds revenues and expenditures in recent years has resulted in the unrestricted operating funds balance, or reserve, declining from \$55.4 million in June 2001 to a deficit balance of \$12.3 million in June 2003. Section 161.520, RSMo 2000, considers a district to be "financially stressed" if the year end operating funds balance is less than three percent of expenditures or is negative.

Inadequate budgetary procedures and follow through

Inadequate budgetary procedures and a lack of significant reductions in expenditures also contributed to the district's recent financial difficulties. Budgetary procedures were not sufficient to provide the Board with the information they needed to adequately monitor the budget. In addition to amendments to the budget decreasing overall revenues by \$15 million, the Board also approved amendments increasing budgeted expenditures by \$12 million during fiscal year 2003. Budget amendments approved by the Board did not include projections of the effect of the amendments on the operating funds ending balance. There is no documentation that indicates the Board received monthly updates on the status of the general operating funds balance or reserve. Furthermore, amendments were not prepared for additional revenue reductions and the amended budget was exceeded. The combination of revenues not meeting initial expectations and increases and overspending in expenditures resulted in a substantial depletion of the general operating funds reserve.

Although the general operating funds balance decreased in fiscal year 2002, and internal budget documents indicate that as early as December 2002 the Prior Superintendent was made aware that projections indicated the general operating funds balance would be negative by the end of fiscal year 2003, no significant reductions in expenditures were made for fiscal year 2003.

According to prior administration officials, the reductions in state revenue experienced in fiscal year 2003 could not be anticipated, and, by the time the district became aware of the reductions, significant cost cuts for fiscal year 2003 were not possible because of contractual obligations. However, some action was taken to mitigate the effects of the state revenue cuts and reduce expenditures, such as a freeze on hiring, the elimination of nonessential travel and other non-payroll expenditures, and the elimination of the extended school year program. The district used reserves to cover the state budget cuts and to honor the third year of the salary agreement. The district also promoted and passed a bond issue in April 2003 which could provide additional funds for capital improvements and debt service.

In addition, the district initiated a lawsuit regarding the state funding. In the lawsuit, the district has claimed that the state cannot reduce a portion of the district's state funding due to the desegregation agreement. This case was originally ruled in the district's favor but has been appealed and is currently pending. If the court rules in favor of the district, the state could owe money to the district.

Given the historical trends in financial information and declining balances of the district, it is unclear why there were not more documented communications between the board and the administration regarding the budgetary issues and possible solutions.

Current budget calls for general operating funds deficit

After the management team's projected cost reductions, the budget approved by the Board in August 2003 for fiscal year 2004 included a projected deficit general operating funds balance of \$14.7 million at June 30, 2004. By approving a budget that includes a projected deficit fund balance, the Board has violated Section 67.010 (2), RSMo 2000, which states "in no event shall the total proposed expenditures from any fund exceed the estimated revenues to be received plus any unencumbered balance".

Future issues

The 2004 budget is a projection and assumes certain events, activities, revenues, and costs during the fiscal year. The management team is in the process of revising the fiscal year 2004 budget to more accurately reflect actual activity to date and project the year end deficit. As changes continue to be made at the district, the actual results will differ from these projections. As such, it is imperative that the district continue monitoring the budget and cash flow projections and make any reductions in expenditures necessary to balance the budget and carry the district into fiscal year 2005.

The State Auditor's Office is continuing to audit the operations of the district and any findings and recommendations will be included in a subsequent report.

APPENDIXES

APPENDIX I

ST. LOUIS PUBLIC SCHOOL DISTRICT SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN GENERAL OPERATING FUNDS BALANCE

	Year Ended June 30,		
	2001	2002	2003
Beginning Balance	\$ 57,092,145	59,720,639	46,190,556
Revenues			
Local	185,356,983	189,843,031	186,640,506
State	185,240,287	179,788,428	159,174,982
Federal	4,913,567	7,775,574	10,516,889
Total Revenues	375,510,837	377,407,033	356,332,377
Expenditures and Transfers			
Payroll	209,287,529	223,870,733	232,138,289
Benefits	54,400,285	60,648,987	68,154,012
Transportation	23,932,492	30,322,351	30,823,789
Professional Services	14,582,638	14,679,662	11,529,286
Property Services	19,161,086	14,402,592	15,900,724
Supplies	18,770,217	21,504,387	18,664,842
Tuition	7,877,527	8,476,013	14,707,760
Capital Expense	15,509,823	7,789,271	11,641,981
Other	9,360,746	9,243,120	2,202,468
Total Expenditures and Transfers	372,882,343	390,937,116	405,763,152
Revenues Over (Under) Expenditures	2,628,494	(13,530,083)	(49,430,774)
Ending Balance	\$ 59,720,639	46,190,556	(3,240,218)
Restricted Balance	4,296,237	6,485,697	9,089,715
Unrestricted Balance	55,424,402	39,704,859	(12,329,933)
Total Balance	\$ 59,720,639	46,190,556	(3,240,218)

Source: District accounting records and Comprehensive Annual Financial Reports

APPENDIX II

ST. LOUIS PUBLIC SCHOOL DISTRICT BUDGET VERSUS ACTUAL COMPARISON, GENERAL OPERATING FUNDS

	2001			Year Ended June 30, 2002			2003		
	Original Budget	Amended Budget	Actual	Original Budget	Amended Budget	Actual	Original Budget	Amended Budget	Actual
Revenues									
Local	\$ 184,013,576	184,013,576	185,356,983	186,965,851	191,811,162	189,843,031	193,437,711	197,829,329	186,640,506
State	183,156,652	183,156,652	185,240,287	192,715,751	183,592,822	179,788,428	177,308,560	152,921,265	159,174,982
Federal	2,900,894	2,900,894	4,913,567	2,694,663	8,572,794	7,775,574	4,381,525	8,989,043	10,516,889
Total Revenues	<u>370,071,122</u>	<u>370,071,122</u>	<u>375,510,837</u>	<u>382,376,265</u>	<u>383,976,778</u>	<u>377,407,033</u>	<u>375,127,796</u>	<u>359,739,637</u>	<u>356,332,377</u>
Expenditures and Transfers									
Payroll	222,181,016	211,743,634	209,287,529	226,852,981	226,460,948	223,870,733	232,710,547	232,116,004	232,138,289
Benefits	53,738,851	58,041,191	54,400,285	59,531,215	60,769,430	60,648,987	67,048,264	68,126,160	68,154,012
Transportation	23,865,965	24,481,275	23,932,492	26,204,926	26,735,449	30,322,351	27,014,817	30,624,919	30,823,789
Professional Services	13,910,349	17,314,046	14,582,638	8,033,710	14,060,213	14,679,662	9,357,963	11,782,346	11,529,286
Maintenance	16,305,531	21,547,918	19,161,086	15,898,994	14,349,335	14,402,592	14,201,318	15,965,771	15,900,724
Supplies	24,930,523	22,771,539	18,770,217	25,087,222	21,649,122	21,504,387	17,372,975	18,686,483	18,664,842
Tuition	7,379,692	8,064,108	7,877,527	8,365,896	8,476,838	8,476,013	6,949,604	9,335,538	14,707,760
Capital Expenses	23,860,179	23,860,179	15,509,823	7,565,381	7,565,381	7,789,271	8,104,616	8,104,616	11,641,981
Other	10,615,699	10,616,353	9,360,746	9,015,642	7,697,757	9,243,120	6,811,588	7,129,625	2,202,468
Total Expenditures and Transfers	<u>\$ 396,787,805</u>	<u>398,440,243</u>	<u>372,882,343</u>	<u>386,555,967</u>	<u>387,764,473</u>	<u>390,937,116</u>	<u>389,571,692</u>	<u>401,871,462</u>	<u>405,763,152</u>

Source: District accounting records

APPENDIX III

3222 Hawthorne Blvd.
St. Louis, MO 63104
January 20, 2004

Honorable Claire C. McCaskill
Missouri State Auditor
P.O. Box 869
Jefferson City, MO 65102

RE: Response to State Auditor's Report of St. Louis Public Schools

Dear Honorable McCaskill:

Thank you for allowing George Byron, Bill Purdy and me the opportunity to review your report on the finances of the St. Louis Public Schools.

We agree that the major reason for the financial difficulties that faced the school district for FY 2003 was the major revenue reductions by the State. The auditors also have agreed that the full impact of these revenue reductions was not known until late in June (the end of fiscal year 2003).

Contrary to the obvious public relations efforts, the auditors and I agree that there was never a projected deficit of \$90 million plus for June, 2004.

We disagree with the statement that the lack of budgetary oversight and lack of significant action to reduce expenditures lead to the current financial difficulties. Monthly budgetary reporting to the board has been in the format that the board has requested, and has been that way for many years. A current board member requested the most recent change in the reporting format. The request was that all contracts submitted to the board indicate whether the appropriations to cover the contract were coming from a transfer, a new grant or new and additional appropriations (fund balance).

The monthly reports to the board included budget transfers, new and additional appropriations from either a new grant or from fund balance, new appropriations for additional personnel and a report by fund on total appropriations, year-to-date expenditures, outstanding encumbrances and remaining appropriations. Also included, but not as part of the financial reporting were all personnel transactions for the month.

If these reports are not adequate, then the board should address this issue and change their reporting requirements. The previous administration gave the board the reports in the format they (the board) had established years ago and there have

never been any findings by the auditors that the board was not receiving sufficient information. It is easy to say after the fact that the board was not receiving enough information, but they received the reports they wanted in the format they wanted.

Actions were taken to reduce expenditures as the auditors explained in their report, but the severity of the state revenue reductions was not fully known until late in June, 2003. When it became known that the State was not fulfilling its obligation regarding the Desegregation Settlement Agreement, the District brought suit against the State (early in calendar year 2003). It was also presented to the board and approved that the passing of the \$125 million bond issue would bring in additional revenues to the District for both debt service and general operating funds. The voters approved the bond issue and the first bonds issued redeemed the Leasehold Revenue Bonds, thus reducing the General Operating expenditures over \$5 million for FY 2004. The application to DESE to utilize \$0.18 of the Debt Service Levy to generate additional 2004 revenue for the District from all indications has not been done. To address the financial condition, the lawyers were contacted about reversing the \$10.6 million transfer that was made for the city vocational high school. They drafted a resolution to reverse the previous transfer, bringing the monies back into the General Fund. Mr. Brostron, of Lashly & Baer, presented this resolution to the current board and it was approved and the transfer was reversed prior to the end of fiscal year 2003.

There were intense budget discussions before the board filed suit against the State over the Desegregation Agreement. There were extensive discussions about state cuts before the board approved the \$125 million bond issue. Finally, on more than one occasion the superintendent and some board members went to Jefferson City to lobby against budget cuts.

In summary, four years ago when we entered into the salary agreement with our employees, we had no idea that the economy would cause state budget cuts. We certainly expected the State to live up to the Desegregation Agreement. We never expected the cost of charter schools to exceed \$20 million. It is not true that the previous administration and board took no significant actions to avoid the current financial condition.

Sincerely,



Cleveland Hammonds

Retired Supt. St. Louis Public Schools

Cc: George Byron & Bill Purdy



William V. Roberti
Acting Superintendent of Schools

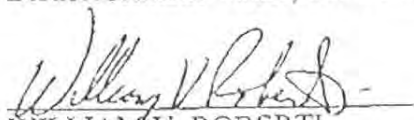
St. Louis Public Schools Response to the Audit by the State Auditor's Office

The State Auditor's Report on St. Louis Public Schools confirms what the current Management Team and current Administration have been reporting:

- That the District's \$90 million cash flow deficit was based on reasonable assumptions and standard methodologies; in other words, it was real.
- That the District's financial problems should have been recognized as early as the 2001-2002 school year, before any significant reduction in state aid had occurred.
- That the financial crisis was known by the prior Administration of the District as early as December 2002, but that few significant steps were taken to address it.
- That all District reserves were depleted by the prior Administration.
- That the prior Administration did present a plan to the Board of Education in June 2003 calling for some \$55 million in program cost reductions, including school closings, teacher layoffs and elimination of athletic programs.

The report also notes that the prior Administration had inadequate budgetary procedures and did not take significant actions (cost reductions) to address the District's financial crisis. Since that time, the current Administration has implemented regular financial statements, monthly operating budget reports, and weekly cash flow reports, among other changes.

The report states that the District must continue to monitor the budget and make additional reductions necessary to balance the budget in 2004 and 2005, as required by state law, and that the District's unbalanced budget for the current fiscal year means that the District is still in violation of state law. In the dramatic cost reductions taken to date by the current Administration, there has been an effort to keep reductions away from the classroom, which is the District's core purpose. As we reported to the Board of Education and the public on Jan. 13, we have to reduce costs by an additional \$23 million to balance the budget for 2004-2005. We will work diligently to ensure that the core purpose of the District remains whole, but we must closely consider all District operations.


WILLIAM V. ROBERTI
Acting Superintendent

801 N. 11th Street
St. Louis, Missouri 63101
p.(314) 231-3720



**OFFICE OF LIEUTENANT GOVERNOR
THREE YEARS ENDED JUNE 30, 2003**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-08
January 26, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

January 2004

The following findings were noted as a result of an audit conducted by our office of the Office of Lieutenant Governor.

Expenditures were not always charged to the most appropriate object codes. We noted expenditures of at least \$8,300, \$6,600, and \$11,700 in fiscal years 2003, 2002, and 2001, respectively, that were improperly classified in the Statewide Advantage for Missouri (SAM II) System. In addition, payments to the state's Office of Administration, Flight Operations for state plane usage were charged to aircraft rental in fiscal years 2002 and 2001. However, in fiscal year 2003, a state plane flight, costing \$622, was charged to in-state commercial transportation.

The office needs to improve its records and procedures for capital assets. We noted capital asset duties are not adequately segregated and an annual statement of changes in capital assets is not prepared. Additionally, capital asset records do not always include complete descriptions, accurate locations, acquisition costs and dates, and model and serial numbers, where applicable.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

OFFICE OF LIEUTENANT GOVERNOR

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON
THE FINANCIAL STATEMENTS**

Honorable Joe Maxwell, Lieutenant Governor
Jefferson City, MO 65102

We have audited the accompanying Statements of Appropriations and Expenditures of the General Revenue Fund-State of the Office of Lieutenant Governor for the years ended June 30, 2003, 2002, and 2001. These financial statements are the responsibility of the office's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the state's legal budgetary basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the appropriations and expenditures of the General Revenue Fund-State of the Office of Lieutenant Governor for the years ended June 30, 2003, 2002, and 2001, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated October 17, 2003, on our consideration of the office's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying financial information listed as supplementary data in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the office's management and was not subjected to the auditing procedures applied in the audit of the financial statement referred to above. Accordingly, we express no opinion on the information.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" being more prominent than the last name "McCaskill".

Claire McCaskill
State Auditor

October 17, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Toni M. Crabtree, CPA
In-Charge Auditor:	Susan Beeler



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

Honorable Joe Maxwell, Lieutenant Governor
Jefferson City, MO 65102

We have audited the financial statements of the Office of Lieutenant Governor for the years ended June 30, 2003, 2002, and 2001, and have issued our report thereon dated October 17, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of the Office of Lieutenant Governor are free of material misstatement, we performed tests of the office's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of noncompliance which is described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of the Office of Lieutenant Governor, we considered the office's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low

level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted another matter involving the internal control over financial reporting which is described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of the Office of Lieutenant Governor and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

October 17, 2003 (fieldwork completion date)

Financial Statements

EXHIBIT A-1

OFFICE OF LIEUTENANT GOVERNOR
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
YEAR ENDED JUNE 30, 2003

	Appropriation	Expenditures	Lapsed Balances
GENERAL REVENUE FUND-STATE			
Personal service	\$ 300,899	300,899	0
Expense and equipment	66,211	65,395	816
Personal service and/or expense and equipment	40,783	13,532	27,251
Total General Revenue Fund-State	\$ 407,893	379,826	28,067

The accompanying Notes to the Financial Statements are an integral part of this statement.

EXHIBIT A-2

OFFICE OF LIEUTENANT GOVERNOR
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
YEAR ENDED JUNE 30, 2002

	<u>Appropriation</u>	<u>Expenditures</u>	<u>Lapsed Balances</u>
GENERAL REVENUE FUND-STATE			
Personal service and/or expense and equipment	\$ 419,577	349,643	69,934
Total General Revenue Fund-State	<u>\$ 419,577</u>	<u>349,643</u>	<u>69,934</u>

* Office officials indicated the lapsed balance includes \$50,000 withholdings made at the Governor's request in fiscal year 2002.

The accompanying Notes to the Financial Statements are an integral part of this statement.

EXHIBIT A-3

OFFICE OF LIEUTENANT GOVERNOR
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
YEAR ENDED JUNE 30, 2001

	Appropriation	Expenditures	Lapsed Balances
GENERAL REVENUE FUND-STATE			
Personal service and/or expense and equipment	\$ 417,897	384,231	33,666
Total General Revenue Fund-State	\$ 417,897	384,231	33,666

The accompanying Notes to the Financial Statements are an integral part of this statement.

Supplementary Data

Schedule 1

OFFICE OF LIEUTENANT GOVERNOR
COMPARATIVE STATEMENT OF EXPENDITURES (FROM APPROPRIATIONS)

	Year Ended June 30,			
	2003	2002	2001	2000
Salaries and wages	\$ 314,431	308,046	300,808	296,663
Travel, in-state	12,441	6,594	6,196	8,095
Travel, out-of-state	163	650	4,901	4,183
Supplies	13,156	9,331	10,046	2,666
Professional development	2,942	3,429	3,329	2,030
Communication services and supplies	8,263	8,420	8,493	5,465
Services:				
Business	2,492	0	5,828	661
Professional	461	4,453	0	1
Housekeeping and janitorial	0	0	1,874	2,652
Maintenance and repair	697	1,565	534	0
Equipment maintenance and repair	0	0	0	945
Computer equipment	18,796	1,958	18,883	30
Motorized equipment	0	0	0	601
Office equipment	1,369	1,126	16,483	370
Other equipment	3,355	0	1,050	0
Equipment rental and leases	573	4,005	293	0
Equipment lease payments	0	0	0	347
Building and equipment rentals	622	0	5,456	5,868
Miscellaneous expenses	65	66	57	0
Total Expenditures	\$ <u>379,826</u>	<u>349,643</u>	<u>384,231</u>	<u>330,577</u>

Note: Certain classifications of expenditures changed during the four-year period, which may affect the comparability of the amounts.

The accompanying Note to the Supplementary Data is an integral part of this statement.

Schedule 2

OFFICE OF LIEUTENANT GOVERNOR
STATEMENT OF CHANGES IN GENERAL CAPITAL ASSETS

	Office Equipment	Office Furniture	Total
Balance July 1, 2000	\$ 99,830	11,478	111,308
Additions	25,964	5,190	31,154
Dispositions	(30,394)	(12,168)	(42,562)
Balance, June 30, 2001	95,400	4,500	99,900
Additions	1,875	0	1,875
Dispositions	0	0	0
Balance, June 30, 2002	97,275	4,500	101,775
Total Additions	25,790	0	25,790
Dispositions	(23,654)	(1,500)	(25,154)
Balance, June 30, 2003	\$ 99,411	3,000	102,411

The accompanying Note to the Supplementary Data is an integral part of this statement.

Notes to the Financial Statements and Supplementary Data

OFFICE OF LIEUTENANT GOVERNOR
NOTES TO THE FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Notes to the Financial Statements:

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present only selected data for the General Revenue Fund-State of the Office of Lieutenant Governor.

Appropriations, presented in the Exhibits, are not separate accounting entities. They do not record the assets, liabilities, and equity or other balances of the related funds but are used only to account for and control the office's expenditures from amounts appropriated by the General Assembly.

Expenditures presented for each appropriation may not reflect the total cost of the related activity. Other direct and indirect costs provided by the office and other state agencies are not allocated to the applicable fund or program.

B. Basis of Accounting

The Statements of Appropriations and Expenditures, Exhibit A, are presented on the state's legal budgetary basis of accounting. For years ended on or after June 30, 2001, expenditures generally consist of amounts paid by June 30, with no provision for lapse period expenditures unless the Office of Administration approves an exception. Amounts encumbered at June 30 must be either canceled or paid from the next year's appropriations.

However, the General Assembly may authorize continuous (biennial) appropriations, for which the unexpended balances at June 30 of the first year of the 2-year period are reappropriated for expenditure during the second year. Therefore, such appropriations have no lapsed balances at the end of the first year.

The budgetary basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Fiscal Authority and Responsibility

The office administers transactions in the General Revenue Fund-State. The state treasurer as fund custodian and the Office of Administration provide administrative control over fund resources within the authority prescribed by the General Assembly.

The office receives appropriations from this fund and does not maintain a proprietary interest in the fund. Appropriations from the fund are used for the basic operation of the office, including those programs and services that have no other funding source. These appropriations also may be used to initially fund, or to provide matching funds or support for, programs paid wholly or partially from other sources.

D. Employee Fringe Benefits

In addition to the social security system, employees are covered by the Missouri State Employees' Retirement System (MOSERS) (a noncontributory plan) and may participate in the state's health care, optional life insurance, cafeteria, and deferred compensation and deferred compensation incentive plans. The optional life insurance and cafeteria plans involve only employee contributions or payroll reductions. The deferred compensation plan involves employee payroll deferrals and the deferred compensation incentive plan a state contribution for each employee who participates in the deferred compensation plan and has been employed by the state for at least 1 year.

The state's required contributions for employee fringe benefits are paid from the same funds as the related payrolls. Those contributions are for MOSERS (retirement, basic life insurance, and long-term disability benefits); social security and medicare taxes; health care premiums; and the deferred compensation incentive amount.

Transfers related to salaries are not appropriated by agency and thus are not presented in the financial statements at Exhibit A.

Note to the Supplementary Data:

2. General Capital Assets

During fiscal year 2003, the office converted its capital asset records to the Statewide Advantage for Missouri (SAM II) System. General capital assets are recorded at cost in the general capital assets account. General capital assets are depreciated on a straight-line basis using various useful life classifications and a salvage value of zero. Accumulated depreciation on general capital assets at June 30, 2003 was approximately \$75,000.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

OFFICE OF LIEUTENANT GOVERNOR
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of the Office of Lieutenant Governor for the years ended June 30, 2003, 2002, and 2001, and have issued our report thereon dated October 17, 2003.

The following Management Advisory Report presents our findings arising from our audit of the office's financial statements.

1.	Expenditure Procedures
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Expenditures were not always properly classified in the Statewide Advantage for Missouri (SAM II) System.

A. Expenditures were not always charged to the most appropriate object codes. We noted expenditures of at least \$8,300, \$6,600, and \$11,700 in fiscal year 2003, 2002, and 2001, respectively, that were improperly classified in SAM II. Some examples include:

- During fiscal year 2001, computers and related equipment, totaling more than \$8,000, were charged to reproduction and printing equipment.
- During fiscal 2002, a laptop computer, costing approximately \$1,900, was charged to software leases and license fees and office supplies, totaling approximately \$1,100, were charged to printing and binding supplies.
- During fiscal year 2003, the purchase of new telephones, costing approximately \$3,400, was charged to telecommunication supplies and a shredder, costing approximately \$1,200, was charged to office furniture and equipment repair and maintenance.

Additionally, during fiscal years 2003 and 2002, printing and binding services, totaling approximately \$3,700, were charged to printing and binding supplies.

We made adjustments in Schedule 1 to report these expenditures in more appropriate classifications.

B. Some similar expenditures were not consistently coded to the same object code in SAM II. We noted payments to the state's Office of Administration, Flight Operations for state plane usage were charged to aircraft rental in fiscal years 2002 and 2001. However, in fiscal year 2003, a state plane flight, costing \$622, was charged to in-state commercial transportation.

The office should ensure that expenditures are charged to the correct and/or most appropriate object code in the SAM II. Additionally, similar expenditures should be consistently charged to the same object code. This is necessary for evaluating costs and for budget purposes.

WE RECOMMEND the Office of Lieutenant Governor ensure expenditures are charged to the most appropriate object codes and similar expenditures are consistently charged to the same code.

AUDITEE'S RESPONSE

We reviewed the findings and recommendations of the audit. We will take them into consideration in our future policy decisions as well as staff training and implementation.

2. Capital Asset Records and Procedures
--

The office needs to improve its records and procedures for capital assets. At June 30, 2003, the Office of Lieutenant Governor was responsible for capital assets totaling over \$102,000. Our review of the office's property records indicated the following concerns:

- A. Capital asset duties are not adequately segregated. The individual who maintains the records of capital assets is also responsible for performing the physical inventory. To improve internal controls and to adequately safeguard assets from theft or misuse, the physical inventory should be performed by an individual independent of the custodial and record keeping functions.
- B. An annual statement of changes in capital assets is not prepared. In addition, a complete list of all additions and disposition is not maintained, and capital asset purchases are not routinely reconciled to the property additions recorded on SAM II. We noted a computer and printer, purchased in fiscal year 2001, and the voice mail system, replaced by insurance in fiscal year 2003, were not recorded in the additions listing. Additionally, a printer and the old telephone system were disposed of during fiscal year 2003, but were not recorded in the dispositions listing. Although, we reconstructed the records to allow for the preparation of the statement of changes in capital assets, the office needs to improve its records and procedures.

The Code of State Regulations, at 15 CSR 40-2.031, provides that each department should annually prepare a statement of changes in capital assets to summarize the transactions occurring during the fiscal year and account for all acquisitions and dispositions. In addition, the failure to properly record property items reduces the control and accountability over capital assets and increases the potential for loss, theft, or misuse of assets.

- C. Capital asset records do not always include complete descriptions, accurate locations and acquisition costs and dates, and model and serial numbers, where applicable.

Such information is necessary to assist in the annual inventory and to provide complete and accurate capital asset records.

We noted seven equipment items purchased during fiscal year 2001 recorded in the capital asset records at amounts other than the purchase price. Five of these seven, as well as two additional equipment items, were recorded at a date other than the date of purchase. These errors were corrected by office personnel when we brought them to their attention.

The Code of State Regulations, at 15 CSR 40-2.031, requires state agencies to maintain adequate capital asset records that include identification number; description of the item including name, make, model and serial number, where appropriate; acquisition cost; date of acquisition; estimated useful life at the date of acquisition; physical location in sufficient detail to readily locate the item; and method and date of disposition, if applicable.

WE RECOMMEND the Office of Lieutenant Governor:

- A. Ensure an individual independent of the record keeping and custodial functions perform the physical inventory.
- B. Prepare an annual statement of changes in capital assets and account for all acquisitions and dispositions. In addition, capital asset purchases should be reconciled to the capital asset records on a periodic basis.
- C. Ensure complete and accurate capital asset records are maintained.

AUDITEE'S RESPONSE

We reviewed the findings and recommendations of the audit. We will take them into consideration in our future policy decisions as well as staff training and implementation.

This report is intended for the information and use of the management of the Office of Lieutenant Governor and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

STATISTICAL SECTION

History, Organization, and
Statistical Information

OFFICE OF LIEUTENANT GOVERNOR HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The lieutenant governor is required to meet the same qualifications as the governor. The lieutenant governor is elected for a four-year term.

Under the constitution, the lieutenant governor serves as the ex officio president of the Missouri Senate. In addition, upon the governor's death, conviction, impeachment, resignation, absence from the state or other disabilities of the governor, the powers, duties and emolument of the governor devolve upon the lieutenant governor until the end of the term or until the disability of the governor is removed.

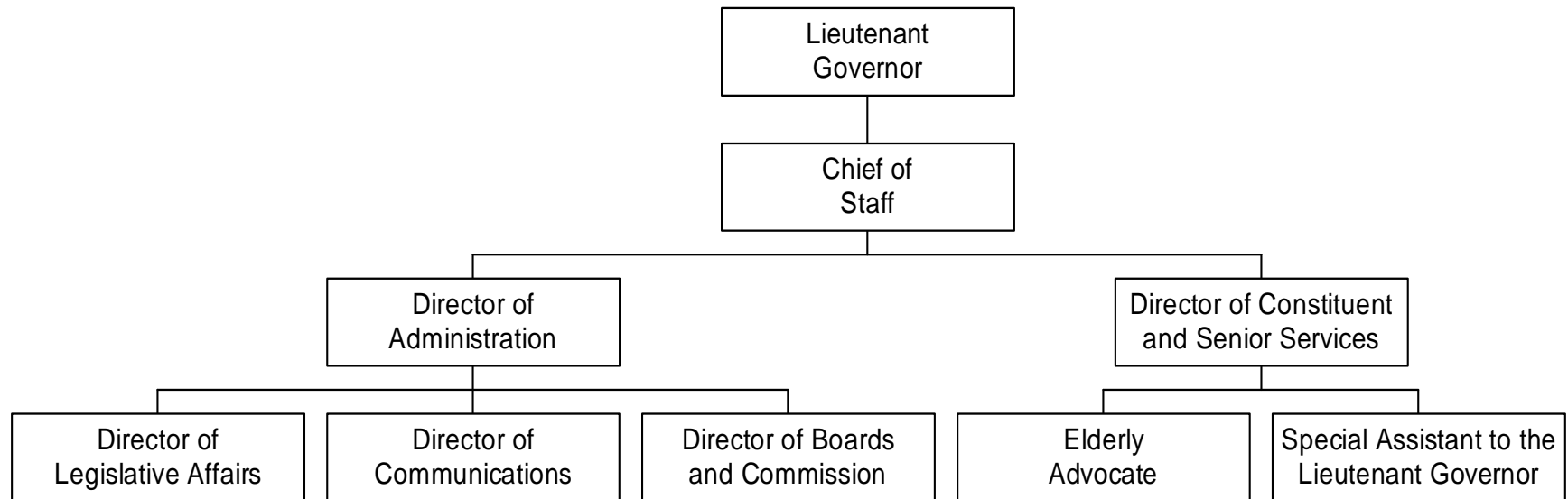
By law, the lieutenant governor serves as a member of the Board of Fund Commissioners, the Board of Public Buildings, the Governor's Council on Physical Fitness and Health, the Missouri Development Finance Board, the Missouri Housing Development Commission, the Missouri Rural Economic Development Council, the Second State Capital Commission, the Special Health, Psychological and Social Needs of Minority Older Individuals Commission, and the Statewide Safety Steering Committee.

The lieutenant governor chairs the Missouri Community Service Commission, the Missouri SenioRX Program, and the Veterans Benefits Awareness Task Force. He co-chairs the Personal Independence Commission and serves as vice-chair on the Missouri Tourism Commission. He also serves as an advisor to the Department of Elementary and Secondary Education on early childhood education and the Parents-as-Teachers program. The lieutenant governor also serves as the state's official advocate for Missouri's elderly and acts in the role of the official ombudsman for all Missouri's citizens.

On November 15, 2000, Joe Maxwell was sworn in as the forty-fifth Lieutenant Governor of the state of Missouri. His term will expire in January 2005.

At June 30, 2003, the office employed eight full-time employees and one part-time employee. An organization chart follows.

OFFICE OF LIEUTENANT GOVERNOR
ORGANIZATION CHART
JUNE 30, 2003





OFFICE EQUIPMENT ACQUISITION AND MAINTENANCE

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-07
January 27, 2004
www.auditor.mo.gov**

PERFORMANCE AUDIT



Office of
Missouri State Auditor
Claire McCaskill

January 2004

Copy machine maintenance costs could be reduced and increased oversight needed of state computer hardware purchases

The Office of Administration (OA) oversees the statewide contract for copy machine maintenance agreements. These maintenance agreements are priced based on a maximum number of copies per month, referred to as a base level. In addition, OA oversees the prime vendor contract for state purchases of computer hardware and peripheral equipment. Purchases through the prime vendor totaled approximately \$26.5 million in fiscal year 2003. This audit focused on copy machine maintenance agreement contracts as well as the contract for state computer hardware and peripherals.

Most maintenance and rental agreements were not cost-effective due to excessive base levels or non-statewide contracts

Auditors found maintenance and rental agreements were not cost-effective for 86 percent of the 77 copy machine agreements reviewed. Of the contracts reviewed, entities could have saved an estimated \$43,900 of the \$108,100 annual maintenance expenditures had more cost-effective agreements been used for these copy machines. (See page 3)

Agreements purchased outside the statewide contract proved more costly

None of the maintenance agreements purchased outside the statewide contract for the 30 copy machines reviewed were cost-effective. Entities could have saved an estimated 57 percent in annual maintenance costs by using the statewide contract. (See page 4)

Statewide contract did not offer base level options for all copy machines

In most cases, state entities paid more for maintenance agreements when the state contract offered only one base level than if various base levels had been available. Entities could have saved an estimated 48 percent in annual maintenance costs for 11 of 15 copy machines reviewed if various base levels had been available. In addition, auditors found agreements for two of three rental copy machines reviewed had base levels higher than the average actual usage. (See page 5)

Infrequent bidding hindered competitive prices for computer hardware and peripheral equipment

OA extended the prime vendor statewide contract for computer hardware and peripheral equipment for almost seven years without competitive bids and, as a result, did not ensure it obtained the lowest prices possible. (See page 8)

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YELLOW SHEET

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ABBREVIATION

OA Office of Administration



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Jacquelyn D. White, Commissioner
Office of Administration
Jefferson City, MO 65102

Office equipment is an essential part of state operations. To determine whether state entities effectively and efficiently procured this equipment and related maintenance, we focused on Office of Administration and state entity policies and procedures designed to monitor these purchases. Our objectives were to determine (1) if copy machine maintenance agreements were cost effective, and (2) whether computer equipment was procured in the most cost-effective manner.

We found most state entities spent more than necessary on copy machine maintenance agreements. In addition, the state may be paying too much for computer hardware and peripherals under its current statewide contract.

We conducted our work in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such tests of the procedures and records as were considered appropriate under the circumstances. In this regard, we reviewed applicable state statutes, statewide contracts related to office machines, articles from various periodicals, and audit reports from other states related to office machine acquisition. We also interviewed state personnel and statewide contract copier maintenance service provider representatives.

Claire C. McCaskill
State Auditor

The following staff contributed to this report:

Director of Audits:	Kirk R. Boyer
Audit Manager:	Peggy Schler, CPA
Auditor-in-Charge:	Marty Beck
Audit Staff:	Chad Hampton
	Marty Carter

RESULTS AND RECOMMENDATIONS

1. Copy Machine Maintenance Costs Could Have Been Reduced

State entities¹ have paid more than necessary for copy machine maintenance services. This situation has occurred because (1) the Office of Administration (OA) did not ensure more than one base level was provided for maintenance contracts related to copy machines that were available for purchase from statewide contracts, and (2) state entities did not contract for maintenance services which closely reflected actual usage for copy machines which are no longer available for purchase where more than one base level was available. Most entities failed to perform and/or document cost benefit analyses of maintenance level alternatives. Some entities purchased maintenance agreements outside the statewide contract. In addition, the statewide contract did not offer various base levels based on expected usage for copy machines rented by state entities. Entities were also not always aware they had the option to change base level options.

Background

State entities are generally required to purchase copy machines from a mandatory statewide contract which provides several models to choose from. Each model has an optional maintenance agreement which specifies a maximum number of copies per month, referred to as a base level. There is a fixed cost per month for the base level and any overage is calculated on a cost per copy rate. The base level of copies for each model varies and generally increases as the copying speed and/or features of the copy machine models increase. For example, an entity may need a copy machine with particular features or a higher speed which has a specified base amount of 30,000 copies per month while the actual volume of copies per month may be far less.

Additionally, state entities are generally required to purchase maintenance agreements from a mandatory statewide copy machine maintenance contract for copy machine models that are no longer available for purchase on statewide contract. The contract provides various base levels for each copy machine model, allowing the entities to select a base level which corresponds to actual usage amounts.

Methodology

Absent a statewide database on copy machines owned or rented by state entities, we surveyed 132 state entities to determine the number of copy machines and related utilization procedures. Survey respondents identified 2,990 copy machines and provided a listing of copy machines owned, rented, and/or leased. To determine copy machine maintenance and rental cost effectiveness, we selected 102 copy machines located at various state entities throughout the state and reviewed the corresponding maintenance or rental agreements. Agreements for only 77 machines could be analyzed. Agreements for 25 machines could not be analyzed for various reasons such as maintenance agreements were not maintained or copy count information was unavailable. We obtained copy count information for fiscal year 2002 for each copy machine, if

¹ For purposes of this review, the term "state entities" includes all state departments and their subunits, elected officials, and the legislative and judicial branches.

available. When 2002 information was not available, we obtained the most current information available for a period that allowed us to closely approximate a 12-month period. Based on available information, we calculated the average monthly copies produced during the fiscal year to compensate for high and low periods of usage. We obtained the contract price the entities were paying for maintenance and analyzed each copy machine depending upon the contract type as noted in the sections that follow.

For maintenance agreements where various base levels were available, we calculated the average actual monthly usage and determined the available base level for a particular model on the statewide contract which most closely corresponded to actual usage. We then compared actual contracted maintenance costs to statewide contract maintenance costs that would have been paid had the entity selected a more realistic base level. To analyze rental costs and maintenance agreements where only one base level was available, we compared the actual average monthly copies to another copy machine model which had a specified base that corresponded more closely to the actual usage. We then calculated the estimated annual maintenance or rental cost of the model with the more appropriate base level and compared that cost to the amount the entity was actually incurring.

Most maintenance and rental agreements were not cost-effective due to excessive base levels or non-statewide contracts

Maintenance and rental agreements were not cost-effective for 66 of 77 (86 percent) copy machines we reviewed. We estimate entities could have saved \$43,900 of the \$108,100 annual maintenance expenditures for these copy machines had more cost-effective agreements been used. Most entity personnel surveyed told us they purchased maintenance agreements for copy machines, and 90 percent indicated monthly copy count information had been maintained. To determine cost-effectiveness, survey respondents told us they periodically reviewed and compared lease, rental, and/or maintenance agreements. However, entity personnel did not have any documentation to support their analysis for most items reviewed. Table 1.1 depicts our estimates of savings which could have been realized had more cost-effective agreements been used.

Table 1.1: Estimated Savings for Copy Machine Maintenance or Rental Agreements

Type of Agreement	Copy machines tested	Estimated actual cost	Estimated annual savings
Other than statewide contracts	30	\$36,300	\$20,800
For copy machines no longer available for purchase through the statewide contract	29	39,800	11,200
For copy machines available for purchase through statewide contract	15	20,000	9,700
Rentals	3	12,000	2,200
Totals	77	\$108,100	\$43,900

Source: SAO analysis of maintenance agreements.

Agreements purchased outside the statewide contract proved more costly

None of the agreements for 30 copy machines for which maintenance was purchased outside the statewide contract were cost-effective. We estimate \$20,800 (57 percent) of the \$36,300 spent on maintenance agreements could have been saved by using the statewide maintenance contract. The entities reviewed had no documentation to support whether options such as the statewide contract had been considered when procuring maintenance agreements. We believe sound business practices dictate considering the cost-effectiveness of alternatives through the use of cost benefit analyses.

Entity personnel could not provide documentation to support the most cost-effective maintenance agreements had been obtained. Some personnel also could not explain why the statewide contract had not been used. For example, personnel from one entity stated they did not know maintenance could be purchased from a statewide contract. Personnel from another entity stated they did not know why a separate contract existed because it had been set up by a former employee. Three of the entities reviewed (16 of the 30 copy machines reviewed) were exempt from the state purchasing requirements. Personnel from two of these three entities indicated they did consider maintenance through the statewide contract. Personnel from the third entity indicated they thought the contract was through the statewide contract because it was with the same vendor.

The following example illustrates how one entity could have reduced maintenance costs if personnel had used the statewide contract. The agreement included all of the copy machines of the state entity under a single combined base level maintenance agreement. The contractor also provided services through the statewide contract. The official responsible for the copy machines stated the contract represented a modified version of the statewide contract. However, the statewide contract had not provided for grouping copy machines and setting a combined base level for multiple copy machines. In this example, the state entity had 8 and 13 copy machines during fiscal years 2002 and 2003, respectively, included on one maintenance agreement. The entity could have saved an estimated \$13,700 and \$9,000 during fiscal years 2002 and 2003, respectively, had they purchased maintenance through statewide contracts for each copy machine separately with base levels that more closely corresponded to the actual usage amount.

Entities incurred unnecessary costs even when various base levels were available

We found 22 of 29 (76 percent) maintenance agreements were not cost-effective² for copy machine models which were no longer available for purchase on the statewide contract. We estimate entities could have saved \$11,200 of the \$39,800 annual maintenance expenditures for these copy machines had more cost-effective agreements (e.g., a more appropriate base level) been used.

The following example illustrates how one entity could have reduced copy machine maintenance costs if a more effective agreement had been used. One maintenance agreement, costing approximately \$3,900 annually, had a base level of 25,000 copies per

²Sixteen different state entities were represented by these 22 maintenance agreements.

month; however, actual monthly usage averaged approximately 9,800 copies. We determined a maintenance contract with a base level of 10,000 copies per month would have resulted in an estimated annual savings of \$2,200.

Sound business practices dictate frequent monitoring of copy machine meter readings and the performance of periodic documented cost analyses to ensure the appropriate maintenance agreement base level is selected. Entities without cost-effective maintenance agreements responded to our survey stating copy count numbers were maintained and periodically reviewed and compared to maintenance agreements to ensure the most cost-effective agreements were being used. However, a cost analysis could not be provided by the entities for 20 of the 22 ineffective maintenance agreements.

The statewide contract provides base level options for most models, allowing the entities to select a base level which best corresponds to their actual/expected usage amounts.

Statewide contract did not offer base level options for all copy machines

Entities could have annually saved an estimated \$9,700 (48 percent) of the \$20,000 maintenance costs for 11 of 15 copy machines tested where only one base level was available. In most cases, state entities paid more for maintenance agreements when the state contract offered only one base level than if various base levels had been available because the entities were not meeting the base level usage. Sound business practices dictate state contracts provide multiple copy base levels that allow state entities to select the appropriate base level based on actual or anticipated actual usage.

The following example illustrates how one entity could have reduced copy machine maintenance costs if personnel could have selected an appropriate base level. One copy machine reviewed was a model with a maintenance agreement base level of 55,000 copies per month. We calculated the average monthly usage of the copy machine to be only 6,385 copies. The entity could have saved an estimated \$2,300 of \$2,970 annually had there been various base levels available for the maintenance contract.

Statewide contract did not offer base level options for rented copy machines

Our review of 3 rented copy machines disclosed an estimated savings of \$2,200 could have been realized if the base level specified in the rental agreement more closely represented actual usage. However, the statewide contract offered only one base level per model for rental copy machines. We found two of three rental copy machines tested had base levels specified in the contracts which were higher than the average actual usage. Sound business practices dictate using a documented cost benefit analysis to determine the most cost-effective base levels and alternative of procuring copy machines.

State entities were not always aware of option to change base levels

Our review of statewide maintenance agreements disclosed most state entities were unaware they were allowed to change base levels. One entity representative stated the

copy machine maintenance vendor would not allow the base level to be reduced. However, OA personnel stated base levels could be changed or the contract could be canceled and a new contract entered into. In addition, four of five vendors on the statewide contract stated they allow state entities to change base levels at any time.

Although maintenance agreements did not specifically address changing base levels, they did allow for cancellation of the contract. Sound business practices dictate the statewide contract clearly provide the circumstances under which modifications may be made.

Conclusions

Copy machine maintenance costs could have been reduced through better contracts and cost analyses. Agreements which provided various base levels would have allowed state entities to select a more cost-effective base level when purchasing maintenance agreements. Additionally, entities could have identified potential savings through periodic documented monitoring of copy machine usage and comparison to the terms of maintenance agreements. A documented analysis of usage and cost benefit analysis of appropriate alternatives would help ensure the most cost-effective alternative was selected. More awareness and clearer terms and conditions of maintenance agreements could also lead to more efficient spending.

Recommendations

We recommend the Commissioner, Office of Administration:

- 1.1 Ensure the statewide contracts for maintenance agreements for copy machines available to purchase on statewide contract and copy machine rental agreements offer multiple base levels.
- 1.2 Develop cost analysis tools for state entities to use when evaluating or determining the appropriate maintenance or rental agreement base level.
- 1.3 Direct non exempt state entities to obtain guidance or a waiver prior to entering into a maintenance agreement other than the mandatory statewide contract.
- 1.4 Ensure the terms and conditions of the statewide contract specifically address whether a state entity can change the base level.

Agency Comments

In a letter dated December 8, 2003, the Deputy Commissioner of Administration provided the following comments.

- 1.1 We agree. OA/PMM is currently re-bidding the statewide copier acquisition/maintenance contract, which expires June 30, 2004. Multiple base levels will be incorporated into the contract.*

1.2 *OA/PMM will determine the feasibility of cost analysis tool development. Current manpower constraints limit our abilities to develop such tools.*

1.3 *OA/PMM issues a notification of statewide contract which states the following:*

The use of this contract is mandatory for all state agencies. Local Purchase Authority shall not be used to purchase supplies/services included in this contract unless specifically allowed by the contract terms.

If a state entity's maintenance needs fall outside of the statewide contract, OA/PMM has issued instructions that they are to maintain written documentation of such and then satisfy their unique maintenance needs in accordance with their local procurement authority.

1.4 *We agree. OA/PMM will highlight this option in the new contract. However, we believe the current contracts allow state entities to change their base level by exercising the cancellation clause of the contract.*

2. OA Needs to Improve Its Oversight of State Computer Hardware and Peripherals Purchases

OA did not ensure the lowest possible price was obtained because of infrequent statewide contract competitive bidding. In addition, OA did not ensure annual audits of the contractor's billing were conducted as required by the contract. OA's oversight is needed since the prices on this type of equipment fluctuate frequently and the prime vendor contract allows for the adjustment of these prices accordingly.

Background

The state procures computer hardware and peripherals through a contractor (prime vendor), which purchases equipment from the manufacturer or other wholesalers and then resells it to the state at a specified percentage over cost. State entities spent approximately \$40 million during fiscal year 2003 on desktop computers and peripherals; approximately \$26.5 million of these purchases were made through the prime vendor contract. Most state entities are required to use the prime vendor contract to purchase desktop and laptop computers and peripherals. OA personnel indicated the prime vendor provides a useful service that saves considerable time.

Prior to the prime vendor contract, OA personnel estimated the state had approximately 70 individual contracts for computer hardware and peripherals. OA personnel also noted multiple contracts for these products are not feasible or efficient because the individual contracts become outdated very quickly and it is difficult to award bids to multiple vendors when the criteria to be used considers the lowest and best bid. OA acknowledged the volatility of the market causes prices on this type of equipment to fluctuate frequently and the prime vendor contract allows prices to adjust accordingly. In addition, with a multitude of brands already in use throughout the state, upgrades and compatibility requires utilizing the same brand as the original equipment.

Infrequent bidding hindered competitive prices

OA extended the previous statewide contract for computer hardware and peripheral equipment for almost 7 years without competitive bids and, as a result, did not ensure it obtained the lowest prices possible. An OA official stated they were trying to develop a Request For Proposal that would require vendors to accommodate the development of the infrastructure and Business-to-Business/Government Initiative, which would compliment the state's Electronic-Government Initiative through paperless order processing and other services. In addition, OA personnel stated more time than anticipated was needed to research this initiative because the state did not have the necessary expertise. However, without affording the opportunity for other vendors to bid for the prime vendor contract, the state may have been paying more than necessary, especially considering the same vendor reduced its bid costs by 1 percent on the current contract which was awarded effective July 1, 2003.

OA had three renewal options to extend the original October 1996 2-year contract in 1-year increments, for a total of 5 years. OA initially extended the contract for 15 months (e.g., October 2001 through December 2002) and then again to June 30, 2003. As a result, OA extended the contract 21 months beyond the maximum allowed by the contract. If OA had obtained

competitive bids even 1 year earlier and realized the same 1 percent reduction from the vendor, the state would have saved an estimated \$265,000 on the \$26.5 million of equipment purchased from this vendor.

OA did not ensure annual audits of the prime vendor contract were performed as required

OA did not adequately monitor the prime vendor contract because it did not enforce that annual compliance audits were conducted of the prime vendor's financial accounting system, internal controls, and pricing data as required by the contract. Pricing is based on a set percentage above the prime vendor's cost which fluctuates frequently. State entities had no way to verify the contracted amount was paid because the contractor's cost was not available. The state spent approximately \$34.7 million and \$26.5 million through the prime vendor contract during fiscal years 2002 and 2003, respectively, on computer equipment and peripherals. The most recent audit performed was for the 12-month period ended September 30, 2001. That audit concluded that the prime vendor was in compliance with the terms and conditions of the contract specifically related to pricing. OA did not follow up on the audit requirement until after we requested a copy of the most current audit report. Furthermore, OA issued an amendment on July 28, 2003, extending the scope of the audit through June 30, 2003. The OA Division of Purchasing and Materials Management Director acknowledged OA did not ensure an annual compliance audit had been conducted as timely as required.

Conclusions

The state could have potentially reduced the costs for computer hardware and peripherals by more frequent bidding of the state contract. More frequent bidding in this area where technology rapidly changes would help ensure the state is obtaining the best price possible.

OA also had no assurance the contractor was in compliance with the terms of the contract without periodically monitoring the contract. Annual compliance audits are necessary to ensure all parties comply with the terms and conditions of the contract.

Recommendations

We recommend the Commissioner, Office of Administration:

- 2.1 Conduct more timely bidding of the prime vendor contract to ensure the state is receiving the best available prices on computer hardware and peripherals.
- 2.2 Ensure annual compliance audits of the prime vendor contract are conducted in a timely manner.

Agency Comments

In a letter dated December 8, 2003, the Deputy Commissioner of Administration provided the following comments.

- 2.1 *OA/PMM extended the previous contract to accommodate the development of “infrastructure” and Business-to-Business/Government (B2B/G) performance requirements that were being considered in Missouri’s Electronic-Government Initiative (E-Gov). The Office of Information Technology (OIT) and OA/PMM intended to include certain performance requirements in the PC Prime Vendor bid as a means of continuing the state’s E-Gov initiative through paperless order processing and other related B2B/G transactions. The PC Prime Vendor contract was viewed as an ideal contract for inclusion of these requirements. OA/PMM and the OIT viewed the extension of the existing contract as being in the best interest of the State of Missouri, given the amount of resources required by both the state and vendors to prepare, respond, evaluate and implement a contract of this magnitude. Severe budget cuts precluded full implementation of the E-Gov contract. Therefore the RFP was issued and established without the E-Gov requirements.*

In addition, the PC Prime Vendor contract is structured to ensure the state agencies have access to current technology at current market prices. The offering of multiple manufacturers’ products allows the state agencies to secure competitive quotes from the various manufacturers. OA/PMM also conducts periodic market basket surveys to compare contract pricing with market rates to ensure our contract pricing remains competitive.

- 2.2 *We agree. OA/PMM has placed the requirement for annual audit notification on the calendars of the Director, Assistant Directors, Section Manager, and Buyer for the Prime Vendor contract.*



**RAY COUNTY, MISSOURI
TWO YEARS ENDED DECEMBER 31, 2002**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-06
January 22, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

January 2004

IMPORTANT: The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Ray, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also provide a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and it does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Ray County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- Amounts charged by the former Recorder of Deeds for microfilm sales were not always consistent and accurate. Receipts slips were not issued for microfilm purchases and bids were not solicited and written contracts were not obtained for microfilming services. The sale of microfilm to one title company, in late 2002, was not handled consistent with sales to other title companies. Typically the county charged title companies for the purchase of microfilm, however in one instance, the microfilm company and not the county billed for the sale. Had this transaction been handled similar to other sales of film, the county would have received about \$40,000.
- The county does not adequately track or report the federal assistance on the schedule of expenditures of federal awards (SEFA).
- The actual receipt and disbursement amounts shown in county budgets contained incorrect amounts and numerous misclassifications. In addition, budget preparation procedures need improvement and expenditures were in excess of budgeted amounts for various funds.
- A state law, Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996.

(over)

YELLOW SHEET

On May 15, 2001, the Missouri Supreme Court handed down an opinion that holds that all raises given pursuant to this statute section are unconstitutional. As noted in our prior report, the 1997 salary commission voted to give elected officials a salary increase mid-term. The County Commission indicated they would ask the county's legal counsel to review this matter and discuss it at the 2001 salary commission meeting. However, a salary commission meeting was not held in 2001 and while the County Commission has adopted a resolution not requiring repayment of these raises, this action was not supported by a written legal opinion.

- The County Treasurer's salary was increased \$10,710 annually, starting in 2003, but this action was not approved by the salary commission.

House Bill 2137, effective August 28, 2002, provided for an increase in the compensation paid to the county treasurer. It established an alternative, higher salary schedule and stated the salary commission may authorize the use of the alternative salary schedule. As a result, without a documented legal opinion, it is unclear whether the salary increase provided to the County Treasurer is in accordance with state law.

- Child Support Enforcement reimbursements claimed by the former Prosecuting Attorney during 2002 and 2001 were inaccurate. Total hours worked by the former Prosecuting Attorney and various employees were understated on the reimbursement requests compared to the total hours worked according to the timesheets submitted to the County, thus causing reimbursements of salaries and operating expenses to be higher than allowed. Total questioned costs identified were \$3,756.
- Bids were not always solicited for all purchases made by the county and sole source procurement was not adequately documented. Some emergency planning monies received by the county were not adequately monitored by the County Commission and payments of County Aid Road Trust (CART) revenues and road and bridge sales tax revenues to special road districts were made without proper written contracts.

The audit also suggested improvements to procedures for county vehicles, property tax controls, and Planning and Zoning. In addition, the audit included recommendations to the County Treasurer, Senate Bill 40 Board, County Clerk, Circuit Clerk, Sheriff, Assessor, and Juvenile Office.

All reports are available on our website: www.auditor.mo.gov

RAY COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Ray County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Ray County, Missouri, as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Ray County, Missouri, and comparisons of such information with the corresponding budgeted information for

various funds of the county as of and for the years ended December 31, 2002 and 2001, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated September 12, 2003, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Ray County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above.



Claire McCaskill
State Auditor

September 12, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Todd M. Schuler, CPA
In-Charge Auditor:	Julie Vollmer
Audit Staff:	George M. Atkinson
	Cynthia L. Freeman
	Tania Williams
	Gek Mui Melinda Tan



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission
and
Officeholders of Ray County, Missouri

We have audited the financial statements of various funds of Ray County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated September 12, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of various funds of Ray County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Ray County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all

matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Ray County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

September 12, 2003 (fieldwork completion date)

Financial Statements

Exhibit A-1

RAY COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 42,728	2,810,970	2,702,260	151,438
Special Road and Bridge	115,505	1,384,395	1,113,641	386,259
Assessment	171,720	232,666	235,944	168,442
Law Enforcement Training	6,614	5,279	4,343	7,550
Prosecuting Attorney Training	333	938	485	786
Special Road and Bridge Sales Tax	214,690	1,070,273	640,254	644,709
Noxious Weed	51,101	10,813	11,995	49,919
Recorder's User Fees	38,928	45,060	68,396	15,592
Domestic Violence	3,325	2,548	2,879	2,994
Sheriff's Extradition	1,590	5,384	6,239	735
Sheriff's Account	11,777	31,418	31,814	11,381
Emergency Shelter	0	13,872	13,872	0
Sheriff's POST Certification	528	1,973	1,806	695
Prosecuting Attorney Bad Check	7,967	35,553	31,125	12,395
Health Center	287,610	489,878	468,853	308,635
Emergency 911	146,535	196,571	202,651	140,455
Senate Bill 40	234,605	397,455	386,325	245,735
Circuit Clerk's Interest	7,030	1,264	149	8,145
Associate Circuit Division Interest	7,014	425	2,072	5,367
Election Services	3,639	3,840	3,286	4,193
Cemetery Trusts	1,238	43	0	1,281
School Trusts	13,816	642	144	14,314
County Clerk Election	12,445	48,916	62,585	(1,224)
Tax Maintenance	0	2,762	723	2,039
Total	\$ 1,380,738	6,792,938	5,991,841	2,181,835

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

RAY COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 44,633	2,246,324	2,248,229	42,728
Special Road and Bridge	34,170	1,338,006	1,256,671	115,505
Assessment	154,897	245,721	228,898	171,720
Law Enforcement Training	8,424	4,218	6,028	6,614
Prosecuting Attorney Training	141	1,283	1,091	333
Special Road and Bridge Sales Tax	240,147	752,724	778,181	214,690
Noxious Weed	66,198	3,448	18,545	51,101
Recorder's User Fees	20,178	81,509	62,759	38,928
Domestic Violence	2,390	3,010	2,075	3,325
Sheriff's Extradition	2,583	991	1,984	1,590
Sheriff's Account	16,479	33,712	38,414	11,777
Emergency Shelter	0	10,780	10,780	0
Sheriff's POST Certification	430	1,835	1,737	528
Prosecuting Attorney Bad Check	4,951	27,813	24,797	7,967
Health Center	195,714	507,295	415,399	287,610
Emergency 911	99,001	208,430	160,896	146,535
Senate Bill 40	122,170	492,245	379,810	234,605
Circuit Clerk's Interest	5,445	2,120	535	7,030
Associate Circuit Division Interest	6,244	1,186	416	7,014
Election Services	3,773	1,414	1,548	3,639
Cemetery Trusts	1,162	76	0	1,238
School Trusts	14,339	1,350	1,873	13,816
County Clerk Election	4,545	49,335	41,435	12,445
Focus on Kids	897	0	897	0
Emergency Planning	0	1,715	1,715	0
Total	\$ 1,048,911	6,016,540	5,684,713	1,380,738

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

RAY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TOTALS - VARIOUS FUNDS</u>						
RECEIPTS	\$ 6,568,635	6,735,046	166,411	5,947,057	5,925,695	(21,362)
DISBURSEMENTS	7,149,849	5,922,882	1,226,967	6,466,243	5,605,701	860,542
RECEIPTS OVER (UNDER) DISBURSEMENTS	(581,214)	812,164	1,393,378	(519,186)	319,994	839,180
CASH, JANUARY 1	1,335,556	1,335,556	0	1,002,152	1,002,152	0
CASH, DECEMBER 31	754,342	2,147,720	1,393,378	482,966	1,322,146	839,180
<u>GENERAL REVENUE FUND</u>						
RECEIPTS						
Sales taxes	1,501,800	1,546,465	44,665	1,411,300	1,409,427	(1,873)
Intergovernmental	543,850	374,901	(168,949)	255,425	104,468	(150,957)
Charges for services	526,885	610,970	84,085	480,997	519,558	38,561
Interest	7,000	3,916	(3,084)	10,000	7,737	(2,263)
Other	111,875	201,646	89,771	42,730	41,605	(1,125)
Transfers in	94,768	73,072	(21,696)	76,599	163,529	86,930
Total Receipts	2,786,178	2,810,970	24,792	2,277,051	2,246,324	(30,727)
DISBURSEMENTS						
County Commissior	130,182	129,787	395	122,677	125,087	(2,410)
County Clerk	121,621	114,799	6,822	123,901	113,899	10,002
Elections	57,008	23,711	33,297	21,734	17,199	4,535
Buildings and grounds	615,062	459,535	155,527	130,278	124,673	5,605
County Treasurer	43,897	41,495	2,402	42,244	43,452	(1,208)
County Collector	131,888	128,700	3,188	130,220	134,636	(4,416)
Recorder of Deeds	134,061	130,094	3,967	118,959	116,641	2,318
Circuit Clerk	14,314	11,802	2,512	15,639	11,235	4,404
Circuit Judge	6,200	3,581	2,619	6,200	3,507	2,693
Associate Circuit and Probate Court	41,212	38,154	3,058	42,526	41,874	652
Court administration	400	0	400	400	0	400
Public Administrator	65,552	67,808	(2,256)	74,419	73,265	1,154
Sheriff	403,025	397,881	5,144	391,868	381,965	9,903
Jail	453,618	616,168	(162,550)	562,851	543,386	19,465
Prosecuting Attorney	250,255	256,201	(5,946)	232,296	236,963	(4,667)
Juvenile Offices	28,697	14,672	14,025	26,178	14,764	11,414
County Coroner	27,957	25,872	2,085	25,109	28,461	(3,352)
Planning and Zoning	63,257	55,052	8,205	68,645	60,527	8,118
Law Library	10,550	12,212	(1,662)	9,550	9,613	(63)
Court Reporter	2,050	612	1,438	0	2,004	(2,004)
Other	122,819	128,311	(5,492)	182,875	122,520	60,355
Transfers out	0	2,783	(2,783)	0	42,558	(42,558)
Emergency fund	40,500	43,030	(2,530)	0	0	0
Total Disbursements	2,764,125	2,702,260	61,865	2,328,569	2,248,229	80,340
RECEIPTS OVER (UNDER) DISBURSEMENTS	22,053	108,710	86,657	(51,518)	(1,905)	49,613
CASH, JANUARY 1	42,728	42,728	0	44,633	44,633	0
CASH, DECEMBER 31	64,781	151,438	86,657	(6,885)	42,728	49,613

Exhibit B

RAY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	490,300	475,543	(14,757)	428,100	485,811	57,711
Intergovernmental	785,375	863,536	78,161	775,000	772,473	(2,527)
Interest	10,000	6,858	(3,142)	17,000	10,015	(6,985)
Other	26,000	38,458	12,458	25,000	34,107	9,107
Transfers in	0	0	0	0	35,600	35,600
Total Receipts	1,311,675	1,384,395	72,720	1,245,100	1,338,006	92,906
DISBURSEMENTS						
Salaries	414,692	354,432	60,260	434,555	345,753	88,802
Employee fringe benefit	103,713	90,182	13,531	91,315	97,737	(6,422)
Supplies	126,000	87,868	38,132	127,000	117,299	9,701
Insurance	85,200	99,249	(14,049)	48,000	48,000	0
Road and bridge materials	205,000	149,564	55,436	90,000	168,706	(78,706)
Equipment repairs	110,000	80,245	29,755	100,000	106,567	(6,567)
Equipment purchases	40,000	0	40,000	44,100	46,492	(2,392)
CART Distributions to road district	183,000	194,670	(11,670)	198,000	181,793	16,207
Other	147,070	24,874	122,196	144,750	46,026	98,724
Transfers out	0	32,557	(32,557)	0	98,298	(98,298)
Total Disbursements	1,414,675	1,113,641	301,034	1,277,720	1,256,671	21,049
RECEIPTS OVER (UNDER) DISBURSEMENTS	(103,000)	270,754	373,754	(32,620)	81,335	113,955
CASH, JANUARY 1	115,505	115,505	0	34,170	34,170	0
CASH, DECEMBER 31	12,505	386,259	373,754	1,550	115,505	113,955
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	224,200	226,950	2,750	208,962	230,767	21,805
Interest	9,000	3,624	(5,376)	11,000	9,587	(1,413)
Other	1,300	2,092	792	5,755	5,367	(388)
Total Receipts	234,500	232,666	(1,834)	225,717	245,721	20,004
DISBURSEMENTS						
Assessor	282,960	235,944	47,016	270,926	228,898	42,028
Total Disbursements	282,960	235,944	47,016	270,926	228,898	42,028
RECEIPTS OVER (UNDER) DISBURSEMENTS	(48,460)	(3,278)	45,182	(45,209)	16,823	62,032
CASH, JANUARY 1	171,720	171,720	0	154,897	154,897	0
CASH, DECEMBER 31	123,260	168,442	45,182	109,688	171,720	62,032
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Charges for services	4,600	5,279	679	3,300	4,218	918
Total Receipts	4,600	5,279	679	3,300	4,218	918
DISBURSEMENTS						
Sheriff	6,000	4,343	1,657	3,300	6,028	(2,728)
Total Disbursements	6,000	4,343	1,657	3,300	6,028	(2,728)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,400)	936	2,336	0	(1,810)	(1,810)
CASH, JANUARY 1	6,614	6,614	0	8,424	8,424	0
CASH, DECEMBER 31	5,214	7,550	2,336	8,424	6,614	(1,810)
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						

Exhibit B

RAY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Charges for services:	1,500	938	(562)	3,700	1,283	(2,417)
Total Receipts	1,500	938	(562)	3,700	1,283	(2,417)
DISBURSEMENTS						
Prosecuting Attorney	1,500	485	1,015	3,700	1,091	2,609
Total Disbursements	1,500	485	1,015	3,700	1,091	2,609
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	453	453	0	192	192
CASH, JANUARY 1	333	333	0	141	141	0
CASH, DECEMBER 31	333	786	453	141	333	192

SPECIAL ROAD AND BRIDGE SALES TAX FUND

RECEIPTS

Sales tax	720,000	773,236	53,236	680,800	704,271	23,471
Intergovernmental	251,000	289,950	38,950	314,000	41,538	(272,462)
Interest	7,000	7,087	87	28,000	6,915	(21,085)
Other	0	0	0	2,000	0	(2,000)

Total Receipts	978,000	1,070,273	92,273	1,024,800	752,724	(272,076)
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DISBURSEMENTS

Professional	125,000	130,817	(5,817)	125,000	95,640	29,360
Road and bridge materials	300,000	117,045	182,955	300,000	127,099	172,901
Road and bridge construction	500,000	119,320	380,680	518,900	268,706	250,194
Sales tax distribution to road district:	234,000	255,091	(21,091)	219,000	232,705	(13,705)
Transfers out	33,500	17,981	15,519	100,000	54,031	45,969

Total Disbursements	1,192,500	640,254	552,246	1,262,900	778,181	484,719
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RECEIPTS OVER (UNDER) DISBURSEMENTS	(214,500)	430,019	644,519	(238,100)	(25,457)	212,643
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CASH, JANUARY 1	214,690	214,690	0	240,147	240,147	0
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CASH, DECEMBER 31	190	644,709	644,519	2,047	214,690	212,643
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NOXIOUS WEED FUND

RECEIPTS

Property taxes	0	9,600	9,600	0	0	0
Intergovernmental	0	93	93	0	0	0
Interest	2,000	1,120	(880)	4,000	3,448	(552)

Total Receipts	2,000	10,813	8,813	4,000	3,448	(552)
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DISBURSEMENTS

Salary and fringe benefit:	14,024	9,863	4,161	13,038	10,197	2,841
Supplies	5,750	1,596	4,154	8,250	5,228	3,022
Equipment repair	1,000	182	818	1,000	1,068	(68)
Mileage	1,200	132	1,068	1,200	133	1,067
Insurance	1,300	222	1,078	1,200	0	1,200
Transfer out	750	0	750	750	1,919	(1,169)

Total Disbursements	24,024	11,995	12,029	25,438	18,545	6,893
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RECEIPTS OVER (UNDER) DISBURSEMENTS	(22,024)	(1,182)	20,842	(21,438)	(15,097)	6,341
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CASH, JANUARY 1	51,101	51,101	0	66,198	66,198	0
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CASH, DECEMBER 31	29,077	49,919	20,842	44,760	51,101	6,341
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RECORDER'S USER FEES FUND

RECEIPTS

Intergovernmental	0	0	0	0	10,855	10,855
Charges for services:	85,000	41,625	(43,375)	20,000	20,628	628
Interest	0	652	652	0	1,695	1,695

Exhibit B

RAY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Other	0	0	0	0	41,373	41,373
Transfers in	0	2,783	2,783	0	6,958	6,958
Total Receipts	85,000	45,060	(39,940)	20,000	81,509	61,509
DISBURSEMENTS						
Recorder of Deeds	63,000	68,396	(5,396)	20,000	62,759	(42,759)
Total Disbursements	63,000	68,396	(5,396)	20,000	62,759	(42,759)
RECEIPTS OVER (UNDER) DISBURSEMENTS	22,000	(23,336)	(45,336)	0	18,750	18,750
CASH, JANUARY 1	38,928	38,928	0	20,178	20,178	0
CASH, DECEMBER 31	60,928	15,592	(45,336)	20,178	38,928	18,750
<u>DOMESTIC VIOLENCE FUND</u>						
RECEIPTS						
Charges for services	2,800	2,314	(486)			
Interest	400	234	(166)			
Total Receipts	3,200	2,548	(652)			
DISBURSEMENTS						
Domestic violence shelter	2,880	2,879	1			
Total Disbursements	2,880	2,879	1			
RECEIPTS OVER (UNDER) DISBURSEMENTS	320	(331)	(651)			
CASH, JANUARY 1	3,325	3,325	0			
CASH, DECEMBER 31	3,645	2,994	(651)			
<u>SHERIFF'S EXTRADITION FUND</u>						
RECEIPTS						
Intergovernmental	2,000	5,384	3,384			
Total Receipts	2,000	5,384	3,384			
DISBURSEMENTS						
Sheriff	2,000	6,239	(4,239)			
Total Disbursements	2,000	6,239	(4,239)			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(855)	(855)			
CASH, JANUARY 1	1,590	1,590	0			
CASH, DECEMBER 31	1,590	735	(855)			

Exhibit B

RAY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SHERIFF'S ACCOUNT FUND</u>						
RECEIPTS						
Charges for service:	50,000	27,102	(22,898)	65,500	28,025	(37,475)
Interest	0	116	116	0	431	431
Other	0	4,200	4,200	0	5,256	5,256
Total Receipts	50,000	31,418	(18,582)	65,500	33,712	(31,788)
DISBURSEMENTS						
Sheriff	50,000	31,814	18,186	50,000	38,414	11,586
Total Disbursements	50,000	31,814	18,186	50,000	38,414	11,586
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(396)	(396)	15,500	(4,702)	(20,202)
CASH, JANUARY 1	11,777	11,777	0	16,479	16,479	0
CASH, DECEMBER 31	11,777	11,381	(396)	31,979	11,777	(20,202)
<u>EMERGENCY SHELTER FUND</u>						
RECEIPTS						
Intergovernmental	12,000	13,872	1,872	12,000	10,780	(1,220)
Total Receipts	12,000	13,872	1,872	12,000	10,780	(1,220)
DISBURSEMENTS						
Emergency shelter	12,000	13,872	(1,872)	12,000	10,780	1,220
Total Disbursements	12,000	13,872	(1,872)	12,000	10,780	1,220
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	0	0	0	0	0
<u>SHERIFF'S POST CERTIFICATION FUND</u>						
RECEIPTS						
Intergovernmental	2,000	1,973	(27)			
Total Receipts	2,000	1,973	(27)			
DISBURSEMENTS						
Sheriff	1,500	1,806	(306)			
Total Disbursements	1,500	1,806	(306)			
RECEIPTS OVER (UNDER) DISBURSEMENTS	500	167	(333)			
CASH, JANUARY 1	528	528	0			
CASH, DECEMBER 31	1,028	695	(333)			

Exhibit B

RAY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
PROSECUTING ATTORNEY BAD CHECK FUND						
RECEIPTS						
Charges for services	26,500	35,553	9,053			
Total Receipts	26,500	35,553	9,053			
DISBURSEMENTS						
Prosecuting Attorney	26,500	8,591	17,909			
Transfers out	0	22,534	(22,534)			
Total Disbursements	26,500	31,125	(4,625)			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	4,428	4,428			
CASH, JANUARY 1	7,967	7,967	0			
CASH, DECEMBER 31	7,967	12,395	4,428			
HEALTH CENTER FUND						
RECEIPTS						
Property taxes	200,000	213,663	13,663	193,000	217,164	24,164
Intergovernmental	151,770	177,281	25,511	217,275	199,927	(17,348)
Charges for services	55,700	55,325	(375)	58,380	61,356	2,976
Interest	7,000	6,556	(444)	7,000	11,198	4,198
Other	18,600	37,053	18,453	18,100	17,650	(450)
Total Receipts	433,070	489,878	56,808	493,755	507,295	13,540
DISBURSEMENTS						
Salaries	272,000	245,566	26,434	300,000	255,933	44,067
Office expenditure:	41,000	51,723	(10,723)	43,980	50,972	(6,992)
Equipment	10,000	9,667	333	10,000	8,818	1,182
Mileage and training	15,000	9,947	5,053	15,000	12,537	2,463
Other	143,650	151,950	(8,300)	124,775	87,139	37,636
Total Disbursements	481,650	468,853	12,797	493,755	415,399	78,356
RECEIPTS OVER (UNDER) DISBURSEMENTS	(48,580)	21,025	69,605	0	91,896	91,896
CASH, JANUARY 1	287,610	287,610	0	195,714	195,714	0
CASH, DECEMBER 31	239,030	308,635	69,605	195,714	287,610	91,896

Exhibit B

RAY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>EMERGENCY 911 FUND</u>						
RECEIPTS						
911 phone tax	186,000	191,495	5,495	164,600	201,892	37,292
Intergovernmental	40,000	2,866	(37,134)	40,000	488	(39,512)
Interest	2,000	2,180	180	4,200	4,067	(133)
Other		30	30	23,334	1,983	(21,351)
Total Receipts	228,000	196,571	(31,429)	232,134	208,430	(23,704)
DISBURSEMENTS						
Salaries and fringe benefit:	50,461	50,454	7	67,694	45,850	21,844
Office expenditures:	10,902	8,673	2,229	13,902	11,239	2,663
Building	12,657	12,656	1	12,657	12,657	0
Equipment	80,570	56,510	24,060	32,570	30,210	2,360
Mileage and training	6,000	4,653	1,347	5,500	3,912	1,588
Network and database maintenance	52,000	36,812	15,188	49,500	47,676	1,824
Reserve capital	107,345	17,847	89,498	99,612	247	99,365
Insurance	1,400	699	701	1,400	1,033	367
Other	53,200	14,347	38,853	48,300	8,072	40,228
Total Disbursements	374,535	202,651	171,884	331,135	160,896	170,239
RECEIPTS OVER (UNDER) DISBURSEMENTS	(146,535)	(6,080)	140,455	(99,001)	47,534	146,535
CASH, JANUARY 1	146,535	146,535	0	99,001	99,001	0
CASH, DECEMBER 31	0	140,455	140,455	0	146,535	146,535
<u>SENATE BILL 40 FUND</u>						
RECEIPTS						
Property taxes	400,000	384,941	(15,059)	330,000	390,998	60,998
Interest	8,412	12,514	4,102	10,000	8,412	(1,588)
Other	0	0	0	0	92,835	92,835
Total Receipts	408,412	397,455	(10,957)	340,000	492,245	152,245
DISBURSEMENTS						
Office	2,400	2,200	200	1,800	2,000	(200)
Equipment	78,000	43,842	34,158	70,000	83,938	(13,938)
Mileage and training	153,000	142,740	10,260	138,000	136,273	1,727
Mental Health Trust	80,200	76,173	4,027	80,000	66,836	13,164
Insurance	28,000	27,144	856	20,000	24,639	(4,639)
Other	108,400	94,226	14,174	77,000	66,124	10,876
Total Disbursements	450,000	386,325	63,675	386,800	379,810	6,990
RECEIPTS OVER (UNDER) DISBURSEMENTS	(41,588)	11,130	52,718	(46,800)	112,435	159,235
CASH, JANUARY 1	234,605	234,605	0	122,170	122,170	0
CASH, DECEMBER 31	193,017	245,735	52,718	75,370	234,605	159,235

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

RAY COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Ray County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, the Senate Bill 40 Board, the Noxious Weed Board, or the Emergency 911 Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Domestic Violence Fund	2001
Sheriff's Extradition Fund	2001
Sheriff's POST Certification Fund	2001
Prosecuting Attorney Bad Check Fund	2001
Circuit Clerk's Interest Fund	2002 and 2001
Associate Circuit Division Interest Fund	2002 and 2001

Election Services Fund	2002 and 2001
Cemetery Trusts Fund	2002 and 2001
School Trusts Fund	2002 and 2001
County Clerk Election Fund	2002 and 2001
Focus on Kids Fund	2001
Emergency Planning Fund	2001
Tax Maintenance Fund	2002

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Law Enforcement Training Fund	2001
Recorder's User Fees Fund	2002 and 2001
Sheriff's Extradition Fund	2002
Emergency Shelter Fund	2002
Sheriff's POST Certification Fund	2002
Prosecuting Attorney Bad Check Fund	2002

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

Although Section 50.740, RSMo 2000, requires a balanced budget, a deficit balance was budgeted in the General Revenue Fund for the year ended December 31, 2001.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Emergency 911 Fund	2002 and 2001
Circuit Clerk's Interest Fund	2002 and 2001
Associate Circuit Division Interest Fund	2002 and 2001
Election Services Fund	2002 and 2001
County Clerk Election Fund	2002 and 2001
Emergency Planning Fund	2001
Tax Maintenance Fund	2002

Additionally, for the Health Center Fund, and the Senate Bill 40 Fund, the county's published financial statements for the years ended December 31, 2002 and 2001, included only those amounts that passed through the County Treasurer.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

Cash includes both deposits and investments. In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of deposits and investments. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions. Investments are securities and other assets acquired primarily for the purpose of obtaining income or profit.

Deposits

The county's deposits at December 31, 2002 and 2001, were entirely covered by federal depositary insurance, by commercial insurance provided through a surety bond, or by collateral securities held by the county's custodial bank in the county's name.

The Health Center Board's, Emergency 911 Board's, and Senate Bill 40 Board's deposits at December 31, 2002 and 2001, were entirely covered by federal depositary insurance or by collateral securities held by the board's custodial bank in the boards' name.

However, because of significantly higher bank balances at certain times during the year, uninsured and uncollateralized balances existed for the county, the Health Center Board, the Emergency 911 Board, and the Senate Bill 40 Board's at those times although not at year-end.

To protect the safety of county deposits, Section 110.020, RSMo 2000, requires depositaries to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

Investments

The only investment of the various funds was a U.S. Government Security Bond with a reported amount of \$13,206 with a fair value at December 31, 2002 and 2001 of \$14,125 and \$13,792, respectively. This investment was held by the county's brokerage firm in the county's name.

3. Contingencies

In September 1999, former employees of the Ray County Sheriff's department filed a lawsuit in federal court against Ray County alleging uncompensated overtime and various other personnel issues. The plaintiff is asking for damages of approximately \$1 million from the county. The potential liability to the county cannot be determined at this time.

4. Prior Period Adjustments

The Election Services Fund's cash balance of \$3,773 at January 1, 2001, was not previously reported, but has been added.

The Cemetery Trusts Fund's cash balance of \$1,162 at January 1, 2001, was not previously reported, but has been added.

The School Trust Fund's cash balance of \$14,339 at January 1, 2001, was not previously reported, but has been added.

The County Clerk Election Fund's cash balance of \$4,545 at January 1, 2001, was not previously reported, but has been added.

Supplementary Schedule

Schedule

RAY COUNTY, MISSOURI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
U. S. DEPARTMENT OF AGRICULTURE				
	Passed through state			
	Department of Social Services -			
10.550	Food Distribution	N/A	\$ 399	786
	Department of Health and Senior Services			
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-3189W ERS045-2189W ERS045-1189W	10,752 36,990 0	0 10,284 53,134
	Program Total		47,742	63,418
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
	Passed through state			
	Department of Economic Development -			
14.228	Community Development Block Grants/State' Program	2001-PF-11	184,926	0
	Department of Social Services -			
14.231	Emergency Shelter Grants Program	ERO1640486 ERO1640437 ERO1640387	8,135 5,737 0	0 6,982 3,798
	Program Total		13,872	10,780
U.S. DEPARTMENT OF JUSTICE				
	Direct program:			
16.710	Public Safety Partnership and Community Policing Grant	96UMWX0491	0	6,973
	Passed through			
	State Department of Public Safety			
16.554	National Criminal History Improvement Program	95-RU-RX-K011(452)	0	1,265
U. S. DEPARTMENT OF TRANSPORTATION				
	Passed through state			
	Highway and Transportation Commission			
20.205	Highway Planning and Construction	BRO-089(013) BRO-089(017) BRO-089(018)	23,165 0 117,880	20,332 1,226 14,090
	Program Total		141,045	35,648

Schedule

RAY COUNTY, MISSOURI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures Year Ended December 31,	
			2002	2001
	Department of Public Safety -			
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grant	N/A	2,339	2,203
	FEDERAL EMERGENCY MANAGEMENT AGENCY			
	Passed through state Department of Public Safety			
83.544	Public Assistance Grant	1412-DR-MO	36,722	0
		1403-DR-MO	25,103	0
	Program Total		<u>61,825</u>	<u>0</u>
	U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
	Passed through state			
	Department of Health and Senior Services			
93.268	Immunization Grant	PGA064-3189A	3,330	0
		PGA064-1189I	0	2,999
		N/A	38,727	28,955
	Program Total		<u>42,057</u>	<u>31,954</u>
	Department of Social Services -			
93.563	Child Support Enforcement	N/A	22,863	35,368
	Department of Health and Senior Services			
93.575	Child Care and Development Block Grant	PGA067-3189C	420	0
		PGA067-2189C	2,458	125
		PGA067-1189C	0	3,215
	Program Total		<u>2,878</u>	<u>3,340</u>
93.991	Preventive Health and Health Services Block Grant	C100078001	0	5,000
93.994	Maternal and Child Health Services Block Grant to the States	ERS146-3189M	4,741	0
		ERS146-2189M	14,315	0
		ERS146-1189M	0	18,493
		N/A	365	2,379
	Program Total		<u>19,421</u>	<u>20,872</u>
	Total Expenditures of Federal Awards		<u>\$ 539,367</u>	<u>217,607</u>

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule

Notes to the Supplementary Schedule

RAY COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Ray County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Food Distribution Program (CFDA number 10.550) represent dollar value assigned to commodities based on prices provided by the state Department of Social Services.

Amounts for Immunization Grants (CFDA number 93.268) and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

Of the federal expenditures presented in the schedule, the county provided federal awards to subrecipients as follows:

Federal CFDA Number	Program Title	Amount Provided	
		Year Ended December 31, 2002	2001
14.231	Emergency Shelter Grants Program	\$ 13,872	10,780
20.205	Highway Planning and Construction	117,880	35,648

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of Ray County, Missouri

Compliance

We have audited the compliance of Ray County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Ray County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001. However, the results of our auditing procedures disclosed an

instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 02-1.

Internal Control Over Compliance

The management of Ray County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 02-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above, finding number 02-01, to be a material weakness.

This report is intended for the information and use of the management of Ray County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

September 12, 2003 (fieldwork completion date)

Schedule

RAY COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2002 AND 2001

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness identified? yes x no

Reportable condition identified that is
not considered to be material weakness? yes x none reported

Noncompliance material to the financial statements
noted? yes x no

Federal Awards

Internal control over major programs:

Material weakness identified? x yes no

Reportable conditions identified that are
not considered to be material weaknesses? yes x none reported

Type of auditor's report issued on compliance for
major programs: Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of OMB
Circular A-133? x yes no

Identification of major programs:

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
14.228	Community Development Block Grants/State's Program
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A
and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes the audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

02-1.	Schedule of Expenditures of Federal Awards
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Federal Grantor:	U.S. Department of Agriculture
Pass-Through Grantor:	State Department of Health
Federal CFDA Number:	10.557
Program Title:	Special Supplemental Nutrition Program for Women, Infants, and Children
Pass-Through Entity Identifying Numbers:	ERS045-3189W, ERS045-2189W, and ERS045-1189W
Award Years:	2002 and 2001
Questioned Costs:	Not applicable

Federal Grantor:	U.S. Department of Housing and Urban Development
Pass-Through Grantor:	State Department of Economic Development
Federal CFDA Number:	14.228
Program Title:	Community Development Block Grants/State's Program
Pass-Through Entity Identifying Numbers:	2001-PF-11
Award Years:	2002
Questioned Costs:	Not applicable

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity Identifying Numbers:	BRO-089(13), BRO-089(17), and BRO-089(18)
Award Years:	2002 and 2001
Questioned Costs:	Not applicable

The county does not adequately track or report federal assistance on the schedule of expenditures of federal awards (SEFA) which could result in loss of federal funds. Section .310(b) of Circular A-133, *Audits of State and Local Governments, and Non-Profit Organizations*, requires the auditee to prepare a SEFA for the period covered by the auditee's financial statements. The county is required to submit the SEFA to the State Auditor's Office as part of the annual budget. For the SEFA to adequately reflect the county's federal expenditures, it is necessary that all federal expenditures be properly reported. Compilation of the SEFA requires consulting county financial records and requesting information from other departments and/or officials.

The overall incompleteness and inaccuracies contained in the SEFA indicates that the County Clerk's efforts were inadequate. The Health Center expenditures for several federal programs were not included on the schedule prepared by the County Clerk because the information was not requested. The 2002 SEFA included only four of the eleven programs administered by the county and the reported amounts for each of the four programs included were inaccurate. The 2002 and 2001 SEFA schedules prepared by the County Clerk understated total expenditures by \$81,209 and \$157,370, respectively. We obtained various information related to federal programs omitted by the County Clerk and updated the county's SEFA schedule.

Without an accurate SEFA, federal financial activity cannot be properly audited and reported in accordance with federal audit requirements.

A similar condition was noted in our two prior reports.

WE AGAIN RECOMMEND the County Clerk prepare a complete and accurate schedule of expenditures of federal awards.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

In the past, I have not received all required information from other officials. I will try to obtain the required information from each elected official. If I am unable to obtain the required information, I will ensure this is documented in the minutes.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

RAY COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Ray County, Missouri, on the applicable findings in the prior audit report issued for the two years ended December 31, 2000.

00-1. Budgetary Practices

- A. When the ending cash balances for the Special Road and Bridge Fund were reconciled to the Treasurer's records, a difference of approximately \$125,000 was noted. Rather than determine the cause of the discrepancy, the County Clerk increased disbursements by \$125,000 to reconcile to the Treasurer's cash balance. Additionally, total actual receipts for 2000 presented in the Noxious Weed Fund were shown as \$(702), while the same document showed approximately \$3,500 in interest.
- B. In comparing the 2000 and 2001 budgets, the reporting of the same year's receipts and disbursements differed between years for several funds.
- C. The county's budgets contained numerous misclassifications of actual receipts and disbursements.

Recommendation:

The County Commission ensure that budget documents contain complete and accurate information about the county's finances and agree to the County Treasurer's records. In addition, the County Commission and County Clerk should thoroughly review the budget document before it is finalized and made public.

Status:

Partially Implemented. While we did see some improvement in the overall budget procedures, some problems similar to those cited above still exist. See Management Advisory Report (MAR) finding number 1.

00-2. County Expenditures

During the two years ended December 31, 2000, the County Commission authorized expenditures totaling \$71, 200 from the Special Road and Bridge Fund for the purchase of sheriff patrol cars.

Recommendation:

The County Commission reimburse the Special Road and Bridge Fund \$71,200 and ensure all future expenditures from the Special Road and Bridge Fund comply with statutes.

Status:

Partially Implemented. The County Commission reimbursed half of the \$71,200 to the Special Road and Bridge Fund during 2001. However, the remaining \$35,600 has not been repaid. Although not repeated in the current report, our recommendation remains as stated above.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

RAY COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

This section represents the Summary Schedule of Prior Audit Findings, which was prepared by the county's management.

00-3. Schedule of Expenditures of Federal Awards

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-089(17)
Award Year:	1997
Questioned Costs:	N/A
Federal Grantor:	Federal Emergency Management
Pass-Through Grantor:	State Department of Public Safety
Federal CFDA Number:	83.534
Program Title:	Emergency Management - State and Local Assistance
Pass-Through Entity	
Identifying Number:	1253-DR-MO
Award Year:	1998
Questioned Costs:	N/A

The county did not have procedures in place to track federal assistance for preparation of the schedule of federal awards (SEFA). For the years ended December 31, 2000 and 1999, the county's SEFA did not include expenditures related to the majority of its federal grants.

Recommendation:

The County Clerk prepare a complete and accurate schedule of federal awards and submit the schedule to the State Auditor's Office as part of the annual budget.

Status:

Not Implemented. See finding number 02-1.

00-4. Engineering Costs

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-089(17)
Award Year:	1997
Questioned Costs:	\$59,015
Federal Grantor:	Federal Emergency Management
Pass-Through Grantor:	State Department of Public Safety
Federal CFDA Number:	83.534
Program Title:	Emergency Management - State and Local Assistance
Pass-Through Entity	
Identifying Number:	1253-DR-MO
Award Year:	1998
Questioned Costs:	\$27,450

The county incurred engineering costs related to the county bridge project and two Federal Emergency Management Association projects. There was no documentation to indicate that the County Commission considered other engineering firms when procuring these services. As a result, we had questioned costs of \$86,465, which was the federal share of the engineering cost paid during the audit period.

Recommendation:

The County Commission resolve the questioned costs with the grantor agency. For future projects, obtain information as required by law when contracting for professional services.

Status:

Partially implemented. The County Commission obtained information as required by law when contracting for professional services. However, the County Commission did not

resolve the questioned costs with the grantor agency. Although not repeated in the current report, our recommendation remains as stated above.

00-5. Cash Management

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-089(17)
Award Year:	1997
Questioned Costs:	N/A

The county received \$5,840 in reimbursement for engineering costs, which was not disbursed to the engineers. The County had paid half of the disputed amount, \$2,920, but the remaining amount was still in dispute and had not been paid.

Recommendation:

The County Commission repay \$2,920 to the grantor agency and ensure only actual expenses are claimed for reimbursement in the future.

Status:

Implemented.

00-6. Child Support Enforcement

Federal Grantor:	U.S. Department of Health and Human Services
Pass-Through Grantor:	Department of Social Services
Federal CFDA Number:	93.563
Program Title:	Child Support Enforcement
Pass-Through Entity	
Identifying Number:	N/A
Award Year:	1999 and 2000
Questioned Costs:	\$10,023

- A. The claims submitted reporting total hours worked by the employees of the Prosecuting Attorney did not agree to the timesheets submitted by the employees to the county, which resulted in excess reimbursement to the county of \$360 for personnel costs.
- B.1. The amounts claimed for reimbursement in July and August 1999 exceeded actual payments by approximately \$4,300 for telephone service and by approximately

\$4,350 for utilities. Telephone bills paid for the other five test months were also significantly less than the amounts claimed. The Prosecuting Attorney was unable to provide support for the amounts claimed, and for the seven months reviewed, operating costs claimed exceeded actual payments, which resulted in questioned costs of \$3,397.

2. The percentages of time spent on IV-D activities was overstated for all seven months reviewed (see part A) and telephone and utility costs are reimbursed based on that percentage. The percentage of reimbursement used by the Prosecuting Attorney was higher than allowed, which resulted in questioned costs of \$540.
- C. Had 180 total monthly hours worked been used when calculating monthly salary reimbursements for the Prosecuting Attorney during the seven months reviewed, the reimbursement would have been \$7,456, rather than the \$13,182 received. By not reporting total hours worked, the county received a larger reimbursement for the salary and fringe benefits. As a result of the above estimates, we had questioned costs of \$5,726.

Recommendation:

The County Commission and Prosecuting Attorney work with the grantor agency to resolve the questioned costs. The Prosecuting Attorney should retain all supporting documentation and ensure Title IV-D claim forms are accurate and report all hours worked by the employees of his office.

Status:

Not Implemented. The County Commission and Prosecuting Attorney have not contacted the grantor agency regarding these questioned costs. See Management Advisory Report finding number 4.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

RAY COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Ray County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated September 12, 2003. We also have audited the compliance of Ray County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001, and have issued our report thereon dated September 12, 2003.

We also have audited the operations of elected officials with funds other than those presented in the financial statements. As applicable, the objectives of this audit were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable legal provisions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our audit, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Because the Ray County Memorial Hospital Board is audited and separately reported on by other independent auditors, the related fund is not presented in the financial statements. However, we reviewed those audit reports and other applicable information for the years ended October 31, 2002 and 2001.

Our audit was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our audit of the elected county officials referred to above. In addition, this report includes findings other than those,

if any, reported in the accompanying Schedule of Findings and Questioned Costs. These findings resulted from our audit of the financial statements of Ray County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

1. Budgetary Practices

The actual receipt and disbursement amounts shown in county budgets contained incorrect amounts and numerous misclassifications. In addition, budget preparation procedures need improvement and expenditures were in excess of budgeted amounts for various funds.

- A. The actual receipt and disbursement amounts shown in the county budgets contained incorrect amounts and numerous misclassifications. The actual receipts and disbursements for 2001 and 2002 shown in the county budgets differed between years for several funds. As a result, such actual amounts did not agree with the County Treasurer's records. The county budgets also contained numerous misclassifications for both budgeted and actual amounts, such as transfers classified as other revenues and intergovernmental revenues classified as charges for services. In addition, the county's financial records did not have adequate descriptions for receipts and disbursements. The Sheriff's Account Fund and Recorder's User Fees Fund budgeted and actual receipts were reported in total and the Special Road and Bridge Fund and the Special Road and Bridge Sales Tax Fund were combined on the county budgets, although the County Commissioner's require two separate funds.

As a result of the errors, it was necessary to make numerous adjustments and reclassifications to the amounts presented in the financial statements. Considering the various errors and omissions noted, the approved budgets did not provide Ray County citizens with reliable information about the county's finances. These errors could have been detected had an adequate review of the amounts presented in the budget been performed by the County Clerk or County Commission.

Section 50.540, RSMo 2000, requires all revenues to be by source and all expenditures to be by character, object, function, or activity. The county's budgets should include accurate classifications of receipts and disbursements to ensure the county's financial information is more consistently presented, to properly identify receipt and disbursement items, and to increase the effectiveness of the budgets as management tools. In addition to being required by state law, complete and accurate budgets are essential for the County Commission and County Clerk to evaluate county operations and to project the anticipated needs of the county for the upcoming year. Complete and accurate budgets are also necessary to properly inform the county's citizens about the county's finances.

A similar condition was noted in our three prior reports.

- B. The county does not have adequate procedures to ensure budgets are prepared for all county funds, and as a result, budgets were not prepared for various county funds for the years ended December 31, 2002 and 2001. In addition, the county's annual published financial statements presented no information for some county funds.

The County Commission is responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000. Section 50.800, RSMo 2000, requires the County Commission to prepare and publish in the local newspaper a detailed financial statement of the county and provides that the financial statements show receipts, disbursements, and beginning and ending balances for all county funds. For the published financial statements to adequately inform the citizens of the county's financial activities, all monies received and disbursed by the county should be included.

- C. The County Commission approved expenditures in excess of budgeted amounts for various funds for the years ended December 31, 2002 and 2001. Procedures have not been established to monitor budget to actual amounts, which allowed some funds to overspend their budgets. According to the County Commission, monthly budget to actual reports are provided to them. However, it appears the County Commission is not using these reports as an effective monitoring tool.

It was ruled in State ex. rel. Strong v. Cribb, 364 Mo.1122, 273 S.W.2d 246 (1954), that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess disbursements, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's Office. In addition, Section 50.622, RSMo 2000, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend its budget.

WE AGAIN RECOMMEND the County Commission:

- A. Ensure that budget documents contain complete and accurate information about the county's finances, agree to the County Treasurer's records, and have adequate descriptions. In addition, the County Commission and County Clerk should thoroughly review the budget document before it is finalized and made public.
- B. And the County Clerk ensure budgets are prepared for all county funds and include all county funds in the published financial statements as required by state law.

- C. Refrain from incurring expenditures in excess of budget amounts. If the county receives additional funds which could not be anticipated when the budget was adopted, the County Commission should amend its budget by following procedures required by state law.

AUDITEE'S RESPONSE

A&B. In the past, the County Clerk has not received budgets from all officials. Considering the budget is a compilation of information from various officials, we will continue to work with the County Clerk to obtain the information necessary to provide complete and accurate information in budget. In the future, the Commission and Clerk will do a more thorough review of the budget.

- C. We will work to ensure the budgets are not overspent, but we will have to delegate more of the responsibility for not overspending budgets to the other elected officials.*

2. Officials' Salaries and Payroll Procedures
--

The County Commission did not obtain written legal opinions regarding officials' salaries and may not be complying with the Fair Labor Standards Act (FLSA).

- A. While the County Commission has adopted a resolution not requiring repayment of raises given to Associate Commissioners in 1999, this action was not supported by a written legal opinion. On May 15, 2001, the Missouri Supreme Court handed down an opinion that challenged the validity of Section 50.333.13, RSMo. This section of law allowed county salary commissions in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996. The Supreme Court held that this section of law violated Article VII, Section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county and municipal officers during the term of office. On June 5, 2001, the State Auditor notified all third class counties of the Supreme Court decision and recommended that each county document its review of the impact of the opinion, as well as plans to seek repayment.

As noted in the prior report, the 1997 salary commission voted to give elected officials a salary increase mid-term. The County Commission indicated they would ask the county's legal counsel to review this matter and discuss it at the 2001 salary commission meeting. However, a salary commission meeting was not held in 2001 and there is no documentation this situation was reviewed.

- B. In 2002, the salary commission did not meet or authorize the use of an alternative higher salary schedule for the County Treasurer. Although the County Commission did not obtain a written legal opinion, they increased the County Treasurer's salary by \$10,710 annually, starting in 2003. House Bill 2137, effective August 28, 2002,

provided for an increase in the compensation paid to the County Treasurer. It established an alternative, higher salary schedule and stated the salary commission may authorize the use of the alternative salary schedule. As a result, without a documented legal opinion, it is unclear whether the salary increase provided to the County Treasurer is in accordance with state law.

- C. The County Commission and the former Prosecuting Attorney approved a policy exempting the Prosecuting Attorney's employees from the Fair Labor Standards Act (FLSA). It is unclear how these employees are exempt from the FLSA. Written job descriptions prepared by the former Prosecuting Attorney and approved by the County Commission describe each of the positions in the office as supervisory. The employees agreed to be salaried and managerial and not be paid overtime in exchange for being paid for unused vacation and sick leave, which is contrary to county policy. While unpaid leave payments were only made in 1999, the Prosecuting Attorney's employees' monthly salaries were increased \$150 to \$250 in 2000 pursuant to an agreement between the County Commission and the Prosecuting Attorney. In 2001 and 2002 it did not appear any raises were given related to this agreement; however, the former Prosecuting Attorney approved employees' timesheets with approximately 2,290 hours of overtime during 2002 and 2001.

This policy may not comply with the FLSA, which states that overtime will be given at the rate of time and a half. The FLSA also states that covered employees may accumulate a maximum of 240 hours of compensatory time and amounts over these limits will be compensated in pay. The county is required to account for and pay either overtime or allow compensatory time off for nonexempt employees. The county should review its personnel policy for all employees and adopt overtime and compensatory time policies that comply with the FLSA.

WE RECOMMEND the County Commission:

- A&B. Consult with legal counsel and review the situation to ensure the actions taken were in accordance with state law.
- C. Review the current overtime and compensatory time policies to ensure such policies comply with the FLSA.

AUDITEE'S RESPONSE

A&B. The County Commissioners will obtain a written legal opinion from the Prosecuting Attorney regarding these actions. Although the County Commission requested a written legal opinion from the former Prosecuting Attorney, only a verbal opinion was provided regarding these issues.

- C. *The former Prosecuting Attorney's policies on salary, overtime, and payment for accrued leave and vacation time were terminated when the current Prosecuting Attorney took office. All staff employees are now treated like other county employees.*

3. Microfilm Sales

Amounts charged by the former Recorder of Deeds for microfilm sales were not always consistent and accurate. Receipt slips were not issued for microfilm purchases and bids were not solicited and a written contract was not entered into for microfilming services. The sale of microfilm to one local title company was not handled consistent with other sales.

Deeds and other recorded documents in the Recorder of Deeds office are periodically microfilmed. The company that produces the microfilm maintains a copy for the county for preservation purposes. The Recorder of Deeds determines the selling policies of microfilm to local title companies, including the price to be charged. Payments for the microfilm were made to the county, except in one instance when the microfilm company charged for the microfilm. During the two years ended December 31, 2002, microfilm sales totaled approximately \$15,000.

- A. The amounts charged and collected by the former Recorder of Deeds for microfilm sales did not always appear correct. She indicated the price charged for rolls of microfilm was based on the cost of the microfilm divided by the number of purchasers, plus \$100 per roll. For sales made to title companies during 2001 and 2002, the amount charged was higher in one instance and lower in five instances, than what should have been charged based on the method described by the former Recorder of Deeds. No documentation was provided to show how the amounts actually charged for the microfilm were determined. The current Recorder of Deeds is charging \$220 per roll of microfilm purchased.

To ensure proper amounts are charged and collected for microfilm sales, adequate documentation should be maintained to support the amounts charged.

- B. Receipt slips were not issued by the former Recorder of Deeds for payments received from microfilm sales. Payments received were forwarded to the County Treasurer for deposit and copies of the checks were maintained in the Recorder's User Fees Fund file. The current Recorder of Deeds found a copy of a \$405 check for microfilm sales that the County Treasurer had not received. The current Recorder of Deeds contacted this title company for the \$405 payment which was then received and deposited by the County Treasurer.

To adequately account for all microfilm sales, prenumbered receipt slips should be issued for all payments received and the numerical sequence of receipt slips should be accounted for. In addition, a receipt slip should be obtained by the Recorder of Deeds for any payments transmitted directly to the County Treasurer.

- C. Bids were not solicited and a written contract was not entered into for microfilming services. Approximately \$28,500 and \$4,000 was spent for microfilming services during the years ended December 31, 2002 and 2001, respectively. Much of this cost is related to a large microfilming project (\$18,000) that started in August 2002, to microfilm older records not previously microfilmed. The former Recorder of Deeds had purchased microfilming services from the same company for several years without obtaining bids and without a contract for the services.

Section 50.660, RSMo 2000, requires the advertisement for bids for all purchases of \$4,500 or more from any one person, firm or corporation during any period of ninety days. Bidding procedures for major purchases provide a framework for economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best bidder. In addition, competitive bidding assures all parties are given an equal opportunity to participate in county business. Section 432.070, RSMo 2000, states all contracts entered into by the county shall be in writing and shall be signed by each of the parties or their agents.

- D. The sale of microfilm to one title company was not handled consistent with sales to other title companies. The microfilming company sold all microfilm on hand (198 rolls) to only one of the local title companies, and rather than the county receiving payment for this sale, the microfilming company charged the title company for these rolls, which is not consistent with how previous sales were handled. No explanation was provided to explain why this sale was handled differently than others and it is unclear why the microfilm company billed for this sale, whereas the county billed for all others, and whether these rolls of microfilm are considered public documents in the hands of the microfilm company. The microfilm sold included older records microfilmed in August 2002 along with more current documents. The microfilm of the older records was apparently not offered for sale or given to the other local title companies.

According to the invoice from the microfilming company, this title company was charged \$2,079, which was \$10.50 per roll, significantly less than the amount the county would have charged. The county did not receive any monies from this microfilm sale. Based on calculations from the current Recorder of Deeds, had the film sold to this title company been charged using the method adopted by the former Recorder of Deeds, the cost could have exceeded \$40,000.

Circumstances surrounding these late 2002 transactions appear questionable. Given that the county had not done significant microfilming before the August 2002 election, that the county and not the microfilming company usually billed these title companies, that other title companies were apparently not offered the same deal, and that the former Recorder of Deeds is currently employed with the title company raises questions about the whole situation.

These actions do not appear to be consistent with past sales to local title companies, and did not maximize revenues to the county. To ensure consistent treatment to all title companies, the current Recorder of Deeds and County Commission should develop written procedures dictating how microfilm will be sold and the amount that will be charged, as well as determining whether the microfilm stored by the microfilm company can be sold to the public without the county's consent.

WE RECOMMEND the Recorder of Deeds:

- A. Ensure adequate documentation is maintained to support the amounts charged for microfilm sales.
- B. Issue receipt slips to account for all microfilm sales. In addition, the Recorder of Deed's should obtain receipts from the County Treasurer for monies forwarded to the County Treasurer or issue payment by official check to account for the ultimate disposition of all microfilm receipts received.
- C. Solicit bids for all items in accordance with state law and ensure all contracts are in writing and signed by each of the parties involved.
- D. Ensure microfilm sales are consistently handled and attempt to determine why payment for one sale of microfilm was billed by the microfilm company, rather than the Recorder of Deeds. In addition, the County Commission should review this situation with the Prosecuting Attorney and determine any action to be taken.

AUDITEE'S RESPONSE

The current Recorder of Deeds provided the following response:

- A. *I have already implemented this.*
- B. *I am now issuing prenumbered invoices for the sale of microfilm. I document payment information on the invoice and transmit it to the County Treasurer, who issues a receipt slip.*
- C. *I agree and will plan to solicit bids next year if I expect the cost to exceed the bid requirement. I will enter a written agreement for these services in the future.*
- D. *We will be taking bids at the first of the year on microfilming for a period of two years with a signed contract that states the microfilm company cannot and will not sell any of the film they store to anyone without the written approval of the Ray County Commissioners, the Prosecuting Attorney, and the Recorder. I will also require the title companies who are currently purchasing microfilm to sign and notarize a disclaimer stating that they will not make any copies of the film or sell any copies of the film to any other person or title company.*

The County Commission responded:

- D. *This situation was identified by the county in January 2003 and was brought to the attention of the State Auditor's Office at that time. We plan to request the Prosecuting Attorney forward this finding to the Attorney General's Office for an opinion regarding the ethical, financial, and legal ramifications of this situation. Furthermore, we hope that this finding, which has been compiled by the county and the State Auditor's Office, is forwarded to the Attorney General's Office by the State Auditor as well.*

The former Recorder of Deeds responded:

A-D. I have been associated with the Office of Recorder of Deeds during the following periods:

1. *1949 through 1954 Assistant Recorder*
2. *1983 through 1990 Chief Deputy Recorder*
3. *1991 through 2002 Elected Recorder of Deeds.*

I consider it an honor to have been trusted by the citizens of Ray County to protect the property records and other important documents as their elected Recorder of Deeds. Ray County has been my home my entire lifetime. During my time in public office, I have always acted as a public servant for all members of the public and in the best interest of the citizens. I welcome this opportunity to correct the record. At no time during my tenure was any document lost, improperly recorded or damaged. No public funds were ever misplaced or misappropriated.

All persons and businesses that purchased copies from my office were billed at the same rate. If my costs changed, the prices I charged changed. I deny there was ever a different billing rate for different purchasers. The allegation is still baffling to me. Specifically, if the microfilm company changed its method of charging the office, purchasers from my office were billed accordingly.

The records in the office are copies of originals. The records are public, are not copyrighted and are available to the entire public for inspection and copying at their election. This is provided by state statute, Section 109.190 RSMo. As recorder, I could not and never sought to prohibit any Ray County entity or person from making or securing any records in my office at any time.

Receipts for purchases have never been necessary as purchases have always been by check. This has been the accepted practice in Ray County for over the past fifty years. The state auditor has never seen this as an issue in the past. It has never been a problem.

Bids for microfilming are not required as the microfilming is done typically on a monthly basis. Therefore, the amount at issue is below any statutory requirement as provided in Section 50.660 RSMo. Again, this practice has been ongoing for decades, all with the full knowledge of this auditor and prior state auditors. If it was ever an issue, it could have been mentioned to me or earlier recorders during the past fifty years. This is a most curious statement by the auditor.

If a person, including any microfilm company elects to sell its copies of public records, I cannot prohibit it from doing so. These records are only copies of the originals and are public documents, not private or copyrighted. The auditor cites no authority for its speculation or conjecture about treatment of public documents. Since the records are public, any person or company can make all the copies it wants and do with the copies of copies of documents as it pleases. Section 109.190 RSMo, specifically provides "any person interested has a right to inspect or make copies from any public records, instruments or documents, ...any person has the right of access to the records documents or instruments."

AUDITOR'S COMMENT

While microfilm sales were billed at the same rate, the amount billed was not always calculated correctly or consistently based on the method described by the former Recorder.

Bidding requirements contained in Section 50.660, RSMo 2000, would apply to the microfilming of documents and since the amount spent in the latter part of 2002 was over the bidding threshold of \$4,500 in a period of ninety days, it appears bids were required by law.

Distribution of copies of public documents by a microfilm company that has been paid by the county to make and store the copies was inconsistent with the normal procedures used by the former Recorder of Deeds. The statute cited by the former Recorder, Section 109.190, RSMo 2000, also states that any person may make copies of public records, instruments or documents "while in the possession, custody and control of the lawful custodian thereof or his authorized deputy. The work shall be done under the supervision of the lawful custodian of the records who may adopt and enforce reasonable rules governing the work." Since the Recorder of Deeds is the lawful custodian of the records filed in her office, it appears this statute may only apply to records in her possession.

4. Child Support Enforcement

Child Support Enforcement (Title IV-D) reimbursements claimed by the former Prosecuting Attorney during 2002 and 2001 were inaccurate. Our prior report included findings related to the reimbursements submitted for IV-D expenditures and reported questioned costs totaling \$10,023. During our current audit, we noted similar procedures were used to prepare the reimbursement requests and similar problems were noted. Total hours worked by the former Prosecuting Attorney were again understated on the reimbursement requests we reviewed, resulting in additional questioned costs. Total hours worked by employees of the Prosecuting Attorney were also understated on the reimbursement requests compared to the hours reported on the timesheets submitted to the county. As a result of the Prosecuting Attorney and the employee's percentage of time spent on IV-D being overstated, the county was again reimbursed too much for monthly operating expenditures. Total questioned costs identified during our current audit totaled \$3,756, although this amount would have likely been higher had we reviewed all reimbursements submitted during our audit period.

The county responded to our previous finding that they would contact the grantor agency to resolve the questioned costs and Child Support Enforcement was provided a copy of our findings, but it appears no action has been taken by the state or county.

WE AGAIN RECOMMEND the County Commission and Prosecuting Attorney work with the grantor agency to resolve the questioned costs. The Prosecuting Attorney should ensure Title IV-D claim forms are accurate and report all hours worked by the employees of his office.

AUDITEE'S RESPONSE

The County Commission responded:

The County Commission and Prosecuting Attorney will contact the grantor agency to resolve these questioned costs which arose during the previous prosecutor's term of office.

The Prosecuting Attorney responded:

I took office on January 1, 2003. The child support claims are now being accurately and correctly prepared. Only actual hours worked by staff and genuine expenses incurred are being reported.

5. County Treasurer's Controls and Procedures
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For some official's restricted funds maintained in the county treasury, checks are signed only by the County Treasurer. Adequate supporting documentation was not always obtained for some expenditures from these funds and others had insufficient detail to support the expenditure. In one instance, the former Prosecuting Attorney prepared a written request for a blank signed check to purchase office supplies. With no supporting documentation for this purchase, other than the payee and the amount (\$636), the County Treasurer contacted the vendor (Wal-Mart) for details. Items purchased included soda, candles, silverware, and candy, totaling \$358, which do not appear to be necessary for the operation of the office. The remaining items, totaling \$278, appeared to be reasonable expenditures. In addition, no invoice was obtained for \$41,300 paid on shelving in the Recorder of Deed's office.

Without obtaining and properly reviewing adequate supporting documentation, the County Treasurer cannot determine the validity and propriety of the expenditures. To adequately safeguard assets, checks should not be signed until all pertinent information is completed and supporting documentation for the disbursement is reviewed.

WE RECOMMEND the County Treasurer ensure adequate supporting documentation is obtained for all expenditures and checks are not signed in advance. In addition, the Prosecuting Attorney should ensure all future expenditures represent a prudent use of public monies.

AUDITEE'S RESPONSE

The County Treasurer responded:

In the future, no checks will be written without adequate supporting documentation.

The Prosecuting Attorney responded:

That expenditure was made by the former Prosecuting Attorney. Since January 1, 2003 all Prosecuting Attorney Bad Check expenses comply with statute.

6. Expenditures

Bids were not always solicited for all purchases made by the county and sole source procurement was not adequately documented. Some of the emergency planning monies received by the county were not adequately monitored by the County Commission, nor were they maintained in a bank account controlled by the County Treasurer. In addition, payments were made to road districts without proper written contracts.

- A. Bids were not always solicited by the County Commission nor was bid documentation always retained for some purchases. Examples of the items purchased without documentation of bids and/or advertisement included truck repairs for approximately \$7,520, clock chimes for the courthouse for approximately \$5,635, and equipment repairs for approximately \$5,380. The County Commission indicated each of these purchases was a sole source procurement, but this was not documented in the commission minutes.

Section 50.660, RSMo 2000, requires the advertisement for bids for any purchases of \$4,500 or more, from any one person, firm, or corporation during any period of ninety days. Bidding procedures for major purchases provide a framework for the economical management of county resources and helps to assure the county receives fair value by contracting with the lowest and best bidder. Competitive bidding ensures all interested parties are given an equal opportunity to participate in county business. To show full compliance with state law, documentation of bids should include, at a minimum, a listing of vendors from whom bids were requested, a copy of the request for proposal, a newspaper publication notice when applicable, a copy of all bids received, a summary of the basis and justification for awarding the bid, documentation of all discussions with vendors, and bid specifications designed to encourage competitive bidding. If bids cannot be obtained and sole source procurement is necessary, the official commission minutes should reflect the necessitating circumstances.

- B. Some emergency planning monies made payable to the county were not maintained in a bank account controlled by the County Treasurer. The former Presiding

Commissioner forwarded five checks, totaling approximately \$12,280, directly to the Mid-America Regional Council (MARC).

All monies received on behalf of the county should be in the custody of the County Treasurer and disbursed through the county's expenditure system. Supporting documentation should be obtained and reviewed for all expenditures prior to approval of the disbursements.

- C. Payments were made to road districts without proper written contracts. During the two years ended December 31, 2002, the county distributed a portion of its County Aid Road Trust (CART) revenues and road and bridge sales tax revenues to the six special road districts within the county. Payments totaling \$376,463 and \$487,796 were made from the Special Road and Bridge Fund and Special Road and Bridge Sales Tax Fund, respectively, to the special road districts during this period. Written statements were obtained from the special road districts regarding how these monies were to be used; however, such statements do not constitute proper contracts.

There appears to be no statutory authority for the County Commission to make these distributions to the special road districts without some type of contractual agreement. Written agreements would help ensure that monies distributed to other entities are expended in compliance with constitutional and statutory provisions and as intended by the County Commission.

Conditions similar to A and C were also noted in the two previous audit reports.

WE RECOMMEND the County Commission:

- A. Solicit bids for all purchases in accordance with state law and maintain documentation of bids. If bids cannot be obtained and sole source procurement is necessary, the official commission minutes should reflect the necessitating circumstances.
- B. Ensure all county funds are in the custody of the County Treasurer and disbursed through the county's expenditure system.
- C. Enter into proper written contracts, which specifically state what services are to be provided to the county.

AUDITEE'S RESPONSE

- A. *We regularly bid purchases as required by the law. In the future, sole source procurement will be documented in the minutes.*
- B. *The current County Commission now ensures all money runs through the County Treasurer.*

C. *We will enter into contracts for these payments to the Special Road Districts.*

7. County Vehicles

Vehicle logs are not maintained for county vehicles. While a gasoline log is maintained, it does not include the mileage, destination, and purpose of each trip taken. As a result, the County Commission cannot effectively monitor the use of county owned vehicles. Two Road and Bridge employees are allowed to use county vehicles to commute to and from work. Although the commuting miles are a reportable fringe benefit, the county did not include the value of the commuting miles or vehicles on these employee's W-2. The County Commission indicated these employees are on-call 24 hours a day for emergency situations. The County Commission estimated that one of the employees commutes approximately 26 miles per day and the other employee commutes approximately 20 miles a day in their county owned vehicles. If the County Commission believes these two employees should be exempt from taxable fringe benefits due to their 24 on-call status, this decision should be adequately documented in the minutes.

Vehicle logs should be maintained which document the date, destination, purpose of trip, odometer readings, and the employee driving the vehicle. Complete and detailed vehicle logs are necessary to monitor mileage and evaluate the usage of vehicles. In addition, Internal Revenue Service (IRS) reporting guidelines indicate personal commuting mileage is a reportable fringe benefit. Furthermore, IRS guidelines require the full value of the provided vehicle to be reported if the employer does not require the submission of detailed logs which distinguish between business and personal usage. The county does not require such usage logs for these vehicles. Because procedures have not been established to ensure the IRS regulations are followed, the county may be subject to penalties and/or fines for failure to report all taxable benefits.

WE RECOMMEND the County Commission require vehicle logs be maintained for all county vehicles. If applicable, these logs should reflect business and personal miles driven and should be reviewed periodically for reasonableness. In addition, the county should comply with IRS guidelines for reporting fringe benefits relating to personal vehicle use, or adequately document their reasoning for exempting these individuals.

AUDITEE'S RESPONSE

We will ensure vehicle logs are maintained for the Sheriff's, Assessor's, and Planning and Zoning vehicles, and Road and Bridge supervisors' vehicles. We will consult the Prosecuting Attorney regarding IRS guidelines for reporting fringe benefits.

8.

Property Tax Controls

The County Clerk does not maintain an account book with the County Collector. An account book would summarize all taxes charged to the County Collector, monthly collections, additions and abatements, and protested amounts. An account book, prepared by the County Clerk from aggregate abstracts, court orders, monthly statements of collections, and the tax books, would enable the County Clerk to ensure the amount of taxes charged and credited to the collector each year is complete and accurate.

Section 51.150(2), RSMo 2000, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury. A properly maintained account book could be used by the County Commission to verify the County Collector's annual settlements.

WE RECOMMEND County Commission ensure the County Clerk establish and maintain an account book of the County Collector's transactions, and the County Commission make use of this account book to verify the County Collector's annual settlements.

AUDITEE'S RESPONSE

We will ensure this is done.

9.

Senate Bill 40 Board

The Senate Bill 40 (SB40) Board did not adequately monitor contracts, solicit bids, maintain vehicle logs, or maintain general fixed asset records.

- A. The SB40 Board did not adequately monitor monies paid for contracts. Although the SB40 Board reimburses not-for-profit organizations for all expenses, supporting documentation is not always received for these reimbursements. For example, the SB40 Board did not obtain adequate supporting documentation from a not-for-profit for a \$9,460 expenditure for additional salaries and a \$925 expenditure for painting services. Without monitoring these contracts, the SB40 Boards has no assurance that these not-for-profit organizations are spending monies as intended by the SB40 Board. In addition, without obtaining and properly reviewing adequate supporting documentation, the SB40 Board cannot determine the validity or propriety of the expenditures.
- B. Bids were not solicited for four different vehicle purchases, with a total cost of \$101,238, during the year ended December 31, 2002. Section 50.660, RSMo 2000, requires the advertisement for bids for all purchases of \$4,500 or more from any one person, firm or corporation during any period of ninety days. Bidding procedures for

major purchases provide a framework for economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best bidder. In addition, competitive bidding assures all parties are given an equal opportunity to participate in county business.

- C. Vehicle logs are not maintained for the five vehicles owned and maintained by the SB40 Board. The vehicles are driven by employees of a not-for-profit organization which provides sheltered workshop services. Complete and detailed mileage logs are necessary to monitor mileage and evaluate the usage of the vehicles.

Vehicle logs should be maintained which document the date, destination, purpose of trip, odometer readings, and the employee driving the vehicle. Without adequate vehicle logs, the SB40 Board cannot effectively monitor the use of county owned vehicles.

- D. General fixed asset records are not maintained and property tags are not affixed to all assets. Adequate general fixed asset records are necessary to secure better internal control over SB40 Board property, meet statutory requirements, and provide a basis for determining proper insurance coverage required on property. In addition, property control tags should be affixed to all fixed asset items to help improve accountability over these items and help ensure that assets are not lost or stolen.

WE RECOMMEND the Senate Bill 40 Board:

- A. Adequately monitor contracts to ensure not-for-profit organizations are spending monies as intended by the SB40 Board and ensure adequate supporting documentation is obtained and reviewed for all expenditures.
- B. Solicit bids for all items in accordance with state law.
- C. Require detailed vehicle logs be maintained for all vehicles and review this log periodically for reasonableness.
- D. Establish records to account for general fixed assets, and identify all fixed assets with a number, tag, or similar identifying device.

AUDITEE'S RESPONSE

- A. *We have noted the discrepancies pointed out by the auditors and have corrected these already. The additional salary payments noted above have been discontinued. We have recently updated the contracts with the not-for-profit organizations we support to more adequately detail the services provided.*
- B. *Bids will be taken in the future when required.*

- C. *Logs are maintained for some vehicles now and we will ensure logs are maintained for all vehicles in the future.*
- D. *We will update our fixed asset records and tag all property by March 1, 2004.*

10. County Clerk's Controls and Procedures

The County Clerk maintains the County Clerk Election Fund instead of remitting these monies to the County Treasurer. Adequate oversight of accounting functions is not provided. and documented reviews are not performed by the County Clerk. Clerk fees are not kept in a secured location until transmitted to the County Treasurer and checks are not restrictively endorsed upon receipt. In addition, fees received are not transmitted timely to the County Treasurer.

- A. The County Clerk maintains custody of the County Clerk Election Fund which is used for paying most of the county election costs. Monies received on behalf of the county should be in the custody of the County Treasurer and disbursed through the county's expenditure system. Section 54.140, RSMo 2000, requires the county treasurer to separate and divide the revenues of the county and to pay out the revenues on warrants issued by the county commission.
- B. Adequate oversight of accounting functions is not provided by the County Clerk. All employees in the County Clerk's office collect receipts and have access to monies received. The election clerk records transactions, prepares deposits, disburses monies, and prepares bank reconciliations. The clerk responsible for the school and cemetery trusts records transactions, prepares deposits, disburses monies, and prepares bank reconciliations. There are no documented reviews of the accounting records performed by the County Clerk.

Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and depositing receipts from recording and reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory reviews of the records should be performed and documented.

- C. Monies received are not transmitted to the County Treasurer on a timely basis. During the audit period, transmittals were made approximately once a month, averaging \$1,700. Receipts are kept in an unlocked office until transmitted to the County Treasurer. In addition, checks and money orders are not restrictively endorsed until the deposit is prepared. To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be transmitted intact daily or when accumulated receipts exceed \$100, restrictively endorsed upon receipt, and kept in a secure location until deposited.

WE RECOMMEND the County Clerk:

- A. Ensure all county funds are held in the custody of the County Treasurer and are disbursed through the county's expenditure system.
- B. Provide adequate oversight for the accounting functions performed by employees.
- C. Transmit monies intact daily or when accumulated receipts exceed \$100. In addition, the County Clerk should keep receipts in a secure location until deposited and restrictively endorse checks and money orders immediately upon receipt.

AUDITEE'S RESPONSE

- A. *This has already been implemented.*
- B. *I will document my reviews in the future.*
- C. *I have begun making transmittals twice monthly and will do so more often if deemed necessary. All monies are now locked up at all times and checks are restrictively endorsed upon receipt.*

11. Circuit Clerk's Controls and Procedures
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The monthly listing of open items (liabilities) is not reconciled with the cash balance. The Circuit Clerk did not maintain a centralized record of interest monies earned, spent, and the balance of these monies. A listing of accrued costs owed to the court is not maintained by the Circuit Clerk and monitoring procedures related to accrued costs are not adequate.

- A. The monthly open items listing is not reconciled with the cash balance. The \$3,400 cash balance at December 31, 2002 was approximately \$1,600 more than the identified open items, with such difference fluctuating each month of the audit period.

Preparing accurate listings of open items and agreeing the total with the reconciled cash balance helps ensure sufficient assets exist to cover liabilities and all monies are properly recorded and handled. Any unidentified differences between the cash balance and open items should be investigated and resolved.

- B. The Circuit Clerk did not maintain a centralized record of interest monies earned, spent, and the balance of the interest account. Ledgers were maintained documenting all interest expenditures from the various accounts, but interest earned on the accounts and the interest balances were not posted to these same ledgers. In addition, maintaining multiple bank accounts with interest monies requires additional record keeping and increases the likelihood of errors. At our request, the Circuit Clerk

prepared interest ledgers from the various accounts. However, they did not agree with the balances of the interest accounts.

An interest ledger is necessary to track the current balance of interest monies and ensure interest income and expenditures are accurately recorded. In addition, overall efficiency could be improved by reducing the number of accounts and combining funds in as few accounts as possible. Consolidating existing accounts would also allow funds to be pooled for increased investment opportunities.

- C. A listing of accrued costs owed to the court is not maintained by the Circuit Clerk and monitoring procedures related to accrued costs are not adequate. The Circuit Clerk's office sends a statement to the appropriate party requesting payment, but no additional follow-up action is taken if payment is not made.

A complete and accurate listing of accrued costs would allow the Circuit Clerk to more easily review the amounts due to the court and to take appropriate steps to ensure amounts owed are collected. Without adequate procedures for the collection of accrued court costs lost revenues may result. In addition, Section 546.870, RSMo 2000, requires the clerk to issue executions/warrants on amounts not collected at the end of each term.

WE RECOMMEND the Circuit Clerk:

- A. Ensure monthly listing of open items reconciles to the cash balance. All differences should be investigated and resolved on a timely basis. In addition, the Circuit Clerk should establish and implement procedures to ensure monies are disbursed in a timely manner on cases that have been resolved.
- B. Maintain an interest ledger to record interest earned and expenditures of interest fund monies for all accounts. The ledger should be reconciled to the available cash balance monthly. In addition, the Circuit Clerk should reduce the number of bank accounts maintained.
- C. Maintain a listing of accrued costs and establish procedures to routinely follow-up and pursue timely collection.

AUDITEE'S RESPONSE

- A. *I believe that since I have converted to JIS I have met this recommendation.*
- B. *I am in the process of closing the excess bank accounts and all interest money will also be kept in JIS.*
- C. *I will do my best to comply with this recommendation by creating a costs due folder that will be monitored monthly.*

Sheriff department employees have been provided meals at no cost from the jail. Adequate oversight of accounting functions has not been provided and the petty cash fund is not maintained on an imprest basis. Adequate control over evidence has not been established and some items were not disposed of in a timely manner.

- A. Sheriff's department employees have been provided meals at no cost from the jail. The Sheriff indicated that typically employees who are at the jail during the noon hour are provided lunch, but that employees are rarely provided other meals. The Sheriff does not maintain any documentation of how many meals were provided to employees. The county's personnel policy does not address whether employees of the sheriff's department are to be provided meals by the county. A written personnel policy addressing this issue is necessary to provide assurance all employees are treated equitably and to prevent misunderstandings.
- B. Adequate oversight of accounting functions is not provided by the Sheriff. A different clerk performs all cash custody and record-keeping for civil, criminal, and bonds. Each clerk collects monies, records transactions, prepares deposits, disburses monies, and prepares bank reconciliations. There are no documented reviews of the accounting records performed by the Sheriff.

Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and depositing receipts from recording and reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory reviews of the records should be performed and documented.

- C. The petty cash fund is not maintained on an imprest basis. According to the Sheriff, there is no set balance for the petty cash fund, but it would not be more than \$100. We counted approximately \$59 and identified \$126 of paid receipts. During the year ended December 31, 2002, the county paid approximately \$700 to reimburse the petty cash fund. While the Sheriff periodically submits requests and supporting documentation to the county, the reimbursement does not bring the balance of the fund to an established amount. To provide proper accountability over cash on hand, these monies should be kept on an imprest basis.

Good internal controls require petty cash to be set at an established amount and to be reimbursed when it has been expended. An imprest basis petty cash fund would improve accountability over petty cash monies.

- D. Adequate controls over evidence have not been established. An evidence log is not maintained and periodic inventories of the property on hand are not conducted. In

addition, several items on the evidence inventory listing have been on hand for more than eighteen years and do not appear to be necessary for a pending trial.

Considering the often sensitive nature of the evidence, adequate internal controls are essential and would significantly reduce the risk of theft or misuse of the stored items. An inventory control record should include information such as description, persons involved, current location, case number, and disposition of such property. Officers should be required to sign the inventory record each time evidence is removed from the room. In addition, periodic physical inventories should be performed and the results compared to the inventory records to ensure that evidence is accounted for properly. Section 542.301 RSMo, 2000 states seized property may be ordered sold or destroyed by a judge if not claimed within one year from the date of seizure. Proper disposal of such items would eliminate the significant risks of unauthorized access, use, or theft and the related potential liability of the county for such possible improper access or use.

WE RECOMMEND the Sheriff:

- A. And County Commission review whether sheriff department employees should be provided meals at county expense and if necessary, update the county personnel policy.
- B. Provide adequate oversight for the accounting functions performed by employees.
- C. Maintain the petty cash fund on an imprest basis and ensure the monies are adequately accounted for.
- D. Maintain an inventory record of all evidence seized, including information such as description, current location, case number and disposition of such property. A periodic inventory of all items on hand should be performed to ensure that items are properly identified, tagged, and logged. In addition, the Sheriff should make timely and appropriate dispositions of evidence.

AUDITEE'S RESPONSE

The Sheriff responded:

- A. *I agree. Department employees who eat at the jail are currently paying for those meals.*
- B. *I will begin performing documented quarterly reviews.*
- C. *I have implemented this recommendation already.*

- D. *I have recently purchased and implemented a tracking system for evidence. I will work with the Prosecuting Attorney and Circuit Judge to determine which items can be disposed of in accordance with state law.*

The County Commission responded:

- A. *We are currently updating the County policy, which will be completed by July 1, 2004, and will ensure this issue is addressed in the update.*

13. Assessor's Controls and Procedures

Receipt slips are not issued for some monies received and transmittals to the County Treasurer totaling approximately \$1,300 annually are not made intact. Receipt slips are not issued for some cash receipts which are used to put into the petty cash fund. Because these cash receipts are not recorded and transmitted to the Treasurer, there is less assurance that all monies received are properly accounted for. In addition, cashiers' checks and money orders received are not restrictively endorsed immediately upon receipt. Instead, the endorsement is applied by the Treasurer when the monies are transmitted.

Prenumbered receipt slips should be issued for all monies received to ensure monies are properly accounted for and transmitted intact. If a petty cash fund is necessary, it should be maintained at a constant amount and replenished by requesting a check from the Assessment fund. In addition, cashiers' checks and money orders should be restrictively endorsed immediately upon receipt.

WE RECOMMEND the Assessor issue prenumbered receipt slips for all monies received and reconcile the composition of the receipts to transmittals to the County Treasurer. If a petty cash fund is needed, it should be maintained at a constant amount. In addition, the Assessor should restrictively endorse cashiers' checks and money orders immediately upon receipt.

AUDITEE'S RESPONSE

I agree and will begin issuing prenumbered receipt slips for all monies received effective January 1, 2004. I will also maintain the petty cash fund on an imprest basis in the future.

14. Juvenile Office's Controls and Procedures
--

An adequate system to account for restitution payments due to and received by the Juvenile Office has not been established. A fee sheet is maintained in each case file showing amounts due and payments made, but a control listing detailing amounts due, paid, and transmitted to victims is not maintained. A complete and accurate listing would allow the Juvenile Office

to more easily review the amounts due and payments made and to take appropriate steps to ensure amounts owed are collected.

To ensure all payments made to the Juvenile Office are handled and accounted for properly, a listing should be maintained showing each payment and its disposition, as well as the amount owed and date due. Inadequate procedures for the collection of accrued court costs may result in lost revenues.

WE RECOMMEND the Juvenile Office maintain a control listing of amounts due, paid, and transmitted to victims.

AUDITEE'S RESPONSE

We agree and will work to implement a control listing by April 1, 2004.

15. Planning and Zoning Controls and Procedures
--

Adequate oversight of accounting functions is not provided and monies were not transmitted timely to the County Treasurer.

- A. Adequate oversight of the accounting functions performed by the Planning and Zoning administrator is not provided by the County Commission. The Administrator collects monies, records transactions, and prepares transmittals. There are no documented reviews of the accounting records performed by the County Commissioners.

Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and depositing receipts from recording and reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory reviews of the records should be performed and documented.

- B. Monies were not transmitted timely to the County Treasurer or restrictively endorsed immediately upon receipt. Transmittals are made once or twice a week, and averaged \$700 per transmittal, and approximately \$50,000 a year. In addition, cashier's checks and money orders received are not restrictively endorsed immediately upon receipt. Instead, the endorsement is applied when transmitted to the County Treasurer. To adequately safeguard receipts and reduce the risk of loss or misuse of funds, transmittals should be made daily or when the cash on hand exceeds \$100. In addition, cashiers' checks and money orders should be restrictively endorsed immediately upon receipt.

WE RECOMMEND the County Commission:

- A. Provide adequate oversight of the accounting functions performed by employees.
- B. Ensure all monies received are transmitted daily or when receipts exceed \$100. In addition, the County Commission should ensure cashiers' checks and money orders are restrictively endorsed immediately upon receipt.

AUDITEE'S RESPONSE

- A. *We will start comparing the monthly summary we currently receive from the Planning and Zoning Administrator to the amounts transmitted to the County Treasurer.*
- B. *We will ensure transmittals are made daily and that restrictive endorsement is applied upon receipt.*

Follow-Up on Prior Audit Findings

RAY COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Ray County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 1998. The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Financial Condition

During the two years ended December 31, 1998, the financial condition of the county's General Revenue Fund declined significantly.

Recommendation

The County Commission continue to monitor the financial condition of the General Revenue Fund and consider ways of increasing revenues and/or reducing expenditures.

Status:

Implemented.

2. County Expenditures

- A. The County Commission approved expenditures in excess of budgeted amounts in various funds during the two years ended December 31, 1998.
- B. The county did not solicit bids or maintain bid documentation related to various significant purchases.
- C. In addition to the expenditures discussed above, county officials authorized contract work totaling \$37,570 related to a flood project based only upon one bid proposal obtained. It appeared this work was not properly authorized by the County Commission, was not documented in the commission minutes, nor did the county enter into a written contract with the applicable contractor. In 1999, the Federal Emergency Management Agency determined that the project was not eligible for federal reimbursement and the county's reimbursement claim was initially denied.
- D. During the two years ended December 31, 1998, the county distributed a portion of its County Aid Road Trust (CART) revenues and road and bridge sales tax revenues to the six special road districts within the county. These payments were made without proper written contracts being prepared.

Recommendation:

The County Commission:

- A. Keep expenditures within the amounts budgeted. If additional expenditures are necessary, the extenuating circumstances should be fully documented and the budgets properly amended.
- B. Solicit bids for all expenditures in excess of \$4,500 as required by state law and retain documentation of these bids and justification for bid awards.
- C. Continue to pursue the possible recovery of federal reimbursements related to the applicable project. Also, the county should ensure such a situation does not reoccur. This would include ensuring written authorization to proceed has been received from the applicable grantor agency and that all grant requirements have been met. Further, written contracts should be entered into for any contracted work and bids should be solicited to the extent possible.
- D. Enter into proper written contracts, which specifically state what services are to be provided to the county, for any distribution of CART or road and bridge sales tax monies to the special road districts.

Status:

- A. Not Implemented. See MAR finding number 1.
- B&D. Not Implemented. See MAR finding number 6.
- C. Implemented. The county did receive federal reimbursement for this project.

3. Special Road Projects

- A. All of the special road projects entered into by the county were based upon verbal agreements. No written contracts were entered into to formalize these agreements.
- B. The county had not established adequate procedures to account for the related project costs and reimbursements nor was a written policy established regarding the handling of special road projects or to clarify when other entities or citizens will be asked to pay a portion of road projects.
- C. In 1996, the county entered into an agreement with a citizens group and a city to chip and seal a particular road. The county paid the contractor and received payment from the citizens' group; however, the county had not received the city's share of the costs (\$2,633).

- D. In 1997, a citizens group and the county entered into a written agreement to equally share the cost of chipping and sealing several roads in a particular subdivision. The county did not require the citizens group to reimburse the county for its portion of the costs until after the project was completed. The county paid an additional \$6,528 on this project which was the responsibility of the citizens group.

Recommendation:

The County Commission:

- A. Ensure arrangements such as this are formalized in written contracts as required by state law.
- B. Ensure adequate procedures are established to account for the project costs and reimbursements and adopt a formal policy regarding the handling of road projects and clarifying when other entities or citizens may be asked to pay a portion of the costs.
- C. Ensure that all amounts owed the county are collected in a timely manner.
- D. Take steps to ensure outside parties properly pay their share of costs related to such road projects. The Commission should consider requiring these parties to contribute their share of the costs before the road project is started.

Status:

- A. Not implemented. Although not repeated in the current report, our recommendation remains as stated above.
- C. Implemented. The county collected the \$2,633 in April 1999.

B&D. Implemented.

4. General Fixed Asset Records and Procedures

- A. The county's general fixed asset records had not been kept current. Additions and deletions had not been reflected in the records on a perpetual basis. In addition, an annual inspection and inventory of all personal property items owned by the county and quarterly inspections of county-owned land and buildings were not performed by the County Clerk.
- B. The Sheriff maintained some county-owned assets at his personal residence, including two boats with motors, two boat trailers, two trucks, and a passenger van. The county did not maintain any detailed record of the assets stored by the Sheriff, nor does the county receive reports on the usage of these assets.

- C. Information recorded in the general fixed asset records was incomplete.
- D. While it appeared the County Clerk had tagged many road and bridge items belonging to the county, many other county general fixed asset items were not numbered, tagged, or otherwise identified as county property.

Recommendation:

The County Clerk:

- A. Bring the general fixed asset records up-to-date and maintain them on a perpetual basis by reflecting all fixed asset additions and retirements as they occur. In addition, an annual inspection and inventory of county-owned personal property and quarterly inspections of county owned land and buildings should be performed as required by statute.
- B. Prepare and maintain a record of all county assets stored at the Sheriff's residence and periodically compare that record to a physical inventory of the assets. In addition, reports detailing the date and purpose of the use of the assets should also be received on a periodic basis.
- C. Include the following information in the general fixed asset records for each item:
 - 1) Identification number;
 - 2) Description of the item to include name, make, model, and serial number, where appropriate;
 - 3) Physical location in sufficient detail to readily locate the item;
 - 4) Date of acquisition;
 - 5) Original cost and current market value;
 - 6) Source of acquisition by fund; and,
 - 7) Date and method of disposition, if applicable.
- D. Identify all general fixed asset items with an original cost of \$250 or more with a number, tag, or similar device.

Status:

- A. Partially Implemented. General fixed asset records are up-to-date and maintained on a perpetual basis. Although an annual inventory was performed in 2001, an annual inventory was not performed in 2002. In addition, quarterly inspections of county owned lands and buildings are not performed. Although not repeated in the current report, our recommendations remain as stated above.

B, C
&D. Implemented.

5. Meal Expenses Paid From Bad Check Fund

In March 1998, the former Prosecuting Attorney established a formal travel policy for his office. This policy allowed himself and each of his employees a meal allowance of \$65 per day while attending training seminars without any receipts or other supporting documentation being required. This policy was not in accordance with the county's policy.

Recommendation:

The current Prosecuting Attorney ensure all travel expenses claimed for reimbursement are adequately documented and are in accordance with the county's travel policy. If additional expenses are deemed necessary, the circumstances should be documented.

Status:

Implemented.

6. Circuit Clerk Child Support Records and Procedures

- A. Accounting duties were not adequately segregated. In addition, it appeared the Circuit Clerk did not perform a periodic review of the cash receipt and disbursement functions in this office nor review the monthly bank reconciliations.
- B. Receipts were not always recorded on the MACSS system or deposited intact in a timely manner. In addition, a number of checks had not been restrictively endorsed.
- C. The numbers assigned to the prenumbered receipt slips used to record over-the-counter receipts were not recorded on the one-write ledger. Consequently, the numerical sequence of the receipt slips issued was not accounted for properly.
- D. Although total receipts recorded on the MACCS system were agreed to total deposits on a daily basis, cash receipts received over-the-counter and recorded on the one-write ledger were not reconciled to the amount of cash deposited per MACSS reports. The lack of this control allowed a \$300 shortage to occur and not be detected in a timely manner. The Missouri State Highway Patrol (MSHP) was contacted regarding this shortage in November 1998.

Recommendation:

The Circuit Clerk:

- A. Adequately segregate the duties of receiving, recording, depositing, and disbursing child support monies. At a minimum, the Circuit Clerk should perform a documented review of these functions on a periodic basis, including a review of the monthly bank reconciliations.
- B. Ensure that all monies are recorded on the MACSS system and deposited intact in a timely manner. In addition, checks should be restrictively endorsed immediately upon receipt.
- C. Ensure the receipt slip numbers are recorded on the one-write ledger and that their numerical sequence is accounted for properly.
- D. Ensure the composition of recorded receipts is reconciled to the composition of deposits on a periodic basis.

In addition, the Circuit Clerk should continue to cooperate with the MSHP in its investigation of the missing monies.

Status:

A&C. Implemented.

- B. Partially implemented. Although receipts are recorded and deposited intact, checks are still not endorsed immediately upon receipt. Although not repeated in the current report, our recommendation remains as stated above.
- D. Partially implemented. The composition of the recorded receipts is reconciled to the composition of deposits on a periodic basis. While the Circuit Clerk indicated the MSHP investigation has been resolved, the county was unable to provide any documentation to support this. The Circuit Clerk should request information from the MSHP regarding the resolution of this matter.

7. Noxious Weed Board

- A. The Noxious Weed Board authorized expenditures of \$5,775 in excess of the approved budget for the year ended December 31, 1997. There was no budget amendment filed to authorize these additional expenditures, nor was there documentation maintained noting the circumstances for exceeding the budget.

- B. Mileage reimbursements were made to one Noxious Weed Board member during the two years ended December 31, 1998. The mileage claims were for a one year period and only detailed the total miles driven by month.
- C. A 1997 chemical purchase of \$11,956 was not supported by adequate bid documentation. A board member indicated that phone bids were solicited related to this purchase; however, no documentation of this was retained.

Recommendation:

The Noxious Weed Board:

- A. Keep the expenditures within the amounts budgeted. If additional expenditures are necessary, the extenuating circumstances should be fully documented and the budgets properly amended.
- B. Ensure all mileage reimbursement claims are submitted on a timely basis and are supported by adequate documentation.
- C. Advertise bids for purchases in accordance with state law and retain documentation of these bids and justification for bid awards. If bids cannot be obtained or sole source procurement is necessary, the board should retain documentation of these circumstances.

Status:

A, B
& C. Implemented.

8. Senate Bill 40 Board Budgetary Practices

The Senate Bill 40 Board of Directors authorized expenditures of \$18,143 in excess of the approved budget for the year ended December 31, 1998. There was no amended budget filed to authorize these additional expenditures, nor was there documentation maintained noting the circumstances for exceeding the budget.

Recommendation:

The Senate Bill 40 Board keep expenditures within the amounts budgeted. If additional expenditures are necessary, the extenuating circumstances should be fully documented and the budgets properly amended.

Status:

Implemented.

STATISTICAL SECTION

History, Organization, and
Statistical Information

RAY COUNTY, MISSOURI HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

Organized in 1820, the county of Ray was named after John Ray, a member of the state constitutional convention of 1820. Ray County is a county-organized, third-class county and is part of the Eighth Judicial Circuit. The county seat is Richmond.

Ray County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 495 miles of county roads and 109 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 21,378 in 1980 and 23,354 in 2000. The following chart shows the county's change in assessed valuation since 1980:

	Year Ended December 31,					
	2002	2001	2000	1999	1985*	1980**
	(in millions)					
Real estate	\$ 146.7	140.7	119.8	117.4	71.8	39.6
Personal property	55.3	51.4	49.7	45.6	15.1	9.9
Railroad and utilities	28.5	30.6	30.0	30.3	19.1	15.3
Total	\$ 230.5	222.7	199.5	193.3	106.0	64.8

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Ray County's property tax rates per \$100 of assessed valuations were as follows:

	Year Ended December 31,			
	2002	2001	2000	1999
Class III Road and Bridge Fund*	.2464	.4739	.5000	.5000
Noxious Weed Fund	.0473	.0000	.0000	.0000
Health Center Fund	.0947	.0940	.1000	.1000
Senate Bill 40 Board Fund	.1704	.1692	.1800	.1800
Hospital	.1704	.1692	.1800	.1800
Tri-County Mental Health	.0948	.0941	.0998	.1000

* The county retains all tax proceeds from areas not within road districts. The county has six road districts that receive four-fifths of the tax collections from property within these districts, and the Special Road and Bridge Fund retains one-fifth. Five special road districts also have an additional levy approved by the voters.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28 (29),			
	2003	2002	2001	2000
State of Missouri	\$ 69,416	66,700	59,768	58,698
General Revenue Fund	29,445	30,235	29,593	25,795
Class III Road and Bridge Fund	697,877	847,384	743,302	822,812
Assessment Fund	132,805	124,258	115,498	115,744
Noxious Weed Fund	98,285	0	4	41
Health Center Fund	216,730	207,740	196,930	193,529
Senate Bill 40 Board Fund	389,985	373,915	353,723	344,492
Tri-County Mental Health	216,946	207,910	202,932	193,194
Hospital	389,985	373,915	353,723	344,495
School districts	9,248,995	8,606,178	7,604,515	7,494,973
Library district	238,694	228,715	216,646	212,893
Ambulance districts	324,845	311,602	294,695	286,473
Fire protection districts	431,474	301,151	265,348	276,053
Nursing home districts	324,737	311,489	294,664	286,312
Drainage and levee districts	480,335	453,060	428,908	432,579
Cities	54,978	63,701	51,270	66,607
County Clerk	303	315	309	295
County Employees' Retirement	109,134	100,607	95,340	89,014
Tax Sale Surplus Fund	5,845	4,396	263	916
Surtax	101,429	99,087	97,436	98,086
Investment Interest	10,225	9,421	9,953	11,050
Commissions and fees:				
General Revenue Fund	236,799	205,266	191,315	188,486
County Collector	7,610	7,026	6,785	6,783
Total	\$ 13,816,877	12,934,071	11,612,920	11,549,320

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),			
	2003	2002	2001	2000
Real estate	92	92	92	92 %
Personal property	85	85	86	86
Railroad and utilities	100	99	100	99

Ray County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$.0050	None	50	%
General	.0050	None	*	
Road and bridge capital improvements	.0050	None	None	

*This sales tax eliminated the property tax levy of the General Revenue Fund.

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2003	2002	2001	2000	1999
County-Paid Officials:					
Curtis Proffitt, Presiding Commissioner	\$	29,390	29,390	29,390	29,060
Clifford Crist, Associate Commissioner		27,390	27,390	27,390	27,060
Allen Dale, Associate Commissioner		27,390	27,390	0	0
John Crouch, Associate Commissioner		0	0	27,390	27,060
Mary Jo Davis, Recorder of Deeds		41,500	41,500	41,500	41,000
Paul Lynn Rogers, County Clerk		41,500	41,500	41,500	41,000
Stanley Thompson, Prosecuting Attorney		51,000	51,000	51,000	49,000
Samuel E. Clemens, Sheriff		46,000	46,000	0	0
Gary Holloway, Sheriff		0	0	46,000	45,000
JoAnn Burnine, County Treasurer		30,710	30,710	30,710	30,340
Dale Dean Snow, County Coroner		14,000	14,000	14,000	13,000
Kenneth A. Nolker, Public Administrator (1)		44,697	51,500	35,914	16,540
Margie Bowman, County Collector (2), year ended February 28 (29),	55,018	54,434	54,193	54,191	
Kent H. Wollard, County Assessor (3), year ended August 31,		41,500	41,500	41,333	41,000
Terry McCanless, County Surveyor (4)		0	0	0	0

(1) Includes fees received from probate cases.

(2) Includes \$7,610, \$7,026, \$6,785 and \$6,783, respectively, of commissions earned for collecting city property taxes.

(3) Includes \$900 annual compensation received from the state.

(4) Compensation on a fee basis.

State-Paid Officials:

Carolyn Conner, Circuit Clerk	47,300	47,300	46,127	44,292
David L. Busch, Associate Circuit Judge	96,000	96,000	97,382	87,235



**DEPARTMENT OF PUBLIC SAFETY
MISSOURI VETERANS COMMISSION
MEXICO VETERANS' HOME**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-05
January 16, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

January 2004

The following problems were discovered as a result of an audit conducted by our office of the Department of Public Safety, Missouri Veterans Commission, Mexico Veterans' Home.

The Mexico Veterans' Home Assistance League is a not-for-profit organization which raises private funds to benefit residents of the Mexico Veterans' Home. Donation, as well as canteen proceeds, are used for this purpose. The Assistance League purchases items to sell through the canteen, coordinates and pays for events and activities for residents, and purchases items for common areas located in the facility. Some expenditures did not appear to benefit residents, including approximately \$8,300 spent for costs related to volunteer banquets and recognition awards. Additionally, proper authorization was not obtained for expenditures as required by the league's by-laws.

Several league expenditures reviewed did not have proper supporting documentation. We noted several cash withdrawals from the league's bank account, which were used to fund outings for the residents. Cash amounts withdrawn were frequently for several hundred dollars. The related documentation was limited and generally consisted of some notations showing the anticipated number of participants and estimated costs; however, there was no documentation submitted to support the monies spent.

Some state paid employees at the facility spend a portion of their work week performing job duties for the Assistance League. Allowing state paid employees to perform duties associated with the Assistance League appears to be a violation of the Missouri Constitution, which prohibits state agencies from making donations to not-for-profit corporations.

The audit also included recommendations to the Assistance League regarding a formal bidding policy and collateralized securities. In addition, the audit includes recommendations related to the facility's background checks and payroll procedures.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

DEPARTMENT OF PUBLIC SAFETY
MISSOURI VETERANS COMMISSION
MEXICO VETERANS' HOME

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Charles R. Jackson, Director
Department of Public Safety
and
Missouri Veterans Commission
and
Cheryl Goodwin, Administrator
Mexico Veterans' Home
Mexico, MO 65265

We have audited the Department of Public Safety, Missouri Veterans Commission, Mexico Veterans' Home. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2003 and 2002. The objectives of this audit were to:

1. Review certain management practices and financial information for compliance with applicable statutes, regulations, and facility policy.
2. Review the efficiency and effectiveness of certain management practices and operations.
3. Review certain revenues received and certain expenditures made by the Mexico Veterans' Home.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed the minutes of meetings, written policies, financial records, and other pertinent procedures and documents, and interviewed various personnel of the facility.

As part of our audit, we assessed the facility's management controls to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to management controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the facility's management and was not subjected to the procedures applied in the audit of the facility.

The accompanying Management Advisory Report presents our findings arising from our audit of the Department of Public Safety, Missouri Veterans Commission, Mexico Veterans' Home.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

September 12, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Regina Pruitt, CPA
In-Charge Auditor:	Stacy Griffin-Lowery
Audit Staff:	Jennifer Carter
	Adrian Kennedy

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

DEPARTMENT OF PUBLIC SAFETY
MISSOURI VETERANS COMMISSION
MEXICO VETERANS' HOME
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.

Assistance League Fund

The Mexico Veterans' Home Assistance League is a not-for-profit organization which raises private funds to benefit residents of the Mexico Veterans' Home. Donations, as well as canteen proceeds, are used for this purpose. The Assistance League is governed by a board of trustees. Because of the fiscal and managerial responsibilities that state employees have assumed for the Assistance League, we reviewed the League's records and procedures and noted some areas where improvements are needed.

- A. The Assistance League purchases items to sell through the canteen, coordinates and pays for events and activities for residents, and purchases items for common areas located in the facility. The Assistance League's by-laws provide that disbursements of up to \$500 for any single expenditure can be made without a vote of the Board of Trustees provided approval of the expenditure is made by the home administrator. Disbursements for any single expenditure of \$500 or more require approval of a majority of the Board of Trustees. A review of expenditures made during fiscal years 2002 and 2003 noted several concerns.
- 1) Some expenditures did not appear to benefit residents. Of the expenditure transactions we reviewed, approximately \$8,300 was spent for costs related to volunteer banquets and recognition awards.
 - 2) Proper authorization was not obtained for expenditures. Although required by the league's by-laws, neither board approval or home administrator approval was obtained. Rather, the board president, board treasurer, or chief accountant of the facility (also the board's assistant treasurer) signed the checks as their approval of the expenditure.
 - 3) Several invoices did not contain an indication of receipt of goods or services. Indication of receipt of goods or services is necessary to ensure that amounts presented for payment represent legitimate costs of the Assistance League.
 - 4) Several expenditures reviewed did not have proper supporting documentation. We noted several cash withdrawals from the league's bank account, which were used to fund outings for the residents, such as the state fair, a baseball game, and a train trip. Cash amounts withdrawn were frequently for several hundred dollars. The related documentation

was limited and generally consisted of some notations showing the anticipated number of participants and estimated costs. In some cases, unused monies were returned for re-deposit into the league's bank account. However, there was no documentation (such as a log of residents and staff in attendance, parking stubs, meal receipts, ticket stubs, etc.) submitted to support the monies spent. While it may not always be practical to obtain receipts for all monies spent in these situations, those that are available should be retained as support.

Expenditures should be supported by paid receipt slips or vendor-provided invoices, when practical. Without such documentation, it is unclear whether these purchases are valid and necessary expenditures, and whether appropriate monies have been returned for re-deposit into the league's account.

- 5) The Assistance League does not have a formal bidding policy. Based on a review of supporting documentation, it appeared there had been an effort to obtain comparative prices for some purchases; however, this process was not clearly documented or regularly completed.

Formal bidding procedures for purchases would provide a framework for economical management of league resources and help ensure the league receives fair value by contracting with the lowest and best bidders. Competitive bidding also helps ensure all parties are given equal opportunity to participate in the league's business. Bids can be handled by telephone quotation, by written quotation, by sealed bid, or by advertised seal bid. Various approaches are appropriate based on dollar amount and type of purchase. Whichever approach is used, complete documentation should be maintained of all bids received and reasons noted why certain bids were awarded.

- B. The Assistance League has no procedures in place to ensure that amounts in its bank accounts are insured, collateralized, or held in custody to minimize risk if a loss occurs. As a result, the Assistance League Board's funds on deposit exceeded the Federal Deposit Insurance Corporation (FDIC) coverage by approximately \$204,000 during June 2002. No collateral securities were pledged by the depositary bank to cover the monies in excess of the FDIC coverage. The high balance periods were primarily due to the Assistance League receiving a large donation in 2002. Inadequate collateral securities leave the Assistance League Board funds unsecured and subject to loss in the event of a bank failure.

In addition, the Assistance League Board has not entered into written depositary agreements with their depositary banks. Written depositary agreements should be established with each depositary bank selected, outlining the services to be provided by the bank, the charges for the services, and the collateral to be pledged to secure the deposits.

WE RECOMMEND the Assistance League:

- A.1. Ensure that all league disbursements benefit the majority of the residents. In addition, the facility should determine a more appropriate funding source for expenditures such as volunteer banquets and recognition awards.
 2. Ensure that proper authorization for purchases is obtained as required.
 3. Ensure all invoices contain an indication of receipt of goods or services.
 4. Ensure proper supporting documentation is retained.
 5. Establish formal bidding policies and procedures, including documentation requirements regarding bids or quotes received and justification for the bids awarded.
- B. Establish monitoring procedures to ensure depository banks pledge adequate collateral securities at all times, and enter into written depository agreements with all depository banks.

AUDITEE'S RESPONSE

- A.1. *In fiscal year 2003, the Home received benefits of 14,753 volunteer hours and a total of \$130,000 in monetary and material donations. The Residents of our facility benefit directly from these contributions. Therefore, we feel the recognition by the Assistance League of the individual volunteers and those making donations is very appropriate. The Assistance League board is currently considering adopting changes to their by-laws that will reflect their support of these programs.*
2. *The by-laws of the Assistance League were recently modified to reflect more practical operating procedures. The requirement of dual signatures on all expenditures was implemented in October 2003, thus increasing the system of controls that are in place.*
 3. *Every effort is being made to ensure that documentation indicating receipt of goods or services is being maintained.*
 4. *Every effort is being made to ensure that documentation is being retained to support expenditures.*
 5. *The Assistance League board has chosen not to develop a formal bidding policy; however, every effort will be made when practical to obtain and document competitive pricing.*
- B. *The Assistance League received a donation in excess of \$200,000 from an individual in fiscal year 2003. While the board was considering investment options these funds were allowed to remain in one financial institution, thus creating the situation of assets in*

excess of the FDIC coverage. This situation was corrected as of March 2003 when funds were distributed to various financial institutions.

2.

Personnel and Payroll Issues

- A. Some state paid employees at the facility spend a portion of their workweek performing job duties for the Assistance League. The facility's supervisor of volunteer services indicated that duties related to her facility position are so integrated with duties performed for the not-for-profit organization that it would be difficult to distinguish between time spent on activities for the facility and the assistance league. She performs various duties for the assistance league including collecting donations received at the Veterans' Home, scheduling volunteers to work in the not-for-profit organization's canteen, and providing tours of the Veterans' Home to outside organizations that contribute to the not-for-profit organization. In addition, another state paid employee estimated approximately three to four days a month are spent performing various job duties for the not-for-profit organization, including serving on the organization's executive committee as the assistant treasurer.

Allowing state paid employees to perform duties associated with the Assistance League appears to be a violation of Article III, Section 38 and 39 of the Missouri Constitution, which prohibits state agencies from making donations to not-for-profit corporations.

- B. Background checks were not always performed for all employees and are not adequately documented. The facility conducts background checks when hiring its staff. This includes contacting the Missouri State Highway Patrol and the employee's former employer, and checking the state's Family Care Safety Registry. After reviewing personnel records, it was determined that registry verification had not been obtained on all employees until January 2003. Prior to this, only licensed nursing staff were being checked on the registry. In addition, it was noted that the documentation of these checks was not always kept in the personnel records. The Missouri Veterans Home Administrative Policy Manual, Section B-6, indicates all employees are subject to background checks and documentation of these checks is to be retained in the personnel records.
- C. The facility requires the use of annual leave to be approved by the employee's immediate supervisor; however, we noted several instances where leave request forms had no approval signature or were not approved by the appropriate supervisor. In addition, several of the facility's departments did not retain leave request forms for fiscal year 2002.

The Missouri Veterans Home Administrative Policy Manual, Section B-22, indicates employees are to obtain approval to use annual leave from their

immediate supervisor. Proper control over payroll requires documentation, such as leave request forms, signed by the employees and approved by their supervisors, to provide evidence of time worked and/or leave taken each month. Retention of approved leave request forms is necessary to ensure the validity of the timekeeping system information and provide support for possible payroll adjustments.

WE RECOMMEND the facility:

- A. Establish procedures to track the time state paid employees spend performing Assistance League job duties and recoup the cost associated with these duties from the Assistance League. These funds should be deposited into the Missouri Veterans' Home Fund.
- B. Ensure that background checks are performed for all employees and adequately documented in the personnel files.
- C. Ensure employee leave request forms are approved and signed by the appropriate supervisor, and retained for appropriate time periods.

AUDITEE'S RESPONSE

- A. *Because of the nature of the duties of the Supervisor of Volunteer Services, it is difficult to distinguish between time spent on activities that benefit the Assistance League versus activities that benefit only the home. The State of Missouri, Office of Administration, Division of Personnel, job description for the Supervisor of Volunteer Services provides examples of work for this position, including, but not limited to, the following:*
 - 1. *Confers with department heads with regard to specific needs for volunteers,*
 - 2. *Plans and conducts recruitment campaigns to stimulate interest in the program and attract suitable candidates; interprets program philosophy and objectives to lay organizations and professional groups,*
 - 3. *Interviews applicants to determine aptitudes, interests, abilities, skills, and other qualifications; classifies applicants according to qualifications, time available for duty, and other characteristics,*
 - 4. *Plans, develops and coordinates an information and public relations program to acquaint the community and organizations in the community with facility and agency program objectives and accomplishments,*
 - 5. *Conducts tours of the facility for interested individuals and groups and interprets programs and services provided,*
 - 6. *Receives requests for volunteer services and makes referrals of available volunteers to department heads on the basis of qualifications,*
 - 7. *Arranges periodic reassignment of volunteers to sustain interest and to utilize abilities; meets with volunteers to discuss individual problems that relate to their assignment,*
 - 8. *Compiles and maintains records of placements and working hours, prepares reports on activities and performance of volunteers, and*

9. Develops and maintains working relationships with community organizations and the news media.

The Supervisor of Volunteer Services conducts tours of the Mexico Veterans Home to interested individuals and organizations. These individuals or organizations could have a number of reasons for requesting a tour. They may have a family member who is interested in applying to the home to be a resident. They could also have a community interest in the home, which could result in volunteer hours for the home. In fiscal year 2003, the number of volunteer hours provided to the Mexico Veterans Home was 14,753, which was a direct benefit to the residents of the home. Also, the Missouri Veterans Commission administers the Veterans Trust Fund, a state fund that accepts donations. The tours could also result in increased contributions to this state fund.

Finally, Section 42.007.5(5), RSMo., states the Missouri Veterans Commission shall "Arrange for and accept through such mutual arrangements as may be made, the volunteer services, equipment, facilities, properties, supplies, funds and personnel of all federal, welfare, civic and service organizations, and other organized groups and individuals which are in furtherance of the purposes of section 42.002 to 42.140."

The Missouri Veterans Homes and the Assistance Leagues now have signed agreements which state that the value of the donations by the Assistance Leagues to the homes will equal or exceed the value of the employees' time spent on Assistance League functions. The homes will document that the benefits of the Assistance Leagues outweigh the costs.

- B. Policy revisions occurred August 25, 2003, to outline requirements for criminal record reviews for all employees which includes both Criminal Background Checks through Missouri State Highway Patrol and screening through the Employee Disqualification List with the Department of Health and Senior Services. This screening process has been in place since January 2003 and documentation/verification of this screening is maintained in the personnel department.*
- C. The issue described here is related to the Nursing Scheduler evaluating leave requests and granting leave based upon staffing requirements. Not all leave slips were signed as approved by the immediate supervisors. This issue has been remedied. Immediate supervisors are signing off in approval of leave requests once the scheduler evaluates the feasibility of allowing employees' leave requests.*

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

DEPARTMENT OF PUBLIC SAFETY
MISSOURI VETERANS COMMISSION
MEXICO VETERANS' HOME
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Mexico Veterans' Home is a 150-bed nursing home care facility, providing care to Missouri veterans who are unable to support or adequately care for themselves. Construction of the Mexico facility began in June 1983, and on April 8, 1985, the first resident was admitted. By June 30, 1985, one floor was essentially filled, the second floor opened in August 1985, and the third floor opened in September 1986. Residents of the facility are provided room, board, medication, therapy, personal care, and recreational and religious activities. The cost of care is shared by the resident, based on ability to pay, the Federal Veterans' Administration, and the state's General Revenue Fund.

The Mexico Veterans' Home Assistance League, a not-for-profit corporation, was formed in January 1982, at the St. James Veterans' Home to receive donations to be spent for the benefit of all the residents of the Mexico facility. These funds were physically transferred to the Mexico Veterans' Home facility in March 1985. The Assistance League also funds the canteen operations.

The Missouri Veterans Commission operates seven homes for veterans of the state. The homes are located in St. James, Mount Vernon, Mexico, Cape Girardeau, Cameron, Warrensburg and St. Louis. Members of the Missouri Veterans Commission, as of June 30, 2003, include:

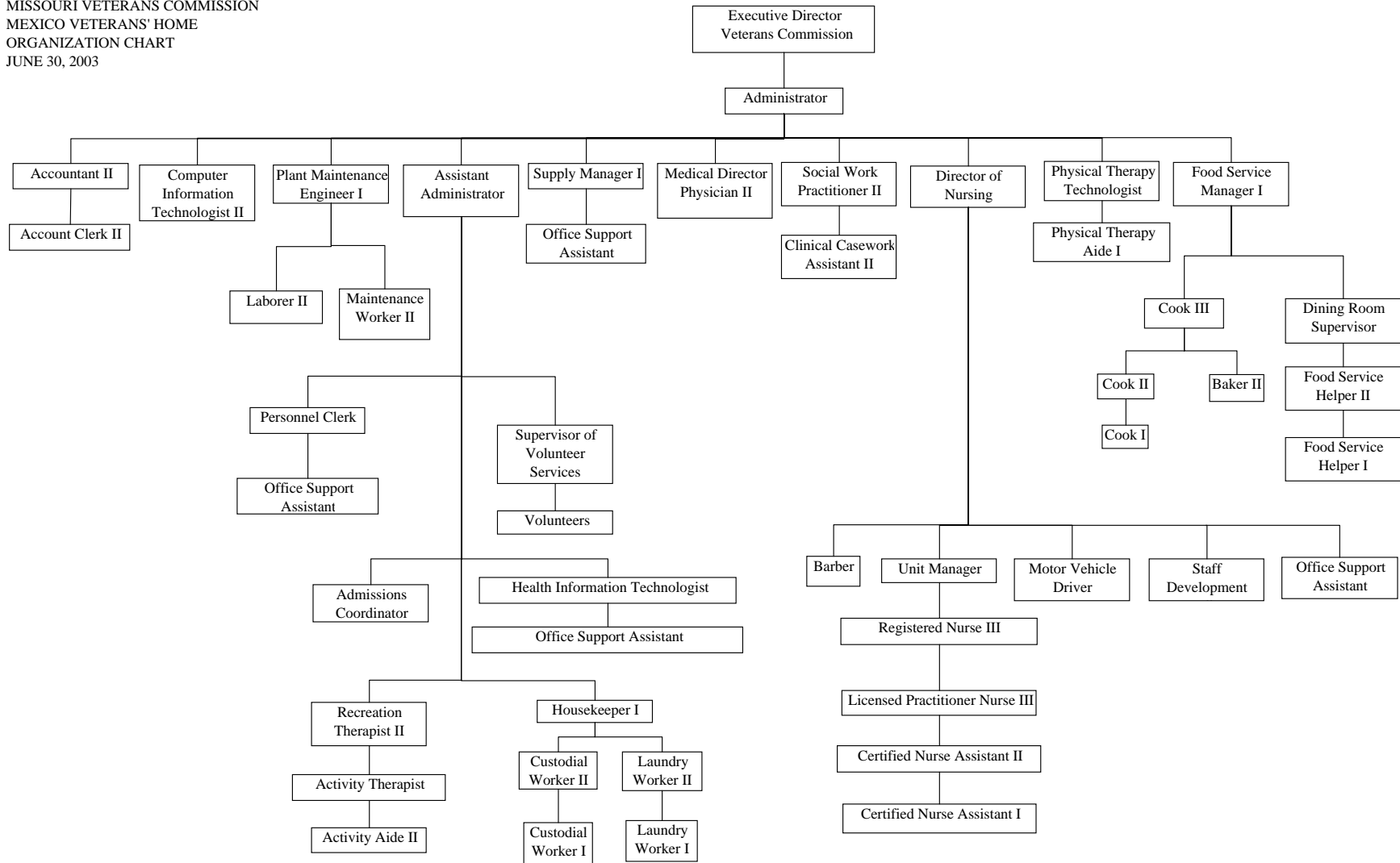
<u>Members</u>	<u>Term Expires</u>
Carl H. Niewoehner, Chairman	November 2, 1997*
Donald Gralike, Vice-Chairman	November 2, 2003
Carson Ross	November 2, 2004
Bernadette Miller	December 11, 2004
Emmett Fairfax	November 2, 2005

* Term has expired. Member continues to serve until a successor is appointed.

As of June 30, 2003, the Mexico Veterans' Home employed 161 full and part-time employees. These employees were assigned to various administrative and service sections. Cheryl Goodwin assumed the position of Administrator on March 21, 1997, and currently serves in that capacity.

An organization chart and statistical data follow:

DEPARTMENT OF PUBLIC SAFETY
MISSOURI VETERANS COMMISSION
MEXICO VETERANS' HOME
ORGANIZATION CHART
JUNE 30, 2003



DEPARTMENT OF PUBLIC SAFETY
MISSOURI VETERANS COMMISSION
MEXICO VETERANS' HOME
STATISTICAL DATA

	Year Ended June 30,	
	2003	2002
RESIDENTS	148	136
OCCUPANCY		
Total number of beds	150	150
Average daily census	142	134
Bed occupancy percentage	95%	89%
RESIDENT COST		
Total resident costs	\$ 6,640,020 *	6,902,691 *
Total resident days	51,709	48,752
Average Daily Resident Cost	\$ 128	142

* These cost amounts include employee fringe benefits and depreciation, whereas the salary and wage expenditure amounts on Appendix A do not. In addition, these amounts do not include property and improvement expenditures, whereas Appendix A does include these expenditure amounts.

Appendix A

DEPARTMENT OF PUBLIC SAFETY
MISSOURI VETERANS COMMISSION
MEXICO VETERANS' HOME
COMPARATIVE STATEMENT OF EXPENDITURES (BY BUDGET OBJECT)

	Year Ended June 30,	
	2003	2002
Salaries and wages	\$ 3,743,361	3,751,613
Travel:		
In-State	12,786	13,604
Out-of-State	798	1,111
Fuel and utilities	224,551	226,289
Supplies	1,071,626	1,198,195
Professional development	21,877	13,151
Communication services and supplies	23,612	21,854
Services:		
Professional	49,058	60,625
Housekeeping and janitorial	28,270	19,012
Maintenance and repair services	65,652	77,439
Equipment:		
Computer	6,381	0
Office	0	4,113
Other	6,055	277,558
Property and improvements	4,723	580
Building lease payments	305	1,046
Equipment rental and leases	9,422	8,750
Miscellaneous expenses	172	207
Total Expenditures	\$ 5,268,649	5,675,147

Appendix B

DEPARTMENT OF PUBLIC SAFETY
MISSOURI VETERANS COMMISSION
MEXICO VETERANS' HOME
MISSOURI VETERANS' HOME FUND
COMPARATIVE STATEMENT OF RECEIPTS

Year Ended June 30,		
	2003	2002
Payments from Veterans	\$ 2,352,004	2,086,407
Veterans Administration Per Diem	2,888,768	2,584,287
Other	45,543	18,006
Total Receipts	\$ <u>5,286,315</u>	<u>4,688,700</u>

Appendix C

DEPARTMENT OF PUBLIC SAFETY
MISSOURI VETERANS COMMISSION
MEXICO VETERANS' HOME
AUXILIARY FUNDS
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH AND CASH EQUIVALENTS

	Year Ended June 30,			
	2003		2002	
	Residents Fund	Assistance League Fund	Residents Fund	Assistance League Fund
RECEIPTS				
Residents' deposits	\$ 2,608,618	0	2,275,378	0
Donations/sales from canteen	0	169,713	0	326,259
Total Receipts	<u>2,608,618</u>	<u>169,713</u>	<u>2,275,378</u>	<u>326,259</u>
DISBURSEMENTS				
Residents' withdraws	2,585,627	0	2,253,280	0
Benefit of residents/cost of goods sold	0	109,051	0	118,271
Total Disbursements	<u>2,585,627</u>	<u>109,051</u>	<u>2,253,280</u>	<u>118,271</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	22,991	60,662	22,098	207,988
CASH AND CASH EQUIVALENTS, JULY 1	<u>85,134</u>	<u>289,139</u>	<u>63,036</u>	<u>81,151</u>
CASH AND CASH EQUIVALENTS, JUNE 30	<u>\$ 108,125</u>	<u>349,801</u>	<u>85,134</u>	<u>289,139</u>



**DEPARTMENT OF MENTAL HEALTH
METROPOLITAN ST. LOUIS PSYCHIATRIC CENTER**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-04
January 16, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

January 2004

The following problems were discovered as a result of an audit conducted by our office of the Department of Mental Health, Metropolitan St. Louis Psychiatric Center.

Client monies are deposited by Metropolitan St. Louis Psychiatric Center (MPC) personnel into a local holding account and wire transferred to a fiduciary checking account in Jefferson City. All transactions and balances are maintained on the Non-Appropriated Funds System (NAFS). We noted the following concerns regarding the NAFS:

- Proper follow-up is not performed on adjustments made on the bank reconciliations.
- NAFS personnel do not perform monthly reconciliations of the Mental Health Trust Fund (MHTF) balances. As of June 30, 2003 and 2002, the difference between MPC's records and the department's records for the MHTF totaled approximately \$46,800 and \$44,600, respectively. The MPC balance has not been reconciled to the Department of Mental Health (DMH) balance since 1999.
- Some client account balances within the NAFS had negative balances.

The MPC Revolving Fund account, established at \$4,000 and includes a \$400 change fund, is used for incidental operating expenses, client activities, and the payment of costs to return nonresident clients to their state of residence. We noted:

- During the month of December 2002, the Revolving Fund custodian distributed approximately \$615 in checks made payable to "cash". To reduce the risk of misuse of funds, the practice of writing checks made payable to cash should be prohibited.
- The Revolving Fund is not being reimbursed to its established amount on June 30 as required by DMH policy. As of June 30, 2003, the MPC had approximately thirty outstanding reimbursements greater than one year old, some dating back to 1996.

The audit report also notes some other concerns related to gift shop procedures, timekeeping procedures, and state-owned vehicles.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

DEPARTMENT OF MENTAL HEALTH
METROPOLITAN ST. LOUIS PSYCHIATRIC CENTER

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Mental Health Commission
and
Dorn Schuffman, Director
Department of Mental Health
and
Diane McFarland, Director
Division of Comprehensive Psychiatric Services
and
Marylois Lacey, Chief Executive Officer
Metropolitan St. Louis Psychiatric Center
St. Louis, MO 63112

We have audited the Department of Mental Health, Metropolitan St. Louis Psychiatric Center. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2003 and 2002. The objectives of this audit were to:

1. Review certain management practices and financial information for compliance with applicable constitutional provisions, statutes, regulations, and administrative rules.
2. Review the efficiency and effectiveness of certain management practices.
3. Review certain expenditures made by the Metropolitan St. Louis Psychiatric Center.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed the facility's expenditures, rules, regulations, and other pertinent procedures and documents, and interviewed various personnel of the Metropolitan St. Louis Psychiatric Center.

As part of our audit, we assessed the facility's management controls to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to management controls, we obtained an

understanding of the design of relevant policies and procedures and whether they have been placed in operation.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the facility's management and the Statewide Advantage for Missouri (SAM II) system and was not subjected to the procedures applied in the audit of the Department of Mental Health, Metropolitan St. Louis Psychiatric Center.

The accompanying Management Advisory Report presents our findings arising from our audit of the Metropolitan St. Louis Psychiatric Center.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

September 18, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Debra S. Lewis, CPA
In-Charge Auditor:	Michael J. Monia
Audit Staff:	B. Simpson

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

DEPARTMENT OF MENTAL HEALTH
METROPOLITAN ST. LOUIS PSYCHIATRIC CENTER
MANAGEMENT ADVISORY REPORT-
STATE AUDITOR'S FINDINGS

1.	Non-Appropriated Funds System Procedures
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Client monies are deposited into a local holding account and wire transferred to a fiduciary checking account in Jefferson City. All transactions and balances are maintained on the Non-Appropriated Funds System (NAFS). Metropolitan St. Louis Psychiatric Center (MPC) personnel are responsible for depositing receipts, disbursing funds, and reconciling the NAFS. In addition, MPC personnel record all facility monies received to revenue accounts in the NAFS. We noted the following concerns regarding the NAFS:

- A. A proper follow-up is not performed on adjustments made on the bank reconciliations. The June 2003 reconciliation contained approximately twenty reconciling adjustments, excluding outstanding checks and deposits in transit. Nineteen of these adjustments were greater than one year old. Adjustments are made to force the bank and NAFS balances to agree. These adjustments are not thoroughly reviewed or investigated. According to personnel, these adjustments are usually due to posting or recording errors.

Listings of individual adjustments are maintained; however, some adjustment amounts are simply carried forward to the next reconciliation rather than being corrected. NAFS personnel should research individual adjustments and make the appropriate corrections in NAFS rather than simply carrying forward the adjustments on the bank statement reconciliations. Although some of these adjustments involve relatively small dollar amounts, ignoring these adjustments could allow the misuse or theft of fiduciary monies to go undetected.

- B. NAFS personnel do not perform monthly reconciliations of the Mental Health Trust Fund (MHTF) balances. As of June 30, 2003 and 2002, the difference between MPC's records and the department's records for the MHTF totaled approximately \$46,800 and \$44,600, respectively. NAFS personnel maintain the MHTF balances for their individual institution (MPC), while the DMH maintains records for the MHTF on a department-wide basis. The MPC balance has not been reconciled to the DMH balance since 1999. As a result, management cannot be assured these monies are accounted for properly, and errors cannot be detected and corrected in a timely manner.

Monthly reconciliations of the MHTF balances are necessary to ensure the MHTF monies are accounted for properly. If reconciliations had been completed, the errors would have likely been detected and corrected in a timely manner.

- C. Some client account balances within the NAFS had negative balances. Overspending occurred because client balances were not adequately reviewed to ensure sufficient funds existed before disbursements were made. As a result, disbursements made on behalf of these clients were made using, or borrowing, other clients' monies. It is imperative that clients' balances and expenditures are closely monitored to ensure only a client's own funds are used for their expenditures.
- D. NAFS personnel do not perform monthly reconciliations of the NAFS revenue account balances to the Statewide Advantage for Missouri system (SAM II), the centralized accounting system for the state of Missouri. As a result, the MPC management cannot be assured these monies are accounted for properly and errors detected and corrected in a timely manner. Monthly reconciliations of the NAFS revenue account balances are necessary to ensure monies are accounted for properly.
- E. The MPC uses one rediform receipt book for all monies received, rather than an official prenumbered receipt book for each fund. As a result, the numerical sequence of receipt slips cannot be accounted for properly, receipt slips issued cannot be reconciled to bank deposits, and the assurance that all receipt books are accounted for properly is reduced. To adequately account for all receipts, separate official prenumbered receipt books should be used for each fund and receipt slips issued should be reconciled to bank deposits.

WE RECOMMEND the MPC management:

- A. Ensure the NAFS personnel thoroughly investigate all adjustments on the bank reconciliations and make the appropriate corrections.
- B. Require the NAFS personnel to perform a monthly reconciliation of the MHTF balances, investigate any differences, and make appropriate corrections when necessary.
- C. Ensure expenditures are not made in excess of clients' balances.
- D. Require the NAFS personnel to perform a monthly reconciliation of the NAFS revenue accounts to the SAM II records.
- E. Issue separate official prenumbered receipt slips for each fund and reconcile receipts to bank deposits.

AUDITEE'S RESPONSE

A,B,
&D. *We concur. This was implemented in June 2003.*

- C. *We concur. This has been implemented.*
- E. *We concur. This will be implemented in December 2003.*

2. Revolving Fund Procedures

The MPC Revolving Fund account is used for incidental operating expenses, client activities, and the payment of costs to return nonresident clients to their state of residence. This account was established at \$4,000 which includes a \$400 change fund maintained in the cashier's office. The Revolving Fund account is reimbursed by submitting the required supporting documentation to the Office of Administration (OA), Division of Accounting. The Department of Mental Health (DMH) issued a policy in 1998 outlining procedures for the use and maintenance of the Revolving Fund. We noted the following concerns regarding the Revolving Fund:

- A. During the month of December 2002, the Revolving Fund custodian distributed approximately \$615 in checks made payable to "cash". The custodian indicated this was done to prevent the requestor of the check from having to go to the bank to cash the check; instead the checks were put in the bank bag and cashed at the same time the daily deposits were made. To reduce the risk of misuse of funds, the practice of writing checks made payable to cash should be prohibited.
- B. The Revolving Fund is not being reimbursed to its established amount on June 30 as required by the DMH policy. As of June 30, 2003, the MPC had approximately thirty outstanding reimbursements greater than one year old, some dating back to 1996. The MPC personnel indicated this could be due to the supporting documentation for the expenditure not being submitted timely or the OA not approving an expenditure for reimbursement. These outstanding reimbursements have not been thoroughly reviewed or investigated. The MPC personnel should research these outstanding amounts and ensure supporting documentation is submitted timely and all expenditures are in compliance with the DMH policy.
- C. The MPC does not have a facility policy addressing how Revolving Fund monies are to be managed, such as how timely supporting documentation of the expenditures must be submitted for reimbursement. Written policies and procedures are necessary to outline the employees' responsibilities for managing the Revolving Fund process. Without following a specific process, the MPC cannot be assured all steps are taken to ensure the accuracy and timeliness of the information reported to the OA.
- D. Revolving Fund receipts are not deposited intact. Some checks issued from the revolving fund are cashed from the change fund. These checks are made payable to the General Revenue Fund. These checks are later cashed out of General Revenue monies on hand. Facility personnel indicated they do it this way to

avoid writing a second check from the revolving fund to replenish the change fund. To safeguard receipts and reduce the risk of loss, theft or misuse of funds, receipts should be deposited intact daily.

WE RECOMMEND the MPC management:

- A. Discontinue the practice of making checks payable to "cash".
- B. Research the outstanding reimbursements and ensure supporting documentation for all expenditures is submitted timely and in compliance with the DMH policy.
- C. Establish written policies and procedures to ensure the accuracy and timeliness of the information reported to the OA.
- D. Deposit all Revolving Fund monies intact daily.

AUDITEE'S RESPONSE

A&D. We concur. This was implemented in June 2003.

B. We concur. This is in progress and will be implemented within the next six months.

C. We concur. We are in the process of standardizing all policies across the three Divisions of CPS facilities in St. Louis and will be implemented within the next six months.

3. Gift Shop Procedures

The Auxiliary of the MPC operates a gift shop that sells food, cigarettes, and other miscellaneous items to employees and clients. The Auxiliary maintains a bank account for the gift shop that consists of sales from operations. Our review of gift shop operations and related record-keeping procedures indicated the following areas where improvements are needed:

- A. Receipts are not deposited on a timely basis. Deposits are normally made twice per month, with an average deposit amount of approximately \$1,500.

To adequately safeguard receipts and reduce the risk of loss or misuse of funds, deposits should be made daily or when receipts exceed \$100. In addition, failure to deposit timely results in a loss of interest income.

- B. The Auxiliary Treasurer does not record all transactions on auxiliary accounting records or reconcile the accounting records to bank records. Disbursements and deposits were seldom recorded on the check register and account balances were not maintained and reconciled to bank balances. The Gift Shop Manager maintains a log of receipts and disbursements; however, this log does not include

all account activity nor document check numbers. In addition, the Auxiliary Treasurer's monthly report to the board shows the bank balance as the amount of cash available, due to the lack of adequate records.

All transactions should be recorded on the check register and account balances should be maintained and reconciled to bank balances to ensure accounting records are in agreement with the bank, and errors or discrepancies are detected and corrected in a timely manner. In addition, the reconciled account balance should be used when reporting the available funds to the Board.

- C. There is no supervisory review or approval of gift shop expenditures. The Gift Shop Manager is responsible for buying merchandise, and preparing and signing the checks. Expenditures should be reviewed and approved by the Auxiliary Board to ensure all disbursements represent valid operating costs of the gift shop. The board should review all vendor invoices, ensure goods or services were actually received, and agree the invoices to the checks issued.
- D. Gift shop duties are not adequately segregated. The gift shop manager is primarily responsible for writing checks, ordering goods, and performing the physical inventory count.

Proper segregation of duties helps ensure all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of writing checks, ordering goods, and performing the physical inventory count. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory reviews should be performed and documented.

- E. The Auxiliary has not entered into formal written agreements with the gift shop vendors. Written contracts are necessary to ensure all parties are aware of their duties, rights, and responsibilities and to provide protection to all parties.

WE RECOMMEND the Auxiliary Board:

- A. Ensure monies are deposited daily or when accumulated receipts exceed \$100.
- B. Ensure all transactions and account balances are recorded on the check register and reconciled to the bank balance on a monthly basis.
- C. Review and approve all expenditures to ensure all disbursements represent valid operating costs of the gift shop.
- D. Segregate duties to the extent possible or ensure periodic supervisory reviews are performed and documented.

- E. Enter into formal written contracts which specify the goods and services to be provided and the amount of compensation.

AUDITEE'S RESPONSE

A,C,

D&E. The MPC Auxiliary concurs. This was implemented in November 2003.

- B. *We concur. We will be developing new procedures, which will be implemented within the next six months..*

4. Timekeeping Procedures

- A. Procedures for documenting employees' actual time worked are inadequate. A daily time sheet with each employee's name is maintained for each MPC department. Employees are required by facility policy to record their daily arrival and departure times on the time sheet which must be signed by the employee and approved by the employee's supervisor. We noted the following concerns relating to the time sheets:

- 1) There is a lack of supervisory review of time worked. Nine of the ten (90 percent) time sheets reviewed were not signed by the employee's supervisor as required by facility policy. In addition, two of the ten (20 percent) time sheets reviewed were not signed by the employee, as required.
- 2) Employee leave records are not always updated timely to reflect leave taken. One of the ten (10 percent) employee time sheets reviewed recorded annual leave for two days during December 2002. However, the employee was not charged annual leave for these days until it was brought to the auditee's attention in March 2003.

Accurate documentation of time worked and a supervisory review of this documentation is necessary to ensure time worked is adequately supported, leave records are updated timely, and employees are paid correctly.

- B. The facility's policy requiring verification of daily time sheets is outdated. The policy states "On a regular basis, at least monthly, supervisors shall be responsible for completing a Time and Attendance Verification Form, MPC Form #04-21 and attaching it to the appropriate daily time sheets." Timekeeping personnel indicated Form #04-21 is not being used. A current verification of daily time sheet policy is necessary to clearly outline the MPC's current procedures.

WE RECOMMEND the MPC management:

- A.1. Perform a documented review of time sheets.
- 2. Ensure all employee leave records are updated timely and are reconciled to the employee time sheets.
- B. Ensure the verification of daily time sheets policy is updated to outline MPC current procedures.

AUDITEE'S RESPONSE

- A.1. *We do not concur with the finding entirely, as the employee's supervisor signature on daily time sheets was a procedure under the PARS payroll system and the facility policy "Verification of Daily Time Sheets 2.13" was not updated to reflect current procedures under the new computer payroll system, SAM II. The auditors reviewed current daily time sheet procedures against an outdated facility policy. However, we are taking action on the recommendation by updating the facility policy on daily time sheets. This updated policy will include a thorough review of time sheets by central timekeepers to ensure accuracy and completeness.*
- A.2. *We concur. This was implemented in November 2003.*
- B. *We concur. This is in progress and will be implemented within the next six months.*

5. State-Owned Vehicles

The MPC has nine state-owned vehicles that are primarily used to transport clients and for employee travel. We noted the following concerns regarding the state-owned vehicles:

- A. Vehicle request logs were not always complete. In addition, all employees are not required to submit a vehicle request log. MPC policy requires all employees to utilize the vehicle request log and document information such as date, odometer reading, time, driver's name and signature, purpose, and complete a vehicle and safety checklist. However, one employee is not required to submit vehicle request logs. Instead, the employee maintains a log which contains some of the same information as the vehicle request log, however, the log does not document all of the information required on the vehicle request log. In addition, the logs reviewed did not always include a completed vehicle and safety checklist as required.

Requiring all employees to submit and complete vehicle request logs is necessary to ensure state vehicles are properly used for business purposes.

- B. Four of nine (44 percent) vehicles were driven less than 15,000 miles during the two years ended June 30, 2003. One of these vehicles was driven less than 5,000 miles during this time period. Low mileage can often indicate that a facility has too many vehicles or is not using them efficiently. During the two years ended June 30, 2003, personnel received mileage reimbursements when using their personal vehicles for business travel instead of utilizing state-owned vehicles.

Based on this underutilization, it appears the MPC management should consider reducing the size of its vehicle fleet.

WE RECOMMEND the MPC management:

- A. Ensure vehicle request logs are submitted by all employees and are accurately completed.
- B. Evaluate the need for each vehicle and ensure each vehicle is effectively utilized.

AUDITEE'S RESPONSE

- A. *We concur. This was implemented in November 2003.*
- B. *We concur. We believe that we already do this and need the fleet that we currently have based on usage and road worthiness of vehicles.*

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

DEPARTMENT OF MENTAL HEALTH
METROPOLITAN ST. LOUIS PSYCHIATRIC CENTER
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Metropolitan St. Louis Psychiatric Center (MPC) is located in St. Louis City. First opened in 1938 for the city of St. Louis as a Works Progress Administration (WPA) project, the facility, originally known as a "Psychiatric Institute", was dedicated in memory of Dr. Malcolm Andrew Bliss in 1939 and became known as the Malcolm Bliss Mental Health Center (MBMHC). The MBMHC had 123 inpatient beds and provided emergency services 24 hours a day. The city of St. Louis continued to operate the facility to treat the indigent mentally ill until the State of Missouri assumed responsibility in 1964 and incorporated the facility into the Missouri Division of Mental Diseases. After further expansion, the facility was rededicated in 1967 to provide short-term intensive treatment for citizens of the eastern region of the state.

In 1988, MBMHC became the only public acute-care admitting facility in the area. From 1991 until mid 1996, while awaiting construction of a new state-of-the-art facility, MBMHC was temporarily housed at the St. Louis State Hospital Complex. In 1996, along with a new facility, the name of the facility was changed to Metropolitan St. Louis Psychiatric Center (MPC).

Today the MPC campus is a 112-bed acute care inpatient psychiatric hospital operated by the Department of Mental Health of the State of Missouri. The facility surrounds beautifully landscaped courtyards and provides the least restrictive setting appropriate to the needs of the individual and, at the same time, one that is therapeutic in its non-institutional image.

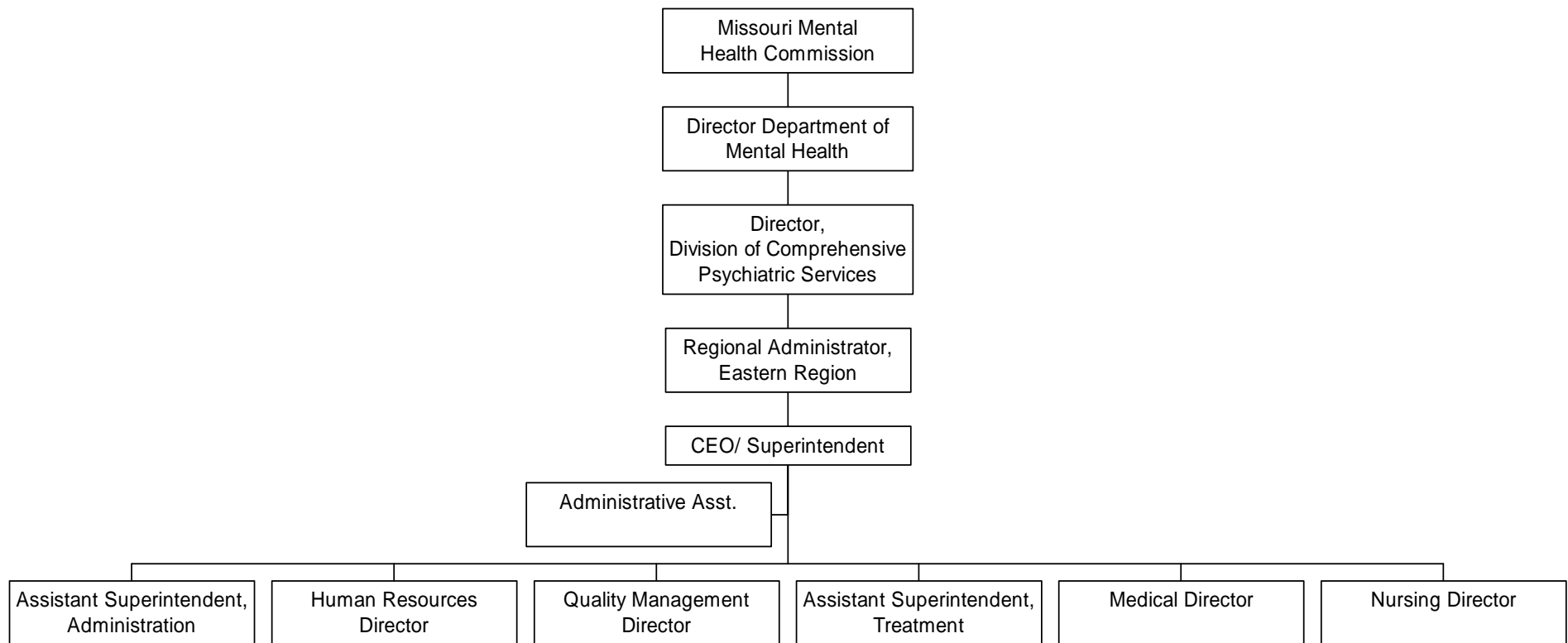
The MPC is accredited by the Joint Commission on Accreditation of Healthcare Organizations (JCAHO). In addition, the SLPRC is certified to provide Medicare/Medicaid services by the Center for Medicare/Medicaid Services (CMS).

The mission of the MPC is to provide Acute Inpatient Care and Emergency Psychiatric Services to mentally ill persons residing in the Eastern Region of Missouri.

To enhance the efficiency and create synergies between the MPC and St. Louis Psychiatric Rehabilitation Center (SLPRC), in June 2002, the Department of Mental Health decided to consolidate several top-level positions: Chief Executive officer (CEO), Chief Operating Officer (COO), Human Resource Director, and Information Technology Director. Previously distinct titles within both the MPC and the SLPRC, these positions are now shared between the two facilities. This audit reports only the management practices and operations of the MPC. A separate audit report has been issued for the SLPRC.

An organization chart and statistical data follow:

DEPARTMENT OF MENTAL HEALTH
METROPOLITAN ST. LOUIS PSYCHIATRIC CENTER*
ORGANIZATION CHART
JUNE 30, 2003



* Only personnel at the management level are included on this organization chart. There are numerous staff within each department.

DEPARTMENT OF MENTAL HEALTH
METROPOLITAN ST. LOUIS PSYCHIATRIC CENTER
STATISTICAL DATA-CLIENT OCCUPANCY

	<u>Year Ended June 30,</u>	
	<u>2003</u>	<u>2002</u>
Total Clients, July 1	98	96
Clients Admitted During Fiscal Year	2,039	1,836
Clients Discharged During Fiscal Year	<u>(2,033)</u>	<u>(1,834)</u>
Total Clients, June 30	<u>104</u>	<u>98</u>

Appendix A

DEPARTMENT OF MENTAL HEALTH
METROPOLITAN ST. LOUIS PSYCHIATRIC CENTER
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30,					
	2003			2002		
	Appropriation Authority	Expenditures	Lapsed Balances	Appropriation Authority	Expenditures	Lapsed Balances
GENERAL REVENUE FUND - STATE						
Personal Service (CPS and ADA)	\$ 10,281,536	10,172,923	108,613	10,662,316	10,191,922	470,394
Personal Service and/or Expense and Equipment (CPS and ADA)	541,133	540,611	522	1,184,701	1,184,701	0
Expense and Equipment	3,307,657	3,200,168	107,489	3,174,177	3,078,952	95,225
Total General Revenue Fund	14,130,326	13,913,702	216,624	15,021,194	14,455,575	565,619
DEPARTMENT OF MENTAL HEALTH FUND						
Personal Service	151,914	151,914	0	143,918	142,547	1,371
Personal Service and/or Expense and Equipment	7,995	7,995	0	15,991	15,500	491
Total Department of Mental Health Fund	159,909	159,909	0	159,909	158,047	1,862
Total All Funds	\$ 14,290,235	14,073,611	216,624	15,181,103	14,613,622	567,481

Note: The appropriations presented above are used to account for and control the facility's expenditures from amounts appropriated to the facility by the General Assembly. The facility administers transactions from the appropriations presented above. However, the State Treasurer, as fund custodian, and the Office of Administration provide administrative control over the fund resources within the authority prescribed by the General Assembly. This schedule does not represent all expenditures of the facility. Some expenditures relating to state facilities are charged to department-wide appropriations and are not identified by facility. Expenditures charged to department-wide appropriations that are identified to Metropolitan St. Louis Psychiatric Center are noted in Appendix B.

The lapsed balances include the following withholdings made at the Governor's request:

		Year Ended June 30,	
		2003	2002
Personal Service	\$	108,594	469,686
Expense and Equipment		107,489	95,225
Total	\$	216,083	564,911

Appendix B

DEPARTMENT OF MENTAL HEALTH
METROPOLITAN ST. LOUIS PSYCHIATRIC CENTER
COMPARATIVE STATEMENT OF EXPENDITURES (FROM APPROPRIATIONS)

	Year Ended June 30,			
	2003		2002	
	Expenditures From Facility Appropriations	Expenditures From Department-Wide Appropriations For MPC	Expenditures From Facility Appropriations	Expenditures From Department-Wide Appropriations For MPC
Salaries and Wages	\$ 10,753,181	398,065	11,479,944	14,621
Travel Expenditures	12,784	32	13,123	2,711
Supplies	937,995	285,981	875,091	296,675
Fuel and Utilities	0	343,960	0	371,236
Professional Development	14,796	0	18,129	1,125
Communication Services and Supplies	83,770	0	84,546	2,445
Professional Services	2,013,938	123,561	1,851,222	40,456
Housekeeping and Janitorial Services	18,669	8	20,473	0
Maintenance and Repair Services	168,276	0	161,429	0
Equipment	37,224	0	62,824	1,683
Property and Improvements	145	26,150	1,136	66,184
Equipment Rental & Leases	3,359	0	14,398	0
Miscellaneous Expenses	29,474	4,700	31,307	10,839
Refunds	0	1,211	0	4,109
Total Expenditures	\$ 14,073,611	1,183,668	14,613,622	812,084

Appendix C

DEPARTMENT OF MENTAL HEALTH METROPOLITAN ST. LOUIS PSYCHIATRIC CENTER COMPARATIVE STATEMENT OF CLIENT RECEIPTS, DISBURSEMENTS, AND CASH BALANCES (FROM NON-APPROPRIATED FUNDS) (See Note)

		Year Ended June 30,	
		2003	2002
CASH BALANCE, JULY 1	\$	2,114	3,527
RECEIPTS		64,685	55,493
DISBURSEMENTS		<u>63,871</u>	<u>56,906</u>
CASH BALANCE, JUNE 30	\$	<u><u>2,928</u></u>	<u><u>2,114</u></u>

Note: The receipts and disbursements presented in this schedule represent client monies.

Appendix D

DEPARTMENT OF MENTAL HEALTH
METROPOLIAN ST. LOUIS PSYCHIATRIC CENTER
COMPARATIVE STATEMENT OF MENTAL HEALTH TRUST FUND RECEIPTS,
DISBURSEMENTS, AND CASH BALANCES (FROM NON-APPROPRIATED FUNDS) (See Note)

		<u>Year Ended June 30,</u>	
		<u>2003</u>	<u>2002</u>
CASH BALANCE, JULY 1	\$	45,101	39,498
RECEIPTS		27,976	33,441
DISBURSEMENTS		9,338	27,838
CASH BALANCE, JUNE 30	\$	<u>63,739</u>	<u>45,101</u>

Note: The receipts and disbursements presented in this schedule primarily represent donations from the Auxilliary.

Appendix E

DEPARTMENT OF MENTAL HEALTH
METROPOLIAN ST. LOUIS PSYCHIATRIC CENTER
COMPARATIVE STATEMENT OF CHANGES IN NET ASSETS (FROM
NON-APPROPRIATED FUNDS) (See Note)

	<u>Year Ended June 30,</u>	
	<u>2003</u>	<u>2002</u>
INVESTMENT BALANCE, JULY 1 \$	12,608	18,473
ADDITIONS		
Stock Split	900	200
Investment Income (Loss)	(1,244)	(6,065)
INVESTMENT BALANCE, JUNE 30 \$	<u>12,264</u>	<u>12,608</u>

Note: The net assets presented in this schedule primarily represent stock donations.

* * * *



**HOWARD COUNTY, MISSOURI
TWO YEARS ENDED DECEMBER 31, 2002**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-03
January 15, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

January 2004

IMPORTANT: The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Howard, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also provide a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and it does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Howard County included additional areas of county operations, as well as the elected county officials. Many of the current recommendations are similar to prior recommendations that were not implemented by county officials. The following concerns were noted as part of the audit:

- The county's General Revenue Fund and Keller Building Fund are in weak financial condition. The General Revenue Fund cash balance decreased from \$388,688 at January 1, 2001 to \$82,129 at December 31, 2002. Significant factors causing the decline of this fund's financial condition include the addition of a courthouse elevator and salary increases for elected officials. At December 31, 2002, the Keller Building Fund cash balance was \$6,998, which includes \$5,713 of rental deposits held for building tenants. At times during the audit period, the county relied on the rental deposit monies to pay building operating costs.
- As noted in prior reports, the county does not have adequate procedures in place to accumulate federal financial assistance information and the schedule of expenditures of federal awards was not complete and accurate.
- As noted in prior reports, the County Clerk does not maintain centralized compensatory time records, and the county's established personnel and payroll policies are not consistently applied and enforced.
- Computer system controls and procedures need improvement. Some passwords are not changed periodically to ensure confidentiality, backup disks are not stored at an off-site location, and the county has no formal emergency contingency plan in place.

YELLOW SHEET

- As noted in prior reports, controls over the preparation of and changes to the property tax books are not adequate. The County Clerk does not prepare or verify the tax books, additions and abatements are not properly reviewed, and the County Clerk does not maintain an account book with the County Collector.
- The county has not taken action on mid-term salary increases given to associate commissioners 1999. On May 15, 2001 the Missouri Supreme Court handed down an opinion that challenged the validity of Section 50.333.13, RSMo, which allowed county salary commissions in 1997 to provide mid-term salary increases for associate county commissioners. In a written legal opinion issued in August 2001, the county Prosecuting Attorney concluded the mid-term raises were not valid. However, as of August 2003, the county has taken no action to seek repayments.
- The Sheriff did not adequately review and supervise the work of the bookkeeper. In addition, there were several problems with the receipting and depositing procedures, the fee account was overdrawn, checkbook balances were not maintained, and bank reconciliations and open items listings were not prepared. Also, calendar advertising commissions checks were cashed and used to purchase equipment and supplies rather than being deposited into the bank account, and invoices were not retained to document amounts paid.
- Sheltered Services Board members do not adequately review invoices and compliance with contract terms prior to signing checks. As a result, a \$1,700 overpayment was made to a contractor which billed the board for more hours than authorized by the contract and expenses not authorized in the contract. The board treasurer discussed this situation with the contractor and the board has received reimbursement for the overpayment.
- In November 2002 and December 2001, the 911 board made lump sum year-end salary adjustment payments to its employees totaling \$4,200 and \$4,400, respectively. These payments appear to represent additional compensation in the form of a bonus for services previously rendered and, as such are in violation of the Missouri Constitution and contrary to Attorney General opinion.

Also included in the audit are recommendations related to county's budget preparation, employee bonds, record retention, and vehicle records. The audit also suggested improvements in accounting procedures and controls of the County Clerk, Circuit Clerk and Ex Officio Recorder of Deeds, Prosecuting Attorney, health department, Sheltered Services Board, and 911 Board.

All reports are available on our website: www.auditor.state.mo.us

HOWARD COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Howard County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Howard County, Missouri, as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Howard County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2002 and 2001, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated August 21, 2003, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Howard County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

August 21, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Regina Pruitt, CPA
In-Charge Auditor:	Cheryl Colter, CPA, CGFM
Audit Staff:	Flower Chadraabal
	Tom Franklin



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission
and
Officeholders of Howard County, Missouri

We have audited the financial statements of various funds of Howard County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated August 21, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of various funds of Howard County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Howard County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition

in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Howard County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

August 21, 2003 (fieldwork completion date)

Financial Statements

Exhibit A-1

HOWARD COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 193,665	911,201	1,022,737	82,129
Special Road and Bridge	310,638	1,221,860	986,512	545,986
Assessment	1,198	109,761	108,369	2,590
Law Enforcement Training	1,270	1,222	1,536	956
Prosecuting Attorney Training	349	304	351	302
Law Enforcement Sales Tax	1,414	388,327	384,108	5,633
Recorder's User Fees	5,565	4,802	4,899	5,468
Keller Building	22,844	111,745	127,591	6,998
Victims of Domestic Violence	2,310	751	0	3,061
Civil Defense	2,668	13,241	12,996	2,913
Local Emergency Planning	16,606	2,413	3,461	15,558
Sheriff Civil Fees	5,928	9,932	12,142	3,718
Peace Officer Safety Training	0	472	472	0
Prosecuting Attorney Bad Check	5,255	5,384	3,880	6,759
Howard County Economic Development	72,072	35,668	5,581	102,159
Election Services	2,243	1,244	0	3,487
Law Enforcement Supplemental	0	33,932	32,383	1,549
Road and Bridge Disaster Relief	0	134,420	92,677	41,743
CDBG Elevator Grant	0	205,584	205,584	0
Sheriff's Benevolent	367	111	0	478
Recorder Technology	1,139	2,930	0	4,069
Prosecutor's Supplemental	0	23,072	10,669	12,403
Levee Districts	287,836	115,402	112,303	290,935
Sheltered Services Board	129,506	85,235	83,034	131,707
911 Board	147,369	262,557	224,501	185,425
Collector's Technology	0	297	5	292
Local Law Enforcement Block Grant	0	12,904	12,904	0
Circuit Clerk Interest	12,254	244	1,872	10,626
Law Library	9,561	2,888	2,500	9,949
Focus on Kids	1,015	945	775	1,185
Total	\$ 1,233,072	3,698,848	3,453,842	1,478,078

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

HOWARD COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 388,688	809,242	1,004,265	193,665
Special Road and Bridge	271,530	1,072,228	1,033,120	310,638
Assessment	1,260	123,585	123,647	1,198
Law Enforcement Training	1,798	1,020	1,548	1,270
Prosecuting Attorney Training	545	254	450	349
Law Enforcement Sales Tax	1,712	401,600	401,898	1,414
Recorder's User Fees	4,989	4,591	4,015	5,565
Keller Building	1,157	134,920	113,233	22,844
Victims of Domestic Violence	1,220	1,090	0	2,310
Civil Defense	0	14,971	12,303	2,668
Local Emergency Planning	14,662	2,696	752	16,606
Sheriff Civil Fees	2,919	8,548	5,539	5,928
Peace Officer Safety Training	0	500	500	0
Prosecuting Attorney Bad Check	4,492	6,188	5,425	5,255
Howard County Economic Development	52,421	35,949	16,298	72,072
Election Services	1,383	860	0	2,243
Emergency Shelter Grant	0	5,000	5,000	0
CDBG Elevator Grant	0	34,416	34,416	0
Sheriff's Benevolent	0	367	0	367
Recorder Technology	0	1,139	0	1,139
Levee Districts	227,054	113,711	52,929	287,836
Sheltered Services Board	103,961	84,283	58,738	129,506
911 Board	113,008	261,955	227,594	147,369
Local Law Enforcement Block Grant	0	13,768	13,768	0
Circuit Clerk Interest	10,615	1,639	0	12,254
Law Library	7,549	2,012	0	9,561
Focus on Kids	355	1,410	750	1,015
Total	\$ 1,211,318	3,137,942	3,116,188	1,233,072

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

HOWARD COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TOTALS - VARIOUS FUNDS</u>						
RECEIPTS	\$ 3,568,847	3,681,570	112,723	3,890,580	3,112,744	(777,836)
DISBURSEMENTS	3,907,243	3,435,786	471,457	4,125,695	3,098,193	1,027,502
RECEIPTS OVER (UNDER) DISBURSEMENTS	(338,396)	245,784	584,180	(235,115)	14,551	249,666
CASH, JANUARY 1	1,208,000	1,210,242	2,242	1,188,912	1,192,799	3,887
CASH, DECEMBER 31	869,604	1,456,026	586,422	953,797	1,207,350	253,553
<u>GENERAL REVENUE FUND</u>						
RECEIPTS						
Property taxes	220,000	229,527	9,527	300,000	216,845	(83,155)
Sales taxes	300,000	255,744	(44,256)	300,000	256,092	(43,908)
Intergovernmental	165,000	150,517	(14,483)	145,000	151,562	6,562
Charges for services	159,175	171,669	12,494	197,720	120,357	(77,363)
Interest	16,500	6,283	(10,217)	40,000	15,979	(24,021)
Other	49,475	54,972	5,497	417,500	48,407	(369,093)
Transfers in	20,000	42,489	22,489	2,715	0	(2,715)
Total Receipts	930,150	911,201	(18,949)	1,402,935	809,242	(593,693)
DISBURSEMENTS						
County Commission	73,401	73,229	172	73,626	73,356	270
County Clerk	55,487	54,877	610	54,736	54,893	(157)
Elections	30,980	27,629	3,351	11,900	11,611	289
Buildings and grounds	135,412	148,304	(12,892)	139,963	101,575	38,388
Employee fringe benefits	90,600	80,702	9,898	77,175	70,749	6,426
County Treasurer	26,681	26,212	469	26,781	26,679	102
County Collector	64,630	59,149	5,481	66,151	63,892	2,259
Ex Officio Recorder of Deeds	15,640	11,145	4,495	14,800	11,674	3,126
Circuit Clerk	17,800	2,212	15,588	21,530	6,183	15,347
Associate Circuit Court	17,440	12,653	4,787	16,801	12,767	4,034
Associate Circuit (Probate)	5,100	2,046	3,054	12,600	3,813	8,787
Court administration	62,336	39,704	22,632	58,060	26,604	31,456
Public Administrator	36,365	36,076	289	39,044	38,107	937
Prosecuting Attorney	71,677	72,549	(872)	78,597	77,095	1,502
Juvenile Officer	59,229	59,229	0	69,496	50,831	18,665
County Coroner	14,050	11,283	2,767	13,975	11,007	2,968
Domestic Violence	0	0	0	200	0	200
Civil Defense	0	0	0	18,184	0	18,184
Keller Hospital Building	0	0	0	124,679	0	124,679
Other General County Government	62,492	57,581	4,911	87,879	48,201	39,678
Public health and welfare services	174,000	176,057	(2,057)	183,720	183,491	229
Debt service	0	0	0	1,796	337	1,459
Transfers out	67,220	72,100	(4,880)	163,334	118,667	44,667
Emergency Fund	32,500	0	32,500	41,787	12,733	29,054
Total Disbursements	1,113,040	1,022,737	90,303	1,396,814	1,004,265	392,549
RECEIPTS OVER (UNDER) DISBURSEMENTS	(182,890)	(111,536)	71,354	6,121	(195,023)	(201,144)
CASH, JANUARY 1	193,665	193,665	0	388,688	388,688	0
CASH, DECEMBER 31	10,775	82,129	71,354	394,809	193,665	(201,144)

Exhibit B

HOWARD COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	183,400	182,519	(881)	163,800	171,465	7,665
Sales taxes	226,500	221,371	(5,129)	208,000	218,797	10,797
Intergovernmental	580,920	643,594	62,674	555,400	580,793	25,393
Charges for services	16,100	17,139	1,039	9,500	13,450	3,950
Interest	10,000	11,682	1,682	4,700	14,632	9,932
Other	12,515	43,139	30,624	52,800	73,091	20,291
Transfers in	13,135	102,416	89,281	0	0	0
Total Receipts	1,042,570	1,221,860	179,290	994,200	1,072,228	78,028
DISBURSEMENTS						
Salaries	264,432	259,569	4,863	256,625	251,123	5,502
Employee fringe benefits	70,600	59,709	10,891	69,400	66,290	3,110
Supplies	65,000	46,686	18,314	80,000	50,794	29,206
Insurance	18,000	14,146	3,854	15,000	353	14,647
Road and bridge materials	25,000	23,570	1,430	20,000	12,556	7,444
Equipment repairs	72,500	55,334	17,166	75,000	56,377	18,623
Equipment purchases	75,000	61,873	13,127	167,910	56,119	111,791
Construction, repair, and maintenance	306,000	246,428	59,572	489,246	445,245	44,001
Other	107,662	91,951	15,711	92,547	94,263	(1,716)
Transfers out	20,000	127,246	(107,246)	0	0	0
Total Disbursements	1,024,194	986,512	37,682	1,265,728	1,033,120	232,608
RECEIPTS OVER (UNDER) DISBURSEMENTS	18,376	235,348	216,972	(271,528)	39,108	310,636
CASH, JANUARY 1	310,874	310,638	(236)	271,530	271,530	0
CASH, DECEMBER 31	329,250	545,986	216,736	2	310,638	310,636
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	97,900	89,160	(8,740)	95,918	96,048	130
Charges for services	2,000	2,928	928	2,500	3,187	687
Interest	675	381	(294)	750	663	(87)
Other	1,265	792	(473)	1,245	1,187	(58)
Transfers in	17,220	16,500	(720)	27,859	22,500	(5,359)
Total Receipts	119,060	109,761	(9,299)	128,272	123,585	(4,687)
DISBURSEMENTS						
Assessor	119,037	108,369	10,668	128,272	123,647	4,625
Total Disbursements	119,037	108,369	10,668	128,272	123,647	4,625
RECEIPTS OVER (UNDER) DISBURSEMENTS	23	1,392	1,369	0	(62)	(62)
CASH, JANUARY 1	1,198	1,198	0	1,260	1,260	0
CASH, DECEMBER 31	1,221	2,590	1,369	1,260	1,198	(62)

Exhibit B

HOWARD COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Charges for services	1,000	1,199	199	1,500	972	(528)
Interest	50	23	(27)	35	48	13
Total Receipts	1,050	1,222	172	1,535	1,020	(515)
DISBURSEMENTS						
Sheriff	2,000	1,536	464	2,000	1,548	452
Total Disbursements	2,000	1,536	464	2,000	1,548	452
RECEIPTS OVER (UNDER) DISBURSEMENTS	(950)	(314)	636	(465)	(528)	(63)
CASH, JANUARY 1	1,270	1,270	0	1,798	1,798	0
CASH, DECEMBER 31	320	956	636	1,333	1,270	(63)
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for services	250	296	46	365	241	(124)
Interest	14	8	(6)	15	13	(2)
Total Receipts	264	304	40	380	254	(126)
DISBURSEMENTS						
Prosecuting Attorney	500	351	149	300	450	(150)
Total Disbursements	500	351	149	300	450	(150)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(236)	(47)	189	80	(196)	(276)
CASH, JANUARY 1	349	349	0	545	545	0
CASH, DECEMBER 31	113	302	189	625	349	(276)
<u>LAW ENFORCEMENT SALES TAX FUND</u>						
RECEIPTS						
Sales taxes	285,000	255,748	(29,252)	260,000	256,636	(3,364)
Intergovernmental	19,795	18,803	(992)	10,426	14,950	4,524
Charges for services	44,500	49,886	5,386	60,300	39,369	(20,931)
Interest	1,200	685	(515)	1,600	1,083	(517)
Other	10,700	2,705	(7,995)	10,500	7,062	(3,438)
Transfers in	40,000	60,500	20,500	107,850	82,500	(25,350)
Total Receipts	401,195	388,327	(12,868)	450,676	401,600	(49,076)
DISBURSEMENTS						
Sheriff	209,382	200,405	8,977	268,933	214,403	54,530
Jail	157,320	150,480	6,840	176,121	150,245	25,876
Vehicle expense	35,711	33,223	2,488	0	32,500	(32,500)
Transfers out	0	0	0	0	4,750	(4,750)
Total Disbursements	402,413	384,108	18,305	445,054	401,898	43,156
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,218)	4,219	5,437	5,622	(298)	(5,920)
CASH, JANUARY 1	1,414	1,414	0	1,712	1,712	0
CASH, DECEMBER 31	196	5,633	5,437	7,334	1,414	(5,920)

Exhibit B

HOWARD COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>RECORDER'S USER FEES FUND</u>						
RECEIPTS						
Charges for services	4,800	4,716	(84)	23,000	4,422	(18,578)
Interest	175	86	(89)	500	169	(331)
Total Receipts	4,975	4,802	(173)	23,500	4,591	(18,909)
DISBURSEMENTS						
Ex Officio Recorder of Deeds	10,000	4,899	5,101	10,000	4,015	5,985
Total Disbursements	10,000	4,899	5,101	10,000	4,015	5,985
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,025)	(97)	4,928	13,500	576	(12,924)
CASH, JANUARY 1	5,565	5,565	0	4,989	4,989	0
CASH, DECEMBER 31	540	5,468	4,928	18,489	5,565	(12,924)
<u>KELLER BUILDING FUND</u>						
RECEIPTS						
Interest	500	517	17	700	296	(404)
Rental income	128,000	110,133	(17,867)	105,000	106,934	1,934
Other	1,600	1,095	(505)	1,500	19,523	18,023
Transfers in	0	0	0	16,500	8,167	(8,333)
Total Receipts	130,100	111,745	(18,355)	123,700	134,920	11,220
DISBURSEMENTS						
Personnel	31,086	31,681	(595)	31,229	30,748	481
Operations	84,700	66,193	18,507	83,950	71,526	12,424
Building	22,250	29,717	(7,467)	9,500	10,959	(1,459)
Total Disbursements	138,036	127,591	10,445	124,679	113,233	11,446
RECEIPTS OVER (UNDER) DISBURSEMENTS	(7,936)	(15,846)	(7,910)	(979)	21,687	22,666
CASH, JANUARY 1	22,844	22,844	0	1,157	1,157	0
CASH, DECEMBER 31	14,908	6,998	(7,910)	178	22,844	22,666
<u>VICTIMS OF DOMESTIC VIOLENCE FUND</u>						
RECEIPTS						
Charges for services	1,100	694	(406)	300	1,033	733
Interest	60	57	(3)	65	57	(8)
Total Receipts	1,160	751	(409)	365	1,090	725
DISBURSEMENTS						
Shelter	0	0	0	200	0	200
Total Disbursements	0	0	0	200	0	200
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,160	751	(409)	165	1,090	925
CASH, JANUARY 1	2,310	2,310	0	1,220	1,220	0
CASH, DECEMBER 31	3,470	3,061	(409)	1,385	2,310	925

Exhibit B

HOWARD COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CIVIL DEFENSE FUND</u>						
RECEIPTS						
Intergovernmental	6,122	6,104	(18)	7,034	9,385	2,351
Interest	90	37	(53)	25	86	61
Transfers in	10,000	7,100	(2,900)	11,125	5,500	(5,625)
Total Receipts	16,212	13,241	(2,971)	18,184	14,971	(3,213)
DISBURSEMENTS						
Office expenses	950	663	287	950	550	400
Emergency operations	4,250	0	4,250	5,250	67	5,183
Personnel	13,177	12,333	844	11,984	11,686	298
Total Disbursements	18,377	12,996	5,381	18,184	12,303	5,881
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,165)	245	2,410	0	2,668	2,668
CASH, JANUARY 1	2,668	2,668	0	0	0	0
CASH, DECEMBER 31	503	2,913	2,410	0	2,668	2,668
<u>LOCAL EMERGENCY PLANNING FUND</u>						
RECEIPTS						
Intergovernmental	2,000	2,070	70	2,525	2,179	(346)
Interest	500	343	(157)	800	517	(283)
Total Receipts	2,500	2,413	(87)	3,325	2,696	(629)
DISBURSEMENTS						
Office expenses	800	325	475	600	440	160
Equipment	2,500	2,337	163	500	0	500
Mileage and training	500	500	0	1,225	312	913
Other	500	299	201	1,000	0	1,000
Total Disbursements	4,300	3,461	839	3,325	752	2,573
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,800)	(1,048)	752	0	1,944	1,944
CASH, JANUARY 1	16,606	16,606	0	14,662	14,662	0
CASH, DECEMBER 31	14,806	15,558	752	14,662	16,606	1,944
<u>SHERIFF CIVIL FEES FUND</u>						
RECEIPTS						
Charges for services	8,000	9,790	1,790	20,000	8,250	(11,750)
Interest	175	142	(33)	300	157	(143)
Other	700	0	(700)	0	141	141
Total Receipts	8,875	9,932	1,057	20,300	8,548	(11,752)
DISBURSEMENTS						
Sheriff	14,250	12,142	2,108	10,000	5,539	4,461
Total Disbursements	14,250	12,142	2,108	10,000	5,539	4,461
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,375)	(2,210)	3,165	10,300	3,009	(7,291)
CASH, JANUARY 1	5,928	5,928	0	2,919	2,919	0
CASH, DECEMBER 31	553	3,718	3,165	13,219	5,928	(7,291)

Exhibit B

HOWARD COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PEACE OFFICER SAFETY TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	500	472	(28)	800	500	(300)
Total Receipts	500	472	(28)	800	500	(300)
DISBURSEMENTS						
Training	500	472	28	800	500	300
Total Disbursements	500	472	28	800	500	300
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	0	0	0	0	0
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for services	6,200	5,247	(953)	5,250	6,040	790
Interest	150	137	(13)	125	148	23
Total Receipts	6,350	5,384	(966)	5,375	6,188	813
DISBURSEMENTS						
Prosecuting Attorney	5,248	3,880	1,368	6,140	5,425	715
Total Disbursements	5,248	3,880	1,368	6,140	5,425	715
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,102	1,504	402	(765)	763	1,528
CASH, JANUARY 1	5,255	5,255	0	4,492	4,492	0
CASH, DECEMBER 31	6,357	6,759	402	3,727	5,255	1,528
<u>HOWARD COUNTY ECONOMIC DEVELOPMENT FUND</u>						
RECEIPTS						
Interest	2,250	1,840	(410)	2,500	2,121	(379)
Lease income	33,828	33,828	0	33,828	33,828	0
Total Receipts	36,078	35,668	(410)	36,328	35,949	(379)
DISBURSEMENTS						
Committee luncheons	400	581	(181)	400	298	102
Loan payments	0	0	0	30,000	16,000	14,000
Economic development	100,000	5,000	95,000	0	0	0
Total Disbursements	100,400	5,581	94,819	30,400	16,298	14,102
RECEIPTS OVER (UNDER) DISBURSEMENTS	(64,322)	30,087	94,409	5,928	19,651	13,723
CASH, JANUARY 1	72,072	72,072	0	52,421	52,421	0
CASH, DECEMBER 31	7,750	102,159	94,409	58,349	72,072	13,723

Exhibit B

HOWARD COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ELECTION SERVICES FUND</u>						
RECEIPTS						
Intergovernmental	1,000	1,180	180	435	793	358
Interest	75	64	(11)	40	67	27
Total Receipts	1,075	1,244	169	475	860	385
DISBURSEMENTS						
Election expenses	0	0	0	0	0	0
Total Disbursements	0	0	0	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,075	1,244	169	475	860	385
CASH, JANUARY 1	2,243	2,243	0	1,383	1,383	0
CASH, DECEMBER 31	3,318	3,487	169	1,858	2,243	385
<u>LAW ENFORCEMENT SUPPLEMENTAL FUND</u>						
RECEIPTS						
Intergovernmental	37,500	33,333	(4,167)			
Interest	100	99	(1)			
Transfers in	0	500	500			
Total Receipts	37,600	33,932	(3,668)			
DISBURSEMENTS						
Personnel	12,100	13,411	(1,311)			
Vehicle	4,910	73	4,837			
Other	2,000	1,923	77			
Transfers out	13,135	16,976	(3,841)			
Total Disbursements	32,145	32,383	(238)			
RECEIPTS OVER (UNDER) DISBURSEMENTS	5,455	1,549	(3,906)			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	5,455	1,549	(3,906)			
<u>ROAD AND BRIDGE DISASTER RELIEF FUND</u>						
RECEIPTS						
Intergovernmental	170,000	19,674	(150,326)			
Transfers in	0	114,746	114,746			
Total Receipts	170,000	134,420	(35,580)			
DISBURSEMENTS						
Rock	30,000	0	30,000			
Bridge work	75,000	0	75,000			
Labor	30,000	0	30,000			
Equipment rental	35,000	0	35,000			
Administrative fees	0	3,337	(3,337)			
Transfers out	0	89,340	(89,340)			
Total Disbursements	170,000	92,677	77,323			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	41,743	41,743			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	0	41,743	41,743			

Exhibit B

HOWARD COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>EMERGENCY SHELTER GRANT FUND</u>						
RECEIPTS						
Intergovernmental				5,000	5,000	0
Total Receipts				5,000	5,000	0
DISBURSEMENTS						
Shelter				5,000	4,900	100
Administrative fees				0	100	(100)
Total Disbursements				5,000	5,000	0
RECEIPTS OVER (UNDER) DISBURSEMENTS				0	0	0
CASH, JANUARY 1				0	0	0
CASH, DECEMBER 31				0	0	0
<u>CDBG ELEVATOR GRANT FUND</u>						
RECEIPTS						
Intergovernmental	205,584	205,584	0	240,000	34,416	(205,584)
Total Receipts	205,584	205,584	0	240,000	34,416	(205,584)
DISBURSEMENTS						
Elevator	205,584	165,595	39,989	240,000	34,416	205,584
Transfers out	0	39,989	(39,989)	0	0	0
Total Disbursements	205,584	205,584	0	240,000	34,416	205,584
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	0	0	0	0	0
<u>SHERIFF'S BENEVOLENT FUND</u>						
RECEIPTS						
Interest	8	11	3	6	7	1
Donations	0	100	100	360	360	0
Total Receipts	8	111	103	366	367	1
DISBURSEMENTS						
Equipment	366	0	366	0	0	0
Total Disbursements	366	0	366	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(358)	111	469	366	367	1
CASH, JANUARY 1	367	367	0	0	0	0
CASH, DECEMBER 31	9	478	469	366	367	1

Exhibit B

HOWARD COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>RECORDER TECHNOLOGY FUND</u>						
RECEIPTS						
Charges for services	3,000	2,872	(128)	1,000	1,131	131
Interest	10	58	48	0	8	8
Total Receipts	3,010	2,930	(80)	1,000	1,139	139
DISBURSEMENTS						
Equipment	3,000	0	3,000	0	0	0
Total Disbursements	3,000	0	3,000	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	10	2,930	2,920	1,000	1,139	139
CASH, JANUARY 1	1,139	1,139	0	0	0	0
CASH, DECEMBER 31	1,149	4,069	2,920	1,000	1,139	139
<u>PROSECUTOR'S SUPPLEMENTAL FUND</u>						
RECEIPTS						
Intergovernmental	25,000	22,922	(2,078)			
Interest	100	146	46			
Other	0	4	4			
Total Receipts	25,100	23,072	(2,028)			
DISBURSEMENTS						
Prosecuting Attorney	9,200	10,669	(1,469)			
Total Disbursements	9,200	10,669	(1,469)			
RECEIPTS OVER (UNDER) DISBURSEMENTS	15,900	12,403	(3,497)			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	15,900	12,403	(3,497)			
<u>LEVEE DISTRICTS FUND</u>						
RECEIPTS						
Property taxes	101,703	105,386	3,683	108,059	101,301	(6,758)
Interest	5,686	3,712	(1,974)	4,805	6,041	1,236
Other	0	6,304	6,304	0	0	0
Total Receipts	107,389	115,402	8,013	112,864	107,342	(5,522)
DISBURSEMENTS						
Office expenditures	7,743	4,312	3,431	4,689	6,992	(2,303)
Construction, repair, and maintenance	155,825	79,889	75,936	61,200	15,389	45,811
Loan payment	25,340	25,340	0	51,740	26,040	25,700
Other	850	2,762	(1,912)	650	1,031	(381)
Total Disbursements	189,758	112,303	77,455	118,279	49,452	68,827
RECEIPTS OVER (UNDER) DISBURSEMENTS	(82,369)	3,099	85,468	(5,415)	57,890	63,305
CASH, JANUARY 1	288,040	287,836	(204)	227,054	227,054	0
CASH, DECEMBER 31	205,671	290,935	85,264	221,639	284,944	63,305

Exhibit B

HOWARD COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SHELTERED SERVICES BOARD FUND</u>						
RECEIPTS						
Property taxes	68,242	79,201	10,959	73,000	75,497	2,497
Interest	2,500	6,034	3,534	3,000	8,786	5,786
Total Receipts	70,742	85,235	14,493	76,000	84,283	8,283
DISBURSEMENTS						
Office and equipment expenses	1,120	573	547	1,120	642	478
Client services	96,475	82,461	14,014	74,400	58,096	16,304
Total Disbursements	97,595	83,034	14,561	75,520	58,738	16,782
RECEIPTS OVER (UNDER) DISBURSEMENTS	(26,853)	2,201	29,054	480	25,545	25,065
CASH, JANUARY 1	126,928	129,506	2,578	101,701	103,961	2,260
CASH, DECEMBER 31	100,075	131,707	31,632	102,181	129,506	27,325
<u>911 BOARD FUND</u>						
RECEIPTS						
Sales taxes	245,000	255,728	10,728	242,000	254,981	12,981
Interest	2,300	4,455	2,155	3,000	5,774	2,774
Other	0	2,374	2,374	0	1,200	1,200
Total Receipts	247,300	262,557	15,257	245,000	261,955	16,955
DISBURSEMENTS						
Salaries and benefits	185,079	175,491	9,588	175,600	165,734	9,866
Office expenditures	6,976	6,003	973	6,572	6,600	(28)
Equipment	19,700	8,242	11,458	27,500	26,262	1,238
Phone services	28,000	26,683	1,317	28,000	24,911	3,089
Training	5,000	5,475	(475)	1,000	802	198
Other	2,545	2,607	(62)	6,328	3,285	3,043
Total Disbursements	247,300	224,501	22,799	245,000	227,594	17,406
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	38,056	38,056	0	34,361	34,361
CASH, JANUARY 1	147,265	147,369	104	111,381	113,008	1,627
CASH, DECEMBER 31	\$ 147,265	185,425	38,160	111,381	147,369	35,988

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

HOWARD COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Howard County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the various levee districts boards, the Howard County Sheltered Services Board, or the Howard County 911 Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed by warrant or in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Collector's Technology Fund	2002
Local Law Enforcement Block Grant Fund	2002 and 2001
Circuit Clerk Interest Fund	2002 and 2001
Law Library Fund	2002 and 2001
Focus on Kids Fund	2002 and 2001

One of five levee districts did not prepare a budget for the year ended December 31, 2001. As a result, receipts, disbursements and cash balances reported on Exhibit A exceed receipts, disbursements, and cash balances reported on Exhibit B for the Levee Districts Fund.

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Prosecuting Attorney Training Fund	2001
Law Enforcement Supplemental Fund	2002
Prosecutor's Supplemental Fund	2002

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Road and Bridge Disaster Relief Fund	2002
CDBG Elevator Grant Fund	2002
Local Law Enforcement Block Grant Fund	2002 and 2001
Circuit Clerk Interest Fund	2002 and 2001
Law Library Fund	2002 and 2001
Focus on Kids Fund	2002 and 2001

In addition, budgeted rather than actual data was published for the Sheltered Services Board Fund and the 911 Board Fund.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at

financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has adopted such a policy.

The county investment policy indicates the county's investment preferences are U.S. Treasuries and securities having principal and/or interest guaranteed by the U.S. government and collateralized time and demand deposits.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's, various levee districts boards', Sheltered Services Board's, and 911 Board's, deposits at December 31, 2002 and 2001, were entirely covered by federal depository insurance or by collateral securities held by the county's or board's custodial bank in the county's or board's name.

3. Prior Period Adjustment

The Civil Defense Fund's cash balance at January 1, 2001, as previously stated has been decreased by \$2,947 to reflect the cash balance recorded on the County Treasurer's records.

4. Subsequent Event

In March 2003, the county entered into a nine-year lease purchase agreement to generate \$1,725,000 for constructing, furnishing, and equipping a new county jail and sheriff's office. The county plans to use the capital improvement sales tax approved by Howard County voters in November 2002 to finance the lease payments. The tax increase was effective April 1, 2003.

Supplementary Schedule

Schedule

HOWARD COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state Department of Health and Senior Services:				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-1144W	0	12,965
		ERS045-2144W	10,773	4,114
		ERS045-3144W	3,522	0
		ERS1462144C	4,000	0
		ERS1463144C	4,017	0
	Program Total		22,312	17,079
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state:				
Department of Economic Development -				
14.228	Community Development Block Grants/State's Program	2000-PF-031	185,817	54,183
Department of Social Services -				
14.231	Emergency Shelter Grants Program	ERO 1640299	0	5,000
U.S. DEPARTMENT OF JUSTICE				
Direct programs:				
16.710	Public Safety Partnership and Community Policing Grants	1999UMWX3257	6,303	14,951
Passed through:				
State Department of Public Safety -				
16.592	Local Law Enforcement Block Grants Program	2000-LBG-039	9,000	9,000
U.S. DEPARTMENT OF LABOR				
Passed through Experience Works:				
17.235	Senior Community Service Employment Program	N/A	5,390	4,135
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state:				
Highway and Transportation Commission -				
20.205	Highway Planning and Construction	BRO-045 (12)	0	38
		BRO-045 (14)	1,209	799
		BRO-045 (19)	45,402	209,930
		BRO-045 (20)	27,300	0
	Program Total		73,911	210,767

Schedule

HOWARD COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
GENERAL SERVICES ADMINISTRATION				
Passed through state Office of Administration -				
39.003	Donation of Federal Surplus Personal Property	N/A	1,786	3,299
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Passed through state Department of Public Safety:				
83.544	Public Assistance Grants	FEMA DR 1403-MO	6,371	0
		FEMA DR 1412-MO	92,677	0
	Program Total		99,048	0
83.552	Emergency Management Performance Grants	N/A	3,554	5,584
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state:				
Department of Health and Senior Services -				
93.268	Immunization Grants	PGA064-2144A	1,830	936
		PGA064-3144A	1,241	0
		N/A	20,572	19,237
	Program Total		23,643	20,173
Department of Social Services -				
93.563	Child Support Enforcement	NA	258	266
Department of Health and Senior Services -				
93.575	Child Care and Development Block Grant	PGA067-1144C	0	564
		PGA067-2144C	1,340	60
		PGA067-1144S	0	880
		PGA067-2144S	480	0
	Program Total		1,820	1,504
Department of Health and Senior Services -				
93.994	Maternal and Child Health Services	ERS175-1144F	0	4,783
	Block Grant to the States	ERS175-2034F	4,750	1,806
		ERS175-3030F	1,726	0
		ERS146-1144M	0	8,119
		ERS146-2144M	10,666	2,569
		ERS146-3144M	2,345	0
		N/A	199	1,591
	Program Total		19,686	18,868
	Total Expenditures of Federal Awards		\$ 452,528	364,809

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

Notes to the Supplementary Schedule

HOWARD COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Howard County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Senior Community Service Employment Program (CFDA number 17.235) represent wages paid directly from the grantor agency to an individual that works for the county. Amounts for the Donation of Federal Surplus Personal

Property (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt..

Amounts for Immunization Grants (CFDA number 93.268) and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

Of the federal expenditures presented in the schedule, the county provided \$4,900 to a subrecipient under the Emergency Shelter Grants Program (CFDA number 14.231) during the year ended December 31, 2001.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of Howard County, Missouri

Compliance

We have audited the compliance of Howard County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Howard County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001. However, the results of our auditing procedures disclosed an

instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 02-1.

Internal Control Over Compliance

The management of Howard County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 02-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

This report is intended for the information and use of the management of Howard County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

August 21, 2003 (fieldwork completion date)

Schedule

HOWARD COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2002 AND 2001

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? yes x no

Reportable conditions identified that are
not considered to be material weaknesses? yes x none reported

Noncompliance material to the financial statements
noted? yes x no

Federal Awards

Internal control over major programs:

Material weaknesses identified? yes x no

Reportable condition identified that is
not considered to be a material weakness? x yes none reported

Type of auditor's report issued on compliance for
major programs: Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of OMB
Circular A-133? x yes no

Identification of major programs:

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
14.228	Community Development Block Grants/State's Program
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes the audit finding that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

02-1.

Schedule of Expenditures of Federal Awards

Federal Grantor:	U.S. Department of Housing and Urban Development
Pass-Through Grantor:	State Department of Economic Development
Federal CFDA Number:	14.228
Program Title:	Community Development Block Grants/State's Program
Pass-Through Entity	
Identifying Numbers:	2000-PF-031
Award Years:	2002 and 2001
Questioned Costs:	Not applicable

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Numbers:	BRO-045 (12), BRO-045 (14), BRO-045 (19), and BRO-045 (20)
Award Years:	2002 and 2001
Questioned Costs:	Not applicable

Section .310(b) of Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the SEFA to the State Auditor's Office as a part of the annual budget.

The county does not have adequate procedures in place to accumulate federal financial assistance information and report it on the SEFA. For the years ended December 31, 2002 and 2001, the county's SEFA did not include expenditures related to 11 of 13 and 6 of 13

federal grants, respectively. In total, expenditures were understated by approximately \$437,000 and \$33,000 for 2002 and 2001, respectively. Compilation of the SEFA requires consulting county financial records and requesting information from other departments and/or officials. Considering the overall incompleteness of the SEFA, it appears the County Clerk's efforts to prepare an accurate and complete SEFA were inadequate.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal requirements which could result in future reductions of federal funds.

This condition was noted in our two prior reports.

WE AGAIN RECOMMEND the County Clerk prepare a complete and accurate schedule of expenditures of federal awards.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

We are currently requesting program information from various officeholders and departments to prepare a more complete and accurate SEFA. We will work with the County Treasurer to determine the proper revenues and expenditures amounts.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

HOWARD COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 2000, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

HOWARD COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

This section represents the Summary Schedule of Prior Audit Findings, which was prepared by the county's management.

00-1. Schedule of Expenditures of Federal Awards

Federal Grantor:	U.S. Department of Housing and Urban Development
Pass-Through Grantor:	Department of Economic Development
Federal CFDA Number:	14.228
Program Title:	Community Development Block Grants/State's Program
Pass-Through Entity	
Identifying Number:	93-DR-62
Award Year:	1999
Questioned Costs:	Not applicable

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-045 (12), BRO-045 (14), and BRO-045 (19)
Award Year:	2000 and 1999
Questioned Costs:	Not applicable

The county did not have adequate procedures in place to track federal awards for the preparation of the schedule of expenditures of federal awards. In total, expenditures were understated by approximately \$117,000 and \$250,000 for 2000 and 1999, respectively.

Recommendation:

The County Clerk prepare a complete and accurate schedule of expenditures of federal awards.

Status:

Not implemented. See finding number 02-1.

00-2. Procurement of Professional Services Contract

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-045 (12), BRO-045 (14), and BRO-045 (19)
Award Year:	2000 and 1999
Questioned Costs:	\$16,662

There was no documentation that the County Commission considered more than one firm when procuring engineering services. As a result, we questioned costs of \$16,662, which was the federal share of engineering costs paid during 2000.

Recommendation:

The County Commission obtain information as required by law when contracting for professional services.

Status:

Implemented. However, the questioned costs have not been resolved with the grantor agency.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

HOWARD COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Howard County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated August 21, 2003. We also have audited the compliance of Howard County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001, and have issued our report thereon dated August 21, 2003.

We also have audited the operations of elected officials with funds other than those presented in the financial statements. As applicable, the objectives of this audit were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable legal provisions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our audit, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our audit of the elected county officials and the county boards referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These findings resulted from our audit of the financial statements of Howard County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

1.**Financial Condition**

The county's General Revenue and Keller Building funds are in poor financial condition.

- A. The following chart shows the General Revenue Fund receipts, disbursements, and cash balances for the three years ended December 31, 2002:

		2002	2001	2000
Cash Balance, January 1	\$	193,665	388,688	514,014
Receipts		911,201	809,242	975,894
Disbursements		1,022,737	1,004,265	1,101,220
Cash Balance, December 31	\$	82,129	193,665	388,688

Based on the 2003 budget, it appears the financial condition of the General Revenue Fund will not improve during the current year. The 2003 budget includes estimated receipts of \$987,474 and estimated disbursements of \$1,054,666, resulting in an estimated ending cash balance of \$14,937 at December 31, 2003.

A significant factor in the decline of the financial condition of the General Revenue Fund was the addition of a courthouse elevator. The county incurred costs of approximately \$346,000 on this project in 2002 and 2001, and received grant money of only \$240,000 to cover these costs. The cost of the elevator exceeded the initial budgeted amount by approximately \$28,000, due to unanticipated architectural problems. Another significant factor is salary increases for elected officials. Annual salaries of elected officials paid from the General Revenue Fund have increased by approximately \$80,000, based on increases approved by the salary commission (which is composed of the county's elected officials) and changes in various statutory provisions. During the two years ended December 31, 2002, the General Revenue Fund was used to purchase law library materials totaling over \$11,000, but the county only requested a \$2,500 reimbursement from the Law Library Fund. At December 31, 2002, the Law Library Fund cash balance was \$9,949. In addition to the abovementioned disbursements concerns, the county's budgeted disbursements for 2002 significantly exceeded budgeted receipts. For a few years preceding 2002, the budget documents showed that the county planned to spend most or all of the anticipated receipts.

The County Commission should review discretionary disbursements to ensure available county resources are used efficiently and effectively and to determine if long term reductions in discretionary disbursements are possible. In addition, the County Commission should ensure it maximizes receipts from all sources.

- B. The county's Keller Building Fund is in poor financial condition. The Keller Building has been rented to various public and private tenants since the Keller Memorial Hospital closed in 1997. In 2002, the County Commission made an unsuccessful attempt to sell the building. The County Commission has not set rental rates at a level sufficient to offset future building repair and replacement needs.

A review of building rental receipts and related operating costs during the audit period shows the Keller Building Fund used transfers totaling \$8,167 from the General Revenue Fund to pay operating costs. At December 31, 2002, the cash balance of the Keller Building Fund was \$6,998, including \$5,713 of rental deposits held for building tenants. At times during the audit period, the county relied on the rental deposit monies to pay building operating costs. Building rental deposits represent amounts due to building tenants and should not be used to pay operating expenses. Maintenance and repair expenses increased approximately \$7,000 in 2001 and remained at that level in 2002, due to sewer problems and remodeling expenses for new offices.

Based on the 2003 budget, it appears the financial condition of the Keller Building Fund will not improve during the current year. The 2003 budget includes estimated receipts of \$111,745 and estimated disbursements of \$112,500, resulting in an estimated ending cash balance of \$6,243. As a result, the county may not be accumulating adequate reserves to offset potential significant future building repair and replacement needs. Significant repairs needed on the building could adversely affect the county's financial condition.

Similar conditions were noted in our prior reports.

WE RECOMMEND the County Commission:

- A. Consider various alternatives of increasing receipts and/or reducing disbursements to improve the financial condition of the General Revenue Fund and to maintain an adequate operating cash reserve.
- B. Refrain from using rental deposits to pay operating expenses and set rental rates at a level sufficient to cover operating costs and establish an adequate cash reserve.

AUDITEE'S RESPONSE

- A. *We anticipate that the 2003 revenues have increased enough to override expenses. Because of the diligent efforts of the elected officials and staff, the expenses for the year of 2003 will remain below our anticipated expenses. The amount of money spent on the elevator is a one time expense. We will continue to monitor and review budgets as necessary to ensure that our expenses do not exceed our revenues.*

- B. *New contracts were made during the end of 2001. These new contracts resulted in higher rental rates for our tenants. The county will re-evaluate the rental rates as contracts come due. Tenants are continually exploring the possibility of rental space at the Keller Building. We will try to keep future deposits earmarked for refunds and not use them for repair and maintenance.*

2. County Budgets

As similarly noted in prior audit reports, the county does not have procedures in place to ensure the county's budget documents accurately present financial activities of the county. Several receipts and disbursements were misclassified. Federal and state reimbursement monies were classified in the "Other" receipts category, rather than a more specific and appropriate receipts category. There was a failure to consistently reflect transfers between county funds. Some transfers between funds were classified in the "Other" receipts or disbursements category. In addition, some disbursements classified as transfers out were actually distributions to other political subdivisions. Furthermore, disbursements of the Road and Bridge Disaster Relief Fund were understated by approximately \$28,000 in 2002, because the County Clerk's disbursements records were not reconciled to the County Treasurer's records. The County Clerk's disbursements records should be reconciled to the County Treasurer's records to ensure the county's financial records and the amounts presented in the county budgets are accurate. Adjustments have been made to the audited financial statements to correct these problems. Complete and accurate budgets are necessary to adequately inform the citizens of the county's financial activities.

WE RECOMMEND the County Commission and County Clerk prepare complete and accurate budgets.

AUDITEE'S RESPONSE

We will try to classify transactions more appropriately when we prepare the 2004 budget.

3. County Policies, Records, and Procedures

Employees are not covered by an employee bond, the County Clerk has not established procedures to follow up on outstanding warrants, and some warrant registers were not retained.

- A. Various county employees that receipt and deposit monies are not covered by an employee bond. Adequate bonding is necessary to reduce the risk of loss if funds are mishandled. Failure to properly bond all persons with access to assets exposes the county to unnecessary risks.

- B. The County Clerk has not established procedures to routinely follow up on outstanding warrants. At December 31, 2002, jury warrants totaling \$1,408 had been outstanding for over a year, including warrants totaling \$83 issued prior to 1995. Procedures should be established to routinely investigate any warrants remaining outstanding over a specified period of time. Old outstanding warrants should be voided and reissued to those payees who can be readily located. If payees cannot be located, the amount should be disbursed in accordance with Sections 447.500 through 447.595, RSMo 2000, or other applicable statutes that allow for the disposition of unclaimed monies.
- C. The County Clerk does not retain warrant registers for some county funds. Warrant registers used to record and classify disbursement transactions for the years ending December 31, 2002 and 2001 could not be located for four and twelve funds, respectively. As a result, the County Clerk had no support for some disbursements information, and other records had to be used to identify individual disbursement transactions, identify and verify outstanding warrants, and verify disbursements amounts recorded on subsequent budget documents.

Retention of records is necessary to ensure the validity of transactions and provide an audit trail. Section 109.270, RSMo 2000, provides that all records made by an official in the course of their public duties are public property and are not to be disposed of except as provided by law.

WE RECOMMEND:

- A. The County Commission obtain adequate bond coverage for all persons with access to negotiable assets.
- B. The County Clerk establish procedures to routinely follow up on old outstanding warrants.
- C. The County Clerk retain records in a secure location in accordance with state law.

AUDITEE'S RESPONSE

- A. *We will request a bid for a blanket employee bond when we obtain our next insurance bids.*
- B. *We will attempt to locate the payees. We will contact the State Treasurer's Office to discuss the disposition of monies for payees that cannot be located. We will start following up on items not cashed within 30 days.*
- C. *This recommendation will be implemented.*

4.**Payroll and Personnel Procedures**

Compensatory time records maintained for the Road and Bridge Department are inadequate, the county's vacation leave accumulation policy is not enforced, and holiday pay, overtime, and compensatory time for the Sheriff's department employees are not always calculated consistently and in accordance with county policy.

- A. The County Clerk does not maintain centralized compensatory time records for each employee. Each county official and/or department is responsible for maintaining compensatory time records. Compensatory time records maintained by the Road and Bridge Department do not clearly indicate compensatory time earnings, usage, and accumulated balances. Accumulated compensatory time balances are recorded on a calendar. The balances are changed when time is earned and used, but the dates and amounts of earnings and usage are not clearly documented. In addition, the Road and Bridge Department employees do not report compensatory time earned and taken on their time sheets. As a result, the county does not have adequate records to monitor overtime worked by county employees and its overall liability for compensatory time.

Centralized records help ensure that the employees' overtime records are accurate and comply with county policy, better document compliance with the Fair Labor Standards Act (FLSA), and aid in determining final pay for employees leaving county employment.

- B. The county vacation leave accumulation policy is not enforced. The policy indicates all vacation leave earned in one year must be taken off the following year. As of April 30, 2003, accumulated vacation balances of four employees exceeded their maximum allowable accumulations by 8 to 56 hours.

The county vacation leave accumulation policy should be enforced to ensure that all employees are treated equitably.

- C. Concerns were noted with the Sheriff's department payroll procedures.
- 1) Holiday pay for the Sheriff's employees is not calculated consistently and in accordance with county policy. The county's personnel policy manual indicates holiday pay is to be calculated at the straight time rate. However, some employees received holiday pay at time and one-half and hours used in the payroll calculations did not always agree to timesheet information.
 - 2) The county is not compensating Sheriff's department deputies for overtime and compensatory time as stated in the county's personnel policy manual. The county's written policy states that an employee must work more than 171 hours within a 28 day period to be eligible for compensatory time or overtime pay. However, Sheriff's department deputies were paid for overtime and

compensatory time when they worked more than 171 hours per month. By including time worked for a period exceeding 28 days, overtime hours calculated could be overstated and may not comply with county policy.

Adherence to the county's established policies and accurate calculations of hours worked are necessary to ensure proper compensation and equitable treatment of all employees.

Similar conditions were noted in prior reports.

WE RECOMMEND:

- A. The County Commission require all employees to report compensatory time earned and taken on their monthly time sheets and require the County Clerk to maintain centralized compensatory time records for all county employees.
- B. The County Clerk ensure employee vacation leave balances do not exceed the maximum stated in the county policy.
- C.1. The Sheriff and County Clerk ensure holiday pay is calculated in accordance with county policy and hours worked are calculated correctly.
- 2. The County Commission require the Sheriff to compute overtime for law enforcement personnel based on 171 hours over a 28-day period as established in the county's personnel policy manual.

AUDITEE'S RESPONSE

The County Commission and County Clerk provided the following responses:

- A. *Effective January 1, 2004, we will require that all compensatory time earned and used be recorded on monthly timesheets and the County Clerk's office will maintain compensatory time records for all employees.*
- B. *We are in the process of resolving this issue. We are requiring all balances to be reduced to the maximum allowable accumulation by January 1, 2004.*
- C.1. *We are reviewing alternatives for calculating holiday pay.*
- 2. *We will review this matter with the Sheriff, consider policy revisions, and enforce the policies we adopt.*

The Sheriff provided the following responses:

- C.1. I have proposed a new holiday pay policy for my salaried employees to the County Commission.*
- 2. Starting January 1, 2004, we will start tracking hours worked on a 28-day cycle.*

5. County Computer Controls and Procedures

The offices of the County Assessor and County Collector have access to a computer system that is networked together to maintain assessed valuation and property tax information. In addition, the County Clerk uses a computer system to maintain records of the county's financial transactions and other computerized records. Our review of the computer system controls and procedures indicated that passwords are not changed periodically to ensure confidentiality, backup disks are not stored at an off-site location, and the county does not have a formal emergency contingency plan for its computer systems.

- A. Passwords are used, but are not changed on a periodic basis to ensure confidentiality. In addition, computers used by the County Assessor's office and County Collector's office are set to retain the password, so knowledge of the password is not required to gain access to the computerized information. As a result, there is less assurance that passwords are effectively limiting access to the property tax data files and programs to only those individuals who need access for their job responsibilities. Passwords should be unique, changed periodically to reduce the possibility of unauthorized users, and utilized to restrict individuals' access to only those data files and programs they need to accomplish their jobs.
- B. The County Clerk and County Collector maintain backup disks of county financial and payroll information, and county property tax information, respectively. However, the disks are not stored at an off-site location. As a result, they are susceptible to the same damage as the original data on the computer. Back-up disks should be maintained and stored off-site to provide increased assurance that any lost data can be recreated.
- C. The county does not have a formal emergency contingency plan for its computer systems. As a result, the county has not made a formal arrangement for the use of backup facilities in the event of a disaster.

Contingency plans should include plans for a variety of situations, such as short- and long-term plans for backup hardware, software, facilities, personnel, and power usage. Involvement of users in contingency planning is important since users will likely be responsible for maintaining at least a portion of the backup under various contingencies. The major benefit of a thorough disaster recovery plan is the ability of the county to recover rapidly from disaster or extraordinary situations that might

cause considerable loss or disruption to the county. Because of the county's degree of reliance on data processing, the need for contingency planning is evident.

WE RECOMMEND:

- A. The County Commission ensure passwords are periodically changed, remain confidential, and are required to obtain access to computerized information.
- B. The County Clerk and County Collector ensure backup disks are stored in a secure, off-site location.
- C. The County Commission develop a formal contingency plan for the county's computer systems.

AUDITEE'S RESPONSE

- A. *We will discuss this with the appropriate officials and recommend changes.*
- B. *We will implement this recommendation.*
- C. *We will work with the Director of Emergency Management to develop a contingency plan for the computer systems.*

6. Property Tax Book Procedures
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Controls over the preparation of and changes to the property tax books are not adequate. The county is not in compliance with various statutes regarding the segregation of duties involving the tax books. Prior audit reports have also addressed the inadequacy of the county's property tax book procedures. While the County Commission and County Clerk indicated in the 1998 audit, as well as previous audits, that recommendations would be implemented and they would work toward complying with state law, conditions have not improved. The County Commission and County Clerk have failed to implement the procedures necessary to adequately comply with state law regarding tax books.

- A. The County Clerk does not prepare or verify the current or back tax books. Currently, the computer operator is responsible for entering the tax rates and extending and printing the tax books. There is no evidence that the County Clerk is adequately verifying the tax books charged to the County Collector. Sections 137.290 and 140.050, RSMo 2000, require the County Clerk to extend the tax books and charge the County Collector with the total amount of the current tax books and the aggregate amount of taxes, interest, and clerk's fees contained in the back tax books. The procedures outlined in the statutes for the preparation of the tax books provide for the separation of duties and act as a form of checks and balances on the Assessor, County Clerk, and County Collector. Failure to perform reviews of the tax

books and test some individual tax bill computations may result in errors and irregularities going undetected.

- B. Controls over property tax additions and abatements are not adequate. The County Assessor makes changes to the property tax system for additions and abatements. The County Collector then prints out the additions and abatements at the end of the year for the County Commission to review.

Section 137.260, RSMo 2000, requires that the tax book only be changed by the County Clerk under the order of the County Commission. Controls should be established so that the County Clerk periodically reconciles all additions and abatements to changes made to the property tax system and charge these amounts to the County Collector. Further, court orders should be approved, at least monthly, by the County Commission for all additions and abatements to the property tax system.

- C. The County Clerk does not maintain an account book with the County Collector. As a result, the County Collector's annual settlements cannot be adequately reviewed and errors could go undetected. An account book would summarize all taxes charged to the County Collector, monthly collections, delinquent credits, abatements and additions, and protested amounts. These amounts could then be verified by the County Clerk from aggregate abstracts, tax books, court orders, monthly collection reports, and totals of all charges and credits. These verifications are the County Clerk's means of ensuring the amount of taxes charged to the County Collector and reported credits are complete and accurate.

Section 51.150(2), RSMo 2000, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury. A properly maintained account book would enable the County Clerk and the County Commission to verify the County Collector's annual settlements.

WE AGAIN RECOMMEND:

- A. The County Clerk review the tax books for accuracy, test individual tax bills for accuracy, and document all procedures performed.
- B. The County Clerk reconcile additions and abatements to the County Collector's annual settlements. In addition, the County Commission should review and approve all additions and abatements on a timely basis.
- C. The County Clerk maintain an account book with the County Collector. In addition, the County Commission should consider using the account book to verify the annual settlements of the County Collector.

AUDITEE'S RESPONSE

- A. *We can start doing some random checks of the tax book calculations.*
- B. *We can start reviewing year end totals and randomly review additions and abatements records.*
- C. *We can do this.*

7. Associate Commissioner Salaries

The county has not taken action on mid-term salary increases given to the Associate Commissioners in 1999.

Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioners' terms had been increased from two years to four years. Based upon this statute, in 1999 Howard County's Associate Commissioners' salaries were each increased approximately \$5,440 yearly, according to information from the County Clerk.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of that statute. The Supreme Court held that this section of the statute violated Article VII, Section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county, and municipal officers during the term of office. This case, *Laclede County v. Douglass et al.*, holds that all raises given pursuant to this statute section are unconstitutional. On June 5, 2001, the State Auditor notified all third class counties of the Supreme Court decision and recommended that each county document its review of the impact of the opinion, as well as plans to seek repayment.

Based upon the Supreme Court decision, the raises given to each of the Associate Commissioners, totaling \$10,880 for the two years ended December 31, 2000, should be repaid. As mentioned in the prior report, the County Commission did request a legal opinion from the Prosecuting Attorney. In a written legal opinion issued on August 16, 2001, the Prosecuting Attorney concluded the mid-term raises were not valid. However, as of August 2003, the Associate Commissioners have made no repayments and the county has taken no action to seek repayment.

This condition was noted in our prior report.

WE RECOMMEND the County Commission develop a plan for obtaining repayment of the salary overpayments.

AUDITEE'S RESPONSE

The County Commission believes that it is in the best interest of the county that Associate Commissioner Black not pay this money back. If the County Commission requires him to pay this money back, the county would then have to pursue the former Associate Commissioner to also pay this money back. Because he is no longer in office, this would be difficult.

8. Vehicle Records

The county has a pool vehicle used by various county employees and eleven pickup trucks used by the road and bridge department employees. The road and bridge department checks out the pool vehicle to the other county employees as needed. The vehicle usage log maintained for the county pool vehicle only indicates dates, user's initials, and odometer readings at the time fuel is added to the vehicle. No vehicle usage logs are maintained for the road and bridge pickup trucks.

Without adequate vehicle usage logs, the county cannot effectively monitor that vehicles are used only for county business. These logs should identify the vehicle operator, dates of use, miles driven, destination, and purpose of each trip.

WE RECOMMEND the County Commission require that complete vehicle usage logs be maintained for all county vehicles. In addition, the County Commission should review the logs periodically to monitor the usage of county-owned vehicles.

AUDITEE'S RESPONSE

We will discuss vehicle usage records with the employees that use the county vehicles.

9. Circuit Clerk and Ex Officio Recorder of Deeds' Accounting Controls and Procedures
--

The Circuit Clerk's office collects fines, court costs, and bonds, and collected child support monies until August 2002. The Circuit Clerk collected approximately \$172,000 and \$314,000 during the years ended December 31, 2002 and 2001, respectively. The Circuit Clerk also serves as the Ex Officio Recorder of Deeds and receives money for copies and recording marriage licenses, UCC filings, deeds, tax liens, and other commercial paper. The Ex Officio Recorder of Deeds collected approximately \$86,000 and \$72,000 during the years ended December 31, 2002 and 2001, respectively. Several control weaknesses, including

untimely deposits, inadequate follow up on old outstanding checks, and insufficient monitoring of accrued costs and open items, were noted in the operation of this office.

- A. Receipts are not deposited on a timely basis. Deposits for the court account and Ex Officio Recorder of Deeds' account are prepared daily, but are only taken to the bank once or twice a week. As a result, deposits are often comprised of several days receipts. Deposits into the court account during December 2001 and 2002 averaged \$1,099, while deposits into the Ex Officio Recorder of Deeds' account during May and September 2002 averaged \$1,160,

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, deposits should be made intact daily or when accumulated receipts exceed \$100.

- B. The Circuit Clerk and Ex Officio Recorder of Deeds has not established procedures to routinely follow up on outstanding checks. At December 31, 2002, eighty checks totaling \$4,462 for the child support and court accounts had been outstanding for over a year, including forty-four checks totaling \$2,077 that had been outstanding for over four years. Procedures should be established to routinely investigate any checks remaining outstanding over a specified period of time. Old outstanding checks should be voided and reissued to those payees who can be readily located. If payees cannot be located, the amount should be disbursed in accordance with Sections 447.500 through 447.595, RSMo 2000, or other applicable statutes that allow for the disposition of unclaimed monies.

- C. A listing of accrued costs owed to the court is not maintained by the Circuit Clerk and monitoring procedures related to accrued costs are not adequate. When a case is closed and the costs determined, the Circuit Clerk prepares and sends a cost bill to the defendant. Second notices are sent for some cases. However, if payment is not received, the Circuit Clerk does not initiate any further collection procedures. An estimate of total accrued costs could not be determined by the Circuit Clerk. By not adequately monitoring accrued costs, these costs could remain uncollected and might eventually result in lost revenue.

The Circuit Clerk accepts partial payments of accrued costs and accumulates them until the entire balance has been collected. Our review of the open items listing noted monies held for old, inactive cases dating back twenty years or more have not yet been disbursed. If it appears unlikely remaining amounts owed will be collected, a court order should be obtained to allow the balance in the case to be prorated among the various court costs. Attorney General's Opinion No. 26, 1973 to Osborne, concluded that "If, when liability has been established, accrued costs cannot be collected in full, charges not having any statutory priority or not allocated under court rule should be prorated." Old inactive case balances increase the volume of cases which must be monitored and controlled, putting a greater burden on limited personnel resources. In addition, failure to prorate available monies when it is

unlikely the balance will be collected deprives the state and county of the use of those monies.

Conditions similar to B and C were noted in prior reports.

WE RECOMMEND the Circuit Clerk/Ex Officio Recorder of Deeds:

- A. Deposit receipts daily or when accumulated receipts exceed \$100.
- B. Establish procedures to routinely follow up on old outstanding checks.
- C. Maintain a record of accrued costs and establish procedures to follow up and pursue timely collection, review older cases with the Circuit Judge and determine the appropriate disposition of inactive cases.

AUDITEE'S RESPONSE

- A. *We will try to implement this recommendation.*
- B. *We will try to disburse the old outstanding checks.*
- C. *The Banner computer system implemented during the audit period will provide us with a list of accrued costs. The Banner system initiates disbursements as monies are received, which should reduce the partial payments being held. We will work on disposing of inactive cases.*

10. Prosecuting Attorney's Accounting Controls and Procedures
--

Receipts are not deposited on a timely basis. Deposits are made weekly, regardless of when monies are received, and generally contain a significant amount of cash. During March and November 2001, and May and September 2002, deposit amounts ranged from \$340 to \$2,599, with more than 50 percent of the monies being received in cash.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, deposits should be made intact daily or when accumulated receipts exceed \$100.

WE RECOMMEND the Prosecuting Attorney deposit receipts daily or when accumulated receipts exceed \$100.

AUDITEE'S RESPONSE

I have implemented this recommendation.

The Sheriff receives monies for civil and criminal fees, gun permits, board bills, calendar commissions, jail phone commissions, bonds, garnishments, and other miscellaneous receipts. Separate bank accounts are maintained for bonds and garnishments while all other monies received are deposited in the fee account. The Sheriff handled receipts totaling approximately \$99,000 and \$131,000 during the years ended December 31, 2002 and 2001, respectively. The Sheriff did not adequately review and supervise the work of the bookkeeper, and as a result, various errors and control weaknesses were not detected and corrected. Receipts were not deposited timely, the composition of receipts was not reconciled to the composition of deposits, receipt slips were not issued for some monies received, receipt slips were not issued timely, the fee account was overdrawn, checkbook balances were not maintained, bank reconciliations and open items listings were not prepared, and calendar commissions were not accounted for properly.

- A. Accounting and bookkeeping duties are not adequately segregated. The bookkeeper performs all the duties of receiving, recording, depositing, and disbursing for the Sheriff's bank accounts. Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and depositing receipts from recording and reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, a periodic supervisory review of the records should be performed and documented.
- B. Receipts are not recorded and deposited on a timely basis. Receipt slips were not issued for some monies received, while other receipt slips were issued after the receipts were deposited. These errors were not detected, because the composition of receipts is not reconciled to the composition of deposits. The first fee account deposit for December 2002 was made December 19 and it included monies totaling \$1,214 received from December 3 to December 18. Some of these receipts were disbursed prior to being deposited, resulting in an overdraft charge against the bank account.

To adequately safeguard receipts against loss, theft, or misuse of funds, prenumbered receipt slips should be issued immediately upon receipt for all monies received, the composition of receipts should be reconciled to the composition of deposits, and deposits should be made intact daily or when accumulated receipts exceed \$100.

- C. Receipts and disbursements records are not complete. Disbursements only are recorded in the check register, while the cash control ledger contains only receipts information. As a result, there is no book balance for reconciliation purposes and no bank reconciliations are performed. The fee account records showed that outstanding checks exceeded the bank account balance by \$27 as of December 31, 2002. Complete cash records and monthly bank reconciliations are necessary to ensure the

accounting records are in agreement with the bank records and to help detect errors on a timely basis.

- D. Monthly listings of open items (liabilities) are not prepared and reconciled to the cash balance of the garnishment account. At March 31, 2003, the bank balance of the account was \$1,395. Liabilities and reconciling items (such as deposits in transit and outstanding checks) related to this bank account were not determined by the sheriff's department.

Monthly open items should be prepared and reconciled to the cash balance to ensure records are in balance, errors are detected and corrected on a timely basis, and sufficient cash is available for the payment of all liabilities. The Sheriff should attempt to identify all open items. Any monies remaining unidentified should be disposed of in accordance with state law.

- E. Calendar advertising commissions are not deposited into a bank account or otherwise accounted for by the Sheriff. During the years ending December 31, 2002 and 2001, the Sheriff received \$799 and \$850 as commission from the sale of advertising space on calendars featuring the Sheriff's department. These monies represent accountable fees which should be paid to the County Treasurer as required by Section 50.370, RSMo 2000. The Sheriff indicated he cashed the commission checks and purchased a camcorder, photo printer, digital camera, and various supplies. However, invoices were not retained to document the amounts paid. As a result, there is no assurance that all calendar commissions received have been accounted for properly.

Conditions similar to A and B were noted in prior reports.

WE RECOMMEND the Sheriff:

- A. Segregate accounting and bookkeeping duties to the extent possible, or at a minimum, perform and document periodic reviews of the work performed.
- B. Issue receipt slips immediately upon receipt for all monies received, reconcile the composition of receipts to the composition of deposits, and deposit receipts intact daily or when accumulated receipts exceed \$100.
- C. Maintain a complete check register and cash control ledger, and perform monthly bank reconciliations.
- D. Prepare monthly listings of open items and reconcile the listings to the cash balance. Differences should be investigated and any monies remaining unidentified should be disposed of in accordance with state law.
- E. Remit calendar advertising commissions to the County Treasurer as required by state law and retain supporting documentation for all purchases.

AUDITEE'S RESPONSE

- A. *I will do a more thorough review of the records each month and document my review.*
- B. *We will try to make deposits daily.*
- C. *We have started maintaining a check register balance. We will start preparing monthly bank reconciliations.*
- D. *We are planning to close the garnishment account by January 1, 2004, and pay unidentified monies to the state's Unclaimed Property Section.*
- E. *We are now depositing the calendar commissions in the Sheriff's Benevolent Fund. Invoices will be on file in the County Clerk's office.*

12. Health Department Accounting Controls and Procedures

Monies received from clients for glucose testing, immunizations, family planning services, and birth and death certificates are not transmitted to the County Treasurer intact on a timely basis. Client fee transmittals to the County Treasurer are made approximately twice a month and generally contain a significant amount of cash. Monies are withheld from these transmittals to pay for postage and other small purchases.

To safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be transmitted to the County Treasurer intact on a daily basis or when accumulated receipts exceed \$100. If a petty cash fund is determined to be necessary, it should be kept on an imprest basis, and all reimbursements should be supported by vendor invoices or other adequate documentation.

A similar condition was noted in prior reports.

WE AGAIN RECOMMEND the Health Department transmit all monies intact to the County Treasurer on a timely basis. If a petty cash fund is determined to be necessary, it should be kept on an imprest basis, and all reimbursements should be supported by vendor invoices or other documentation.

AUDITEE'S RESPONSE

We are currently transmitting the day after we receive large amounts of cash. It is not feasible for us to transmit daily. We are maintaining a log of monies withheld and disbursed. We are providing the disbursement totals to the County Clerk.

13. Sheltered Services Board Accounting Controls and Procedures

Sheltered Services Board members did not review invoices and compliance with contract terms prior to signing checks, information reported on the board's budgets was incorrect, and the Shelter Services Board Fund has an excessive cash balance.

- A. Sheltered Services Board members do not review invoices and compliance with contract terms prior to signing checks. One payment to a contractor exceeded the amount authorized in the contract by approximately \$1,700. This occurred because the contractor billed the board for more hours than authorized by the contract and billed for expenses not authorized in the contract. The overpayment could have been prevented by reviewing the invoice for compliance with the contract terms prior to signing the check to the contractor.

Failure to properly review and approve all individual disbursements, including invoices and other supporting documentation, increases the possibility of inappropriate disbursements occurring.

- B. Cash balances and receipt and disbursement information reported on the board's budgets were incorrect. The Sheltered Services Board prepares budgets in December for the subsequent year. As a result, the 2003 and 2002 budgets presented cash balances prior to December 31, and actual receipt and disbursement amounts for the two prior years as of the initial budget preparation date, rather than for the entire year. Adjustments have been made to the audited financial statements to present totals and balances as of December 31.

Chapter 50, RSMo 2000, requires the budget present a complete financial plan for the ensuing year. Documenting complete and accurate data from preceding years is necessary to present a complete financial plan. Actual receipts, disbursements, and cash balance information available at the time the budget document is prepared should be included rather than carrying forward estimated or partial year's data.

A similar condition was noted in prior reports.

- C. The cash balance of the Sheltered Services Board Fund substantially exceeds annual disbursements. The cash balance increased from \$103,961 at December 31, 2000, to \$131,707, at December 31, 2002, while disbursements totaled \$83,034 and \$58,738 during the years ended December 31, 2002 and 2001, respectively. The board should determine its future financial needs and consider the cash balance when setting future tax levies.

WE RECOMMEND the Sheltered Services Board:

- A. Review all invoices and other supporting documentation before signing checks and ensure payments comply with contract terms. In addition, the board needs to seek reimbursement of the \$1,700 overpayment.
- B. Ensure the budget document reflects complete and accurate prior years' receipts, disbursements, and cash balance information which is available when the budget is prepared, and/or includes an explanation for any incomplete or estimated data presented.
- C. Review its future financial needs and consider the cash balance when setting future tax levies.

AUDITEE'S RESPONSE

The Sheltered Services Board Treasurer provided the following responses:

- A. *We commend the auditors on catching the overpayment. This matter was brought to the attention of the contractor and they have issued a reimbursement check for \$1,701.02. We will try to be more careful in restricting the contract conditions and in checking the contracts in the future.*
- B. *I will do my best to acquire and provide actual figures for the first year and will provide the date on which I attempted to acquire the figures for the second year. The third year (budget year) figures are estimates. In the past the first year information was an attempt at providing actual figures, but I have not shown the date (in November or December) that I acquired the second year figures.*
- C. *It is true that based upon past years' expenditures that we are carrying a large balance in our account. There is currently a budget crisis in the state of Missouri. By virtue of these shortfalls I understand the budget of the state Department of Mental Health has been reduced considerably for next year. We try to make contributions to help the qualified handicapped within the scope and limitations of the statutes, and the board has determined that we will be needing more funds as this period of budget shortfalls continue.*

14.

911 Board Records and Procedures

Timesheets did not include documentation of supervisory approval, employees were paid year-end salary adjustments, fixed asset records were not maintained, physical inventories were not performed, and the board's open meeting minutes did not document votes to go into closed session and specific reasons for closing meetings.

- A. Timesheets did not include documentation of supervisory approval. Supervisory approval is necessary to ensure time reported was actually worked.
- B. In November 2002 and December 2001, the 911 Board made lump sum year-end salary adjustment payments to its employees totaling \$4,200 and \$4,400, respectively, including \$800 per year to the Executive Director, \$500 per year to each full time employee, and \$300 per year to each part-time employee. There was no indication in the payroll records that these payments were compensation for additional hours worked.

These payments appear to represent additional compensation in the form of a bonus for services previously rendered and, as such, are in violation of Article III, Section 39 of the Missouri Constitution and are contrary to Attorney General's Opinion No. 72, 1955 to Pray, which states, "...a government agency deriving its power and authority from the Constitution and laws of the state would be prohibited from granting extra compensation in the form of bonuses to public officers after the service has been rendered."

- C. The 911 Board does not maintain general fixed asset records nor perform physical inventories to account for all property owned by the board. General fixed asset records should be maintained on a perpetual basis, accounting for property acquisitions and dispositions as they occur. The records should include a detailed description of the assets including the name, make and model numbers, and asset identification number, the physical location of the assets, and the date and method of disposition of the assets when disposed of.

Complete and accurate general fixed asset records are necessary to ensure better internal control over board assets and provide a basis for determining proper insurance coverage. Physical inventories are necessary to ensure the general fixed asset records are accurate, identify any unrecorded additions and deletions, detect theft of assets, and identify obsolete assets. Prenumbered tags when affixed to general fixed assets, allow for identification of the items in the records, and limit the potential for personal use of board assets.

- D. The board's open meeting minutes did not always document the specific reasons for closed sessions. Section 610.022, RSMo 2000, requires that before any meeting may be closed, the question of holding the closed meeting and the reason for the closed meeting shall be voted on at an open session. The vote and reasons shall be announced publicly during the open session and entered into the minutes.

WE RECOMMEND the 911 Board:

- A. Require all timesheets include supervisory approval.
- B. Discontinue the practice of paying employee bonuses.

- C. Establish property records for all fixed assets and require annual physical inventories of the fixed assets. The board should require additions to the fixed asset list to be reconciled to purchases annually and ensure prenumbered inventory tags that label each item as “Property of Howard County 911” are attached to board property and equipment.
- D. Ensure open meeting minutes state the reasons for going into closed session.

AUDITEE'S RESPONSE

- A. *We implemented the recommendation after this concern was brought to our attention.*
- B. *We are considering this recommendation. We are discussing alternatives.*
- C. *This recommendation has been implemented.*
- D. *We have started documenting the authorizing statute number in our open meeting minutes. We will also start documenting the reasons for closed meetings.*

Follow-Up on Prior Audit Findings

HOWARD COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Howard County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 1998. The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. County Budgets and Financial Reporting

- A. Actual expenditures exceeded budgeted amounts for several funds.
- B. The county did not have procedures in place to ensure the county's budget documents were properly prepared and that they accurately presented financial activities of the county.
- C. The county did not have a procedure in place to track federal awards for the preparation of the schedule of expenditures of federal awards (SEFA).
- D. The county's annual published financial statements did not include any financial activity for many county funds and some information presented was inaccurate.

Recommendation:

- A. The County Commission not authorize warrants in excess of budgeted expenditures. If valid reasons necessitate excess expenditures, the original budget should be formally amended and filed with the State Auditor's office.
- B. The County Commission and County Clerk prepare complete and accurate budgets, improve efforts to budget more reasonable receipts and disbursements estimates, and identify and budget all county funds appropriately.
- C. The County Clerk prepare a complete and accurate schedule of expenditures of federal awards.
- D. The County Commission ensure financial information as provided for by law is properly presented in the published financial statements for all county funds.

Status:

- A. Partially implemented. Expenditures exceeded budgeted amounts for three funds during the current audit period, as compared to five funds during the prior audit period. In addition, the amounts by which expenditures exceeded budgeted amounts

were substantially lower during the current audit period. Although not repeated in the current report, our recommendation remains as stated above.

- B. Partially implemented. Budgets were prepared for the majority of county funds, cash reconciliations were more complete and accurate, and receipts and disbursements estimates were more reasonable. However, numerous receipts and disbursements classification errors were noted. See MAR finding number 2.
- C. Not implemented. See finding number 02-1.
- D. Partially implemented. The majority of funds were presented in the published financial statements. However, the amounts presented for the Sheltered Services Board and the 911 Board were estimates, rather than actual amounts. Although not repeated in the current report, our recommendation remains as stated above.

2. Payroll and Personnel Procedures

- A. The comprehensive personnel policies manual developed for the county had never been officially approved by the County Commission and the policies in the manual were not consistently enforced.
- B. Centralized time and leave records were not maintained by the County Clerk for all employees.

Recommendation:

The County Commission:

- A. Adopt and enforce countywide personnel policies.
- B. Require the County Clerk to maintain centralized records of vacation leave, sick leave, and compensatory time earned, taken, and paid for all county employees. In addition, all employees should be required to submit time sheets to the County Clerk.

Status:

- A. Partially implemented. A comprehensive personnel policies manual was adopted, but some county policies are not consistently followed and enforced. See MAR finding number 4.
- B. Partially implemented. Vacation and sick leave records are centralized and all employees submit time sheets to the County Clerk. However, the County Clerk does not maintain centralized records of compensatory time earned, taken, and paid for all county employees. See MAR finding number 4.

3. Keller Building

The County Commission did not develop short-term and long-term plans regarding the Keller Building. Building operations were just breaking even, so the county was not accumulating any reserves to offset potential significant future building repair needs. In addition, the County Commission had not formally documented its decision on returning the 1996 property tax windfall to the taxpayers via a future tax reduction.

Recommendation:

The County Commission continue to consider options for use or disposition of the building, monitor rental receipts as compared to current and potential significant repair costs, and develop a formal plan for the final use or disposition of the building. The County Commission should also formally document its decision on returning the property tax windfall to the taxpayers via a future tax reduction.

Status:

Partially implemented. The County Commission made an unsuccessful attempt to sell the building and documented its decision not to refund the property tax windfall to the taxpayers. The Keller Building Fund relied upon transfers from the General Revenue Fund to pay operating expenses during the two years ending December 31, 2002 and an operating loss is budgeted for 2003. The County Commission has not developed a formal plan for the use of the building. See MAR finding number 1.

4. Salary Commission Meeting

The Howard County Salary Commission met in December 1998, but state law provides for salary commissions to meet in odd-numbered years to determine the compensation to be paid during the next term of office. While the County Commission indicated the county consulted with the Prosecuting Attorney and an outside attorney, no written legal opinion was obtained to support the appropriateness of the meeting and any decisions made.

Recommendation:

The County Commission consult with the Prosecuting Attorney regarding the propriety of the December 1998 meeting and decisions. Salary Commission minutes should clearly document all decisions and include written opinions from the Prosecuting Attorney as applicable.

Status:

Partially implemented. Salary Commission minutes for 1999 appeared to be adequately documented, but the County Commission did not consult with the Prosecuting Attorney

regarding the propriety of the December 1998 meeting and decisions. Although not repeated in the current report, our recommendation remains as stated above.

5. Tax Book Controls and Procedures

- A. The County Clerk did not maintain an account book with the County Collector.
- B. There was no evidence that the County Clerk was adequately verifying the tax books charged to the County Collector.
- C. Additions and abatements of property taxes were not approved by the County Commission as they occurred.

Recommendation:

- A. The County Clerk establish and maintain an account book with the County Collector. In addition, the County Commission should consider using the account book to verify the annual settlements of the County Collector.
- B. The County Clerk review the tax books for accuracy, test individual tax bills for accuracy, and document all procedures performed.
- C. The County Commission review and approve all additions and abatements on a timely basis.

Status:

Not implemented. See MAR finding number 6.

6. General Fixed Assets

No effort had been made by the County Clerk to maintain property records; to number, tag, or otherwise identify property items; or, to perform annual inventories of county-owned personal property and quarterly inspections of county-owned land and buildings.

Recommendation:

The County Clerk perform and document inspections and inventories of county-owned property; appropriately tag, number, or otherwise identify all county property; and create a complete general fixed asset record. Once these procedures are performed and the property records prepared, the County Clerk needs to develop procedures to record all property additions and dispositions of general fixed assets as they occur and perform periodic inspections and inventories.

Status:

Partially implemented. Because of changes to statutory provisions addressing county-owned property, the county officer of each county department is responsible for performing inventory inspections and reporting fixed asset additions and dispositions to the County Clerk. All remaining property not inventoried by a particular department shall be inventoried by the County Clerk. Inventories of county-owned property were performed and fixed asset records appeared to be substantially complete. Records were updated when the inventories were performed, rather than when the additions and dispositions occurred. Property tags are attached to any fixed asset additions. Quarterly land and building inspections were not documented. Although not repeated in the current report, our recommendation remains as stated above.

7. Prosecuting Attorney

There was no documentation to support how the monthly equipment and utility reimbursements paid to the Prosecuting Attorney were derived. Time sheets detailing days and hours worked by the Prosecuting Attorney's secretaries were not submitted to the county to support payroll expenditures.

Recommendation:

The County Commission and the Prosecuting Attorney improve the contract agreement for this arrangement and prepare documentation on the allocation of resources between the county and the Prosecuting Attorney's private practice. The Prosecuting Attorney needs to ensure there is a clear distinction between his county and private practice resources and work. In addition, time sheets should be prepared and submitted to the county by the Prosecuting Attorney's secretaries.

Status:

Implemented.

8. Circuit Clerk's Controls and Procedures

- A. No formal procedures had been established to ensure all accrued costs were adequately identified and followed up on. In addition, partial payments held on older cases had not been prorated and disbursed.
- B. Checks totaling approximately \$399 had been outstanding since the prior audit and were still carried on the books at December 31, 1998.
- C. A proper segregation of duties did not exist within the Circuit Clerk's office for child support monies.

Recommendation:

The Circuit Clerk:

- A. Maintain a complete listing of accrued costs and establish procedures to routinely follow-up and pursue timely collection. Review older cases along with the Circuit Judge and determine the appropriate disposition of inactive cases.
- B. Attempt to resolve the old outstanding checks and establish routine procedures to investigate checks outstanding for a considerable time.
- C. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.

Status:

- A
- &B. Not implemented. See MAR finding number 9.
- C. Not applicable. The Circuit Clerk stopped collecting child support monies in August 2002.

9. Sheriff's Accounting Controls and Procedures

- A. Accounting and bookkeeping duties were not adequately segregated.
- B. Monies received were not deposited timely and intact, and checks were not restrictively endorsed immediately upon receipt. The composition of receipts was not reconciled to the composition of deposits and cash receipts were sometimes used to cash personal checks for employees. In addition, partial payments on garnishments were not receipted, deposited, and disbursed until the court order was paid in full.

Recommendation:

The Sheriff:

- A. Segregate accounting and bookkeeping duties to the extent possible, or at a minimum, perform and document periodic reviews of the work performed.
- B. Promptly receipt all monies received, deposit all receipts intact and daily or when accumulated receipts exceed \$100, discontinue the practice of allowing employees to cash personal checks, and restrictively endorse checks and money orders immediately upon receipt.

Status:

- A. Not implemented. See MAR finding number 11.
- B. Partially implemented. The practice of cashing personal checks was discontinued and checks and money orders are restrictively endorsed immediately upon receipt. However, monies received are not receipted and deposited intact on a timely basis. See MAR finding number 11.

10. Health Department Accounting Controls and Procedures

- A. Some donations received were not recorded on the donations receipt log. In addition, the method of payment (cash, check, money order, etc.) was not always recorded for all monies received.
- B. Receipts were not always transmitted to the County Treasurer intact on a timely basis. Small cash amounts were retained from transmittals to provide change and this change fund was not maintained at a constant amount.

Recommendation:

The Health Department:

- A. Record all receipts, including method of payment, on the receipt logs and reconcile the composition of receipts to the composition of transmittals to the County Treasurer.
- B. Transmit all monies intact to the County Treasurer on a timely basis and maintain the change fund at a constant amount.

Status:

- A. Implemented.
- B. Partially implemented. Transmittals are not timely, but the change fund is maintained at a constant amount. However, monies are withheld from transmittals to pay for postage and other small purchases. See MAR finding number 12.

11. Howard County Handicapped Services Board Budgeting Procedures

Annual budgets approved by the board were not complete and accurate.

Recommendation:

The Howard County Handicapped Services Board prepare a complete and accurate budget document.

Status:

Not implemented. See MAR finding number 13.

STATISTICAL SECTION

History, Organization, and
Statistical Information

HOWARD COUNTY, MISSOURI HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

Organized in 1816, the county of Howard was named after General Benjamin Howard. Howard County is a county-organized, third-class county and is part of the Fourteenth Judicial Circuit. The county seat is Fayette.

Howard County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 460 miles of county roads and 90 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 10,008 in 1980 and 10,212 in 2000. The following chart shows the county's change in assessed valuation since 1980:

	Year Ended December 31,					
	2002	2001	2000	1999	1985*	1980**
	(in millions)					
Real estate	\$ 50.0	48.8	45.7	44.5	35.2	19.5
Personal property	21.4	20.6	20.2	18.9	11.4	8.1
Railroad and utilities	15.0	14.6	14.6	14.2	13.1	12.3
Total	\$ 86.4	84.0	80.5	77.6	59.7	39.9

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Howard County's property tax rates per \$100 of assessed valuations were as follows:

	Year Ended December 31,			
	2002	2001	2000	1999
General Revenue Fund	\$.2563	.2477	.2500	.2600
Special Road and Bridge Fund*	.2882	.2700	.2700	.2700
Howard County Sheltered Services Board	.0900	.0900	.0900	.1000

* The county retains all tax proceeds from areas not within road districts. The county has four road districts that receive four-fifths of the tax collections from property within these districts, and the Special Road and Bridge Fund retains one-fifth. Three of the road districts also have an additional levy approved by the voters.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28 (29),			
	2003	2002	2001	2000
State of Missouri	\$ 26,762	25,891	24,823	24,121
General Revenue Fund	235,799	221,685	214,800	211,742
Special Road and Bridge Fund	255,468	233,407	223,813	215,143
Special Road Districts Fund	69,067	65,328	63,844	63,467
Assessment Fund	50,555	49,160	46,534	45,822
Howard County Sheltered Services Board Fund	79,903	77,332	74,591	80,798
Schools Fund	3,476,484	3,352,723	3,118,783	3,005,468
Library Fund	76,836	74,317	70,805	71,015
Ambulance District	254,605	247,103	235,527	232,942
Fire Protection District Funds	205,186	198,105	188,472	188,430
Watershed District Fund	19,133	17,592	15,732	14,571
Levee District Funds	140,590	105,532	103,973	132,930
Collector's Technology Fund	4,858	0	0	0
Land Tax Sale Surplus Fund	1,948	3,675	470	1,934
Cities	181,671	183,897	177,459	135,432
County Clerk	227	209	224	218
County Employees' Retirement	31,740	30,146	24,979	25,750
Other	19,768	19,410	18,429	19,732
Commissions and fees:				
County Collector	2,766	2,807	2,604	2,616
General Revenue Fund	82,707	79,341	73,467	72,329
Total	\$ 5,216,073	4,987,660	4,679,329	4,544,460

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),			
	2003	2002	2001	2000
Real estate	91.6	92.2	92.8	93.0 %
Personal property	82.8	84.2	82.1	85.4
Railroad and utilities	99.9	100.0	100.0	100.0
Levee	99.7	97.6	97.4	95.5

Howard County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$.0050	None	50	%
Law Enforcement	.0050	None	None	
911	.0050	None	None	
General	.0050	None	None	
Capital improvements	.0050	2011	None	

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2003	2002	2001	2000	1999
County-Paid Officials:					
Winston Huttzell, Presiding Commissioner	\$	24,440	24,440	24,440	24,440
Howard P. Black, Associate Commissioner		22,440	22,440	22,440	22,440
William G. Conrow, Associate Commissioner		22,440	22,440		
Andrew G. Diehls, Associate Commissioner				22,440	22,440
William M. Hill, County Clerk		34,000	34,000	34,000	34,000
Mason Gebhardt, Prosecuting Attorney		41,000	41,000	41,000	41,000
Charlie Polson, Sheriff		39,000	39,000	34,000	34,000
Bonnie J. McCutcheon, County Treasurer		25,160	25,160	25,160	25,160
Frank Flaspohler, County Coroner		9,500	9,500	5,500	5,500
Marsha Davis, Public Administrator		34,000	34,000		
Glynda Naylor, Public Administrator (1)				23,684	27,645
Sharon Himmelberg, County Collector (2), year ended February 28 (29),	36,766	36,807	36,604	36,616	
George W. Frink, County Assessor (3), year ended August 31,		34,900	34,900	34,900	34,900
Gene Bowen, County Surveyor (4)					

(1) Includes fees received from probate cases.

(2) Includes \$2,766, \$2,807, \$2,604, and \$2,616, respectively, of commissions earned for collecting city property taxes.

(3) Includes \$900 annual compensation received from the state.

(4) Compensation on a fee basis.

State-Paid Officials:

Charles J. Flaspohler, Circuit Clerk and Ex Officio Recorder of Deeds	47,300	47,300	46,126	44,292
Gary Sprick, Associate Circuit Judge	96,000	96,000	97,382	87,235



MEDICAID PERSONAL CARE SERVICES PROGRAM

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-02
January 13, 2004
www.auditor.mo.gov**

PERFORMANCE AUDIT



Office of
Missouri State Auditor
Claire McCaskill

January 2004

Systematic procedures and controls needed to help ensure consistent authorization of personal care hours and to ensure client safety

The Medicaid personal care program was established to enable qualified Medicaid recipients to remain in their own homes rather than being placed in nursing homes; provided the monthly costs for personal care services did not exceed monthly nursing home costs. The Department of Health and Senior Services, Division of Senior Services and Regulation oversees the personal care program. During fiscal year 2003, the program enabled 37,000 Medicaid clients to remain in their residences. This audit focused on the division's oversight of the program to determine consistency of authorization of personal care hours and if personal care providers are operating in compliance with state laws and regulations, and contractual requirements as they relate to the safety and quality of care of the clients. The following highlights the findings:

Substantial variances existed in personal care hours authorized by some regions

The division has not established criteria to determine and control the number of personal care service hours Medicaid recipients can be authorized on a statewide basis. Auditors discovered substantial differences in hours authorized with no identified or documented factors justifying the variances. The division director and the manager of the two St. Louis regions stated they have not identified any factors to justify why the number of hours authorized by the St. Louis regions was more than twice the amounts authorized by the St. Joseph and Columbia regions for the same level of care. (See page 5)

Inconsistent authorization of personal care hours resulted in higher program costs

Auditors found the average monthly cost for St. Louis City was about twice the average monthly cost for St. Joseph and Columbia during fiscal year 2002, and about 57 percent higher than Kansas City during the first nine months of fiscal year 2003. If the two St. Louis regions' monthly average hours per client were the same as the Kansas City metro regions' average, the cost of the program would have been reduced by about \$24.7 million in fiscal year 2002 and about \$15.5 million through the first nine months of fiscal year 2003. (See page 8)

Timely notification of provider compliance violations needed to ensure client safety

Upon completing quality assurance reviews the division has taken up to 4 months to notify providers their names would be removed from the contracted providers list. This removal is necessary when providers are in noncompliance with state regulations, creating a potential risk of injury or harm to the personal care clients. When this situation was brought to the attention of division officials, guidelines were implemented requiring notification within 30 days of the conclusion of the quality assurance review. (See page 10)

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ABBREVIATIONS

DHSS	Department of Health and Senior Services
SAO	State Auditor's Office



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Richard C. Dunn, Director
Department of Health and Senior Services
Jefferson City, MO 65102

The cost of the Medicaid personal care services program was \$133.7 million and \$139.2 million (state and federal funds) in fiscal years 2001 and 2002, respectively. This program provides in-home services, such as food preparation, to more than 37,000 Missouri residents which has enabled them to remain in their homes instead of nursing homes. This report focuses on the extent the Department of Health and Senior Services, Division of Senior Services and Regulation (the division) has effectively overseen this program to ensure (1) the program is being operated in a cost-effective manner and (2) personal care service providers are operating in accordance with state laws and regulations.

We found substantial differences in the amount of personal care services authorized by the division's 10 regions. For example, in fiscal year 2002, two St. Louis area regions authorized monthly personal care service averaging 63 and 68 hours while St. Joseph, Columbia, and Kansas City regions authorized hours averaging 24, 29, and 59, respectively. This situation has occurred because of the lack of statewide uniform guidance on how to establish personal care hours for clients. Division officials plan to establish statewide guidelines for a consistent assessment of clients' needs could potentially save millions in state and federal Medicaid funds.

We also found the division has taken up to 4 months to notify providers of noncompliance with state regulations, which can create a risk of injury or harm to personal care clients.

We have included recommendations to improve the management and oversight of the program.

We conducted our work in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such tests of the procedures and records as were considered appropriate under the circumstances.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

The following staff contributed to this report:

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INTRODUCTION

The Medicaid personal care program was established to enable qualified Medicaid recipients to remain in their own homes rather than being placed in nursing homes; provided the monthly costs for personal care services did not exceed monthly nursing home costs. Personal care services include (1) household chores, such as house cleaning and laundry; (2) basic personal care, such as bathing and hair care; and (3) advanced personal care, such as application of aseptic dressings and non-injectible medicines. The Department of Health and Senior Services (DHSS), Division of Senior Services and Regulation (the division), has primary responsibility for overseeing the Medicaid personal care program.

DHSS' Medicaid personal care program expenditures were \$133.7 million and \$139.2 million in fiscal years 2001 and 2002, respectively.¹ The division authorizes services to clients in Missouri's 114 counties and St. Louis City through its 10 region's local offices.² During fiscal year 2003, the Medicaid personal care services program enabled over 37,000 Medicaid clients 60 years of age or older and those disabled persons between 18 to 59 years to remain in their residences versus being placed in nursing homes.³

Contractors provide in-home personal care services and in fiscal year 2003 were paid (1) \$13.71 an hour for homemaker and personal care services, (2) \$17.75 an hour for advanced personal care services, and \$37.85 per visit by a Registered Nurse. During fiscal year 2003, a client's total monthly cost for all services could not exceed \$2,430, which is the average amount Medicaid paid for nursing home care.

The division's quality assurance unit conducts reviews of the more than 300 providers of the program to determine if the providers are operating in compliance with state laws and regulations, and contractual requirements as they relate to the safety and quality of care of the client. The unit conducts announced and unannounced on-site reviews of the providers looking for compliance in 38 areas of state and federal regulations. Areas of compliance include: conducting proper highway patrol background checks; properly reviewing Employee Disqualification List; verifying that providers are not servicing family members; and timesheets completed and submitted within proper guidelines. Reviews take 3 to 5 days to conduct and preliminary violations are discussed at the end of the review. The quality assurance specialist has 10 days after the review to send a report to the division central office. Central office sends a letter and report to the provider describing all violations. The provider then has 30 days to send a plan of correction to the unit. If the violations are minor such as a review of policy (i.e., the client is not at risk of injury or harm), the review can be closed without a revisit. However, if the violations are in areas such as highway patrol background checks or the employee disqualification list, a revisit will be necessary. The unit has no guidelines for when revisits should be made or reviews should be closed.

¹ Federal government matches state funds to varying degrees.

² See Appendix I for regional map.

³ For the first 9 months of the fiscal year—July 2002 through March 2003.

Methodology

To determine the extent the department conducted oversight of the program, we reviewed state laws and regulations governing Missouri's Home and Community Based Services programs. In addition, we reviewed policies and procedure manuals for the department to determine its standard operating procedures. To determine how program costs increased, we reviewed the Federal Medicaid Management System reports for 2000, 2001 and 2002.⁴

To determine whether regions were effectively managing costs, we analyzed Department of Social Services, Division of Medical Services program data for fiscal years 2001, 2002 and 2003 through March 2003. In addition, we randomly selected 438 clients out of 19,480 from five of the department's 10 regions—St. Joseph, Kansas City, Columbia, Outer St. Louis⁵ and St. Louis City. We reviewed three assessment forms from the last two annual evaluations performed by department staff (1) the intake screening form, (2) client assessment form, and (3) service plan supplement form. Division staff use the intake screening form to make a preliminary assessment on whether the client may be eligible for personal care program, which is typically done over the telephone. Division staff use the client assessment form when visiting clients to determine if the clients are in fact eligible for the program, and the service plan supplement form is used to determine what type, including frequency, services clients need. We also interviewed department officials and staff responsible for this program.

We reviewed the division's Quality Assurance Unit (the unit) to determine the division's procedures for assessing if personal care contractors (providers) were providing clients quality services as specified in the clients' service plan. We reviewed the unit's protocol manual and we observed two quality assurance reviews. We interviewed officials and staff within the unit. In addition, we randomly selected a sample of 60 provider files and reviewed the most current and second most current reviews conducted by the unit for a total of 90 reviews. We determined when personnel had the exit conference meeting to discuss potential violations; when the unit mailed the provider a notice letter; the number and type of law violations; and when the unit resolved the review and mailed a resolution letter to the provider.

We obtained comments on a draft of this report during a meeting with department officials on November 3, 2003 and in a letter dated November 25, 2003. We incorporated their comments where appropriate. We conducted our fieldwork between February and July 2003.

⁴ Federal Medicaid information for federal fiscal year 2003 was not available at the time of our audit.

⁵ This includes St. Charles, Franklin, Jefferson and St. Louis counties.

RESULTS AND RECOMMENDATIONS

1. The Division Lacks Systematic Procedures and Controls to Help Ensure Consistent Authorization of Personal Care Hours

Improvements are needed in the management and oversight of the Medicaid personal care services program because substantial differences existed in personal care hours authorized by some regions, which has resulted in increased program costs at those locations. This situation has occurred because the division has not established criteria to determine and control the number of personal care service hours Medicaid recipients can be authorized on a statewide basis. Implementing effective statewide guidance and oversight could result in potential savings to the Medicaid program up to \$20 million or more annually.

Substantial variances existed in personal care hours authorized by some regions

Our analysis of 438 randomly selected recipient case files obtained from five regions⁶ disclosed substantial differences in hours authorized by five regions analyzed and regional personnel had not identified or documented any factors justifying the variances. Table 1.1 compares the level of care scores, hours of care, and average age of the client.

Table 1.1: Comparison of Average Care Scores to Hours and Age by Region

Location	Level of care score	Hours	Average age
St. Joseph	23	24	65
Columbia	25	29	63
Kansas City Metro	26	59	64
Outer St. Louis	24	68	63
St. Louis City	23	63	66

Source: SAO analysis

Table 1.1 shows the average level of care scores and average age were about the same for the five regions, but the number of hours authorized by the St. Louis regions were more than twice the amounts authorized by the St. Joseph and Columbia regions. Because recipients' level of care scores could indicate the amount of care a client needed, we expected to find a correlation between the score and the average hours authorized by the five regions. However, we found significant differences in the hours authorized by the five regions. We also calculated the average ages of clients in each of the regions to determine if there were significant differences in the ages of the recipients, and found the averages were about the same.

To determine if recipients qualify for Medicaid personal care services, regional staff are required to complete a 6-page form, which rates recipients' abilities in nine major areas including: monitoring, medication, treatments, restorative, rehabilitative, personal care, dietary, mobility and behavioral condition. The form includes guidelines staff use to assign each area a score of zero, three, six, or nine—with nine indicating the recipient needs maximum level of care in an area.

⁶ We reviewed the level of care scores and monthly personal service hours awarded for clients in the division's two highest and two lowest regions regarding the number of hours authorized and Kansas City.

Individuals are eligible for in-home services if their level of care score equals 18 or higher. The form also includes a page for regional staff to document the number of authorized monthly personal care hours. However, the form does not include any guidelines or criteria staff are required to follow when determining the number of authorized hours. Rather, staff at each of the division's 10 regions subjectively determine, and authorize without supervisory review, the monthly number of personal care hours (and associated costs) they believe clients need.

The following examples illustrate the inconsistency between hours, age and care scores. A review of six women out of 3 of the 10 regions with a level of care score of 21 showed all the women lived alone and their service priority ratings were about the same. All of these women needed 50 percent or more of their meals prepared by others and needed someone to accompany them when shopping. Three of these women were about the same age (ages 65 to 70) and could not do any housework. However, two of these women received between 70 hours and 90 hours of care for basic personal care and housekeeping assistance while the other woman only received 2 hours of housekeeping assistance. The other 3 women, whose ages varied between 56 years and 91 years, could only do light housework and needed considerable help with all other housework. Two women, ages 56 and 91, only received 15 hours of basic personal care and housekeeping assistance. However, a 68-year-old woman received 145 hours of basic personal care and housekeeping assistance. The 91-year-old woman had indicated on her assessment that her support system was insufficient while the other women's assessments did not indicate an insufficient support system.

The division director and the manager of the two St. Louis regions stated they have not identified any factors (such as differences in client's personal care needs among the regions) to justify why the two St. Louis regions have authorized substantially more personal care hours than other regions. Central office officials opined St. Louis personal care providers may have counseled clients to request more hours, however, they had not conducted any studies or analysis to support their conclusion. When we spoke with St. Louis region staff, they stated the variance was more likely due to a difference in philosophy between different regions throughout the state. For example, St. Louis staff told us, in the past, their philosophy has been to ensure customer (client) satisfaction and, therefore, they did not emphasize cost control. In contrast, Springfield regional staff stated their philosophy was to meet the needs of the clients, but also protect taxpayer dollars.

Our interviews with staff in Kansas City, Springfield and St. Louis disclosed the subjectiveness of these independent assessments. Two regional staff told us they inherited files from other staff with large amounts of hours authorized. As a result, the current staff had to reduce hours for current clients and have been more conservative with the hours they give to new clients. In addition, a third regional staff stated the personality of the staff can affect the number of hours staff assign and stated she has authorized more hours than necessary if a client complains.

Higher hours resulted in higher program costs

Increasing the personal care hours has increased the cost of the program. For example, we found the average monthly cost for St. Louis City was about twice the average monthly cost for St. Joseph and Columbia during fiscal year 2002, and about 57 percent higher than Kansas City during fiscal year 2003. Table 1.2 depicts substantial differences in costs

authorized by the division's 10 regions due to number of personal care hours assigned at locations shown.

Table 1.2: Differences in Monthly Averages by Region for Fiscal Years 2002 and 2003

Region	Fiscal year 2002		Fiscal year 2003 ⁴	
	No. of clients	Monthly average ¹	No. of clients	Monthly average
St. Louis City	4,554	\$537	4,308	\$529
Outer St. Louis ²	4,971	\$525	4,720	\$527
Cape Girardeau	9,650	\$367	9,448	\$395
Joplin	1,515	\$360	1,421	\$380
Kansas City metro	3,500	\$314	3,349	\$337
Outer Kansas City ³	2,137	\$297	2,071	\$312
Columbia (Northern counties)	2,265	\$278	2,082	\$292
Springfield	4,929	\$276	4,633	\$287
Columbia	3,705	\$266	3,518	\$289
St. Joseph	1,987	\$253	1,891	\$265
Statewide average	39,213	\$366	37,441	\$381
Average without St. Louis regions	29,688	\$313	28,413	\$334

¹Medicaid paid claims data only shows total monthly costs and not hours authorized. Monthly costs are based on monthly hours authorized and billed Medicaid. Accordingly, the more hours authorized, the higher the monthly cost. For fiscal year 2003, personal care service hours were billed at \$13.71 an hour, which is the same for all regions.

²The Outer St. Louis Area includes St. Charles, Franklin, Jefferson and St. Louis counties

³The Outer Kansas City Area includes Carroll, Chariton, Lafayette, Saline, Johnson, Pettis, Henry, Bates, Benton, Vernon, St. Clair, Hickory and Cedar counties

⁴Data are for the first 9 months of the fiscal year.

Source: SAO analysis of Medicaid personal care paid claims data.

Division's attempt to reduce personal care costs for St. Louis was not effective

The division recognized the two St. Louis regions were authorizing substantially more hours than the other eight regions through an analysis performed in 2002. As a result, the division issued guidelines and an assessment worksheet in March 2002 to aid St. Louis staff in determining the appropriate number of hours to authorize for personal care services. However, St. Louis staff were required to use the guidelines and worksheet only for client cases in which they planned to authorize 60 personal care hours or more per month. Division officials said the 60-hour threshold was based on an analysis showing the average monthly hours awarded statewide was 56. As shown on Table 1.1, 60 hours a month was twice as many hours authorized by St. Joseph and Columbia staff. Moreover, the 2003 hourly rate for personal care and homemaker chores is \$13.71, and, therefore, staff were not required to use the guidelines until they authorized about \$823 per month in personal care services. This is more than \$290 over the two St. Louis regions monthly averages and \$485 more than the Kansas City region.

The division initially required St. Louis staff supervisors to review all completed worksheets. However, the division director revised this requirement authorizing staff supervisors to only review worksheets prepared by two of their six to ten staff each month and conduct periodic spot checks after staff supervisors indicated they could not handle the review workload.

Division personnel recognized the guidance for St. Louis had not been effective and revised the guidelines in August 2003. According to division personnel, the 60-hour threshold has been dropped and the guidance will apply to all regions when the division implements the guidelines statewide in late 2003. The official also stated, after the guidelines are implemented statewide, all staff will be required to use the guidelines, which includes criteria for determining the number of hours clients should need for every client regardless of the number of hours authorized. Division personnel believe the guidance will result in a more consistent application of personal care hours on a statewide basis. The division issued revised statewide guidelines effective October 2, 2003.

In responding to a draft of this report, division officials stated their initiative reduced authorized hours by 17 percent and 18 percent in the St. Louis regions. However, the division did not consider comparable reductions statewide. As Table 1.2 shows, St. Louis average monthly payments remained substantially higher than other regions in the state. Further, the division could not provide any documentation to support the differences in hours authorized by the St. Louis regions as compared to the other regions. Nonetheless, division officials concurred that the hours authorized, and corresponding costs, by the St. Louis regions remain substantially higher than the statewide average.

Consistent assessment of clients' needs could reduce program costs

Medicaid program costs could possibly be reduced with a more consistent assessment of client's needs. For example, program costs could have potentially been reduced if the two St. Louis regions' monthly average hours per client were the same as the Kansas City metro monthly average per client. Using this example, the cost of the Medicaid personal care program would have been reduced by about \$24.7 million in fiscal year 2002 and about \$15.5 million through the first nine months of fiscal year 2003.⁷

Conclusions

The division has developed detailed criteria to determine if individuals are eligible for the Medicaid personal care program. However, it has not implemented statewide guidelines to determine or adequately document the number of monthly personal care hours individuals need. As such, each of the division's 10 regions have independently developed informal criteria and philosophies on the number of hours clients should be authorized. Consequently, potentially unnecessary high program costs have resulted from substantial and unsupported variances in the number of authorized Medicaid personal care hours among the 10 regions. Although the division's initial steps to control costs at one location were not effective, the division's recent efforts to revise its guidance and apply it on a statewide basis should be effective if the division takes steps to provide the appropriate oversight over personnel actions to establish personal care hours. We believe significant savings may be possible if the 10 regions used consistent standards in authorizing clients' personal care hours.

⁷ We compared St. Louis' average costs to Kansas City's average costs rather than to St. Joseph's average costs, because both St. Louis and Kansas City are large metropolitan cities. Also, Kansas City's average is about the same as the statewide average excluding the St. Louis regions.

Recommendations

We recommend the Director, DHSS:

- 1.1 Require supervisors to review and approve all assessments authorizing monthly hours, which exceed statewide average.
- 1.2 Perform periodic analyses to determine the average monthly hours authorized by each regional office to ensure consistent application of division guidelines.

Agency Comments

The Director, DHSS, provide the following comments in a letter dated November 25, 2003:

[W]e recognize the value in extending the review process across the state as well as in the St. Louis area. In your report, you state the “Division’s attempt to reduce personal care costs for St. Louis was not effective.” Yet, you recommend that the department “implement statewide complementary guidelines.” Perhaps these statements are harmonized by the report’s concern about the department having used a 60 hour threshold rather than using the statewide average as the basis for which authorizations would be reviewed by supervisors. The department believes that the initiatives in St. Louis, as early as the spring of 2002, did result in savings in the St. Louis City, total hours of authorized personal care were reduced by 18% between February 2002 and September 2003 during which time the client load remained within a 3% variation between approximately 3,296 and 4,035 clients. (In other words, the reduction in the units of authorized service was not attributable to a reduction in the number of clients.) In the St. Louis “outer area,” total hours of authorized personal care were reduced by 17% between February 2002 and September 2003 during which time the client load remained within a 3% variation between approximately 4,252 and 4,382 clients. (Again, the reduction in the units of authorized service was not attributable to a reduction in the number of clients.)

We respectfully, disagree with your recommendations to “require supervisors to review and approve all assessments authorizing monthly hours which exceed the statewide average.” There are three reasons for our disagreement. First of all, the new processes implemented St. Louis and the “outer area” achieved a reduction in authorized hours by 17%-18%. This is a significant reduction. We believe that the extension of this program statewide will achieve a similar reduction—and uniformity. Secondly, using the “statewide average” as a benchmark would mean that we would be pursuing a constantly changing target. Finally, supervisors already review significant numbers of front line social worker case files—including authorizations. The supervisors review all of the files of workers during their first months on the job. Further, supervisors conduct periodic case file reviews (including authorizations) with all of the workers they supervise. This is in addition to the other responsibilities of the supervisors—including adult protective services. To require supervisors, in addition, to review half of all service authorizations (i.e., half of some 38,000 client authorizations or 19,000 authorizations annually) would constitute an unreasonable increase in their workload—causing other, significant tasks to be left undone. In conclusion, on this score, we believe that deploying the department’s new processes statewide will result in greater uniformity of authorizations for service—and lead to savings—without overwhelming supervisors with additional tasks.

2. Timely Notification of Compliance Violations are Needed to Ensure Client Safety

The division has taken up to 4 months after completing quality assurance reviews to notify personal care service providers they were in noncompliance with state regulations, even though the division determined the noncompliance created a risk of injury or harm to the providers' clients. Accordingly, the division has allowed clients to select providers with known noncompliance violations, such as failure to ensure staff have received required training, for excessive periods of time after the division became aware of the violations. Division officials stated although they had not established timelines to send notice letters to providers, they are now planning to implement such timelines.

Lack of guidelines allows providers to continue to operate in violation of state regulations

Our review of 60 randomly selected providers from a universe of 322⁸ showed 21 providers had violations during 2001 and 2002 meeting the division's criteria for removing their names from the contracted providers list. Table 2.1 shows, however, the division took from 28 to 134 days (1 to 4 months) after quality assurance reviews were completed to notify the providers their names would be removed from the contracted providers list.

Table 2.1: Reviews with Sanctionable Violations

Date review completed	Date of letter	Days to notify	Sanctionable violations¹
4/11/2001	8/23/2001	134	9
10/11/2001	2/22/2002	134	7
10/10/2001	2/20/2002	133	2
10/12/2001	2/22/2002	133	2
5/24/2001	9/19/2001	118	1
10/25/2001	2/20/2002	118	3
11/8/2001	2/22/2002	106	10
3/29/2001	7/11/2001	104	3
3/28/2001	7/2/2001	96	1
1/25/2002	4/17/2002	82	6
6/14/2001	8/21/2001	68	1
5/18/2001	7/23/2001	66	1
4/17/2001	6/12/2001	56	15
2/28/2002	4/22/2002	53	6
3/1/2002	4/22/2002	52	6
4/19/2001	6/8/2001	50	2
8/1/2001	9/12/2001	42	2
3/14/2002	4/23/2002	40	2
6/19/2001	7/23/2001	34	2
6/21/2001	7/23/2001	32	7
8/16/2001	9/13/2001	28	1

¹Sanctionable violations are violations that create a risk of injury or harm.

Source: SAO analysis of DHSS data.

⁸ As of February 10, 2003.

As shown on Table 2.1, the division's procedures for removing providers from its list of contracted providers did not result in providers immediate removal from its list of available providers, once the division has determined they were in noncompliance. Although the division eventually removed providers if they did not perform highway patrol background checks for all employees and conduct or document advanced training for aides who perform advanced personal care tasks, these providers were not removed immediately.

The division's quality assurance specialists are required to submit their reports to supervisors within 10 days following the completion of quality assurance inspections. The division's procedures require sending providers a letter notifying that they were in noncompliance and they would be removed from the list of available providers until such time as they took corrective actions. The division, however, has not established any timeframes to notify providers they did not comply with any of the above violations after the quality assurance specialists submitted their reports.

State regulations⁹ allow the division to immediately remove providers from the list of available contracted personal care providers when the providers noncompliance with the regulations is determined to create a risk of injury or harm to clients.¹⁰ Noncompliance with the regulations and evidence of such risk may include:

- unreliable, inadequate, falsified, or fraudulent documentation of service delivery or training;
- use of in-home service workers who do not meet the minimum employment requirements or training standards of this regulation; and
- failure to comply with the requirement for background screening of employees.

Department officials acknowledged the problem and stated a new policy will be put in effect where the quality assurance unit's bureau chief will sign notification letters. In addition, officials in the quality assurance unit stated they are in the process of setting guidelines for when to send out the notification letter and length of time to resolve all violations and close a review. Officials told us they believe a new database system will help them track these items once it is implemented, however, officials stated the database is still in the beginning phases of being created and they do not have an implementation date. As of September 30, 2003, the division had not implemented the guidelines.

Conclusions

Providers who create a risk of injury or harm to clients may be removed from the state's list of available providers, under state regulations. Division officials, however, have not established timeframes to ensure providers were notified timely of law violations. This weakness allows providers to continue to operate at substandard levels placing clients of the Medicaid personal

⁹ 19 CSR 15-7.021

¹⁰ The division maintains a list of authorized providers clients can choose from to provide their personal care services. The division will remove providers' names from the list if they are not in compliance with selected provisions of state regulations.

care services program at possible risk. The division's planned guidelines establishing timeframes for sending these letters on a statewide basis should be effective once implemented.

Recommendation

We recommend the Director, DHSS:

- 2.1 Establish written guidelines to ensure providers of Medicaid personal care services receive official notification of law violations within a specified number of days after quality assurance reviews are completed.

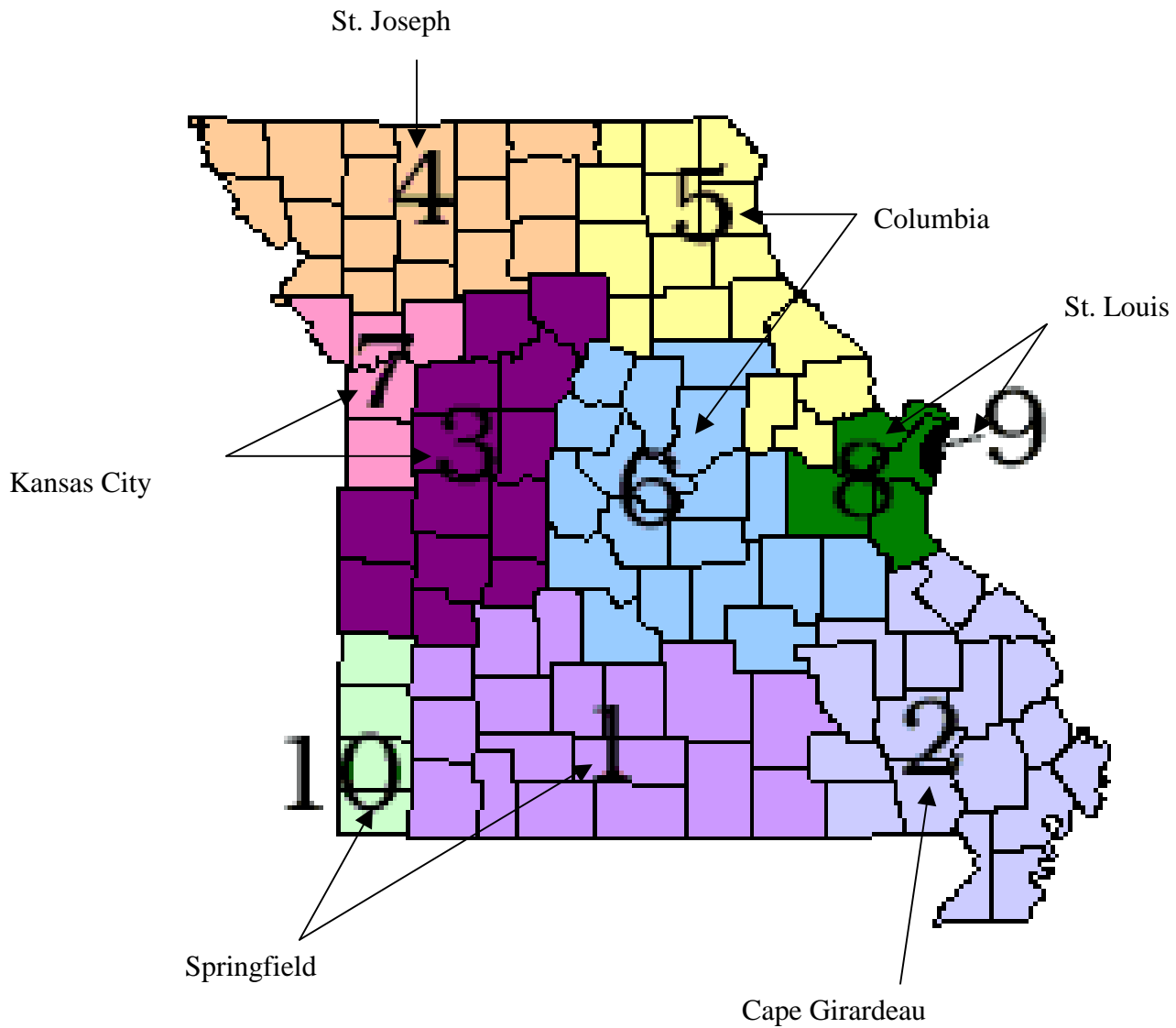
Agency Comments

The Director, DHSS, provide the following comments in a letter dated November 25, 2003:

We agree with this recommendation. The department has revised the guidelines requiring, when the department proposes sanctions (e.g., reducing the area of authorized service, not making new referrals for a specified time, contract termination, etc.) against an in home service provider, that the provider be notified within 30 days of the exit interview held at the conclusion of the quality assurance review.

HOME AND COMMUNITY SERVICES REGIONS

The purpose of this appendix is to illustrate the 10 DHSS regions.



Source: DHSS



**OVERSIGHT CONTROLS AND MANAGEMENT IN THE STATE'S
MANAGED CARE PROGRAM**

**From The Office Of State Auditor
Claire McCaskill**

*The Division of Medical Services needs to
implement controls and procedures to improve
management of the managed care program*

Report No. 2004-01

January 13, 2004

www.auditor.mo.gov

PERFORMANCE AUDIT



Office of
Missouri State Auditor
Claire McCaskill

January 2004

Inadequate monitoring of the state's managed care program has caused potentially unnecessary program costs and results in limited assurance program costs truly reflect the healthcare services provided

This audit reviewed the Division of Medical Services' management and oversight of the state's managed care program with initial emphasis on dental services. In January 2003, the program had nearly 413,000 recipients enrolled and comprised mostly low-income families, pregnant women, children and uninsured parents. Overall managed program costs have nearly doubled since June 1999, to approximately \$700 million (state and federal money) and enrollment has increased 50 percent. The following highlights the findings:

Managed care program dentists were underpaid for procedures

Dentists statewide received less than the Medicaid rate on more than 20,000 dental procedures, totaling \$84,000 in underpayments, during fiscal year 2002's first quarter. Auditors also found several dentists received more than the Medicaid rate for certain procedures. For example, while some dentists received Medicaid's rate of \$34 for pulling a tooth, others dentists received from \$6 to \$126 for the same procedure. The inconsistent compensation occurred due to special pay arrangements and the type of reimbursement methods used. Division officials improved payment non-compliance by January 2003, which occurred during our review and following public complaints, but some underpayments continued due to reimbursement methods. (See page 5)

Incomplete claims data leaves state unable to measure overall healthcare costs

Division officials did not place a high priority on complete and accurate encounter claim data, leaving state officials unable to measure the true cost of providing healthcare services. Federal Medicare and Medicaid officials state accurate claims data is critical to evaluating program use, provider performance, program access and quality of care. Limited audit tests identified numerous duplicate encounter claim records and showed about 10 percent of the sampled pharmacy claims had no associated medical claim recorded on the state computer systems. Other states have implemented procedures that assure all claims data is at least 90 percent accurate and consider it a critical tool to monitor the program. (See page 8)

Recipient eligibility inadequately evaluated

Ineligible and potentially ineligible recipients remain in the program. Audit tests showed more than \$1.5 million in capitation payments during fiscal year 2002 went for 990 managed care recipients without social security numbers in the state's computer system. Federal rules require Medicaid recipients to provide their social security numbers to the

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state to be eligible for benefits or maintain eligibility. In addition, capitation payments were made for recipients with out-of-state addresses and invalid social security numbers. Officials took necessary action on the out-of-state address and invalid social security number recipients we reported to them. (See page 10)

Limited fraud detection work leaves program vulnerable to higher costs

The division does not perform fraud detection activities in the managed care program despite a federal Medicaid rule requirement to do so. Division officials said lack of resources and unreliable encounter claim data limit their fraud detection work. Federal officials said without fraud monitoring, division officials cannot be sure payments reflect true service costs, and could result in higher costs to the state. (See page 11)

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**OVERSIGHT CONTROLS AND MANAGEMENT IN THE STATE'S
MANAGED CARE PROGRAM**

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CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
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Department of Social Services
Jefferson City, MO 65102

Approximately 400,000 children and adults were enrolled in the state's managed care program in fiscal year 2002. Program costs have grown by 83 percent, to nearly \$700 million (state and federal share), along with a nearly 50 percent increase in enrollment, since fiscal year 1999. To determine the extent to which the Division of Medical Services (division) is effectively administering the managed care program, we initially focused on dental services provided to these recipients. We also reviewed other controls and procedures to determine whether, overall, division officials provided effective management and oversight of the program.

We found division officials did not adequately monitor contracted managed care health plans and did not obtain complete and accurate data on services provided to recipients. In addition, the department did not ensure recipients remained eligible resulting in potentially unnecessary program costs. These situations occurred because division officials placed less emphasis on procedures to adequately monitor the managed care program, but focused efforts on the Medicaid fee-for-service program. As a result, there is limited assurance managed care program costs truly reflect the healthcare services provided. We make recommendations to improve these weaknesses.

We conducted our work in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such tests of the procedures and records as were considered appropriate under the circumstances.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire C. McCaskill
State Auditor

The following auditors contributed to this report:

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RESULTS AND RECOMMENDATIONS

Management and Oversight of the Managed Care Program Needs Improvement

The Division of Medical Services¹ (division) did not ensure dental procedures with mandated codes were paid at least the Medicaid rate when funding was appropriated for this purpose. This situation occurred because the division did not adequately monitor operations of the health plans providing healthcare benefits to recipients in the managed care program. Overall, oversight of the managed care program was weak. Concerns identified include officials not placing a high priority on complete and accurate encounter claim data, and not effectively monitoring costs and identifying ineligible recipients or potential fraud. As a result, the state does not know if total managed care program costs are a true measure of providing healthcare services. In addition, ineligible and potentially ineligible recipients remain in the program.

Background

Low-income families, pregnant women, children, and uninsured parents in 37 counties and the city of St. Louis receive medical assistance through a managed care delivery system. The delivery method was first used by the state in 1995. Managed care recipients include Medicaid eligible children up to age 21, uninsured parents and caregivers with family incomes up to 185² percent of federal poverty level, and children under age 19 not Medicaid eligible with family incomes up to 300³ percent of the federal poverty level.⁴ Healthcare benefits to the elderly and disabled, as well as recipients in counties not part of the managed care delivery system, are covered under the fee-for-service program. In January 2003, the managed care program had approximately 413,000 recipients enrolled.

Federal regulations require states participating in the Medicaid program to provide healthcare services to Medicaid eligible individuals at no cost to the family. Although federal regulations do not require states to provide healthcare benefits to individuals not eligible for Medicaid, Missouri began providing benefits to children without health insurance in 1998 by creating the State Children's Health Insurance Program. These children receive medical assistance, but their families may have to pay health insurance premiums and co-payments, depending on family size and income levels.⁵ In January 2003, approximately 46,000 of 81,000 children enrolled in this insurance program received services through managed care. State Children's Health Insurance Program children represent about 11 percent of total managed care program enrollment.

Under managed care, recipients select a health plan and a primary care provider within the plan to access healthcare services. The state pays the health plans a per person amount each month to cover all health and dental benefits (capitation payment); as such, the state is not at risk for healthcare costs beyond the monthly capitation payment, which is paid even if recipients do not

¹ Part of the Department of Social Services.

² Annual income of \$34,044 for a family of four.

³ Annual income of \$55,200 for a family of four.

⁴ For more information on program categories and income levels see the division's website at http://www.dss.mo.gov/pr_health.htm.

⁵ See Appendix II, page 20, for eligibility requirements for the State Children's Health Insurance Program.

receive services. Health plans must ensure each enrollee has access to a comprehensive benefits package and 24-hour access to necessary covered services. The health plans contract with doctors, hospitals, pharmacies and other providers, but usually not dentists. Instead, the plans often contract with dental networks and pay the dental networks a monthly capitation payment for dental services. Like the state, the health plans are not at risk for dental costs beyond the monthly capitation payment to the dental networks. Dental networks then contract with individual dentists and dental groups for services. The health plans and the dental networks pay providers and must submit records of services provided, called encounter claim data, to the division monthly.

During fiscal year 2002, the division contracted with nine health plans to provide health and dental benefits to managed care recipients in the three state regions where managed care is offered. An actuarial firm contracted by the state determined the capitation amounts paid to the health plans. The capitation rates, which varied by the age and gender of the managed care recipients, were not broken out by the various covered services (dental, medical, etc.). Eight of the health plans contracted with dental networks to provide dental services to managed care recipients and paid the dental networks a negotiated capitation fee monthly. The dental networks then contracted with dentists and dental providers to provide services. One health plan in the eastern region contracted directly with dentists. Non-participating dentists were compensated at negotiated rates, which were their usual and customary charges, a percent of their usual and customary charges, or another amount. Examples of non-participating dentists include orthodontists, endodontists, oral surgeons or general dentists. Participating dentists were compensated under the global budget reimbursement method, which was used by each of the three dental networks that contracted with the health plans.⁶

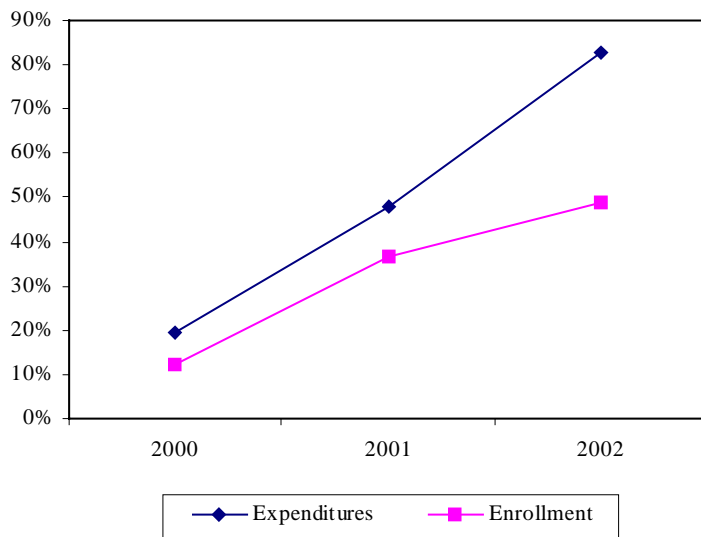
Managed care program costs have nearly doubled since June 1999. The program costs have grown 83 percent, to approximately \$700 million (state and federal share),⁷ while enrollment has increased nearly 50 percent, to more than 400,000 recipients in fiscal year 2002. Figure 1 illustrates the growth of the managed care program for the last three years since fiscal year 1999.⁸

⁶ See Appendix III, page 21, for an explanation of the global budget reimbursement method.

⁷ Medicaid and State Children's Insurance Program costs are approximately 61 and 72 percent, respectively paid from federal funding. All dollar amounts presented in this report represent both the state and federal share.

⁸ See Appendix IV, page 22, for additional information on managed care costs and enrollment.

Figure 1: Managed Care Cost and Enrollment Growth



Source: Prepared by SAO based on data provided by the division.

Methodology

We obtained health plan payment records to determine if dentists were paid Medicaid rates for procedures with mandated codes.⁹ We analyzed this financial data and identified the number of dental procedures paid under the Medicaid rate, total payments to dentists, and administrative costs charged by the dental networks.

We obtained recipient enrollment and encounter claim records for fiscal year 2002 from the division to determine whether division officials provided effective oversight and management of the managed care program. We conducted testing on inpatient hospital and pharmacy encounter claims. We also conducted a limited review of managed care recipients who had no encounter claim records on the state's computer systems during the fiscal year.¹⁰

Better management controls needed to monitor payments to dentists

Statewide, 21 percent of dental procedures with mandated codes were paid less than the Medicaid rate during the first quarter of 2002, with underpayments to dentists totaling approximately \$84,000. Table 1 shows more than half of all mandated code procedures occurred in the eastern region, which also had the most underpaid procedures and the largest underpayment amount.

⁹ Dental procedures with mandated codes required reimbursement at the Medicaid rate, effective January 1, 2002.

¹⁰ See Appendix I, page 18, for additional information on methodology.

Table 1: Procedures with Mandated Codes Paid Less Than the Medicaid Rate

Region	Number of Providers Underpaid	Number of Procedures Underpaid	Total Procedures Performed	Percent of Procedures Underpaid	Amount Underpaid
Eastern	73	17,092	58,810	29	\$68,805
Central	14	121	10,987	1	657
Western	<u>67</u>	<u>3,070</u>	<u>25,235</u>	12	<u>14,443</u>
Total	154	20,283	95,032	21	\$83,905

Source: Prepared by SAO based on data provided by the health plans.

The providers in Table 1 received less than the Medicaid rate for 20,283 procedures with mandated codes during the first quarter of 2002. The underpayments occurred because the division did not monitor mandated rate compliance. In some cases, however, dentists received more than the Medicaid rate for the same procedure. As a result, even though dentists were underpaid for more than 20,000 procedures, they received about \$614,000 more than if they were paid the Medicaid rate for every mandated code procedures. For instance, pulling a single tooth was underpaid in the eastern region 51 percent of the time during January 2002. The Medicaid rate for this procedure is \$34, but some dentists received as much as \$126, while others received less than \$6. The inconsistency in compensation for the same procedure occurred because of contracts with special payment arrangements for non-participating dentists and the effects of the global budget reimbursement method for participating dentists. The global budget reimbursement method bases compensation for dental procedures on a ratio of money available to pay dentists (after administrative charges and special payment arrangements) and the assigned value of procedures performed during a month.¹¹

In January 2002 the division amended contracts with the health plans to increase capitation payments. The appropriation for the increased funding required the increase be passed onto dentists through reimbursement at the Medicaid rate for mandated code procedures. During March 2002, in response to public complaints, the division began investigating one eastern region dental network for underpayments, and eligibility and access issues. However, the division's investigation did not include potential underpayments by the other dental networks. In April 2002, the division notified health plans the dental network in the eastern region was not paying Medicaid rates for these procedures and should immediately adjust fee schedules. By November 2002, all three dental networks had adjusted their fee schedules following division notification. The division issued its final investigative report on the eastern region dental network in January 2003, stating health plans provided "minimal oversight" and "failed to adequately monitor the subcontractor's performance."

January 2003 payment records disclosed 11 percent of the eastern region's mandated code procedures were still paid at less than the Medicaid rate, while less than 2 percent of mandated code procedures in the central and west regions were paid at less than the Medicaid rate. Two factors caused these underpayments. Two networks continued to pay providers for these procedures using the global budget reimbursement method, accounting for 28 percent of all underpayments. Approximately 72 percent of the underpayments were due to dentists contracting to receive an amount lower than the Medicaid rate. One dental network, the one

¹¹ See Appendix III, page 21, for further explanation of the global budget reimbursement method.

investigated in 2002 by the division, paid dentists the Medicaid rate for mandated code procedures in January 2003. Representatives from the two networks with underpayments told us division notifications requiring fee schedule adjustments did not clearly state dentists had to be paid the Medicaid rate. They said payment under the global budget reimbursement method is based on total dollars in the global budget, not a network's fee schedule. In April 2003, division officials told us they have no comment on the dental networks' reason for not paying Medicaid rates.

The Missouri Commission for Oral Health Access¹² reports low reimbursement is the remaining barrier keeping Missouri dentists from Medicaid program participation. Current reimbursement offers dentists only about half the amounts normally charged. The report recommends reimbursing dentists at 75 percent of usual and customary charges.

Dental program costs not clearly identified

The actuarially determined capitation rates did not break down the component costs for services (dental, medical, etc.) provided. As a result, division officials did not know how much of the monthly capitation payment covered dental services or how much health plans retained for dental-related administrative fees. The health plans and dental networks both retained an administrative fee from state capitation payments.¹³ In fiscal year 2002, dental networks retained administrative fees of approximately 78 cents per person per month, totaling nearly \$3 million.

Health plan records showed dental networks received approximately \$17.8 million in fiscal year 2002. Of this amount, dental networks retained administrative fees of approximately 16 percent in the eastern region, 17 percent in the western region, and 22 percent in the central region. The networks paid approximately 85 percent to dentists in the eastern region, 87 percent in the western region and 76 percent in the central region for dental services.¹⁴ Central region dental network officials told us the higher administrative fees covered overhead costs of owning and operating dental clinics built in three cities in the 1990's to attract participating dentists.

Missouri would have saved more than \$1.3 million on managed care dental administrative expenses in fiscal year 2002 using Illinois' method of providing dental services. Under a new contract effective March 2002, Illinois pays 36 cents per person per month to a fiscal administrator who recruits and enrolls providers, manages claims, makes pass-through payments to providers and performs other dental-related services. The state pays for dental services on a fee-for-service basis. According to an Illinois Department of Public Aid official, Illinois previously provided benefits by contracting with dental networks, but changed to the new method after dissatisfaction with using this approach.

The eight states we contacted used varying methods to deliver dental services. Wisconsin used a combination of fee-for-service and managed care, as does Missouri. Kansas, Illinois, Nebraska,

¹² *Oral Health in Missouri: Policy Recommendations for Prevention, Education and Access*, May 2002.

¹³ Health plans or dental networks are not taking administrative fees from the January 2002 increased funding.

¹⁴ Payments to dentists plus administrative fees do not equal 100 percent of monies paid to dental networks in each region due to positive or negative surplus pool funds and rounding. See Appendix III, page 21, for an explanation of surplus pools.

and Arkansas used only fee-for-service methods. Ohio, Pennsylvania, and Arizona used a managed care approach only. A representative from the Ohio Medicaid program said specific language was added to managed care organization contracts requiring oversight of dental network providers.

Better controls needed to ensure the managed care program operates as intended

Division officials cannot measure the utilization of covered services provided to managed care recipients and do not know if the state's total cost truly measured healthcare costs. This situation exists due to incomplete and inaccurate encounter claim data. An encounter claim is a record of any service for which a claim could be paid under the fee-for-service system. According to the federal Department of Health and Human Services - Centers for Medicare and Medicaid Services, claim data is critical to 1) monitor service utilization; 2) evaluate access, comparability and quality of care; 3) update and evaluate capitation payment rates; and 4) monitor health plan and provider performance. Division officials have not placed a high priority on obtaining complete, accurate claim data from the health plans, and agree claim records may be incomplete and may contain duplicate claim records. Officials also told us they have not attempted to estimate the accuracy or completeness of claim records and do not have procedures to do so.

Encounter data is not complete or accurate

To determine the extent of incomplete medical claims, we analyzed pharmacy claims for new prescriptions to see if the health plan submitted an associated medical claim. The assumption was a medical visit would have occurred if a new pharmacy prescription was obtained. We found approximately 10 percent of the sampled claims had no associated medical claim recorded on the state's computer system. Further analysis revealed many duplicate claims with some pharmacy claims appearing on division records up to 18 times. We did not test the validity of these claims against medical records. These results support the division's admission of incomplete or duplicate claim records, but they do not evaluate the data's reliability.

Division officials cited various reasons a pharmacy claim would not have an associated medical claim: 1) the medical visit occurred but the claim was not submitted; 2) the medical claim was rejected because of errors or missing information, and was not corrected and resubmitted; 3) a medical visit occurred but payment to the provider was denied by the health plan; 4) a medical visit did not occur because the prescription was phoned in to the pharmacy or 5) the prescription was not written by a participating provider. Providers paid on a fee-for-service basis have an incentive to submit all claims since payment is contingent on submitted claims; however, providers reimbursed on a capitated basis have less incentive to submit claims or correct and resubmit rejected claims since they receive no additional payment for capitated services. All paid claims, whether provided on a fee-for-service or capitated basis are required to be submitted to the division.

Our review and division records also disclosed additional concerns with the division's lack of controls over encounter claim data:

- During fiscal year 2002, division officials did not analyze rejected claims and had no procedures, incentives or sanctions in place to encourage health plans to make corrections and resubmit rejected claims.
- During fiscal year 2002, 29 percent of all claims were rejected and 55 percent of dental claims were rejected as status 6 errors.¹⁵
- Faulty computer system edits allowed \$440,000 in duplicate inpatient hospital payments since 1999.¹⁶

We reviewed monthly reports of rejected claims, which included the number of claims submitted, the number accepted, the number rejected and the reasons for rejection. Examples of conditions that caused claims to be rejected as status 6 errors include: ineligible recipient or recipient was not a member of the billing health plan; ineligible provider; and a missing place of service code, admission date or admission type code. The division returned rejected claims to the health plans with error codes explaining why the claims were rejected, but no further procedures were in place to ensure the claims were corrected and resubmitted.

System edits designed to prevent payment of inpatient hospital claims by the state for managed care recipients were faulty, resulting in both the state and the health plans paying claims totaling nearly \$440,000 since 1999. Division personnel detected the faulty computer edit concurrent with our review and investigated claims likely to be affected. They told us the faulty edits will be corrected and the state will attempt to recoup the duplicate payments.

Accurate and complete encounter data is achievable

Wisconsin and Arizona have policies and procedures in place to ensure encounter claim data is at least 90 percent accurate and complete. These states consider encounter claim data to be a critical tool to monitor the managed care program and have developed procedures that assure; claim data is submitted timely and reflects actual services provided to managed care recipients; and rejected data is corrected and resubmitted. As a result, these states can use the data to measure health plan performance, set capitation rates, implement quality improvement initiatives and conduct fraud analysis and reporting. Wisconsin and Missouri have a similar percentage of Medicaid recipients in managed care and number of provider health plans. Wisconsin officials told us improving encounter claim data to its present state of reliability has been a long process and required the state to work closely with the health plans to ensure accurate complete data was submitted timely. Wisconsin also increased the penalty for rejected, incorrect encounter data from \$100 to \$1,500 per day to encourage health plans to comply with accuracy and completeness requirements. Missouri has no sanctions or penalties to encourage health plans to correct and resubmit rejected data. As a result of their efforts, Wisconsin officials told us their claim data is reliable, based on validation studies and medical record reviews. Wisconsin officials indicated they plan to use encounter claim data in the capitation rate-setting process in the near future.

¹⁵Claims accepted for processing and later rejected are called status 6 errors.

¹⁶Duplicate payments occurred when the division and the health plan both paid a provider for the same services occurring on the same day for a recipient.

New federal requirements to use encounter claim data for rate setting

An actuary calculates the program monthly capitation rates using health plan financial data and pre-1995 fee-for-service claim data. The pre-1995 data is trended forward and adjusted, and used as a secondary information source.

However, effective August 2003, a new federal rate setting process requires states to set capitation rates using fee-for-service data less than five years old from a population that mirrors the managed care population. States will also have to continue to use health plan financial data, but show more reliance on encounter claim data in the rate setting process within two years. Because Missouri's managed care program has been in operation longer than five years, the division does not have the fee-for-service claims data required. As a result of the new requirement, the division will have to begin relying on encounter claim data as a secondary source in the capitation rate setting process within the next two years.

Limited procedures to evaluate recipient eligibility

The division did not profile the managed care population to determine if capitation payments were made for potentially ineligible recipients, or if the absence of encounter claim records was an indication of problems with access to medical services. We performed a limited review of approximately 25,000 recipients enrolled the entire fiscal year 2002, who had no encounter claims. Capitation payments were made each month for these recipients. We found the division paid:

- over \$1.5 million in capitation payments during the fiscal year for 990 managed care recipients who did not have social security numbers recorded on the state's computer systems,
- nearly \$48,000 in capitation payments for 40 recipients with out-of-state addresses, and in April 2003 the division identified an additional \$85,000 in capitation payments paid for 33 recipients with out-of-state addresses in previous years, and
- over \$91,000 in capitation payments since enrollment for 32 managed care recipients with invalid social security numbers recorded on the state's computer systems.

We did not review approximately 378,000 recipients with claims for potential ineligibility. Similar social security number or out-of-state address problems may exist in that population.

Social workers at the Division of Family Services (family services) determine eligibility for applicants applying for medical benefits. Social security numbers are to be obtained and recorded on the state's computer systems at the time of application, or when re-determination of eligibility is performed, which by federal and state regulation should be done at least every 12 months.¹⁷ Family services officials told us if recipients do not or cannot provide social security numbers at the time of re-determination, they become ineligible for benefits.

¹⁷42 CFR 435.916 and 13 CSR 40-2.020

In February 2003, we referred the 990 recipients with missing social security numbers to a family services official who told us the division would not take any action to review the cases of these recipients, but that normal re-determination procedures would be followed. However, the normal re-determination procedures changed over the last couple of years according to other family services officials. Those officials indicated routine eligibility re-determinations were discontinued due to increased workloads and staffing problems and are not considered a high priority. Currently, family services' social workers rely on data matches with other agencies to provide information regarding income, resources and age to determine the likelihood a recipient's eligibility status has changed. Only recipients with identified changes will have their eligibility re-determined. Since missing social security numbers will not trigger eligibility re-determination, these 990 recipients can remain enrolled in managed care with capitation payments continuing despite possibly being ineligible.

Division officials told us monitoring recipients with missing social security numbers would be a waste of time since family services generates reports of all clients with missing social security numbers and can look at this information. However, family services officials told us, although they generate a report of clients with missing social security numbers, they do not identify managed care recipients separately from other clients, and they do not track managed care recipients with missing social security numbers.

Division officials agreed identification of managed care recipients with out-of-state addresses is a valuable tool and will be used in the future to identify recipients whose cases were not properly closed when they moved from the state. The division is attempting to recoup the unnecessary capitation payments for the identified recipients with out-of-state addresses. Family services personnel could not obtain valid social security numbers for the majority of the 32 recipients with invalid numbers due to non-cooperation or inability to locate the recipient. Enrollment in managed care and the associated costs have ended for these recipients. No explanation was provided why these recipients' eligibility had not been previously re-evaluated. Federal rules require the state to verify recipient social security numbers with the federal Social Security Administration. The state's computer systems indicated these social security numbers had been reported back by the Social Security Administration as unverified.

No procedures to handle suspected cases of fraud reported by health plans or to conduct fraud analysis

Health plans contracting with the state are required to have formal procedures for detecting fraud and notifying the division of cases of suspected fraud by recipients or providers. Until 2001, the division's quality services unit handled these cases. Designated employees in the unit investigated the cases using established written procedures. Since reorganization of the unit in 2001, the division's quality assurance unit has been responsible for handling these reports; however, officials neglected to update written procedures to clearly set forth a process to record, investigate or refer these cases, or to document their eventual disposition.

A quality assurance unit official told us health plans reported a total of 19 cases of suspected fraud in 2001 and 2002, but without logs or other documentation of incoming reports, we have no assurance no other cases were reported. We reviewed five of the 19 cases to determine case

disposition. One case had been referred for further investigation, one case did not require further action, and according to the official, no investigation or further action was taken on the following cases:

- Report dated September 2002 of suspected abuse of the schedule II¹⁸ drug Oxycontin® by a recipient who had been previously reported by a pharmacy in March 2002. Our review disclosed the recipient received daily quantities exceeding the level the manufacturer considers normal usage and had obtained the drug from several different providers while enrolled in two different health plans during fiscal years 2002 and 2003. We requested this case be referred to the division's Medicaid investigative fraud unit, which was done.
- Report dated September 2002 alleging misuse of emergency room services by a recipient in an effort to obtain drugs. Our review found a hospital claim for \$1,956 was paid by the health plan and also paid by the state. We notified the division of this error and the state payment will be recouped.
- Report dated December 2002 notifying the division of possible fraudulent activity by a recipient resulting in dis-enrollment by the health plan. This recipient's case could be flagged for monitoring if he/she applies for benefits again.

The division does not perform fraud detection activities in the managed care program even though required by federal Medicaid rules. Missouri's audit liaison with the Department of Health and Human Services told us all states should perform Medicaid fraud detection work for both fee-for-service and managed care programs. According to division officials, the division's program integrity unit performs fraud detection activities in the Medicaid fee-for-service program, but does no fraud detection work in the managed care program because of a lack of resources and because the encounter claim data is not reliably complete. The federal official told us by not monitoring the managed care program for fraudulent activity, the division cannot be sure if the levels of capitation payments reflect the true cost of services, which could eventually result in higher costs to the state.

The MEDSTAT Group, Inc. identified¹⁹ similar control weaknesses in the managed care program, and in an August 2000 report recommended the division make complete and timely encounter data reporting a high priority in managed care oversight, stating, "without this data, the oversight function is severely impaired." The report also noted managed care (as opposed to fee-for-service) fraud, waste and abuse is diffused and perhaps hidden at the plan level. If active responsibility to monitor and assist health plans is not assumed, the report stated, it could ultimately result in higher capitation payments. In April 2003, division officials said they just started developing a plan to address encounter data and its accompanying issues.

¹⁸The Controlled Substances Act places all substances regulated under existing federal law into one of five schedules. A schedule II drug or other substance has a high potential for abuse. Abuse of the drug or other substance may lead to severe psychological or physical dependence.

¹⁹At the request of the General Assembly, the MEDSTAT Group, Inc. conducted a review of the Medicaid program and issued the report *Medicaid Fraud, Waste and Abuse Risk Review* in August 2000.

Conclusions

Inadequate monitoring of the managed care program and the health plans resulted in dentists statewide being underpaid for over 20,000 dental procedures during the first quarter of fiscal 2002. Actions taken by the division concurrent with our review and following public complaints improved the payment non-compliance by January 2003, but some underpayments continued due to dental network reimbursement methodologies. The division does not know the true cost of providing dental services or the total cost of dental-related administrative charges retained by health plans and dental networks. Alternative methods of delivering dental services could be more cost effective for the state.

Encounter claim records, a critical management tool to help state officials make better informed decisions about the managed care program, were not reliable and could not be used to monitor service utilization; comparability and quality of care; update and evaluate capitation payment rates; or monitor health plan performance. Without complete, accurate claim data, the state cannot effectively monitor the program to control costs or ensure quality of care. No ongoing fraud detection work is performed in the managed care program. Evaluation of suspected fraud cases reported by health plans needs improvement. Eligibility of managed care recipients with unreported or invalid social security numbers and others with out-of-state addresses has not been evaluated timely, resulting in unnecessary monthly capitation costs and other potentially unnecessary costs. Procedures to improve the reliability of encounter data, and ensure eligibility of recipients will better allow the state to know the true cost of providing healthcare services to managed care recipients and control program costs.

Recommendations

We recommend the Director of the Department of Social Services require division officials:

1. Monitor health plans to ensure Medicaid rates are paid for dental procedures with mandated codes.
2. Perform a cost-benefit analysis to determine cost efficiencies of alternative methods of providing dental services.
3. Evaluate and establish "best practice" procedures to improve the quality and reliability of encounter data. Such procedures could include performing annual encounter data validation studies, working with health plans to improve the acceptance rate of submitted claims, and implementing financial penalties for rejected encounter data.
4. Work with the Division of Family Services to identify managed care recipients with missing or invalid social security numbers in the state's computer systems at least annually so eligibility can be re-determined, since current eligibility re-determination procedures will most likely miss these recipients.

5. Develop and implement fraud detection activities in the managed care program, as required by law, and implement procedures to improve evaluation of suspected fraud activity reported by health plans.

Department of Social Services Comments

1. *The Managed Care Program Performance Review, referred to hereafter as "the report," does find that DSS/DMS was investigating the issue at the time of the audit. The report does not clearly articulate that when reviewed in the aggregate, payments to dentists exceeded the Medicaid fee schedule for all codes - those to be paid at least the Medicaid rate and those with no mandate. The DSS/DMS review shared with the State Audit Team revealed that even those dentists who experienced a lower payment on certain procedure codes still received more money under the MC+ managed care program when all procedure codes were totaled and compared to what the fee-for-service program would have paid.*

In recognition of the concerns expressed by a member of the State Audit team and subsequent discussion with MC+ health plans, DSS/DMS amended contracts effective January 2003 to recognize that mandating payment levels when networks and providers have contractually agreed to a global budget reimbursement methodology create pressures on the reimbursement levels of all other codes. Therefore, beginning January 2003, the MC+ managed care contracts require certain codes to have the fee schedule reflect a mandated level and not the payment resulting from the global budget reimbursement methodology so as not to unintentionally lower the overall reimbursement to participating dentists. DSS/DMS will monitor compliance with this contract amendment.

2. *It is important to note that the percentage paid by DMS to MC+ Managed Care health plans for administrative functions is not deducted from the amount included for provision of services; rather it recognizes the costs to the MC+ Managed Care health plans for performing administrative functions. Your report acknowledged in a footnote that health plans or their contracted dental networks are not taking their administrative fees from the increased funding for provision of dental services.*

The DMS pays its MC+ health plans a monthly capitation payment for the provision of all services included in the benefit package. The capitation payment includes approximately 12.5% for administration, risk and contingency, and profit. This 12.5% is for the MC+ health plans to perform the administrative functions for delivering all services; not just dental. This percentage for administrative functions is in line with many other states' Medicaid managed care programs.

We are not aware of any actuarial sound rate setting methodology that would allocate capitation payments into service lines (dental, medical, etc.) requiring a contracted health plan to follow that allocation in delivery of services or in performing the administration functions required by contract. Rather the global capitation payment allows the contracted health plan to manage the delivery of contracted services and payment for those services to meet the needs of its enrolled members in the market in which it operates. That is why DMS could not attribute the amount of capitation payment for delivery or administration of dental services.

The report's conclusion that Missouri would have saved more than \$1.3 million on managed care dental administrative expenses was a simple calculation that was based on the reported \$.78 per person totaling \$3 million which the MC+ health plan's dental network paid for administration and Illinois' figure of \$.36 per person used in their contract for administrative management of their fee for service dental program. As discussed above, DMS pays administration to the health plan based on overall capitation payment that includes dental services as only a very small percentage of expenditures. DMS does not pay a certain amount for administration of dental services. It is not correct to assume Missouri would save dollar for dollar in comparing what the MC+ health plan's dental network administration fees are compared to a very different contract that Illinois uses. There are too many differences between the two contracts to make that correlation. For example, the report indicates that some of the administrative expenses attributed to the health plans' dental networks include operation of dental clinics owned by the dental network. That is not the case in Illinois.

In May 2002 and again in September 2002, the DMS met with the dental contractor for Illinois to discuss administration management of dental services in nonmanaged care areas of the State. In October 2002, the dental contractor quoted an administrative fee of \$.75/per member, per month for Missouri. The DMS does not believe this is a cost effective alternative to delivery of dental services. At the recommendation of the State Auditor Report, DMS will continue exploring cost effective ways to reimburse dental services.

3. *The finding in the State Auditor Report implies that DMS does not have a complete understanding regarding the utilization of services because it does not rely solely on one data source--encounter data. The State Auditor Report does not reflect that DMS does measure utilization of services using data sources other than encounter data even though that information was shared during the course of the review. DMS uses data from MC+ health plans, the Department of Health and Senior Services, and the Department of Insurance.*

The External Quality Review (EQR) processes include an annual encounter data validation. In addition, DMS staff have conferred with other state staff and participated in the Centers for Medicare and Medicaid Services (CMS)/Medstat encounter data meetings. Information regarding the programs noted in the report was presented. The CMS' "Guidelines for States to assist in the Analysis of Medicaid Managed Care Data" second edition, 1999, prepared by Medstat, indicates that Arizona, Wisconsin, Texas and Minnesota have also struggled to improve the submission process and reduce inaccurate submission of data.

The State Auditor's analysis of the extent of incomplete encounters revealed that approximately 90% of their sample was complete. The report provides an explanation of the reasons that may account for the other 10%. This compares favorably with the states cited by the State Auditor as having "best practice" procedures. In recognition of the increased emphasis put on the use of encounter data under federal regulation, DSS/DMS began an improvement project in July 2003 for encounter data. The project has been approved by CMS.

4. *Recipient eligibility is determined by the Family Support Division (FSD). For DMS to replicate activities conducted by another agency within DSS and devote its limited resources to such activities is not a wise or prudent use of scarce resources for what can be reasonably expected to have marginal value.*

The listing of 990 individuals provided by the State Auditor was reviewed by FSD staff, with the following findings:

- *Some of the individuals listed have verified social security numbers in our systems. FSD is not sure whether these were added following the auditor's review, but it is an indication that FSD staff are following up on social security numbers.*
- *Some of the individuals listed were not active Medicaid recipients, but rather were included in the assistance group for Medicaid for their children. This would explain why there was no encounter data.*
- *Most of the individuals on the listing are children. If they were born in Missouri in recent years, they would have had a social security number applied for through the birth certificate process. While FSD should have the number reported electronically in the system, not having the number is very unlikely to result in missed opportunities for matches on wages or assets, which is the purpose of obtaining the social security numbers.*

In the past, Missouri contracted with the Social Security Administration (SSA) to "enumerate" our clients, meaning FSD could help them apply for a number (or replacement card) and have the number automatically added to our electronic file at the same time the person received it. SSA stopped allowing states to do this practice, and it has been more difficult to maintain an electronic record of social security numbers since that time. Given this difficulty, FSD is pleased to have verified social security numbers for the large majority of its clients. FSD will use the State Auditor's recommendation as one strategy to improve this area.

5. *DMS staff participated in the CMS National Fraud and Abuse Initiative. Staff chaired two of the committees and wrote part of the "Guidelines for Addressing Fraud and Abuse in Medicaid Managed Care, A product of the National Fraud and Abuse Initiative, October 2000."*

DMS convened a Compliance Technical Advisory Group to address the identification of State and Managed Care Organization (MCO) needs for fraud and abuse detection. This group was charged with standardization of contractual fraud and abuse procedures and effective communication of Medicaid provider terminations, suspensions, or payment recoupment tracking. Compliance plans were written by the MCOs, approved by DMS and implemented. Further implementation of the compliance plans is in process. A State compliance plan is being drafted. This plan includes policies and procedures for fraud and abuse detection and reporting. MCO compliance plans are being revised to more effectively

address the evaluation of suspicious activity. "Member lock in" procedures for inappropriate utilization of pharmacy benefits are being standardized. Coordination between Program Integrity and Quality Services is being improved.

Auditor's Comment

1. The department's comments fail to note the managed care contract change decision took place in August 2003 with it being made retroactive to January 2003.
3. Utilization data received by the division is on an aggregated basis which limits its analytical usefulness. The encounter validation process for the External Quality Review (EQR) is primarily designed to look at quality of care not medical record accuracy. As of May 2003, the most recent completed EQR report (calendar year 2000) reviewed validated claims for only Early Periodic Diagnosis Screening and Treatment services which represent a very limited portion of all claims activity.
4. All recipients reviewed were active Medicaid recipients enrolled in a managed care health plan during fiscal year 2002. A department official could only provide us one instance where the department believed a recipient was part of an assistance group and not an active Medicaid recipient. During fiscal year 2002, that recipient was an active Medicaid managed care recipient with capitation payments being made totaling \$1,738. The recipient lost Medicaid eligibility and was removed as an active member of his case beginning July 1, 2002.

OBJECTIVES, SCOPE AND METHODOLOGY

This appendix describes our methodology to address the reporting objective.

Objectives

Our objective was to determine whether Division of Medical Services (division) officials provided effective management and oversight of the managed care program. Specific objectives included determining whether dentists were paid Medicaid rates for dental procedures with mandated codes, and whether division officials have adequate controls and procedures in place to effectively monitor and administer the managed care program.

Scope and Methodology

The audit was initially conducted to evaluate dental reimbursement concerns reported to our office. The scope of the audit was expanded to review overall managed care program management including procedures for encounter claim data collection, and efforts to evaluate eligibility and identify fraud. Dental claims were the only medical claims looked at in detail during the audit. Some pharmacy and in-patient hospital claims were also tested.

To determine whether Medicaid rates were paid for dental procedures with mandated codes, we obtained records of payment for all dental services provided from January through March 2002, and January 2003 from the health plans. To determine the total payments to dentists for the period July 2001 through December 2002, we obtained from the health plans 1) records of capitation payments to the dental networks and 2) how the dental networks spent these monies, which the health plans obtained from the dental networks. We analyzed this financial data and identified the number of dental procedures reimbursed at less than the Medicaid rate, determined total payments to dentists, and administrative expenses retained by the dental networks.

To determine whether division officials provided effective oversight and management of the managed care program, we obtained records of all enrolled recipients and all encounter claims for the fiscal year ending June 30, 2002 from the division. We analyzed the data and identified the pharmacy claims and inpatient hospital claims during the fiscal year. We conducted testing on a sample of pharmacy encounter claims for new prescriptions to determine whether an associated medical claim for an outpatient, inpatient or medical visit was also present. Other testing included reviewing the pharmacy test items to detect claims that appear multiple times in division records and a limited review of the population of managed care recipients who had no encounter claims on the state's computer system during the fiscal year. We did not assess the reliability of the encounter claim information recorded on the system.

We obtained and reviewed federal and state statutes and regulations related to Title XIX of the Social Security Act (the Medicaid program) governing Medicaid managed care programs. We obtained and reviewed the special terms and conditions and protocol documents governing the State Children's Health Insurance Program. We obtained and reviewed contracts between the

state and managed care health plans, and contracts between the health plans and dental networks. We reviewed contract amendments and applicable rate schedules.

We contacted officials at the federal Department of Health and Human Services - Office of Inspector General to obtain a federal viewpoint on Medicaid program regulations. We also reviewed:

- *Medicaid Fraud, Waste and Abuse Risk Review*, the final report by The MEDSTAT Group, Inc., dated August 2000.
- *Guidelines for Addressing Fraud and Abuse in Medicaid Managed Care* published by the Centers for Medicare and Medicaid Services, dated October 2000.
- *Oral Health in Missouri: Policy Recommendations for Prevention, Education and Access* published by the Missouri Commission for Oral Health Access, dated May 2002.

We contacted officials from Arizona, Arkansas, Illinois, Kansas, Nebraska, Ohio, Pennsylvania and Wisconsin to obtain information on how they handle managed care program dental benefits. We contacted officials from Wisconsin and Arizona to obtain information about methods used to obtain complete and reliable encounter data.

We reviewed division control procedures for claims processing and analyzed division records of rejected encounter claims, by type and health plan for fiscal year 2002. We reviewed Division of Family Services internal control procedures for Medicaid eligibility and re-determination of eligibility.

We obtained written comments from the Director of the Department of Social Services to a draft of the report in a letter dated October 15, 2003. We have incorporated these comments as appropriate. We conducted our work between July 2002 and April 2003.

STATE CHILDREN'S HEALTH INSURANCE PROGRAM

This federally funded program provides healthcare coverage for children under age 19 whose family income falls within certain guidelines. Families may have up to \$250,000 in assets as long as family income remains at required levels. Family income and age eligibility requirements are:

- under age 1 186-300 percent of federal poverty level
- age 1-5 134-300 percent of federal poverty level
- age 6-18 101-300 percent of federal poverty level

Children in families with income from 185-225 percent of the federal poverty level must pay \$5 per provider visit.

Children in families with income at 226-300 percent federal poverty level must be uninsured for 6 months, and depending on family income, have no access to other health insurance for less than \$299 per month. These families must pay a monthly premium, ranging from a minimum of \$59 to a maximum of \$225 per month, based on family size and income, ensuring no family pays more than 5 percent of their income for healthcare. These families must also pay \$10 per provider visit and \$9 per prescription.

Table II.1 illustrates family size, monthly income and premium amounts effective July 1, 2003 for children enrolled in the State Children's Health Insurance Program.

Table II.1: Premium Amounts Based on Family Size and Income

Family Size	Monthly Income	Premium Amount
1	\$1,684.01 - \$2,245	\$59-78
2	\$2,273.01 - \$3,030	\$89-114
3	\$2,862.01 - \$3,816	\$118-150
4	\$3,450.01 - \$4,600	\$148-186
5	\$4,039.01 - \$5,385	\$177-222
6	\$4,628.01 - \$5,142	\$206
6 and over	\$5,142.01 and over	\$225

Source: Division of Medical Services

EXPLANATION OF GLOBAL BUDGET REIMBURSEMENT METHOD

Under the global budget method, after administrative charges and payment to non-participating dentists, the remaining monies each month are placed in a dental pool, and paid out based on the total value of procedures performed by participating dentists during the month and the total dollars in the dental pool. The amount placed in the dental pool to pay participating dentists is reduced when non-participating dentists are paid first, resulting in lower payments per procedure, with or without mandated codes, to participating dentists. All procedures are assigned a value, based on a fee schedule prepared by the dental network, which is then adjusted up or down depending on the amount of money in the pool.

For example, if the assigned values for all procedures performed in January totaled \$100, but only \$90 was in the dental pool, each participating dentist would receive 90 percent of the assigned value for each procedure performed in January. Conversely, if the assigned values for all procedures performed in February totaled \$100, but \$105 was in the dental pool, each participating dentist would receive 105 percent of the assigned value for each procedure performed in February. Therefore, a procedure with an assigned value of \$10 would be paid at \$9 in January and \$10.50 in February.

The maximum dental pool payout each month is 110 percent of the assigned values for procedures performed, with the remainder, if any, considered surplus. Dental networks told us the purpose of surplus pool funds was to pay covered emergency and out-of-network services.

APPENDIX IV

MANAGED CARE COSTS AND ENROLLMENT

This appendix depicts cost and enrollment in the managed care program for the state fiscal years indicated. Table IV.1 shows total costs associated with the managed care program have increased 83 percent, and enrollment has increased 49 percent, since fiscal year 1999.

Table IV.1: Managed Care Growth Since Fiscal Year (FY) 1999

FY	Cost (in millions)	<u>Percent Increase Since</u>		Enrollment at June 30	<u>Percent Increase Since</u>	
		Prior Year	FY 1999		Prior Year	FY 1999
1999	\$378			277,576		
2000	452	20	20	311,230	12	12
2001	560	24	48	378,771	22	36
2002	690	23	83	413,361	9	49

Source: Prepared by SAO from division data